

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

**Minutes of the Meeting of
Monday December 12, 2022**

ATTENDANCE:

Present: Ron Youngson (Chair), Colin Morrison (Vice Chair), Mark Betcher (Secretary), Julia Peemoeller (Treasurer), James Townsend, Andrew Bendor-Samuel, Murray Wiegand, Lorne Hilton, Sheila Wilson-Kowal, Joan Duesterdiek, Mary Anne Walls, Rosalie Harms, Marni Yasumatsu

Regrets: Brian Schlag, Greg Gillis

Recording Secretary: Claire Hince

1. Approval of Agenda

M. Betcher requested to add an item under Other Business where he would like to share some of the information he learned at the DC Summit in May.

MOVED: (A. Bendor-Samuel/S. Wilson-Kowal)

That the Agenda be adopted as presented with the addition of the item under Other Business.

...CARRIED.

2. Approval of Minutes from September 20, 2022

A correction was noted from the Minutes:

5) Update: The annual budget was also discussed at the DC Committee meeting and was provided to the Board as a separate e-mail which will be added to the Board package. To read Operations Committee instead of DC Committee

MOVED: (A. Bendor-Samuel /J. Peemoeller)

That the minutes from the September 20, 2022 be approved as presented, once the correction has been made.

...CARRIED.

3. Report from DB Committee (M. Wiegand)

The Defined Benefit Committee (the Committee) met on November 25, 2022.

The Committee received reports from AON and Beutel Goodman (the Canadian Equity Fund and Bond Mandate Manager).

AON reported that 2022 has been, so far, a poor year for investment returns with negative returns in all asset classes. The YTD (to September 30) return on the total Fund was -10.9% with the worst period being the first 2 quarters with some moderation evident in the 3rd quarter.

AON highlighted the fact that Beutel Goodman did add value compared to the Benchmark, as did the BlackRock International Equity Fund.

The Beutel Goodman Bond mandate produced expected returns.

Somerset (the investment manager for the Emerging Markets mandate significantly underperformed relative to the Benchmark and AON recommended a review of this Manager.

AON identified 3 economic trends that could affect investment returns into 2023:

1. Inflation - AON expects inflation to peak early in 2023 and then decline, but inflation will remain stubborn and will likely remain higher than average for several years.
2. Recession - AON expects the economy will dip into recessionary territory at some point in 2023.
3. Interest Rates - The Bank of Canada has signaled that it will relax further rate increases for the time being however the US Federal Reserve will likely be more aggressive in making further rate increases.

The overall Asset Mix of the Fund is now in compliance with the SIPP, following a rebalancing of the Fund on November 9.

The Committee advised AON that a Sub-committee has been formed to review the overall equity strategy for the Fund. Concerns were expressed about the Fund's exposure to emerging markets and to currency risks (i.e. should the equity holdings be Canadianized)

The Committee also highlighted the maturing nature (fewer contributing members versus retirees) and the equity risk that could produce significant volatility in University contributions. However, reducing the equity component in favor of liability matching fixed income investments would produce more stable returns and thus contributions but would significantly reduce the likelihood that COLA's would be granted under the current formula for calculating such adjustments. The Committee will ask AON to report back on options in this regard, including a revision to the current COLA formula (any such change would have to be ratified by all stakeholders).

Beutel Goodman reviewed its investment philosophy in both their Canadian Equity and Bond mandates. Beutel's primary focus is on capital preservation. Beutel Goodman use a "value" style of investing which looks for companies that are of high quality with good cash flow and selling at a reasonable price. On the other hand, looking at the Bond portfolio, Beutel expects economic growth to slow (as desired by Bank of Canada). Beutel predicts interest rates to begin declining in 2023 but not to pre-Bank of Canada rate increase levels. Inflation should also begin to decline but not to the initial 2% target set out by the Bank of Canada, but more likely it will settle around 3%.

The SIPP has been updated to reflect the funded status of the Plan as of December 31st, 2021. The duration of the Bond portfolio has been adjusted (increased) to reflect rising interest rates.

As mentioned above, the Committee is concerned about the performance of our emerging markets manager (Somerset) and has passed a motion to recommend to sell off all Somerset holdings and reinvest the proceeds the Blackrock MSCI World Index Fund.

MOVED: (M. Wiegand / L. Hilton)

To recommend to remove all funds from Somerset and invest the funds in Blackrock MSCI World Index
...CARRIED.

ACTION: M. Wiegand will work with the team to start the process

- a) DB SIPP
To review the bond yield – duration was extended – clean up a piece of SIPP, to be reviewed before June 2023 and updated as soon as possible
- b) Other business
No other business

4. Report from DC Committee (A. Bendor- Samuel)

The DC committee met on September 6, 2022

Desjardins Q3 report

- the markets down the total balance remained more or less flat, the withdrawals and depreciation equaling deposits for the DCP
- RRSP deposits more than made up for depreciation
- TFSA similar as the RRSP, though total funds are significantly less

New spousal accounts

- 2 Spousal RRSP
- 2 RRSP for spouse/partner
- 3 TFSA for spouse/partner

The dollar amounts are withheld for the time being to respect the anonymity of the limited number of participants.

The usage of the target date funds 784/914, and 15 have defaulted in the target date fund. Will need to enquire about some members being in the wrong fund. (ex. 1 person under 40 is in the Income Fund, similarly to another one who is also 40 with 0% equity)

ONYX continues to assist members by answering questions as well as with asset transfers. Mark is redirecting investment questions to Chris.

A Member emailed Andrew about the current DC Plan fund line-up compared to the previous options available through Sun Life, including the lack of GIC options.

A. Bendor- Samuel happened to run into the Member and did confirm receipt of the email and that the concern will be brought forward to the Board Chair to respond

ACTION: The Chair of the Board will send a response

A. Bendor- Samuel attended a forum in the Fall – most of the Plan Sponsors that have removed GICs from their line-ups have decided this is not the right time to offer them as an option again. The concern was that it may seem to suggest that this is a good time to invest in GICs. Those that kept GICs in their Plans continue to have them.

The DC Committee also held a decumulation meeting, open to all Board Members. Jennifer Katsch and Joanna Onia from Desjardins provided a presentation on Variable Benefits vs LIF, RRIF and PRIF. Thank-you, to all that were able to attend.

There were questions about the process and duties that the Pension and Payroll team would have to provide. Jennifer and Joanna confirmed that HR's responsibility would be to provide a form to the Member and then send it to Desjardins.

Manitoba's legislation only allows contributions to be transferred to a variable benefits account for funds that were earned in Manitoba. Members would not be able to use any funds that were accumulated outside of the province. Those would have to be transferred into a LLIP/RRIP or PRIF.

The concern the Board needs to consider will be the extra governance required with members potentially staying in the Plan through retirement. The advantages include reduced fees for retirees which should extend their holdings as well as increased Plan value allows for more competitive rates from service providers, like Desjardins.

MOVED (A. Bendor-Samuel/M. Wiegand)

The DC Committee proposes the addition to offer decumulation products to the DC pension plan members

...CARRIED.

b) SIPP

Has already been addressed and approved.

c) Other business

No other business

5. Report from Operations Committee (M. Betcher)

The University of Winnipeg Financial Results at September 30, 2022 was shared with the Board as well as the Review of the Annual Budget for 2023

The Actuarial fees 2022 budget is \$30 000, additional fees are not expected

ACTION: To verify if the estimates are included in the Administrations fees

A review of the calendar of deliverables was made, no changes were brought forward

Board Meeting dates for 2023

March 13th (Zoom) – 2pm -4pm

June 12

September 18
December 11

Operations Committee Meeting dates for 2023 – 2pm-3:30pm

March 6

June 1

September 11

December 4

6. Other Business

It is J. Peemoeller's last board meeting, the Board thanks Julia for her participation on the Board as well as all of her assistance in the past year. Julia will return to her role as controller.

Navinder Basra, will be starting on January 16,2023 as Vice-President of Finance and Administration

7. Date of Next Meeting

The date of the next Board of Trustees meeting is March 13,2022

8. Adjournment

As there was no other business to come before the Board, the meeting was adjourned.

Chair

Secretary