

Financial Statements of

**UNIVERSITY OF WINNIPEG  
TRUSTEED PENSION PLAN**

Year ended December 31, 2009

**THE UNIVERSITY OF WINNIPEG  
TRUSTEED PENSION PLAN**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2009**

	<u>PAGE</u>
Report of the Treasurer	1
Responsibility for Financial Reporting	2
Actuary's Opinion	3
Auditor's Report	4
<b><u>Financial Statements</u></b>	
Statement of Net Assets Available for Benefits	5
Statement of Changes in Net Assets Available for Benefits	6
Summary of Investments	7
Changes in Net Assets Available for Benefits by Segment	8
Notes to the Financial Statements	9

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

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## REPORT OF THE TREASURER

The University of Winnipeg Trusteed Pension Plan ("the Plan") consisted of net assets of \$129.4 million as at December 31, 2009. This compares with \$111.5 million as at the end of the prior fiscal year. This increase is largely the consequence of market fluctuations over the past year, the significance of which will be addressed in the subsequent paragraph. Of these net assets, \$107.5 million were assigned to the Defined Benefit segment of the Plan, and the remaining \$21.9 million to the Defined Contribution segment.

The largest component of these net assets is a variety of marketable securities which provide the essential capital of the Plan. These investments are valued for reporting purposes according to closing market quotations at the end of the Plan's fiscal year. For the past two years, markets have been extremely volatile. In 2008 there was a persistent downturn in trading values in the overall market. This trend reversed in early 2009 to such an extent that by year-end the Plan experienced a \$15.2 million recovery in market value against a \$27.6 million decline in the prior year. Such market fluctuations presently are of no real consequence to the ability of the Plan to sustain its liabilities to retired members, or to provide for administrative expenses. While it is noted that the Plan did realize trading losses in 2009, the viability of the capital held up rather well in the midst of such an uncertain market by generating \$5.8 million in investment income.

The capital of the Plan is maintained both by investment income and by recurring contributions from employed members and the University. In that respect, new capital in the amount of \$5.4 million was added to the Plan. Combined with the aforementioned investment earnings, the net value of the Plan's assets has increased by \$2.7 million over the prior year after the satisfaction of current obligations to retired members and the incurrence of administrative expenses. This is a real cash increase in the Plan's holdings while satisfying current funding needs.

The Plan has been the subject of litigation for a number of years. The issues at law concerned the entitlement to a surplus which was quantified in 2000. In 2009 the University was ordered by the Superintendent of Pensions of Manitoba to provide for the disbursement of \$8.8 million to certain members of the Plan. The University complied with this order in early 2010. As of this date most of these funds have been disbursed to the entitled members. The substance of the transaction is disclosed in Note 9 of the Financial Statements.

*(Original signed by Maurice Mearon)*

Maurice L. Mearon, M.A., C.A.  
Treasurer, The University of Winnipeg Trusteed Pension Plan  
May 17, 2010



# THE UNIVERSITY OF WINNIPEG

## THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

### RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg contracted by the Trusteed Board of The University of Winnipeg Trusteed Pension Plan are responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Board of Trustees.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

*(Original signed by Bill Balan)*

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Bill Balan  
Vice-President (Finance & Administration)

*(Original signed by Michael Emslie)*

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Michael Emslie, CA  
Controller and Executive Director

May 21, 2010

A. Douglas Poapst, FSA, FCIA

Writer's Tel 204 988-1576  
Email [dpoapst@eckler.ca](mailto:dpoapst@eckler.ca)

## Actuary's Opinion

Eckler Ltd. had been retained by the University of Winnipeg to perform an actuarial valuation of the assets and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the "Plan") as at December 31, 2007 and adapted that valuation for inclusion in the Plan's financial statements. Eckler Ltd. has been retained by The Board of Trustees of the University of Winnipeg Trusteed Pension Plan Trust to prepare an extrapolation of the results of that valuation to December 31, 2009 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

- (a) the data used are sufficient and reliable,
- (b) the assumptions used are, in aggregate, appropriate, and
- (c) the methods employed are appropriate.

The valuation and extrapolation have been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

June 23, 2010  
Date

*(Original signed by A. Douglas Poapst)*  
A. Douglas Poapst,  
Fellow of the Institute of Actuaries  
Fellow of the Canadian Institute of Actuaries



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## AUDITORS' REPORT

To the Board of Trustees of the University of Winnipeg Trusteed Pension Plan

We have audited the statement of net assets available for benefits of the University of Winnipeg Trusteed Pension Plan as at December 31, 2009, and the statements of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits position of the Plan as at December 31, 2009 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Winnipeg, Canada

May 3, 2010

## STATEMENT I

**UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN**

Statement of Net Assets Available for Benefits

December 31, 2009, with comparative figures for 2008

	2009	2008
<b>Assets</b>		
Cash	\$604,517	\$333,078
Contributions receivable:		
Members	66,420	72,552
University	83,550	90,056
Investment income receivable	53,063	48,857
Investments (schedule A)	128,773,502	111,033,973
	<u>\$129,581,052</u>	<u>\$111,578,516</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>\$157,931</u>	<u>\$104,510</u>
	<u>\$157,931</u>	<u>\$104,510</u>
<b>Net Assets Available for Benefits</b>	<u><u>\$129,423,121</u></u>	<u><u>\$111,474,006</u></u>

Continuity of operations [note 2(a)(ii)]

Subsequent event (note 9)

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

(Original signed by Karen Zoppa) Chair(Original signed by Henry Hudek) Vice-Chair

## STATEMENT II

**UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN**

## Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2009, with comparative figures for 2008  
(see schedule B)

	2009	2008
Increase (decrease) in assets:		
Contributions (note 6):		
Members	\$2,259,931	\$2,164,236
University	3,183,328	3,105,396
Investment income	5,797,153	6,969,747
Current period change in fair value of investments	15,246,008	(27,593,759)
Net realized (loss) gain on sale of investments	(1,061,285)	894,827
	<u>25,425,135</u>	<u>(14,459,553)</u>
Decrease in assets:		
Benefits paid to retired members	6,243,710	5,630,043
Refunds and transfers	565,555	2,839,696
Administrative expenses:		
Investment managers' fees	376,132	404,969
Actuarial fees	56,275	18,290
Administrator's fees	25,468	31,417
Custodial fees	46,718	46,837
Other expenses (note 8)	162,162	139,594
	<u>666,755</u>	<u>641,107</u>
	<u>7,476,020</u>	<u>9,110,846</u>
Net increase (decrease) in assets available for benefits	17,949,115	(23,570,399)
Net assets available for benefits, beginning of year	<u>111,474,006</u>	<u>135,044,405</u>
Net assets available for benefits, end of year	<u>\$129,423,121</u>	<u>\$111,474,006</u>

See accompanying notes to financial statements.



SCHEDULE A

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

## Summary of Investments

December 31, 2009, with comparative figures for 2008

	2009			2008		
	Fair value	Cost	%	Fair value	Cost	%
			Fair value			Fair Value
Defined benefit:						
Fixed income	\$53,515,053	\$52,485,708	50.05	\$47,986,920	\$48,179,030	50.74
Canadian equities	33,393,026	29,763,951	31.23	27,509,903	33,036,694	29.08
U.S. equities	9,645,685	10,617,533	9.02	8,182,766	10,024,010	8.65
International equities	10,366,110	11,410,543	9.69	10,499,348	12,861,857	11.10
Short-term	11,920	11,920	0.01	409,039	396,998	0.43
	<u>106,931,794</u>	<u>104,289,655</u>	<u>100.00</u>	<u>94,587,976</u>	<u>104,498,589</u>	<u>100.00</u>
Defined contribution	<u>21,841,708</u>	<u>21,402,195</u>	<u>100.00</u>	<u>16,445,997</u>	<u>18,712,272</u>	<u>100.00</u>
Total investments	<u>\$128,773,502</u>	<u>\$125,691,850</u>	<u>100.00</u>	<u>\$111,033,973</u>	<u>\$123,210,861</u>	<u>100.00</u>

**SCHEDULE B**

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Changes in Net Assets Available for Benefits by Segment

Year ended December 31, 2009

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in assets:			
Contributions			
Members	\$878,431	\$1,381,500	\$2,259,931
University	1,780,380	1,402,948	3,183,328
Investment income	5,336,116	461,037	5,797,153
Current period change in fair value of Investments	12,535,899	2,710,109	15,246,008
Net realized loss on sale of investments	(1,056,945)	(4,340)	(1,061,285)
	<u>19,473,881</u>	<u>5,951,254</u>	<u>25,425,135</u>
Decrease in assets:			
Benefits paid to retired members	5,922,666	321,044	6,243,710
Refunds and transfers	361,508	204,047	565,555
Administrative expenses:			
Investment managers' fees	376,132	-	376,132
Actuarial fees	56,275	-	56,275
Administrator's fees	25,468	-	25,468
Custodial fees	46,718	-	46,718
Other expenses (note 8)	127,612	34,550	162,162
	<u>632,205</u>	<u>34,550</u>	<u>666,755</u>
	<u>6,916,379</u>	<u>559,641</u>	<u>7,476,020</u>
Net increase in assets available for benefits	12,557,502	5,391,613	17,949,115
Net assets available for benefits, beginning of year	<u>95,015,526</u>	<u>16,458,480</u>	<u>111,474,006</u>
Net assets available for benefits, end of year	<u>\$107,573,028</u>	<u>\$21,850,093</u>	<u>\$129,423,121</u>

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2009

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## 1. Description of the trustee pension plan:

The following description of the University of Winnipeg Trusteed Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Agreement, Trust Agreement and Transition Agreement.

The Plan was established as a contributory defined benefit pension plan on September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds were transferred to a trust fund and professional investment counselors were retained. Eligible Plan members at December 31, 2000, were given the option to remain in the defined benefit segment of the Plan or convert their accrued benefits to the newly formed defined contribution segment of the Plan. All new employees hired after that date are required to become members of the defined contribution segment of the Plan. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914).

On July 7, 2008 responsibility for plan administration was transferred to a Board of Trustees. The Board which includes representatives from stakeholder groups is responsible for all decisions related to the plan, except those that would cause an increase in the University's contribution rate.

Prior to the transfer of responsibilities, a pension committee oversaw the administration of the Plan, monitored the investments with the assistance and advice of the investment committee, and made policy recommendations to the Board of Regents of the University of Winnipeg (University).

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan and those who are members of the Teachers' Retirement Allowances Fund. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join the Plan on their date of employment and must join by the first anniversary date of their employment. Under the Plan, contributions are made by plan members and by the University (note 6). A member who receives benefits from the long-term disability plan of the University is not required to contribute to the Plan.

The annual pension payable to a defined benefit member on retirement is based on the member's final five year average earnings and years of credited service, subject to the Plan's maximum.

## 2. Significant accounting policies:

### (a) (i) Basis of presentation:

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

The annual financial statements of the Plan are prepared in accordance with Canadian generally accepted accounting principles.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 2. Significant accounting policies (continued):

### (ii) Continuity of operations:

The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis as referred to in note 5(a). In accordance with the *Pension Benefits Act*, an actuarial valuation is required at least every three years. An actuarial valuation of the defined benefit segment of the Plan was completed as at December 31, 2007.

The actuarial valuation at December 31, 2007 reported that the defined benefit segment of the Plan had a solvency deficiency of \$20,665,000 at that date. At the request of the Board of Trustees, the actuary provided an update of the solvency deficiency as at December 31, 2008. The actuary projects this amount to be \$43,936,000 at December 31, 2008.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements.

As part of the discussions with government in the period leading up to the exemption, it was agreed that the annual funding requirement for the going concern deficiency identified in the 2004 valuation be maintained until the deficiency is eliminated. The going concern deficiency at December 31, 2004 was \$3,746,000 and the annual funding payments are \$386,000. While the remaining going concern deficiency has declined to \$2,384,000 at December 31, 2007, the University will continue to make annual contributions of \$386,000 until the deficiency is eliminated.

The smoothed net asset values of the defined benefit segment of the Plan are as follows:

	2009	2008
Net assets at market value	\$107,573,000	\$95,016,000
Smoothing adjustment	5,652,000	19,473,000
Smoothed value of net assets	\$113,225,000	\$114,489,000

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 2. Significant accounting policies (continued):

Because of the going concern deficiency at December 31, 2007, the University is also required to make an additional contribution of \$291,000 in 2010 to cover the current service shortfall.

During 2005, amendments were made to the *Pension Benefits Act* which will affect the benefits payable from the Plan. The regulations implementing the amendments were published in March 2010, and the benefit changes will come into effect on May 31, 2010. The Plan's Actuary had estimated in 2009 that these changes would add approximately \$1,900,000 to the actuarial present value of accrued benefits as at December 31, 2008.

The obligation for pension benefits [note 5(a)] exceeds the smoothed value of net assets at December 31, 2009 as follows:

	2009	2008
Smoothed value of net assets	\$113,225,000	\$114,489,000
Obligation for pension benefits [note 5(a)]	(123,320,000)	(120,328,000)
Net obligation for pension benefits in comparison to the smoothed value of net assets	(\$10,095,000)	(\$5,839,000)

### (b) Investments:

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as the current period change in fair value of investments.

Fair value of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

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## 2. Significant accounting policies (continued):

### (c) Adoption of new accounting standards:

- (i) On January 1, 2009, the Plan adopted The Canadian Institute of Chartered Accountants' ("CICA") Emerging Issues Committee Abstract 173 – Credit Risk and the Fair Value of Financial Asset and Financial Liabilities ("EIC-173"). EIC-173 clarifies how the Plan's credit risk and counterparty risk should be taken into account in determining the fair value of financial instruments. The adoption of EIC-173 did not have a significant impact on the valuation of the Plan's financial instruments or their net assets.
- (ii) The Plan adopted the amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") on January 1, 2009. The amendments introduce a "fair value hierarchy" for disclosures to provide information to financial statement users about the relative reliability of inputs used in fair value measurements. Section 3862 requires that an entity classify each financial instrument into one of three fair value levels as follows:

Level 1 – for unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.

Level 2 – for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, and

Level 3 – for inputs that are based on unobservable market data and are significant to the fair value measurement.

Prior year comparative data is not required to be presented for the first year of adoption. These amendments result in increased disclosures only and have no impact on the Plan's net assets.

The new disclosure requirements are provided in note 7.

### (d) Net realized (loss) gain on sale of investments:

The net realized (loss) gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

### (e) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income and dividends.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

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## 2. Significant accounting policies (continued):

### (f) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of net assets available for benefits are translated into Canadian dollars at year end rates of exchange. Gains and losses arising from translations are included in the change in fair value of investments.

Foreign currency denominated transactions, as well as cost amounts included in schedule A to the financial statements are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

### (g) Transaction costs:

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Actual transaction costs incurred are expensed and included in net realized gains or losses.

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### (i) Fair value of other financial assets and financial liabilities:

The carrying values of all other financial assets and liabilities approximate their fair market values due to the short term nature of these amounts.

## 3. Summary of investments:

The summary of investments (schedule A) represents the total investments of the defined benefit segment and defined contribution segment of the Plan held by the custodians. In respect to the defined benefit segment of the Plan, an external investment manager invests the Plan assets pursuant to the approved investment policy. The fixed income component is comprised of bonds and debentures of \$5,205,607 (\$4,311,163 – 2008) with maturity dates varying from 2011 to 2108 and interest rates varying from 3.30% to 9.00% and pooled fixed income funds of \$48,309,446 (\$43,675,747 – 2008). The members of the defined contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Plan.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

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## 4. Risk management:

Fair value of investments and therefore the Plan's net assets available for benefits are exposed to the following risks:

### (a) Market risk

#### i. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates.

#### ii. Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments.

#### iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

### (b) Credit risk

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

### (c) Liquidity risk

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale.



# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 4. Risk management (continued):

### Defined Benefit

#### (a) Market risk

##### i. Interest rate risk

The Plan's exposure to interest rate risk is concentrated in its investments in bonds, debentures, short-term notes and deposits. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored by the Board of Trustees. As at December 31, 2009, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would be estimated to decrease or increase, respectively, by approximately \$3,191,000 (\$2,815,000 – 2008). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

##### ii. Foreign currency risk

The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Board of Trustees. The Plan is exposed to fluctuations in the U.S. dollar, Japanese yen and European currencies, notably the Euro and British pound sterling.

The Plan's exposure to foreign currencies to Canadian dollars is shown below:

As at December 31, 2009	Actual currency exposure	%
Canadian	\$86,623,470	81.0%
US dollar	9,241,802	8.7%
Euro	2,761,628	2.6%
British pound sterling	1,981,168	1.8%
Japanese yen	1,941,144	1.8%
Swiss franc	1,500,885	1.4%
Other currencies	2,881,697	2.7%
	<b>\$106,931,794</b>	<b>100.0%</b>

A 10 percent increase or decrease in exchange rates, with all other factors held constant would result in a change in unrealized gains (losses) of approximately \$2,031,000 (\$1,870,000 – 2008) as at December 31, 2009.

##### iii. Other price risk

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored by the Board of Trustees. As at December 31 2009, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of \$5,356,000 (\$4,668,000 – 2008).

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 4. Risk management (continued):

### (b) Credit risk

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The breakdown of the Plan's fixed income portfolio (at market value) by credit ratings from various rating agencies is presented below:

	2009	2008
Credit Rating		
AAA	\$26,223,246	\$22,395,682
AA	7,062,064	9,246,023
A	16,796,778	12,584,317
B – BBB	3,432,965	3,760,898
	\$53,515,053	\$47,986,920

### (c) Liquidity risk

Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the market value by the earliest contractual maturity of the Plan's fixed income investments:

	2009	2008
Less than one year	\$989,731	\$1,104,779
One to five years	22,561,146	20,408,655
After five years	29,964,176	26,473,486
Total fair value	\$53,515,053	\$47,986,920

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 4. Risk management (continued):

### Defined Contribution

Investment allocation for the Defined Contribution Segment of the plan is directed by individual plan members to a series of investment funds. The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks are concentrated in its investment holdings and are managed by the respective Fund Managers. The risk management process for each Fund Manager includes the monitoring of compliance to the fund's investment policies and objectives. It is the responsibility of each Fund Manager to manage the potential effects of these financial risks on the fund's performance by regularly monitoring the fund's positions, market events and making adjustments to the fund as necessary to diversify investment portfolios within the constraints of the investment guidelines. The following is a list of the potential risks individual funds may be exposed to:

Fund Name	Fair Value 2009	Fair Value 2008	Credit Risk	Currency Risk	Interest Rate Risk	Liquidity Risk	Other Price Risk
CC&L Group Bond Fund	863,379	437,711	X	X	X		X
CC&L Grp Balanced Plus	1,632,594	1,256,362	X	X	X		X
CC&L Grp Cdn Equity Fund	318,760	229,364					X
Fidelity Global	307,215	221,348	X	X	X	X	X
Fidelity True North Fund	1,871,218	1,375,645	X	X	X	X	X
LM Western Asset Income	423,966	443,261	X		X		X
MB Bal Growth Fund C	1,416,563	1,369,012		X			X
MB Cdn Eq Growth Fund C	677,151	452,884					X
MB Fixed Income Fund	841,427	385,787			X		
MB Global Equity Fund C	138,054	113,833		X			X
MB Select Balanced Fund	241,929	181,218		X			X
MB Select Cdn Equity Fund	360,969	254,514					X
MB Select Global Equity	146,405	115,630		X			X
RSL LP Bal Growth Port C	1,698,654	1,383,964	X	X	X		X
RSL LP Bal Inc Port C	682,600	512,198	X	X	X		X
RSL LP Bal Lt Gwth Port C	1,655,288	1,269,390	X	X	X		X
RSL Ovr Equity Fund C	120,581	94,595		X			X
SLF Money Market	651,698	816,690			X		
TDAM Balanced Index Fund	5,891,079	4,105,998	X	X	X	X	X
TDAM Cdn Bond Index Fund	581,581	489,219	X		X		X
TDAM Cdn Equity Index Fund	640,232	417,946					X
TDAM US Mkt Index Fund	138,792	118,834		X			X
Trimark Fund C	210,342	159,144		X			X
UBS US Equity Fund	331,231	241,450		X			X
	21,841,708	16,445,997					

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 5. Obligation for pension benefits:

### (a) Defined benefit obligation:

The actuarial present value of accrued pension benefits under the defined benefit segment was determined using the projected unit credit actuarial method and using assumptions recommended by the actuary and approved by the Board of Trustees. An actuarial valuation of the Plan was prepared, effective December 31, 2007 and updated to December 31, 2008 by Eckler Ltd., a firm of consulting actuaries. The results of the actuarial valuation were extrapolated by Eckler Ltd. to December 31, 2009. Excluding the obligation with respect to the Revised Order of the Superintendent of Pensions made June 6, 2008 (note 9), the extrapolation of the actuarial present value of the pension benefits as at December 31, 2009 and the principal components of changes in actuarial present values during the year were as follows:

	2009	2008
Actuarial present value of accrued pension benefits, beginning of year	\$120,328,000	\$119,209,000
Interest accrued on benefits	6,983,000	6,871,000
Benefits accrued	2,293,000	2,434,000
Benefits paid, refunds and transfers	(6,284,000)	(7,610,000)
Actuarial (gain)	-	(576,000)
Actuarial present value of accrued pension Benefits, end of year	\$123,320,000	\$120,328,000

The Plan provides that a pension increase in respect of a year will be equal to the excess of the rate of return in that year, based on smoothed asset values, over 6%, subject to a maximum of the increase in the CPI in that year. For 2009, there was no excess rate of return since the rate of return was less than 6% based on smoothed asset values, therefore, there is no pension increase for the year ended December 31, 2009.

Similarly, there was no increase for the year ended December 31, 2008 which would have become payable effective July 1, 2009.

The actuarial gain in 2008 was measured on an overall basis by comparing an extrapolation of liabilities to an estimated valuation based on known membership movements and salary information during 2008. No assumption changes were made in 2008 or 2009. For 2009, the end-of-year liabilities are based on an extrapolation of the 2007 balance. Any gains or losses related to membership changes, salary changes, or any other factor will be determined at the next full actuarial valuation to be conducted as at December 31, 2010 based on plan membership data as at that time. Therefore, there are no actuarial gains or losses identified for 2009.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 5. Obligation for pension benefits (continued):

The value of net assets available for benefits at December 31, was

	2009	2008
Market value of net assets	\$107,573,000	\$95,016,000

The assumptions used in determining the actuarial value of accrued benefits in the valuation at December 31, 2007 and the extrapolation to December 31, 2009 were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

		2009	2008
Rate of return on investments	- pre-retirement	6.0%	6.0%
	- post-retirement	5.75%	5.75%
Rate of salary increase	- 2008 and 2009	2.5%	2.5%
	- thereafter	4.0%	4.0%

### (b) Defined contribution obligation:

The obligation for pension benefits under the defined contribution segment will always be equal to the net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

The following summarizes the changes in the defined contribution segment of the Plan:

	2009	2008
Balance, beginning of year	\$16,458,000	\$18,560,000
Contributions	2,785,000	2,499,000
Refunds and transfers	(525,000)	(860,000)
Net investment return (loss)	3,132,000	(3,741,000)
Balance, end of year	\$21,850,000	\$16,458,000

## 6. Funding policy:

The University's regular contribution is 7.0% of pensionable salary to the defined benefit segment and 6.0% to the defined contribution segment less an adjustment, in each case, for the Canada Pension Plan. For members receiving long-term disability benefits, the University pays the employee contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the *Pension Benefits Act*.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

## 7. Fair value disclosure:

The Plan's investments have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See note 2(c)(ii) for a discussion of the Plan's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Plan's investments measured at fair value as at December 31, 2009. There have been no transfers between levels during the year.

Investments at Fair Value as at December 31, 2009				
	Level 1	Level 2	Level 3	Total
Fixed Income	-	53,515,053	-	53,515,053
Canadian Equities	33,393,026	-	-	33,393,026
U.S. Equities	9,645,685	-	-	9,645,685
International Equities	10,366,110	-	-	10,366,110
Short-Term	-	11,920	-	11,920
Defined Contribution	-	21,841,708	-	21,841,708
	53,404,821	75,368,681	-	128,773,502

## 8. Related party transactions:

The University charges benefit administration costs to the Plan. The cost for 2009 was \$56,263 (2008 - \$50,000) and has been included in other expenses. This transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 9. Subsequent event:

On December 8, 2006, the Superintendent of Pensions of Manitoba issued an Order requiring the University to pay a lump sum amount of \$6,454,000, plus interest in respect to the distribution of a surplus dating back to 2000 to certain plan members. The University appealed the Order to the Manitoba Pension Commission, and further to the Manitoba Court of Appeal. As a result of the appeal to the Manitoba Pension Commission, the Superintendent issued a revised Order on June 6, 2008, leaving the Order with respect to surplus distribution unchanged. The Manitoba Court of Appeal delivered its decision in support of the Superintendent's Order on January 23, 2009.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2009

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## 9. Subsequent event (continued):

Following the Court of Appeal decision, the Board of Trustees received clarification of the Order from the Superintendent with respect to several matters with respect to the Order, and requested Canada Revenue Agency approval for the necessary contribution by the University and the payment of corresponding amounts to plan members. The final necessary approval was received after December 31, 2009. The University immediately contributed \$8,775,827 into the Plan in January, 2010, and payments to members entitled to a share of this amount commenced in February, 2010.

Accordingly, the net assets available for benefits as at December 31, 2009 do not include an account receivable from the University in respect of the surplus distribution, nor does the defined benefit obligation in note 5(a) include an amount for surplus distribution.

## 10. Reclassification of comparative figures:

Certain 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2009.