

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Annual Report and Financial Statements

For the Year Ended December 31, 2013

**THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

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BOARD OF TRUSTEES

For the Association of Employees Supporting Education Services (AESES):

Barry Barske is a retired Support employee from the Department of Psychology

Greg Gillis is an actuary and CFA Charter holder with extensive pension consulting and investment experience. In his role at Lawton Partners he provides services to a number of public and private sector organizations as well as personal financial planning and investment services to individuals and businesses.

For the International Union of Operating Engineers (IUOE):

Kyle MacDonald, is a Controls Technician in the Physical Plant Department

For the University:

Michael Emslie is the Associate Vice-President (Finance & Operations)

Colin Morrison is the General Counsel & Corporate Secretary

Laurel Repski is the Vice-President (Human Resources, Audit & Sustainability)

For the University of Winnipeg Excluded Employees:

Mary Anne Walls is the University's Manager, Campus Health & Wellness

For the University of Winnipeg Faculty Association (UWFA):

Ed Byard is a Professor in Biology

Hans Werner is a Professor in History, Mennonite Studies

Murray Wiegand is a Professor in Biology

For the University of Winnipeg Retirees Association (UWRA):

Jane Barske is a retired Support employee from the University Library

Annabelle Mays is a retired Professor in Education

External Trustees:

Ray Erb is a retired Staff Representative and Pensions & Benefits Specialist from the Manitoba Government and General Employee's Union (MGEU) where he was employed for 35 years. For the last ten years he continues to serve as a member of the Civil Service Superannuation (Pension) Board and the Manitoba Healthcare Employees Benefits Board.

Henry Hudek, MBA, CFA, is the Vice-President, Business Development with Cardinal Capital Investment working directly with the Cardinal advisor network, supporting referring advisors and their clients within Manitoba and across Western Canada.

Ron Youngson is the Director of Group Retirement for Onyx Financial Group, responsible for all phases of new case establishment, including plan design, investment menu selection, member communication and education.

BOARD EXECUTIVE AND BOARD COMMITTEES

Board Executive:

- Henry Hudek (Chair)
- Laurel Repski (Vice-Chair)
- Mike Emslie (Treasurer)
- Mary Anne Walls (Secretary)

Operations Committee:

- Hans Werner (Chair)
- Jane Barske
- Ed Byard
- Mike Emslie
- Henry Hudek
- Colin Morrison
- Mary Anne Walls

Defined Benefit Committee:

- Mike Emslie (Chair)
- Barry Barske
- Ray Erb
- Greg Gillis
- Annabelle Mays
- Colin Morrison
- Murray Wiegand

Defined Contribution Committee:

- Kyle Macdonald (Chair)
- Henry Hudek
- Laurel Repski
- Mary Anne Walls
- Ron Youngson



*Standing (L-R): Colin Morrison, Kyle Macdonald, Ron Youngson, Murray Wiegand, Ed Byard, Hans Werner, Laurel Repski, Mike Emslie
Sitting (L-R): Barry Barske, Greg Gillis, Ray Erb, Henry Hudek, Jane Barske, Mary Anne Walls
Missing: Annabelle Mays*

REPORT OF THE CHAIR

The year 2013 was reasonable for most equity markets with a slight improvement in the interest rate environment as yields rose modestly. This was good news for your Pension Plan assets. The DB portion of the Plan had a positive investment return which resulted in a four-year smoothed investment return in excess of 6%. This triggers a full CPI increase in benefits to DB pensioners. For DC members all of the equity funds in the Plan returned positive results for the year, although Canadian bond funds did see a slight decline over the year as yields rose. Balanced fund returns were generally positive as well.

This outcome is primarily a result of increased optimism about a strengthening economic recovery in the US, and the possibility of Europe's economy having bottomed.

Your Board of Trustees has implemented the modestly higher tilt to equities in the DB plan's asset allocation which was approved last year. The Trustees have also approved a plan for moving DB assets back into longer term bonds as rate increases occur, and this was initiated to a minor degree at Jan. 1st, 2014. While these steps are expected to be beneficial for the assets of the Plan, DB members should remember that their benefits are payable by the Plan, regardless of investment returns.

The DB Committee is continuing to review its investment managers with a view to maintaining performance and reducing fees, while the DC Committee has completed a competitive bid process for Administration of the DC plan and Group RRSP, and expects to re-commit to Sun Life in this role, who have improved their service offering and made material price reductions for much of their service. We look forward to another respectable year in 2014-2015.

Henry Hudek
(Chair)

OPERATIONS COMMITTEE REPORT

The Operations Committee is responsible to the Board of Trustees in the areas of Plan governance, and also serves as the Board's Audit Committee. The Committee's main activities are the ongoing responsibilities of working with the Treasurer to prepare an annual budget for Plan operations, meeting with Plan auditors before and after the completion of the Plan's annual audit, and reviewing the Plan's compliance with Canadian Association of Pension Supervisory Authorities (CAPSA) guidelines with respect to best practices for governance of Trusteed Pension Plans. The Committee reviewed the audit plan and subsequent audit findings as conducted by KPMG. There were no substantive issues arising from the Audit of the 2013 financial year that required the Board's attention.

In 2013 the Operations Committee completed the review of the Plan Services Agreement begun the previous year and recommended its approval and signature by the Board. The Committee also took the lead in conducting a major review of actuarial and administration services for the DB component of the Plan. An ad hoc Committee of Trustees was struck and together with considerable input from the Plan administrator the Committee created a Request for Proposals for actuarial and administration services and evaluated the resulting submissions. The Committee recommended, and the Board subsequently appointed Eckler Ltd in a continued role as the Plan actuary as well as the DB Component administrator based on its extensive review of proposals.

The Operations Committee was also engaged in a number of administrative matters that resulted in amendments to the Plan Text with respect to including eligible employees of the University of Winnipeg Community Renewal Corporation in the DC component of the Plan (Amendment 2013-A) and bringing the Plan's practices regarding temporary pensions in line with Canadian Revenue Agency requirements. (2013-B) The complete text of these amendments is available on the Board's webpage. The Committee also initiated the development of a policy with respect to who is able to sign various documents on behalf of the Board of Trustees and developed language for the posting of various Plan documents on the Board's website.

Hans Werner
(Chair)

DEFINED BENEFITS COMMITTEE REPORT

The Defined Benefit (DB) Committee had a very busy 2013. The asset-liability, study started in 2012 and led by consultants from AON Hewitt, was completed and a new investment policy was developed and approved in early 2013. An asset-liability study should be performed periodically to ensure that the investment strategy is consistent with the needs of the Plan. The Investment Policy had not been formally reviewed since the implementation of the Independent Board of Trustees.

A significant amount of analysis went into the development of the new Policy; our goal was to increase the expected return of the fund without increasing risk. In order to accomplish this, we have introduced two new asset classes, Emerging Markets and Real Estate and reduced the percentage of the fund invested in domestic equities while increasing the percentage invested in foreign equities.

The new policy also anticipates a de-risking strategy which will see a decrease in the percentage of assets dedicated to growth such as equities and an increase in fixed income assets over time as the Plan's funded position increases through gains in the market and additional contributions from the University. Finally the new Policy also sees a transition from Universe bonds to Long-Term bonds as interest rates increase. The value of long-term bonds changes in a manner similar to the liabilities of the Plan, so investing in long-term bonds reduces the risk of increased funding deficits in times of changing interest rates.

In order to implement the new investment policy the DB Committee undertook an assessment of potential managers for the new asset classes and determined the best fit is the Civil Service Superannuation Board's (CSSB) Funds. CSSB manages the Province of Manitoba's Pension Assets, and was willing to pass the fee savings they receive because of the size of their portfolio on to us, allowing us access to Emerging Markets and Real Estate funds at a fraction of the cost of any other manager. Our relationship with CSSB is similar to that with other managers, we pay them to manage our assets and can move to another manager if the performance is not adequate.

The new Investment Policy called for a decrease in our domestic bond and equity portfolio; as a result the Board reduced the number of domestic balanced fund managers, consolidating our domestic equity and bond fund holdings with Foyston Gordon Payne. The Plan has used FGP for many years and their performance has been exceptional over that time. The transfer of assets to implement the new Policy took place through December 2013 and January 2014.

Mike Emslie
(Chair)

DEFINED CONTRIBUTIONS COMMITTEE REPORT

2013 has been another strong year for a majority of investment portfolios. With global stock markets steadily rising, equity markets ended with strong positive results. Overall most members were able to see positive gains with a relatively high average rate of return. The Defined Contribution Committee has also had a very productive year with some great outcomes that affect your Plan.

One of the main objectives for the Committee over the last year was to ensure that Plan members were receiving the best value and service for their money. We did this by conducting a service provider review where a number of large DC providers were invited to deliver a service proposal through a formal Request for Proposal process.

An in-depth review of these proposals was conducted by the Defined Contribution Committee and a small number of finalists were selected for in-person interviews. The Committee evaluated and based their selection criteria on items such as member reports and services, services and reporting to the Board, financial planning tools and member education. Fund offerings were also carefully evaluated based on breadth of offerings, fund and operating fees and the availability of socially responsible funds.

There were a number of excellent candidates which the Committee was delighted to interview. Each candidate had their strengths and overall vision for how they would best serve the University Plan, but in the end the Committee found no compelling reason to leave our current provider Sun Life, and subject to the execution of a satisfactory service agreement Sun Life will continue in their role as a DC services provider.

Looking for an easier way to sign into mysunlife.ca?

You can now login to the Sun Life website with your email account for easier access:

1. Sign into mysunlife.ca using your current access ID
2. Click on the profile link in the top right corner of the page
3. Under the 'Access ID and password' menu, click on 'Change your access ID (email)' and add your email address
4. You will be sent a verification email, click the link to confirm
5. You can now login to the website using your email address

So what did we gain by conducting the review? By going to market we affirmed that Sun Life is a leading DC services provider and that we have the right company for the job. The review also resulted in a significant reduction in fund management fees and lower administration costs which mean more of your hard-earned money will remain in your DC pension account! We are also working with Sun Life on developing a more effective education strategy to help re-engage members and improve the current website features and toolsets. We ask that you review your member statements, communications and the

Sun Life web portal as upcoming changes and announcements will be periodically displayed for your reference.

I would like to ask that every DC Plan member visit www.mysunlife.ca to review all that the site has to offer. Here you can see your account balance, research investment options, access a wide variety of financial planning tools and make investment changes all with a few clicks.

Don't know what type of investor you are? Visit my money tools on the Sun Life website and complete the asset allocation tool to help you decide what type of investment mix may be most appropriate for you. If you are starting to think about retirement be sure to complete the online retirement planner tool to help with your decision making process. There is a wealth of information and tools on the site that can help you achieve all of your long term financial goals.

Lastly, it has been noted that there is still a high number of individuals that remain in the default target date funds. The target date funds offer a good hands-off approach to investing as they offer a balanced selection however any fund that you invest in should be the result of an active and informed choice and the DC Committee urges you to take the time to review your options. Personal situations and goals change over time and being proactive in your investment selections can give you peace of mind.

Kyle Macdonald
(Chair)

REPORT OF THE TREASURER

Overview

This report provides a summary of the financial performance of the University of Winnipeg Trusteed Pension Plan for the year ended December 31, 2013, including:

- A brief description of the Plan
- Summary of changes in membership
- Discussion of the change in asset values

The Plan

The University of Winnipeg Trusteed Pension Plan has two distinct components: the Defined Benefit (DB) component which is closed to new members, and the Defined Contribution (DC) component, established January 1, 2000 which all new employees join upon becoming eligible.

The DB component is intended to provide members with a monthly benefit upon retirement. The benefit is calculated using a prescribed formula that takes into account:

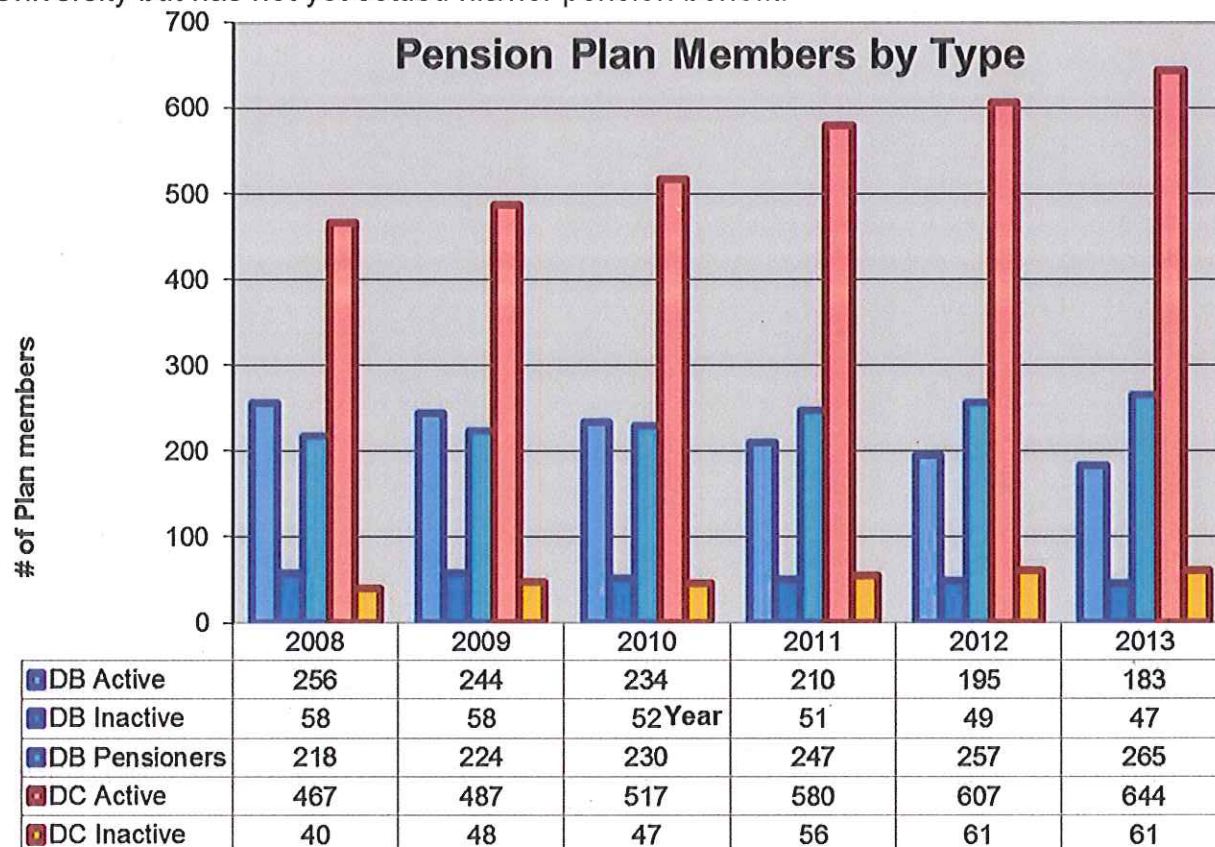
- years of credited service
- average pensionable salary (with a reduction for the Canada Pension Plan)

The formula pension is subject to a Plan benefit maximum of \$1,722.22 per year of pensionable service, according to the current Plan provisions. Retirement options include a choice of monthly pension from a variety of payment options, or a transfer of the Commuted Value to a LIRA (Locked-In Retirement Account) or a LIF (Life Income Fund). The DB pension benefit is funded by member and University contributions and investment earnings.

The DC component is intended to provide members with a pension benefit upon retirement that is based on contributions made by the member and the University into a range of investment choices provided through Sun Life Financial. The combination of the contributions and investment earnings provide Plan members with a lump sum value that can be transferred into another registered retirement investment vehicle, or invested through Sun Life to provide a monthly pension benefit.

For additional information relating to the University of Winnipeg Trusteed Pension Plan please go to <http://www.uwinnipeg.ca/hr/benefits/pension.html>.

The following graph shows the number of members in each Plan category for the past six years. It should be noted that an Inactive member is a DB or DC member who has left the University but has not yet settled his/her pension benefit.



Financial Results

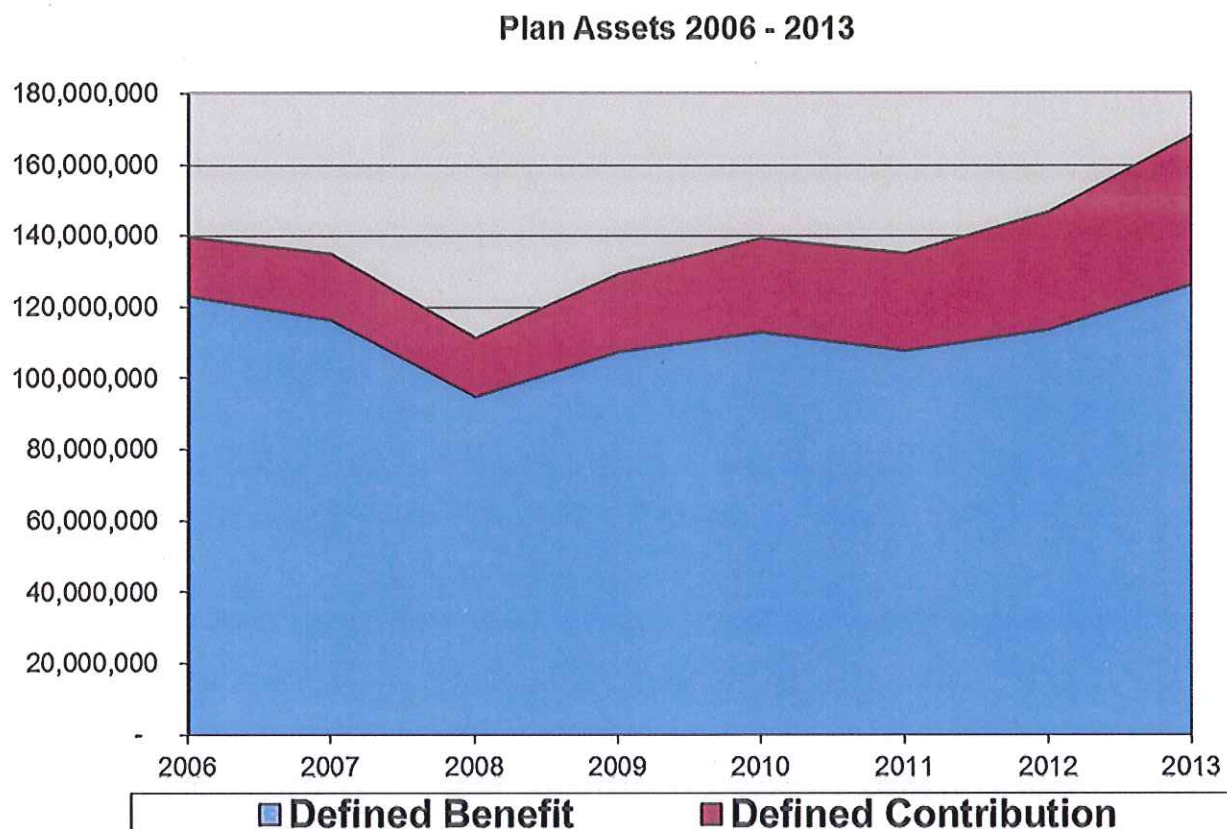
The 2013 financial statements were prepared in accordance with CICA accounting standards for Pension Plans. The returns on Plan assets for 2013 were positive; when combined with increased contributions by the University and Plan members, the net assets of the Plan at December 31, 2013 increased by \$21.5 million to \$168.3 million from \$146.8 million at December 31, 2012.

The net return for 2013 on the Defined Benefit component, based on market value and net of expenses, was 13.8% (as compared to 7.51% for 2012). According to the smoothing calculation, which is a geometric average of returns over a four year period, the return on the fund was 7.45% (as compared to 8.28% for 2012).

This smoothing method of calculating the return on the Fund is used to determine whether a cost of living increase is payable to pensioners. For a cost of living increase to be payable, the smoothed rate earned by the Fund must be greater than 6%. Since the smoothed rate for 2013 was 7.45%, a cost of living increase of 1.24% (the change in the Consumer Price Index from December 2012 to December 2013) will be payable effective July 1, 2014.

The net return on the Defined Contribution component varies by fund and by Plan member depending on individual fund selection.

The following graph provides an eight year overview of the changes in Plan Assets:



Valuation

The DB component of the Pension Plan is required to undergo an actuarial valuation on a regular basis. The last full valuation was performed as of December 31, 2012.

As the DB pension fund is below 90% funded on a solvency basis, it is subject to annual actuarial reviews. According to the most recent valuation, the Plan's unfunded liability position decreased slightly at December 31, 2012 from December 31, 2011. As a result the University's special funding payments for the period starting January 1, 2012 were reduced somewhat. The decrease in the unfunded liability is the result of better than anticipated investment returns in 2012 and the impact of the special funding payments made by the University.

The December 31, 2010 valuation resulted in a significant increase in the liability from the 2007 valuation due to investment returns not meeting expectations since the last valuation, primarily resulting from the economic downturn of 2008; amendments to the Manitoba Pension Benefits Act; and changes in the actuarial assumptions about future

investment returns and plan member mortality rates. The effects of the 2010 valuation are still evident, as shown by the continuing funding deficit and resulting additional contributions required by the University.

It is important to note that the unfunded actuarial liability in the Plan does not impact the benefits that the Defined Benefit members are accruing or are receiving, but it does affect the amounts that the University is required to pay into the Plan to fund those benefits.

More information on the valuation is available on the Trustees website at:

<http://www.uwinnipeg.ca/hr/benefits/pension-trustees.html>

Contributions, Benefit Payments and Plan Expenses

Active Members and the University make regular contributions to the DB and DC components of the Pension Plan based on the contribution formulas set out in the Plan. Member contributions increased in 2012 and again in 2013 as a result of the implementation of recently approved collective agreements.

The University also made required additional contributions to the DB component in 2013 of \$3 million. This is made up of \$280,000 to fund a current service shortfall and Plan expenses (the cost of DB benefits earned by active DB members plus Plan expenses in 2013 were \$288,000 higher than the member and University's basic contributions for the year, that difference was made up by additional contributions from the University) and \$2,764,000 to address the "going-concern" actuarial valuation deficiency for 2013. These payments will continue to be required until the actuarial deficiency is eliminated.

The attached financial statements are prepared to assist Plan members and others in reviewing the activities of the Plan for the year. They do not report on the funding requirements of the Plan. This information is provided in the actuarial valuations.

The Plan's 2013 Financial Statements received an unqualified audit opinion from KPMG, an independent audit firm appointed by the Board of Trustees.

The following table summarizes the non-investment related transactions of the Plan:

Contributions	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
DB Member	923,914	878,431	852,196	785,478	873,936	958,753
DB University	1,846,551	1,780,380	1,745,399	4,501,369	5,160,859	4,211,465
DC Member	1,240,322	1,381,500	1,506,344	1,603,161	2,020,518	2,532,999
DC University	1,258,845	1,402,948	1,520,145	1,620,873	2,033,904	2,549,143
	5,269,632	5,443,259	5,624,084	8,510,881	10,089,217	10,252,360
Distributions						
DB Pensioners	5,630,043	5,922,666	6,219,149	6,659,993	7,214,854	7,578,593
DB Refunds & Transfers	1,980,069	361,508	1,866,029	2,476,906	917,849	508,277
DC Refunds & Transfers	859,627	525,091	1,141,792	1,948,097	632,782	1,451,104
DB Investment Manager Fees	404,969	376,132	399,344	398,867	392,836	428,289
DB Actuarial Fees	18,290	56,275	82,432	144,158	83,863	61,013
DB Custodial Fees	46,837	46,718	52,309	45,428	44,903	47,603
DB/DC Administration Fees	51,286	60,018	37,098	25,137	41,151	35,756
DB/DC Other Expenses	119,725	127,612	122,225	106,964	96,421	119,062
	9,110,846	7,476,020	9,920,378	11,805,550	9,424,659	10,229,697

Benefit Payments

Benefit payments to DB pensioners increased by \$363,739 while refunds and transfers paid to DB and DC members who left the University and commuted their pension benefits increased by \$408,750. Overall, Plan expenses remained fairly steady. The 2010 actuarial valuation was the first valuation in three years and involved many changes to estimates so the cost in 2011 was higher than normal. The 2011 and 2012 actuarial valuations required less time and therefore the costs declined.

DC Fund Asset Mix

The Defined Contribution component of the Plan is a member directed investment plan administered through Sun Life financial.

The following table summarizes the percentage of assets invested in each fund offered by the Plan as at December 31, 2013.

Fund Name	%	Fund Name	%
B.G. Balanced Fund	11.5%	MB Responsible Balanced	1.2%
B.G. Global Fund	0.2%	MB Responsible Cdn. Equity	0.9%
B.G. American Equity	3.9%	MB Responsible Global Research	0.6%
BLK Active Canadian Eq.	5.3%	SLA Universe Bond Fund	4.8%
JF Canadian Equity Fund C	2.8%	SLA 5Yr Guaranteed Fund	0.9%
MB Cdn Equity Core Fund	0.4%	SLF Money Market	2.7%
MB Global Research A	1.3%	TDAM Balanced Index Fund	30.9%
MB Global Equity Fund	3.0%	TDAM Cdn Bond Index Fund	2.7%
MB Lifeplan 2015	2.4%	TDAM Cdn Equity Index Fund	3.2%
MB Lifeplan 2020	6.2%	TDAM Global Equity Index	0.0%
MB Lifeplan 2025	3.3%	TDAM US Mkt Index Fund	1.0%
MB Lifeplan 2030	2.6%		
MB Lifeplan 2035	2.5%		
MB Lifeplan 2040	2.1%		
MB Lifeplan 2045	1.2%		
MB Lifeplan 2050	0.3%		
MB Lifeplan Retiree	2.1%		

Michael D. Emslie, CA
Treasurer, University of Winnipeg Trusteed Pension Plan



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)

Bill Balan
Vice-President (Finance & Administration)

(Original signed by Michael Emslie)

Michael Emslie, CA
Associate Vice-President Finance &
Operations

June 9, 2014

Andrew Kulyk, FSA, FCIA

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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, 2012 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, 2013 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

- (a) the membership data on which the valuation is based are sufficient and reliable,
- (b) the assumptions are appropriate, and
- (c) the methods employed in the valuation are appropriate.

This report has been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

June 24, 2014
Date

(Original signed by Andrew Kulyk)

Andrew Kulyk,
Fellow of the Institute of Actuaries
Fellow of the Canadian Institute of Actuaries



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Canada

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Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University of Winnipeg Trusteed Pension Plan

We have audited the accompanying financial statements of University of Winnipeg Trusteed Pension Plan, which comprise the statement of financial position as at December 31, 2013, the statements of changes in net assets available for benefits and changes in obligations for pension benefits for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of Winnipeg Trusteed Pension Plan as at December 31, 2013, and the changes in its net assets available for benefits and the changes in its obligations for pension benefits for the year then ended, in accordance with Canadian accounting standards for pension plans.

Signed "KPMG LLP"

Chartered Accountants

June 9, 2014

Winnipeg, Canada

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Assets		
Cash (note 9)	\$22,429,540	\$3,302,712
Contributions receivable:		
Members	70,938	64,739
University	86,627	79,147
Investment income receivable		74,265
Investments (schedule A)	<u>145,910,318</u>	<u>143,579,486</u>
	<u>\$168,497,423</u>	<u>\$147,100,349</u>
Liabilities		
Accounts payable and accrued liabilities	\$169,404	\$251,861
Due to University of Winnipeg	<u>22,907</u>	<u>29,711</u>
	<u>\$192,311</u>	<u>\$281,572</u>
Net Assets Available for Benefits		
Available for defined contribution obligations	41,889,065	32,997,230
Available for defined benefit obligations	<u>126,416,047</u>	<u>113,821,547</u>
	168,305,112	146,818,777
Obligations for Pension Benefits		
Defined contribution obligations	41,889,065	32,997,230
Actuarial present value of accrued pension benefits	<u>144,639,000</u>	<u>140,614,000</u>
Deficiency of Net Assets Available for Benefits over Obligations for Pension Benefits	<u>(\$18,222,953)</u>	<u>(\$26,792,453)</u>

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

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

(Original signed by Henry Hudek) Chair

(Original signed by Laurel Repski) Vice-Chair

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2013, with comparative figures for 2012
(see schedule C)

	2013	2012
Increase (decrease) in assets:		
Contributions (note 6):		
Members		
Required contributions	\$3,491,752	\$2,894,454
University		
Current service contributions	3,996,608	3,712,381
Special contributions	2,764,000	3,482,382
Transfers from other plans	161,096	11,961
Investment income	5,661,273	5,881,238
Current period change in fair value of investments	10,414,617	4,432,257
Net realized gain on sale of investments	5,226,686	642,943
	<u>31,716,032</u>	<u>21,057,616</u>
Decrease in assets:		
Benefits paid		
Retirement benefit payments	7,578,593	7,214,854
Termination benefit payments	1,949,659	1,550,631
Death benefit payments	9,722	-
Administrative expenses:		
Investment managers' fees	428,289	392,836
Actuarial fees	61,013	83,863
Administrator's fees	35,756	41,151
Custodial fees	47,603	44,903
Audit fees	15,568	17,696
Other expenses	103,494	78,725
	<u>691,723</u>	<u>659,174</u>
	<u>10,229,697</u>	<u>9,424,659</u>
Net increase (decrease) in assets available for benefits	21,486,335	11,632,957
Net assets available for benefits, beginning of year	<u>146,818,777</u>	<u>135,185,820</u>
Net assets available for benefits, end of year	<u>\$168,305,112</u>	<u>\$146,818,777</u>

See accompanying notes to financial statements.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Changes in Obligations for Pension Benefits

Year ended December 31, 2013, with comparative figures for 2012

	2013			2012		
	Defined Benefit Segment	Defined Contribution Segment	Total	Defined Benefit Segment	Defined Contribution Segment	Total
OBLIGATIONS FOR PENSION BENEFITS, BEGINNING OF YEAR	\$140,614,000	\$32,997,230	\$173,611,230	\$143,576,000	\$27,309,533	\$170,885,533
Interest accrued on benefits	8,062,000		8,062,000	7,891,000	-	7,891,000
Net investment return		5,099,701	5,099,701	-	2,254,096	2,254,096
Experience gains and losses	932,000		932,000	(1,283,000)	-	(1,283,000)
Contributions and transfers in		5,243,238	5,243,238	-	4,066,383	4,066,383
Benefits accrued	2,477,000		2,477,000	2,784,000	-	2,784,000
Benefits paid, refunds and transfers	(8,087,000)	(1,451,104)	(9,538,104)	(8,133,000)	(632,782)	(8,765,782)
Actuarial (gain) loss	641,000		641,000	(4,221,000)	-	(4,221,000)
OBLIGATIONS FOR PENSION BENEFITS, END OF YEAR	\$144,639,000	\$41,889,065	\$186,528,065	\$140,614,000	\$32,997,230	\$173,611,230

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Summary of Investments

December 31, 2013, with comparative figures for 2012

	2013			2012		
	Fair value	Cost	% Fair value	Fair value	Cost	% Fair Value
Defined benefit:						
Fixed income	\$37,813,574	\$37,482,555	36.36	\$50,872,415	\$48,290,783	46.00
Canadian equities	31,745,822	25,409,004	30.51	37,091,468	33,692,060	33.54
U.S. equities	15,377,320	12,391,062	14.78	8,843,479	8,911,915	8.00
International equities	18,794,502	15,144,631	18.07	10,261,150	10,340,438	9.28
Short-term	290,035	290,035	0.28	3,513,744	3,487,992	3.18
	<u>104,021,253</u>	<u>90,717,287</u>	<u>100.00</u>	<u>110,582,256</u>	<u>104,723,188</u>	<u>100.00</u>
Defined contribution	<u>41,889,065</u>	<u>39,256,098</u>	<u>100.00</u>	<u>32,997,230</u>	<u>33,403,703</u>	<u>100.00</u>
Total investments	<u>\$145,910,318</u>	<u>\$129,973,385</u>	<u>100.00</u>	<u>\$143,579,486</u>	<u>\$138,126,891</u>	<u>100.00</u>

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Financial Position by Segment

December 31, 2013

	Defined Benefit Segment	Defined Contribution Segment	Total
Assets			
Cash	\$22,429,540		\$22,429,540
Contributions receivable:			
Members	70,938		70,938
University	86,627		86,627
Investments (schedule A)	104,021,253	41,889,065	145,910,318
	<u>126,608,358</u>	<u>41,889,065</u>	<u>168,497,423</u>
Liabilities			
Accounts payable and accrued liabilities	163,404	6,000	169,404
Due to University of Winnipeg	28,907	(6,000)	22,907
	<u>192,311</u>	<u>-</u>	<u>192,311</u>
Net Assets Available for Benefits	126,416,047	41,889,065	168,305,112
Obligations for Pension Benefits	<u>(144,639,000)</u>	<u>(41,889,065)</u>	<u>(186,528,065)</u>
Deficiency of Net Assets Available for Benefits over Obligations for Pension Benefits	<u>(\$18,222,953)</u>	<u>\$ 0</u>	<u>(\$18,222,953)</u>

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Changes in Net Assets Available for Benefits by Segment

Year ended December 31, 2013

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in assets:			
Contributions			
Members			
Required contributions	\$958,753	\$2,532,999	\$3,491,752
University			
Current service contributions	1,447,465	2,549,143	3,996,608
Special contributions	2,764,000		2,764,000
Transfers from other plans		161,096	161,096
Investment income	3,601,012	2,060,261	5,661,273
Current period change in fair value of Investments	7,440,665	2,973,952	10,414,617
Net realized gain on sale of investments	5,161,198	65,488	5,226,686
	<u>21,373,093</u>	<u>10,342,939</u>	<u>31,716,032</u>
Decrease in assets:			
Benefits paid			
Retirement benefit payments	7,578,593		7,578,593
Termination benefit payments	498,555	1,451,104	1,949,659
Death Benefit Payments	9,722		9,722
Administrative expenses:			
Investment managers' fees	428,289		428,289
Actuarial fees	61,013		61,013
Administrator's fees	35,756		35,756
Custodial fees	47,603		47,603
Audit fees	15,568		15,568
Other expenses	103,494		103,494
	<u>691,723</u>	<u>-</u>	<u>691,723</u>
	<u>8,778,593</u>	<u>1,451,104</u>	<u>10,229,697</u>
Net increase in assets available for benefits	12,594,500	8,891,835	21,486,335
Net assets available for benefits, beginning of year	<u>113,821,547</u>	<u>32,997,230</u>	<u>146,818,777</u>
Net assets available for benefits, end of year	<u>\$126,416,047</u>	<u>\$41,889,065</u>	<u>\$168,305,112</u>

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2013

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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

2. Significant accounting policies:

(a) (i) Basis of presentation:

The Plan follows Canadian accounting standards for pension plan for accounting policies related to its investment portfolio and pension obligations. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

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. Only the net assets of the Plan and obligations to the members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

(ii) Continuity of operations:

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, 2012.

The actuarial valuation at December 31, 2012 reported that the defined benefit segment of the Plan had a solvency deficiency of \$52,623,000 at that date.

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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

2. Significant accounting policies (continued):

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 \$1,988,000 and the annual funding payments were \$268,000. The University elected to continue to make annual contributions of \$386,000, thus amortizing the deficiency at an accelerated rate. The amount of the 2004 deficiency has been fully amortized as of December 31, 2013.

A full actuarial valuation of the Plan as at December 31, 2012 was completed in 2013. This valuation established a new going concern unfunded liability of \$25,142,000 with annual special payments of \$2,764,000 required to amortize the deficiency over 15 years starting January 1, 2013. Based on the current financial position of the plan, annual valuations are required. The next actuarial valuation of the Plan is required as at December 31, 2013 and will be completed during 2014.

(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, 2013

2. Significant accounting policies (continued):

(c) Fair Value Measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on priority of the inputs to the valuation techniques used to measure fair value, into three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.

Level 2: Fair value is based on quoted prices for similar assets and liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation of other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Plan's assumptions about the market participants would use in pricing assets or liabilities.

(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, 2013

2. Significant accounting policies (continued):

(f) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of financial position 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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

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 \$0 (\$6,974,213 - 2012) and pooled fixed income funds of \$37,813,574 (\$43,898,202 - 2012). 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.

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).

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

4. Risk management (continued):

(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.

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, 2013, 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 \$2,218,500 (\$3,075,000 - 2012). 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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

4. Risk management (continued):

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

As at December 31, 2013	Actual currency exposure	%
Canadian	\$69,849,432	67.2
US dollar	15,769,385	15.2
Euro	4,404,557	4.2
British pound sterling	3,106,660	3.0
Japanese yen	2,900,997	2.8
Swiss franc	2,354,675	2.2
Other currencies	5,635,547	5.4
	\$104,021,253	100.0%

As at December 31, 2012	Actual currency exposure	%
Canadian	\$91,477,627	82.6%
US dollar	8,843,479	8.0%
Euro	2,280,761	2.1%
Japanese yen	1,877,461	1.7%
British pound sterling	1,739,005	1.6%
Swiss franc	1,319,142	1.2%
Other currencies	3,044,781	2.8%
	\$110,582,256	100.0%

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

4. Risk management (continued):

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 \$3,417,000 (\$1,947,000 - 2012) as at December 31, 2013.

(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, 2013, 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 \$6,592,000 (\$5,620,000 - 2012).

(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:

	2013	2012
Credit Rating		
AAA	\$16,707,209	\$21,491,692
AA	2,512,257	8,535,510
A	12,203,364	16,651,517
B - BBB	6,390,744	4,193,696
	\$37,813,574	\$50,872,415

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

4. Risk management (continued):

(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:

	2013	2012
Less than one year	\$133,441	\$1,043,463
One to five years	14,140,152	23,349,425
After five years	23,539,981	26,479,527
Total fair value	\$37,813,574	\$50,872,415

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 is concentrated in its investment holdings and is 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:

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

4. Risk management (continued):

Fund Name	Fair Value 2013	Fair Value 2012	Credit Risk	Currency Risk	Interest Rate Risk	Liquidity Risk	Other Price Risk
B.G. Balanced Fund	4,823,606	4,107,951	X	X	X		X
B.G. Global Fund	72,120	23,474		X			X
B.G. American Equity	1,627,836	896,346		X			X
BLK Active Canadian Eq.	2,212,314	1,968,506		X			X
JF Canadian Equity Fund C	1,170,494	1,064,360		X			X
MB Cdn Equity Core Fund	179,089	133,476		X		X	X
MB Global Research A	534,213	351,369		X		X	X
MB Global Equity Fund	1,276,643	745,795		X		X	X
MB Lifeplan 2015	1,012,107	800,902	X	X	X	X	X
MB Lifeplan 2020	2,584,579	1,545,167	X	X	X	X	X
MB Lifeplan 2025	1,392,631	1,081,438	X	X	X	X	X
MB Lifeplan 2030	1,077,427	826,653	X	X	X	X	X
MB Lifeplan 2035	1,054,366	553,155	X	X	X	X	X
MB Lifeplan 2040	884,937	468,396	X	X	X	X	X
MB Lifeplan 2045	488,969	203,003	X	X	X	X	X
MB Lifeplan 2050	133,566	38,979	X	X	X	X	X
MB Lifeplan Retiree	874,967	748,143	X	X	X	X	X
MB Responsible Balanced	498,195	448,090	X	X	X	X	X
MB Responsible Cdn. Equity	396,852	270,209		X		X	X
MB Responsible Global Research	248,248	112,149		X		X	X
SLA Universe Bond Fund	2,000,583	2,032,616	X	X	X	X	X
SLA 5Yr Guaranteed Fund	384,806	351,691	X	X	X	X	X
SLF Money Market	1,131,207	1,517,871	X	X	X		
TDAM Balanced Index Fund	12,939,362	10,284,302	X	X	X	X	X
TDAM Cdn Bond Index Fund	1,131,285	1,101,060	X		X	X	X
TDAM Cdn Equity Index Fund	1,321,093	996,750				X	X
TDAM Global Equity Index	11,815	55,840		X		X	X
TDAM US Mkt Index Fund	425,755	269,539		X		X	X
	41,889,065	32,997,230					

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

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, 2012 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by them to December 31, 2013. The extrapolation of the actuarial present value of the pension benefits as at December 31, 2012 and the principal components of changes in actuarial present values during the year are provided in the financial statements (Statement III).

The actuarial gain in 2013 was measured as the impact of changes in membership, including the impact of salary changes, between the previous actuarial valuation as at December 31, 2011 and the actuarial valuation as at December 31, 2012.

The Plan provides that a pension increase in respect of a year is effective July 1 of the following year and is equal to the excess of the four year average rate of return of the fund, over 6%, subject to a maximum of the increase in the CPI in that year. The four year average rate of return for the period ending December 31, 2013 was greater than 6%, therefore, a pension increase in respect of 2013 will be provided to retirees effective July 1, 2014 (not less than 1.24%).

The four year average rate of return for the period ending December 31, 2012 was greater than 6%, and a pension increase of 0.83% was provided to retirees effective July 1, 2013.

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

	2013	2012
Market value of net assets	\$126,416,000	\$113,822,000

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

5. Obligation for pension benefits (continued):

The economic assumptions used in determining the actuarial value of accrued benefits were changed for the extrapolation to December 31, 2013 and were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

	2013	2012
Rate of return on investments	6.00%	5.85%
Post-retirement pension increases	0.75%	0.5%
Rate of salary increase	3.0% per year, plus merit, if applicable	3.0% per year, plus merit, if applicable

* Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 3.00% per year for all members. Salaries for academic plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase over next 5 years	Average Annual Increase To age 65
30	3.3%	2.3%
35	2.8%	2.2%
40	2.5%	2.0%
45	2.2%	1.9%
50	2.0%	1.8%
55	1.8%	1.7%
60	1.7%	1.7%

(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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

6. Funding policy:

The University's regular contribution to the defined benefit segment is 9.0% (8% in 2012) of pensionable salary less an adjustment for the Canada Pension Plan. The University's contribution to the defined contribution segment is 6.2% (6% less an adjustment for the Canada Pension Plan in 2012) of pensionable salary. The Plan defines maximum contributions for both DC and DC members. 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.

7. Fair value disclosure:

The Plan's investments have been categorized based upon a fair value hierarchy. See note 2(c) 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, 2013. There have been no transfers between levels during 2013 or 2012.

Investments at Fair Value as at December 31, 2013				
	Level 1	Level 2	Level 3	Total
Fixed Income		37,813,574		37,813,574
Canadian Equities	31,614,761	131,061		31,745,822
U.S. Equities	15,769,385			15,769,385
International Equities	18,402,437			18,402,437
Short-Term	290,035			290,035
Defined Contribution		41,889,065		41,889,065
	66,076,618	79,833,700	-	145,910,318

Investments at Fair Value as at December 31, 2012				
	Level 1	Level 2	Level 3	Total
Fixed Income	-	50,872,415	-	50,872,415
Canadian Equities	37,004,753	86,715	-	37,091,468
U.S. Equities	8,843,479	-	-	8,843,479
International Equities	10,261,150	-	-	10,261,150
Short-Term	3,513,744	-	-	3,513,744
Defined Contribution	-	32,997,230	-	32,997,230
	59,623,126	83,956,360	-	143,579,486

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements (continued)

Year ended December 31, 2013

8. Capital disclosures:

The Plan's objective in managing capital is to preserve the net assets available for pension benefits for its membership. The Board of Trustees is responsible for all aspects of the operation and administration of the Plan. Managing capital takes into account capital requirements provided in the terms of the respective components of the Plan and applicable legislation within the Manitoba Pension Benefits Act and the Income Tax Act.

The Plan's capital is comprised of the net assets available for benefits. The Plan's risks are defined in Note 4 as are the Board of Trustees risk management strategies. A trust company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. In regards to the defined contribution component of the Plan, all members make their own investment decisions.

The Statement of Changes in Net Assets Available for Benefits (Statement II) sets out the balances at the beginning and the end of the year.

For the year ended December 31, 2013 and December 31, 2012 there were no changes in capital management strategy, and the Plan has complied with its externally imposed capital requirements.

9. Subsequent Events:

The Board of Trustees adopted a new Statement of Investment Policy for the Defined Benefit component of the Plan which took effect January 1, 2014. The revised policy calls for the introduction of two new asset classes, Emerging Markets and Real Estate. The Civil Service Superannuation Board (CSSB) has been engaged to manage these new asset classes on behalf of the Plan through pooled funds. \$19 million was redeemed from existing investments at the end of day December 31, 2013 and transferred to CSSB on January 2, 2014.