

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN—ANNUAL REPORT

To: All Members of the University of Winnipeg Trusteed Pension Plan

This Annual Report provides a summary of the statistical and financial highlights of the University of Winnipeg Trusteed Pension Plan Financial Statements for the year ended December 31, 2009. The full audited Financial Statements can be viewed on the Board of Trustees web page at <http://www.uwinnipeg.ca/index/hr-benefits-pension-trustees>. Also provided in this Annual Report are plan governance highlights for 2009 and outlook for 2010.

The Plan:

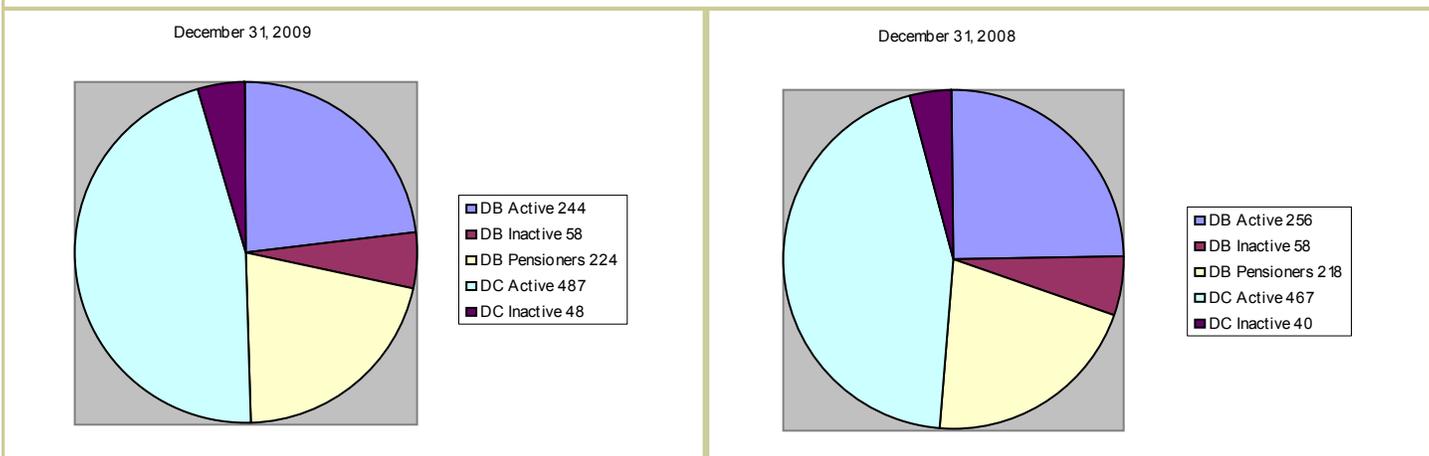
The University of Winnipeg has one pension plan that has two distinct components: the Defined Benefit (DB) component which is closed to new members, and the Defined Contribution (DC) component, established January 1, 2000 which all new employees join upon becoming eligible.

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, as well as 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. 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 elsewhere, 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/index/hr-benefits-pension>. For information on the current membership of the Board of Trustees and Board Committees, please visit the Board of Trustees web page at <http://www.uwinnipeg.ca/index/hr-benefits-pension-trustees>.

The following graphs provide an overview of the membership breakdown in the Plan for 2009, with 2008 figures for comparison. 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.



The Financial Results:

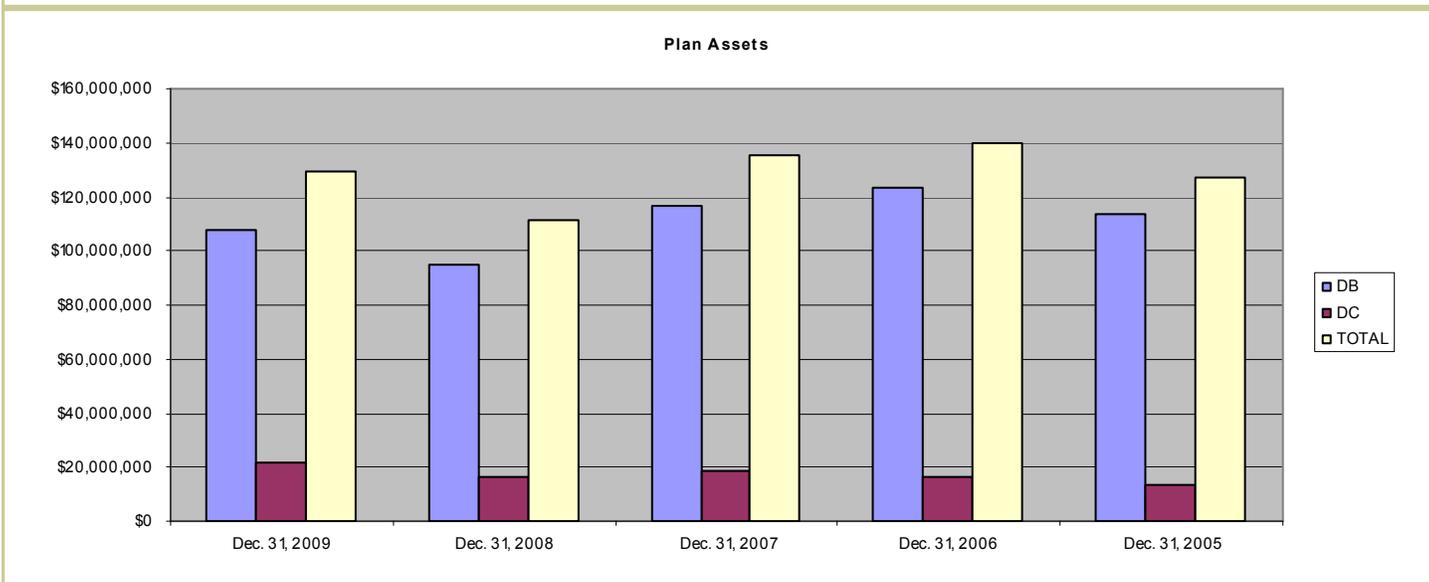
Overall, the market experience of 2009 was much more positive than 2008, although some of the negative impact experienced in the second half of 2008 carried over into the first quarter of 2009.

The result of the positive market experience of 2009 is that the Pension Plan reported an increase in net assets from \$111.5 million at December 31, 2008 to \$129.4 million at December 31, 2009.

Net return on market value basis for 2009 on the Defined Benefit component was 17.37% (as compared to a negative 14.58% for 2008). On smoothed basis (smoothing approach averages returns over a four year period) the return on the fund was 2.10% (as compared to 2.19% for 2008). It is the smoothed method of calculating the return on the Fund that determines the rate credited to DB member accounts and 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 2009 was 2.10%, there is no cost of living increase payable in 2010.

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

The following graph provides a five year overview of the changes in Plan Assets.



Contributions, Benefit Payments and Plan Expenses:

The University makes regular contributions to the DB and DC components of the Pension Plan based on the contribution formulas set out in the Plan. The University also made required additional contributions to the DB component in 2009 of \$681,000. This is made up of \$295,000 to fund a current service shortfall (current service shortfall means that the cost of DB benefits earned in 2009 is \$295,000 higher than the member and University contributions that were made in 2009 to the DB component) and \$386,000 to address a prior going-concern actuarial valuation deficiency in 2004 that is required to continue to be made until the deficiency is eliminated. The Pension Plan goes through an actuarial valuation once every three years and will undergo another valuation in early 2011 for the three year period ending December 31, 2010.

The financial statements reflect the “going concern” valuation basis of the Plan (going concern means that plan windup is not imminent), and represent the current financial position of the Plan. The financial statements are prepared to assist Plan members and others in reviewing the activities of the Plan for the year, but do not report on the funding requirements of the Plan or the security of benefits of Plan members, which is the purpose of the triennial actuarial valuations. To view the 2009 Annual Financial Statements for the University of Winnipeg Trusteed Pension Plan go to:

<http://www.uwinnipeg.ca/index/cms-filesystem-action/pdfs/financial-svs/2009-pension-statement.pdf> .

The Plan’s 2009 Financial Statements received an unqualified audit opinion from KPMG, an independent audit firm appointed by the Board of Trustees.

Contributions			Benefit Payments & Expenses		
	2009	2008		2009	2008
DB Member	\$878,431	\$923,914	DB Pensioners	\$5,922,666	\$5,630,043
DB University	\$1,780,380	\$1,846,551	DB Refunds & Transfers	\$361,508	\$1,980,069
DC Member	\$1,381,500	\$1,240,322	DC Refunds & Transfers	\$525,091	\$859,627
DC University	\$1,402,948	\$1,258,845	DB Investment Manager Fees	\$376,132	\$404,969
TOTAL	\$5,443,259	\$5,269,632	DB Actuarial Fees	\$56,275	\$18,290
			DB Custodial Fees	\$46,718	\$46,837
			DB/DC Administration Fees	\$60,018	\$51,286
			DB/DC Other Expenses	\$127,612	\$119,725
			TOTAL	\$7,476,020	\$9,110,846

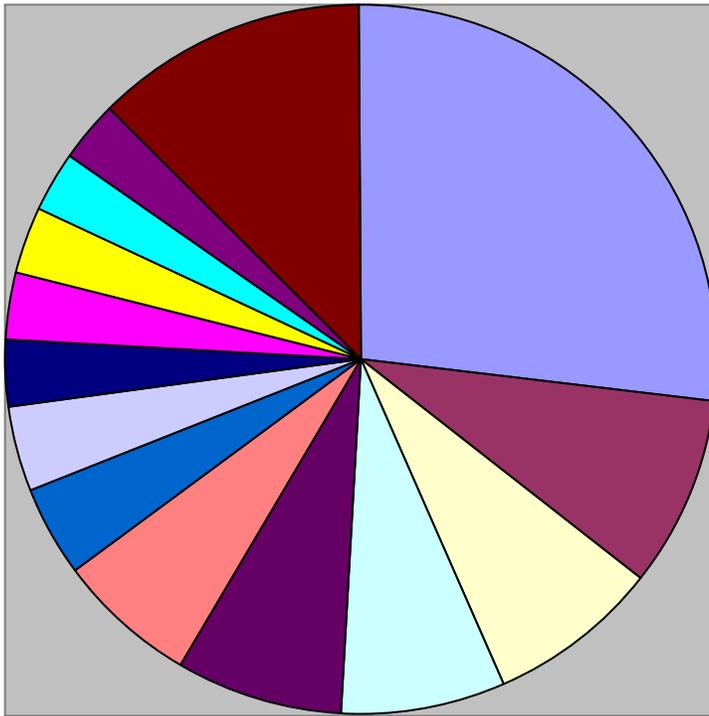
Benefit Payments:

Benefit payments to DB pensioners increased by \$292,623, while refunds and transfers paid to DB and DC members who left the University and commuted their pension benefits decreased by \$1,953,097. The large reduction is due to there being no DB commutations at retirement in 2009. Overall, Plan expenses remained fairly steady. There was a significant increase in actuarial costs largely resulting from the Superintendent’s Order relating to payment of surplus, however, this increase was almost entirely offset by lower investment management fees in 2009.

Plan Governance:

In 2009, the most significant focus for the Trusteed Board was the resolution of all outstanding matters related to implementing the Superintendent of Pensions Order with respect to the distribution of surplus. This was an enormous task, that required significant time and effort from the Trusteed Board. At the time of the writing of this report the distribution of surplus has been largely completed. 2010 will be focused on continuing to work on general plan governance matters, and specifically around addressing any necessary Plan changes to comply with the 2010 amendments to Manitoba pension legislation.

DC Fund Asset Mix



- TDAM Canadian Balanced Index Fund (DEFAULT) 26.97%
- Fidelity True North Fund 8.57%
- Russell LifePoints Balanced Growth Portfolio 7.78%
- Russell LifePoints Long Term Growth Portfolio 7.58%
- CC & L Group Balanced Plus Fund 7.47%
- McLean Budden Balanced Growth Fund 6.49%
- CC & L Group Bond Fund 3.95%
- McLean Budden Fixed Income Fund 3.85%
- Russell LifePoints Balanced Income Portfolio 3.13%
- McLean Budden Canadian Equity Growth Fund 3.10%
- Sun Life Money Market Fund 2.98%
- TDAM Canadian Equity Index Fund 2.93%
- TDAM Canadian Bond Index Fund 2.66%
- All other Funds 12.54%

Board Committees

Operations Committee:

The Operations Committee completed a number of key initiatives in 2009, including finalizing a Code of Conduct for all Trustees, which clarifies the stakeholder/trustee relationship. In the selection of the external auditor for the Pension Plan, it received proposals from a number of the large audit firms in the City, and selected KPMG, after a thorough process had been undertaken. The Committee also assisted a number of Trustees with attendance at pension education seminars and conferences to ensure the development of broad pension knowledge on the Board. Early 2010 saw the selection of a new external Trustee, as well as changes in stakeholder Trustees.

Defined Benefit Committee:

Along with the continuing review and monitoring of investment managers and fund performance, the Defined Benefit Committee focused on two main issues in 2009. First, was the analysis and recommendations to the Board of Trustees on the recent surplus payout distribution to eligible members. This involved careful consideration of equitable treatment amongst active and retired members. Secondly, the Committee undertook initial steps towards establishment of a long-term strategic

investment plan for the Defined Benefit asset mix. To date, a pension investment consultant has provided Board education on the investment management issues, and in the fall of 2010 the DB Committee will continue working on this project.

Defined Contribution Committee:

This committee has been chiefly engaged in issues related to determining what steps require actions following the survey results from Defined Contribution members. Discussions have been ongoing with Sun Life to discuss fund options and information/education sessions for members. For 2010, implementation of changes to the Defined Contribution plan will commence, as well as development of improved education and information programs concerning the DC plan options, in order to improve members' investment experience and results.