



UBC SUPPLEMENTAL ARRANGEMENT 2017 ANNUAL REPORT

This report provides a summary of highlights and figures as at December 31, 2017 for the University of British Columbia Supplemental Arrangement.

General Information on the Supplemental Arrangement

As at December 31, 2017, the UBC Supplemental Arrangement (SA) had 1,117 members and \$95.5 million in total assets. The plan is administered by Sun Life Assurance Company of Canada (Sun Life).

As the timing and amount of contributions to each member's account are unique, each member's return will be dependent on the actual contributions and the timing of subsequent investment in the manager's fund.

For the year 2017, the *Income Tax Act* allowed maximum registered pension contributions in the amount of \$26,230. Members who earned more than \$187,298 reached their pension contribution limit and excess employer contributions were redirected to their SA accounts.

For the year 2018, the *Income Tax Act* has raised the pension contribution limit to \$26,500 and members will not reach their aggregate maximum until they have earned \$189,242.

Administrative Matters

Members who have general inquiries regarding the SA, such as beneficiary designation and withdrawal procedures, should contact Lorraine Heseltine at 604-822-3485 or lorraine.heseltine@ubc.ca at the UBC Pension Administration Office.

Sun Life Financial has been retained to administer the SA accounts, apply investment earnings (losses), deduct investment fees and administration expenses, produce quarterly statements and pay benefits to the members or beneficiary(s) according to the provisions of the arrangement.

UBC has given investment responsibility to UBC Investment Management Trust (IMANT).

Asset Allocation as at December 31, 2017

At December 31, 2017, investments for the SA were invested in the BlackRock Balanced Moderate Index Fund. The Fund consists of a combination of Canadian and global equity, bond and real estate income trust (REIT) index funds.

Asset Class	SA Fund Market Value (\$)	% of Total Assets	Major Market Indices	1 Year Return (in CAD)
Canadian Equity	19,299,404	20.2	S&P/TSX Composite	9.1%
Global Equity	33,439,561	35.0	MSCI All Country World ex-Canada	16.1%
Canadian Fixed Income & Cash	38,025,558	39.8	FTSE TMX Universe Bond	2.5%
Real Estate	4,777,080	5.0	FTSE TMX Real Return Bond	0.7%
			S&P/TSX Capped REIT	9.9%
Total Portfolio	95,541,603	100.0	Dow Jones US Real Estate	2.9%

Investment Returns to December 31, 2017

Investment results are gross of investment management fees. The SA returned 8.4% during the year, slightly ahead of the policy benchmark.

	1 Year	2 Year	3 Year	4 Year
Supplemental Arrangement	8.4%	7.4%	7.2%	8.4%
Benchmark	8.3%	7.3%	7.1%	8.3%
Difference	0.1%	0.1%	0.1%	0.1%

Summary of Operating Results

For the year January 1 to December 31, 2017, the operating results of the SA Fund are as follows:

Investment returns

1-year return (gross of fees) 8.4%

Expenses

Administrative fees (internal and external) 0.10%

Investment management fees 0.12%

Total Expenses 0.22%

Administrative fees primarily include custody and recordkeeping charges.