



a place of mind

THE UNIVERSITY OF BRITISH COLUMBIA

**THE UNIVERSITY OF BRITISH COLUMBIA
PENSION ADMINISTRATION OFFICE**

**TO: Members of the UBC
Supplemental Arrangement**

**FROM: UBC Advisory Committee on
the Supplemental Arrangement**

DATE: February 26, 2016

Supplemental Arrangement Update as at December 31, 2015

General Information on the Supplemental Arrangement (SA)

As at December 31, 2015, the Supplemental Arrangement (SA) had 956 members and \$81.2 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.

Membership and Contribution

For the year 2015, the *Income Tax Act* allowed maximum registered pension contributions in the amount of \$25,370. Members who earned more than \$181,158 reached their pension contribution limit and excess employer contributions were re-directed to their Supplemental Arrangement accounts.

For the year 2016, the *Income Tax Act* has raised the pension contribution limit to \$26,010 and members will not reach their aggregate maximum until they have earned \$185,736.

Administrative Matters

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

UBC has given investment responsibility to UBC Investment Management Trust (IMANT). Members who have any questions regarding investment information should contact Roger Polishak at (604) 681-7858.

Asset Allocation at December 31, 2015

At December 31, 2015, investments for the SA were invested in the BlackRock Balanced Moderate Index Fund. The Fund consists of a combination of Canadian and foreign equity, bond and real estate income trust (REIT) index funds.

Asset Class	SA Fund Market Value	% of Total Assets
Canadian Equity	16,005,504	19.7%
Global Equity	28,354,929	34.9%
Canadian Fixed Income & Cash	32,742,225	40.3%
Real Estate	4,143,557	5.1%
Total Portfolio	81,246,215	100.0%

Major Market Indices	1 Year Return (in CAD)
S&P/TSX Composite	-8.3%
MSCI All Country World ex-Canada	18.1%
FTSE TMX Universe Bond	3.5%
FTSE TMX Return Return Bond	2.8%
S&P/TSX REIT	-4.7%
Dow Jones US Real Estate	21.9%

Investment Returns to December 31, 2015

Investment results are gross of investment management fees. The Supplemental Arrangement returned 6.7% during the year, in line with its policy benchmark.

	1 Year	2 Year	3 Year	4 Year
Supplemental Arrangement	6.7%	9.4%	9.9%	9.7%
Benchmark	6.7%	9.4%	10.0%	9.5%
Difference	0.0%	0.0%	-0.1%	0.2%

Prior to November 2012, the investments were managed by PH&N and Leith Wheeler. As a result, the 3 and 4 year returns are different than those reported on the BlackRock Balanced Moderate Index Fund Morningstar report.

Summary of Operating Results

For the year, January 1 to December 31, 2015, the operating results of the SA Fund are as follows:

Investment returns	
1 year return (gross of fees)	<u>6.7%</u>
Expenses	
Administrative fees (internal and external)	0.11%
Investment management fees	<u>0.11%</u>
Total Expenses	<u>0.22%</u>

Administrative fees primarily include custody and recordkeeping charges.