

Welcome to the UBC Faculty Pension Plan 2021 Forum.

We will start in a few minutes.

If you need help with a technical issue during the session, please use the **Chat** feature.

If you have a question about the content of the presentation, please use the **Q&A** feature.

Questions will be anonymous and moderated throughout the presentation.

This session will be recorded for future viewing.

To ask questions:

- Click on the **Q&A** icon at the bottom of your screen in Zoom
- Type in your questions
- You may submit your questions throughout the presentation



UBC FACULTY PENSION PLAN PENSION FORUM

DR. KENNETH CARTY, CHAIR, BOARD OF TRUSTEES
MS. ORLA COUSINEAU, EXECUTIVE DIRECTOR, PENSIONS
MS. KAMILA GIESBRECHT, EXECUTIVE DIRECTOR, INVESTMENTS

MAY 5, 2021



Agenda

- **Welcome by Chair**
- **2020 Board Initiatives and Projects**
- **Plan's Financial and Membership Update**
- **Investment Review for 2020 and First Quarter 2021**
- **Questions**



Board of Trustees

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Science

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Vice-Chair

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Dr. Lorenzo Garlappi

Professor, Sauder School of
Business

Dr. Martin Comyn

Retired Research Scientist,
TRIUMF



2020 Board Initiatives and Projects

- Introduced the Fossil Fuel Free Equity and Bond fund (“FFF”) option on April 1, 2020
- Reviewed and updated our Investment Beliefs and reviewing the Asset Mix of Balanced Fund
- Continued oversight of all the Plan’s investment managers
- Board’s priorities continue to be to provide a well-managed cost-effective pension plan, and to ensure members get the information they need in the remote delivery model
- At the end of 2020, Joost Blom retired after 17 years as Chair





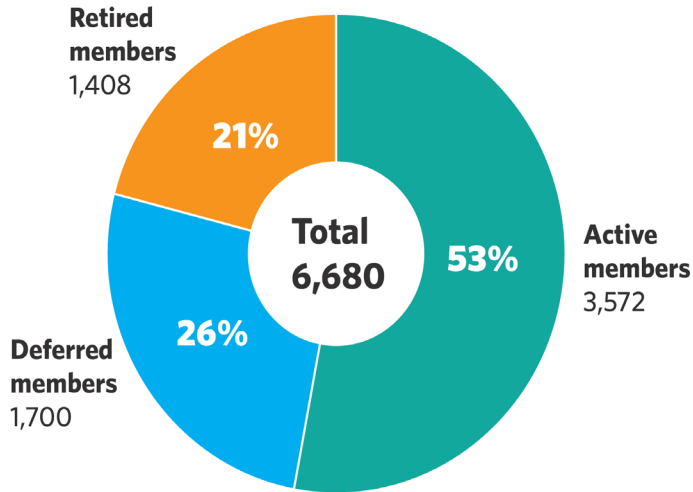
Financial and Membership Update

Orla Cousineau
Executive Director, Pensions

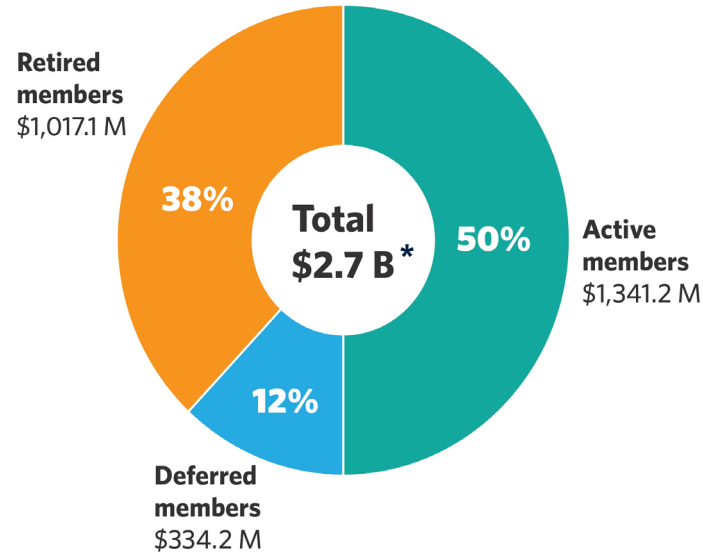
Plan Statistics December 31, 2020



Total Plan Membership

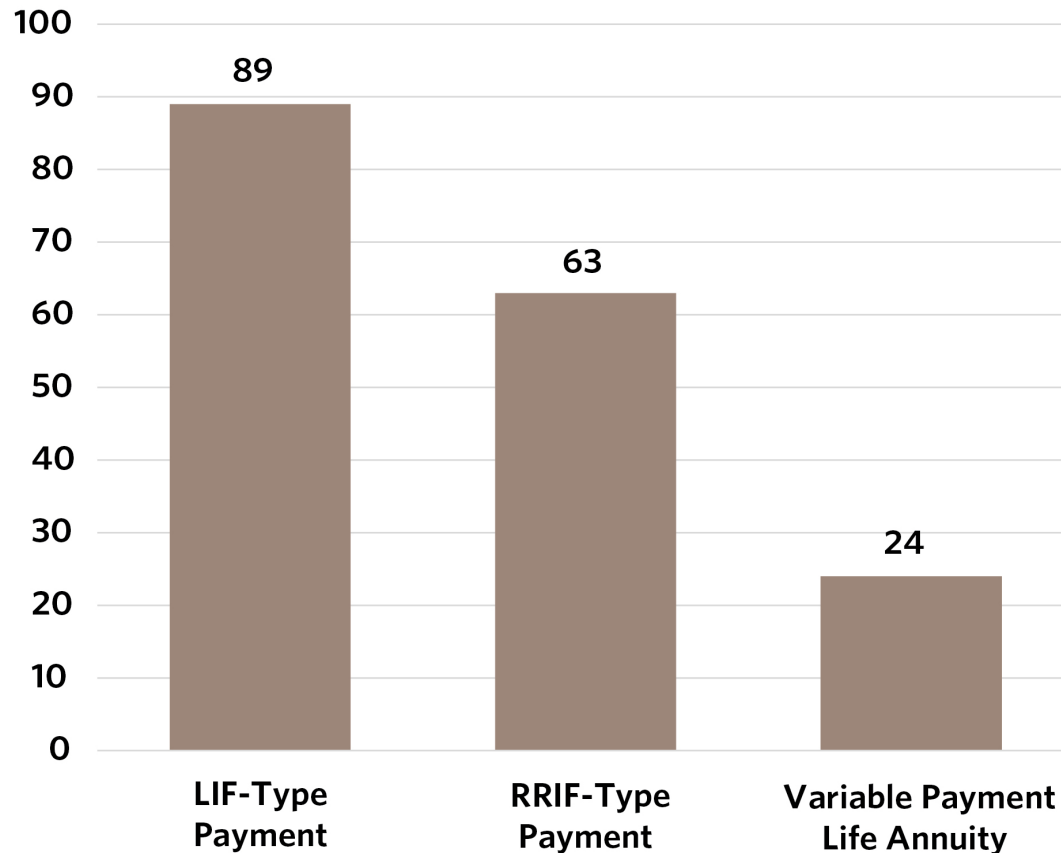


Plan Assets



*\$5.9 million transferred into the Plan

Pensions Started in 2020



Total assets transferred to retirement income within the Plan: **\$101.1 M**

79% of retiring members' assets stayed in the Plan



UBC PAO Member Services

- In-person assistance via phone
- One-on-one meetings via Zoom
- 9 retirement and 3 new member workshops during 2020
- Live webcast investment update
- 2 newsletters, and the topics covered :
 - New FPP Fossil Fuel Free Equity and Bond Fund investment option
 - Investment priorities during COVID
 - Real estate manager changes to Balanced Fund
 - Workday process changes



Board of Trustees Election

- Election for two Trustees in Fall 2021
- Four-year term from January 1, 2022 to December 31, 2025
- Nomination packages will be available in September 2021
- For more information on the process, contact Orla Cousineau

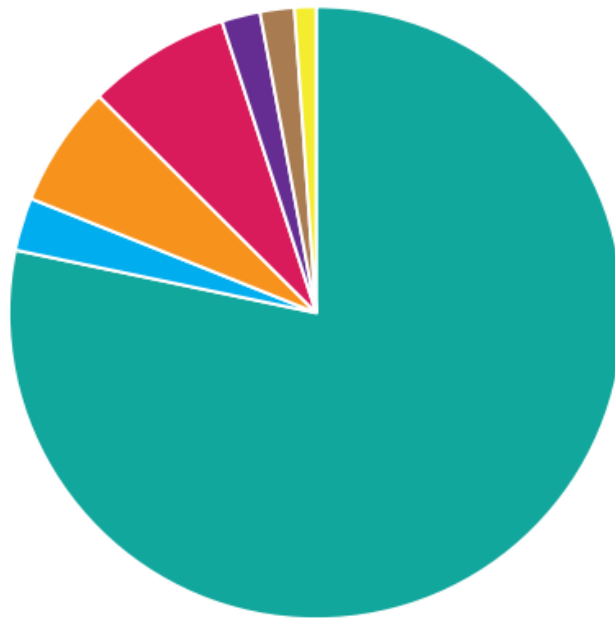




Investment Review of 2020

Kamila Giesbrecht
Executive Director, Investments

Member Fund Utilization as of December 31, 2020

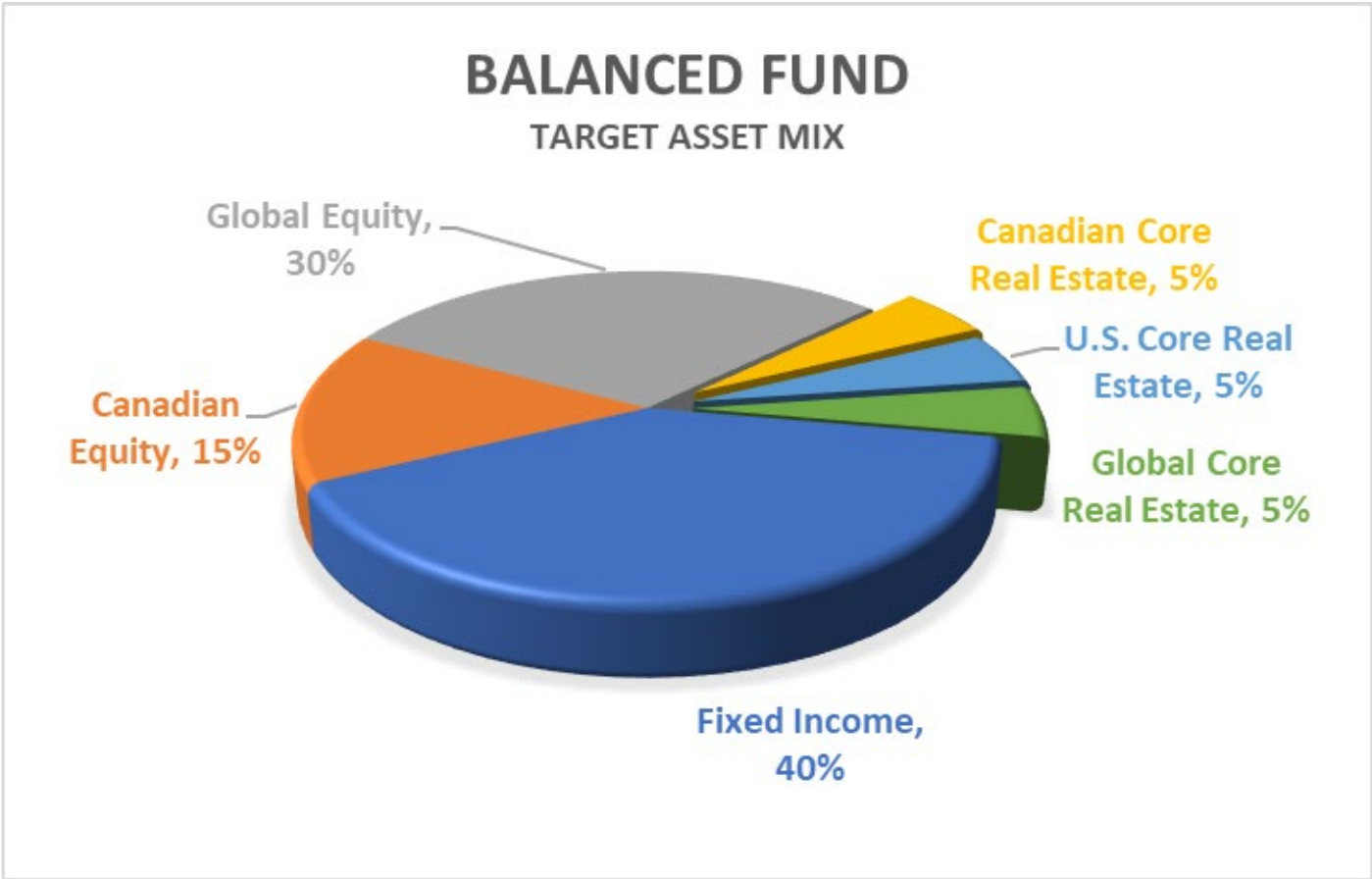


- Balanced \$2,112 M**
78% of Total Funds
- Bond \$75.4 M**
3% of Total Funds
- Canadian Equity \$173.3 M**
6% of Total Funds
- Foreign Equity \$203.4 M**
8% of Total Funds
- Fossil Fuel Free Equity and Bond \$54.6 M**
2% of Total Funds
- Short Term Investment \$48.6 M**
2% of Total Funds
- Guaranteed Investment Certificates and Cash \$30.5 M**
1% of Total Funds

Total Assets \$2.7 Billion

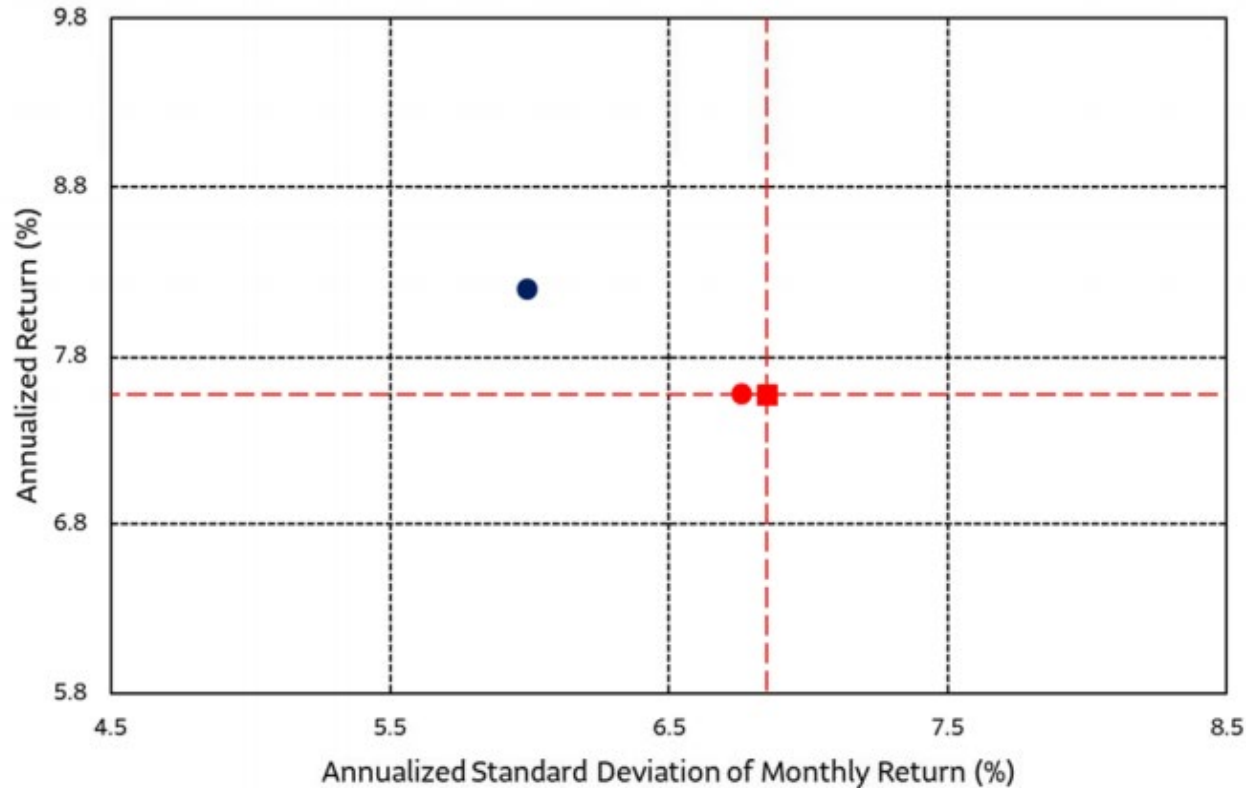


Balanced Fund



Risk-adjusted Return

Annualized Risk/Return - 10 Yrs Ending December 31, 2020
Annualized Monthly Returns - Balanced



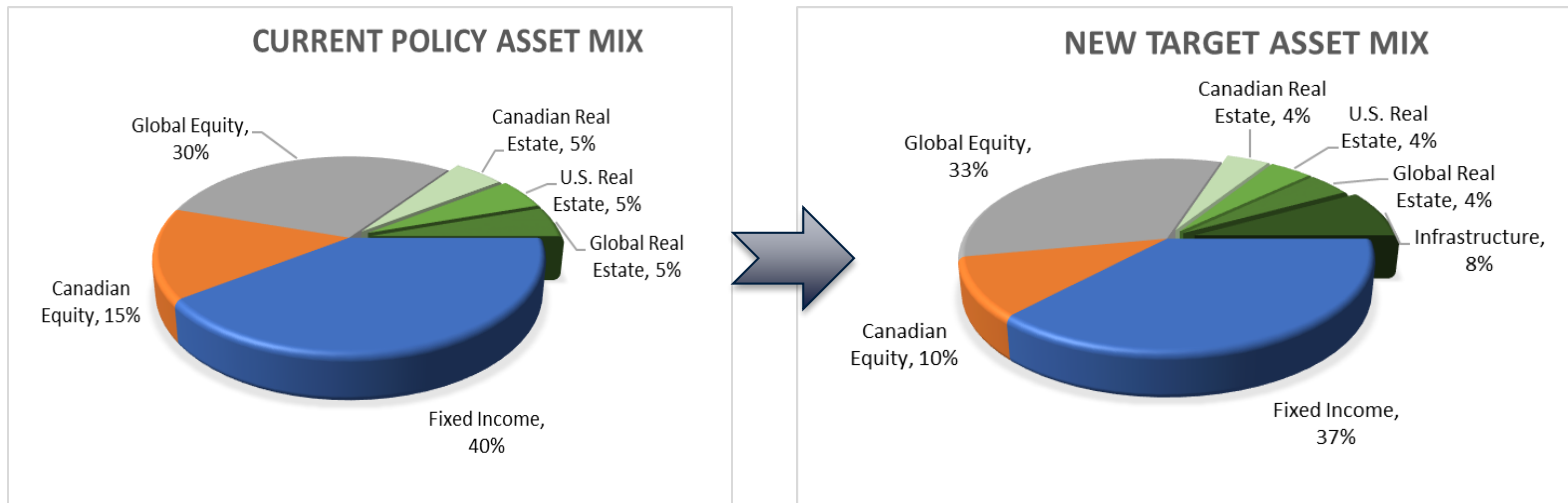
● Average Canadian Neutral Balanced ● UBC FPP Balanced (Gross) ■ Median Canadian Neutral Balanced



Pending Asset Mix Change

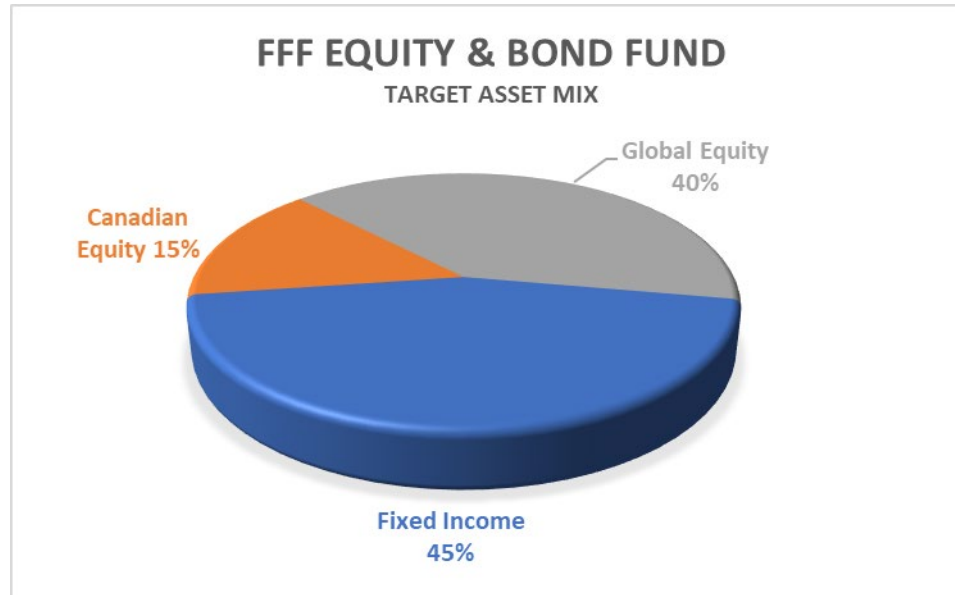
Balanced Fund Option

1. Increasing Alternatives by 5% (Real Estate + Infrastructure)
2. Decreasing Equity by 2% (-5% Canadian and +3% Global)
3. Decreasing Fixed Income by 3%



New Fund Option since April 1, 2020

Fossil Fuel Free Equity and Bond Fund



- Assets approx. \$55M
- Composed of three underlying Fossil Fuel Free (FFF) Funds managed by Jarislowsky Fraser
- New managers/strategies will be added at some point

Key Themes in 2020

- Covid-19
- Record decline in economic growth earlier in the year
- Elevated equity volatility
- Close to zero bond yields
- Massive stimulus with close integration between monetary policy and fiscal policy
- Global equities ended the year 12% higher
- On the surface – a great year for investors
- V- recovery vs. K- recovery



Canadian Equities

S&P/TSX Composite Index
Price Return - April 30th 2018 to April 29th 2021



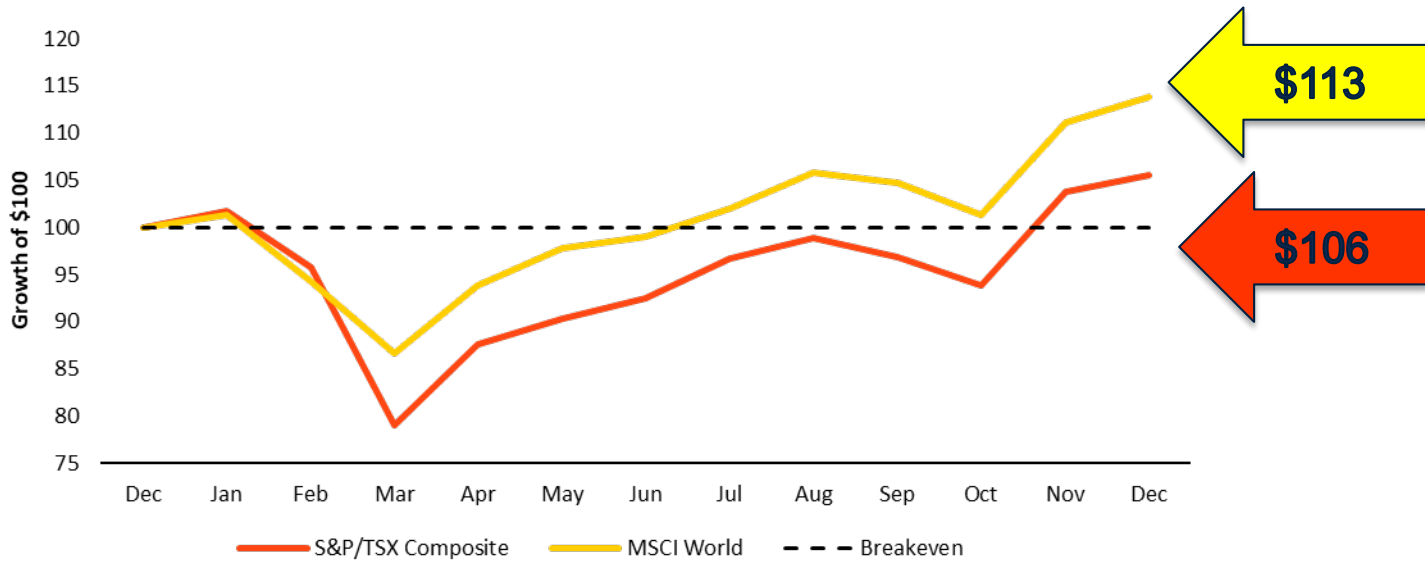
Global Equities

MSCI World Index

Price Return in Canadian Dollars: April 30th 2018 to April 29th 2021



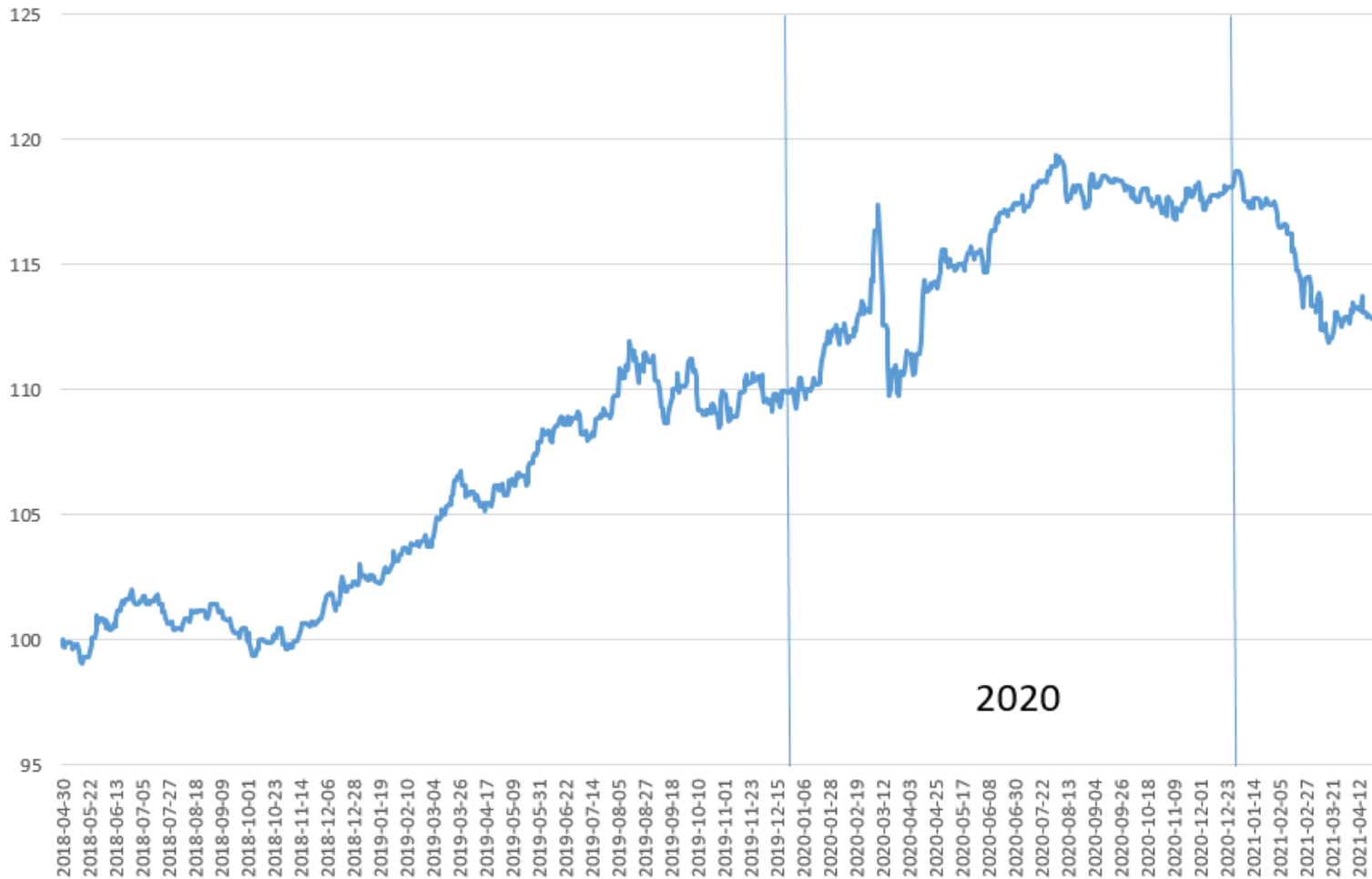
Growth of \$100 - Equities in 2020



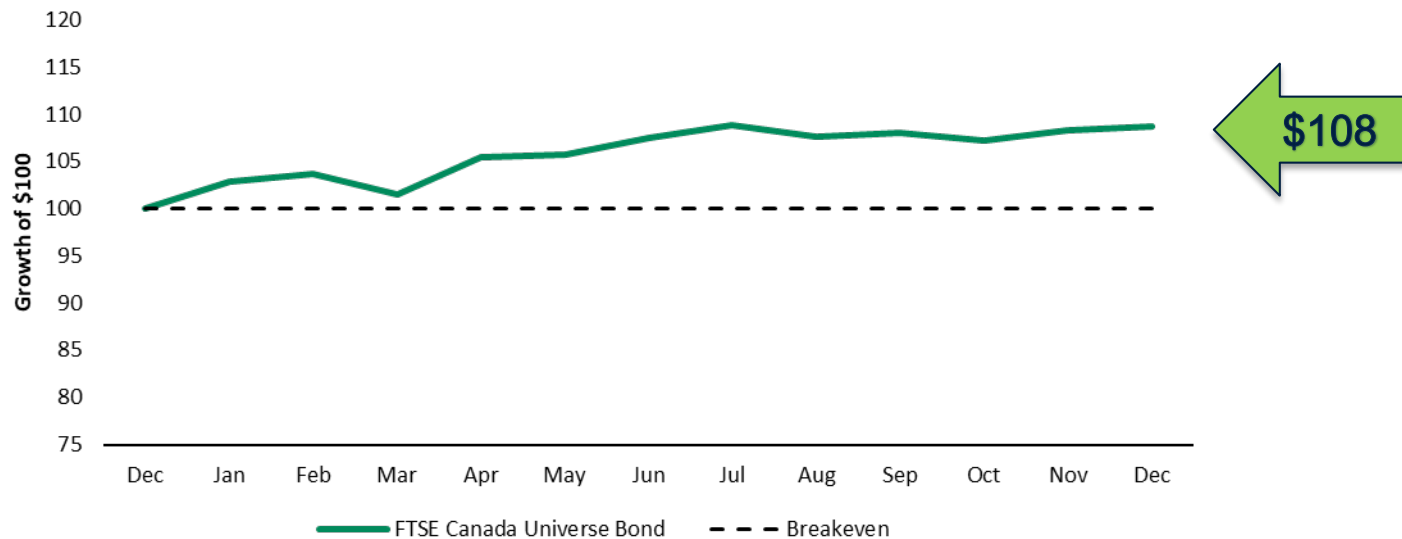
Fixed Income

FTSE Universe Bond Index

Total Return: April 30th 2018 to April 28th 2021



Growth of \$100 - Canadian Bonds in 2020



Fund Rates of Return to December 31, 2020

Fund	1 Year	5 Year	10 Year
UBC FPP Balanced Fund	8.25%	7.35%	8.15%
Benchmark	9.09%	7.11%	7.47%
UBC FPP Bond Fund	8.98%	4.47%	4.62%
Benchmark	8.69%	4.20%	4.46%
UBC FPP Canadian Equity Fund	6.38%	9.43%	7.19%
Benchmark	5.59%	9.33%	5.81%
UBC FPP Foreign Equity Fund	11.44%	10.10%	13.36%
Benchmark	11.57%	9.54%	12.91%
UBC FPP Fossil Fuel Free Equity and Bond Fund	N/A	N/A	N/A
Benchmark	N/A	N/A	N/A
UBC FPP Short Term Investment Fund	0.82%	1.13%	1.18%
Benchmark	0.86%	0.99%	0.95%



Relative Fund Performance – Multi Asset Funds - As of December 31, 2020

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2020	2019	2018	2017
UBC FPP Balanced	8.25	7.67	8.15	8.25	14.32	-0.40	9.05
Quartile	3	2	2	3	3	1	2
Custom Benchmark	9.09	7.31	7.47	9.09	14.12	-0.78	7.35
<i>Differential</i>	<i>-0.84</i>	<i>0.36</i>	<i>0.68</i>	<i>-0.84</i>	<i>0.20</i>	<i>0.38</i>	<i>1.70</i>
UBC FPP FFF Equity & Bond	-	-	-	-	-	-	-
Quartile	-	-	-	-	-	-	-
Custom Benchmark	-	-	-	-	-	-	-
<i>Differential</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

Source: Morningstar – Canadian Neutral Balanced Universe – Periods Ending Dec 31

* Current Custom UBC Balanced Benchmark: 40% FTSE Bond Universe, 13.3% S&P/TSX, 6.7% S&P/TSX Capped, 5% MSCI ACWI Ex Canada, 10% MSCI World Ex Canada, 10% MSCI World IMI, 5% MSCI World Ex Canada Minimum Volatility, 10% CPI + 4%



Relative Fund Performance – Fixed Income As of December 31, 2020

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2020	2019	2018	2017
UBC FPP Bond	8.98	5.17	4.62	8.98	7.86	0.98	3.06
Quartile	3	3	3	3	1	4	2
Custom Benchmark	8.69	4.79	4.46	8.69	7.38	1.12	2.17
<i>Differential</i>	<i>0.29</i>	<i>0.38</i>	<i>0.16</i>	<i>0.29</i>	<i>0.48</i>	<i>-0.14</i>	<i>0.89</i>
AB Core Plus Bond	6.98	4.69	4.73	6.98	8.11	0.98	2.87
Quartile	4	4	3	4	1	4	2
FTSE Canada Universe Bond	8.68	4.83	4.49	8.68	6.87	1.41	2.52
<i>Differential</i>	<i>-1.70</i>	<i>-0.13</i>	<i>0.23</i>	<i>-1.70</i>	<i>1.24</i>	<i>-0.43</i>	<i>0.35</i>
BlackRock Universe Bond Index	8.57	-	-	8.57	-	-	-
Quartile	4	-	-	4	-	-	-
FTSE Canada Universe Bond	8.68	-	-	8.68	-	-	-
<i>Differential</i>	<i>-0.11</i>	<i>N/A</i>	<i>N/A</i>	<i>-0.11</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
PIMCO Canadian CorePLUS Bond	11.57	5.75	5.00	11.57	8.03	1.36	2.35
Quartile	1	1	1	1	1	3	4
FTSE Canada Universe Bond	8.68	4.83	4.49	8.68	6.87	1.41	2.52
<i>Differential</i>	<i>2.89</i>	<i>0.92</i>	<i>0.51</i>	<i>2.89</i>	<i>1.16</i>	<i>-0.05</i>	<i>-0.16</i>

Source: Morningstar – Canadian Fixed Income Universe – Periods Ending Dec 31

* Current Custom UBC Bond Benchmark: 100% FTSE TMX Canada Universe Bond Index.



Relative Fund Performance – Canadian Equity As of December 31, 2020

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2020	2019	2018	2017
UBC Canadian Equity	6.38	6.66	7.19	6.38	21.20	-9.00	10.33
Quartile	2	2	2	2	3	3	2
Custom Benchmark	5.59	6.57	5.81	5.59	22.88	-8.88	9.10
<i>Differential</i>	0.79	0.09	1.38	0.79	-1.68	-0.12	1.23
CC&L Group Canadian Q Growth	8.06	8.03	8.12	8.06	24.36	-8.94	11.29
Quartile	1	1	1	1	1	3	1
S&P/TSX Composite TR	5.60	6.57	5.76	5.60	22.88	-8.89	9.10
<i>Differential</i>	2.46	1.46	2.36	2.46	1.48	-0.05	2.20
Guardian Canadian Equity	4.19	6.06	6.83	4.19	18.42	-6.48	9.66
Quartile	3	3	2	3	4	2	2
S&P/TSX Capped Composite TR (Custom)	5.59	6.57	5.76	5.59	22.88	-8.88	9.10
<i>Differential</i>	-1.41	-0.51	1.08	-1.41	-4.46	2.40	0.55
LW Canadian Equity	7.03	5.97	8.12	7.03	20.85	-11.43	10.07
Quartile	2	3	1	2	3	4	2
S&P/TSX Composite TR	5.60	6.57	5.76	5.60	22.88	-8.89	9.10
<i>Differential</i>	1.43	-0.60	2.36	1.43	-2.03	-2.55	0.98

Source: Morningstar – Canadian Equity Universe – Periods Ending Dec 31

*Current Custom UBC Canadian Equity Benchmark: 66.7% S&P/TSX Composite Index, 33.3% S&P/TSX Capped Composite Index.



Relative Fund Performance – Global Equity As of December 31, 2020

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2020	2019	2018	2017
UBC FPP Foreign Equity	11.44	11.90	13.36	11.44	20.13	1.02	15.92
Quartile	3	2	1	3	3	2	3
Custom Benchmark	11.57	11.23	12.91	11.57	20.07	0.11	14.13
<i>Differential</i>	-0.13	0.67	0.45	-0.13	0.06	0.91	1.79
BLK MSCI World ex-Can Min Vol	-0.17	7.64	-	-0.17	16.01	4.52	10.91
Quartile	4	4	-	4	4	1	4
MSCI World ex Can Min Vol C\$	-0.49	7.40	-	-0.49	15.72	4.42	10.66
<i>Differential</i>	0.32	0.24	N/A	0.32	0.30	0.10	0.25
BLK CDN MSCI ACWI ex-Can	12.81	11.81	-	12.81	20.22	-0.85	16.23
Quartile	2	2	-	2	3	2	2
MSCI ACWI Ex-Canada Index	14.54	12.15	-	14.54	20.15	-0.98	16.09
<i>Differential</i>	-1.73	-0.34	N/A	-1.73	0.07	0.13	0.13
Arrowstreet (Canada) Global World I	15.96	-	-	15.96	17.25	-	-
Quartile	2	-	-	2	3	-	-
MSCI World Investable Market Index	13.88	-	-	13.88	21.04	-	-
<i>Differential</i>	2.08	N/A	N/A	2.08	-3.80	N/A	N/A
MFS Global Equity	11.99	12.93	14.31	11.99	25.27	-0.87	16.98
Quartile	3	2	1	3	1	2	2
MSCI World Ex Canada Net C\$	14.23	12.19	12.98	14.23	21.22	-0.15	14.59
<i>Differential</i>	-2.25	0.74	1.33	-2.25	4.05	-0.73	2.39

Source: Morningstar – Global Equity Universe – Periods Ending Dec 31



Commercial Real Estate Performance As of December 31, 2020

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2020	2019	2018	2017
BK Prime Canadian Property	-0.80	5.76	7.12	-0.80	8.41	9.16	6.58
Consumer Price Index +4%	4.73	5.71	5.58	4.73	6.22	6.00	5.87
<i>Differential</i>	-5.53	0.06	1.55	-5.53	2.19	3.16	0.71
bcIMC Real Pool	-1.45	4.68	7.60	-1.45	8.63	6.66	5.16
Consumer Price Index +4%	4.73	5.71	5.58	4.73	6.22	6.00	5.87
<i>Differential</i>	-6.19	-1.03	2.02	-6.19	2.40	0.66	-0.71
Source: Morningstar - Periods Ending Dec 31							



Fund Option Fees (Total management Fees)

Balanced Fund	0.41%
Bond Fund	0.26%
Canadian Equity Fund	0.38%
Foreign Equity Fund	0.50%
Fossil Fuel Free Equity and Bond Fund	0.36%
Short Term Investment Fund	0.12%



Fund Rates of Return to March 31, 2021

Fund	Q1 2021	1 Year	5 Year	10 Year
UBC FPP Balanced Fund	1.40%	20.68%	7.79%	8.06%
Benchmark	0.64%	18.77%	7.37%	7.31%
UBC FPP Bond Fund	(4.87%)	3.99%	3.11%	4.10%
Benchmark	(5.04%)	1.62%	2.82%	3.93%
UBC FPP Canadian Equity Fund	9.80%	49.67%	10.58%	7.61%
Benchmark	8.05%	44.25%	10.05%	6.05%
UBC FPP Foreign Equity Fund	4.57%	36.83%	12.53%	13.61%
Benchmark	3.09%	32.59%	11.85%	12.96%
UBC FPP Fossil Fuel Free Equity and Bond Fund	0.83%	22.43%	N/A	N/A
Benchmark	0.22%	20.59%	N/A	N/A
UBC FPP Short Term Investment Fund	0.04%	0.43%	1.11%	1.15%
Benchmark	0.03%	0.23%	0.97%	0.93%



Summary

- Our strategies did not disappoint us
- Last 10 years will be difficult to repeat going forward; 8% returns are not a realistic expectation for our Balanced Fund
- We are focusing on risk mitigation & capital preservation; the Board spent a tremendous amount of time last year and into 2021 on the following projects:
 - Review of Investment Beliefs
 - Review of Strategic Asset Allocation
 - Review of all mandates
 - Search for a global real estate manager
 - Search for an infrastructure manager
 - Review of single-asset fund options



Questions

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