

# Welcome to the UBC Faculty Pension Plan 2023 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 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. R. KENNETH CARTY, CHAIR, BOARD OF TRUSTEES**  
**DERRICK JOHNSTONE, EXECUTIVE DIRECTOR, PENSIONS**  
**KAMILA GIESBRECHT, EXECUTIVE DIRECTOR, INVESTMENTS**

**MAY 9, 2023**



# Agenda



- **Welcome by Chair**
- **2022 Board Initiatives and Projects**
- **Plan's Financial and Membership Update**
- **Investment Review for 2022 and First Quarter 2023**
- **Questions**

# Board of Trustees

**Dr. R. Kenneth Carty, Chair**

Professor Emeritus  
Political Science

**Dr. Pam Ratner**

Professor  
School of Nursing

**Dr. Robert Heinkel, Vice-Chair**

Professor  
Sauder School of Business

**Dr. Murray Carlson**

Professor  
Sauder School of Business

**Dr. Joy Begley**

Professor Emeritus  
Sauder School of Business

**Dr. Lorenzo Garlappi**

Professor  
Sauder School of Business

**Dr. Joyce Boon**

Associate Professor Emerita  
Biology, UBC Okanagan

**Dr. Martin Comyn**

Retired Research Scientist  
TRIUMF



# 2022 Board Initiatives and Projects



- Initiated review of investment fund options
- Concluded the review of the Bond Fund component
  - Resulted in replacing one investment manager and engagement of two additional investment managers
- Reviewed the UBC FPP Fossil Fuel Free Equity and Bond Fund
  - Decided to diversify the fund by engaging a second investment manager
- Recruitment of a new Executive Director, Pensions



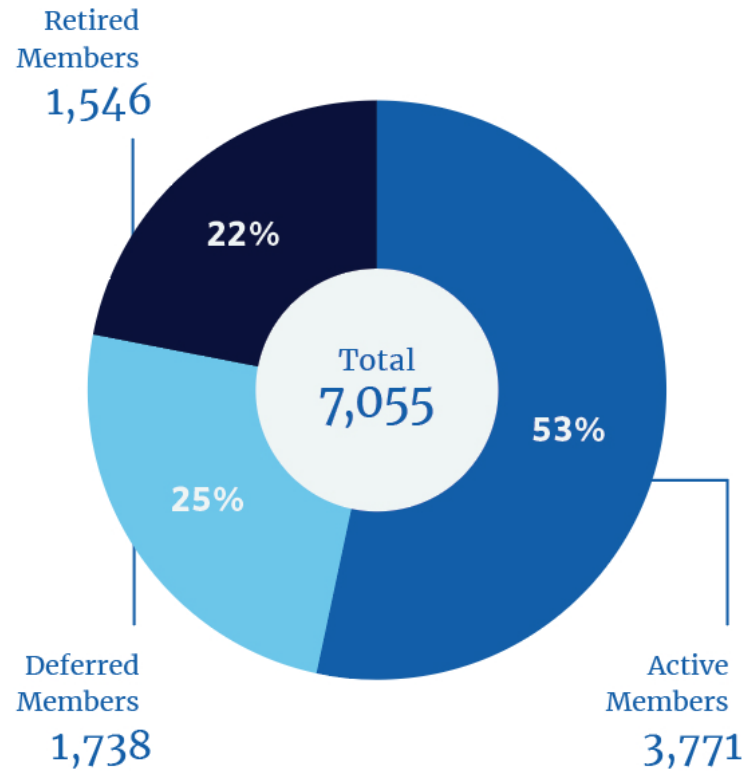
# Financial and Membership Update

**Derrick Johnstone**  
Executive Director, Pensions

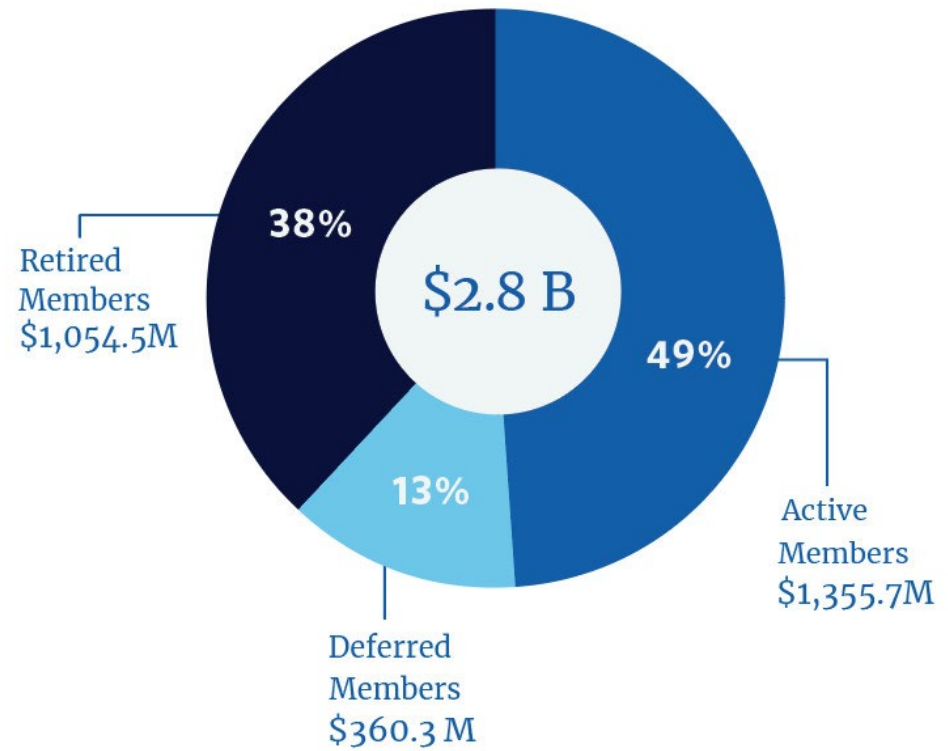
# Plan Statistics December 31, 2022



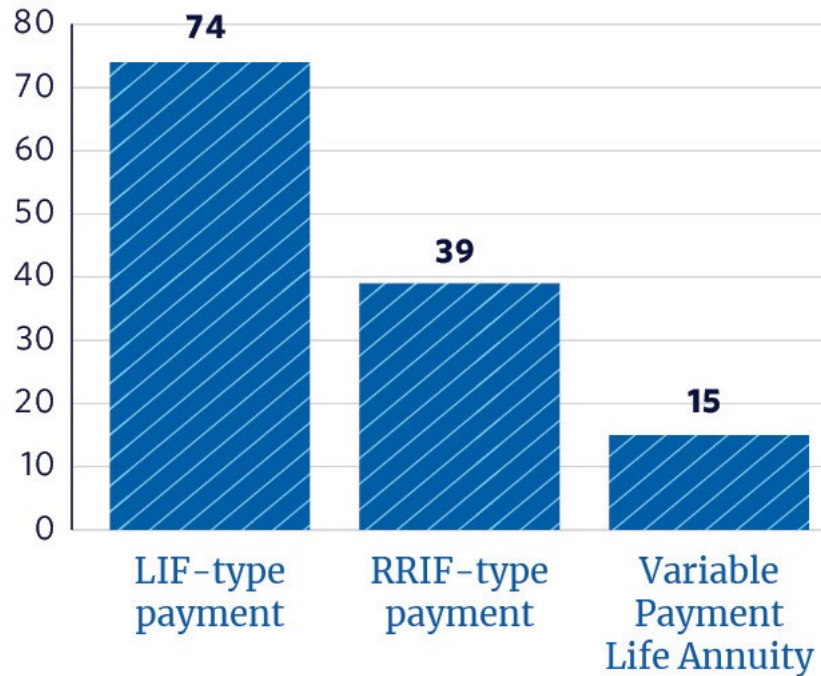
## TOTAL PLAN MEMBERSHIP



## PLAN ASSETS



# Pensions started in 2022



Total assets transferred to retirement income within the Plan: **\$68.1M**

**63%** of retiring members' assets stayed in the Plan





# Plan Administration

- Managing administration and investment expenses to ensure members receive value
- Current fees for the Plan's six investment options

Balanced	0.61%
Bond	0.47%
Canadian Equity	0.37%
Foreign Equity	0.51%
Fossil Fuel Free Equity and Bond Fund	0.43%
Short Term Investment	0.14%
- Reopening of the Pension Administration Office to members
- Review of Plan governance with the provincial pension regulator
- Ongoing engagement with the Plan's outsource partner, Sun Life





# Investment Review

**Kamila Giesbrecht**  
Executive Director, Investments

# Investment Options Update - Balanced Fund



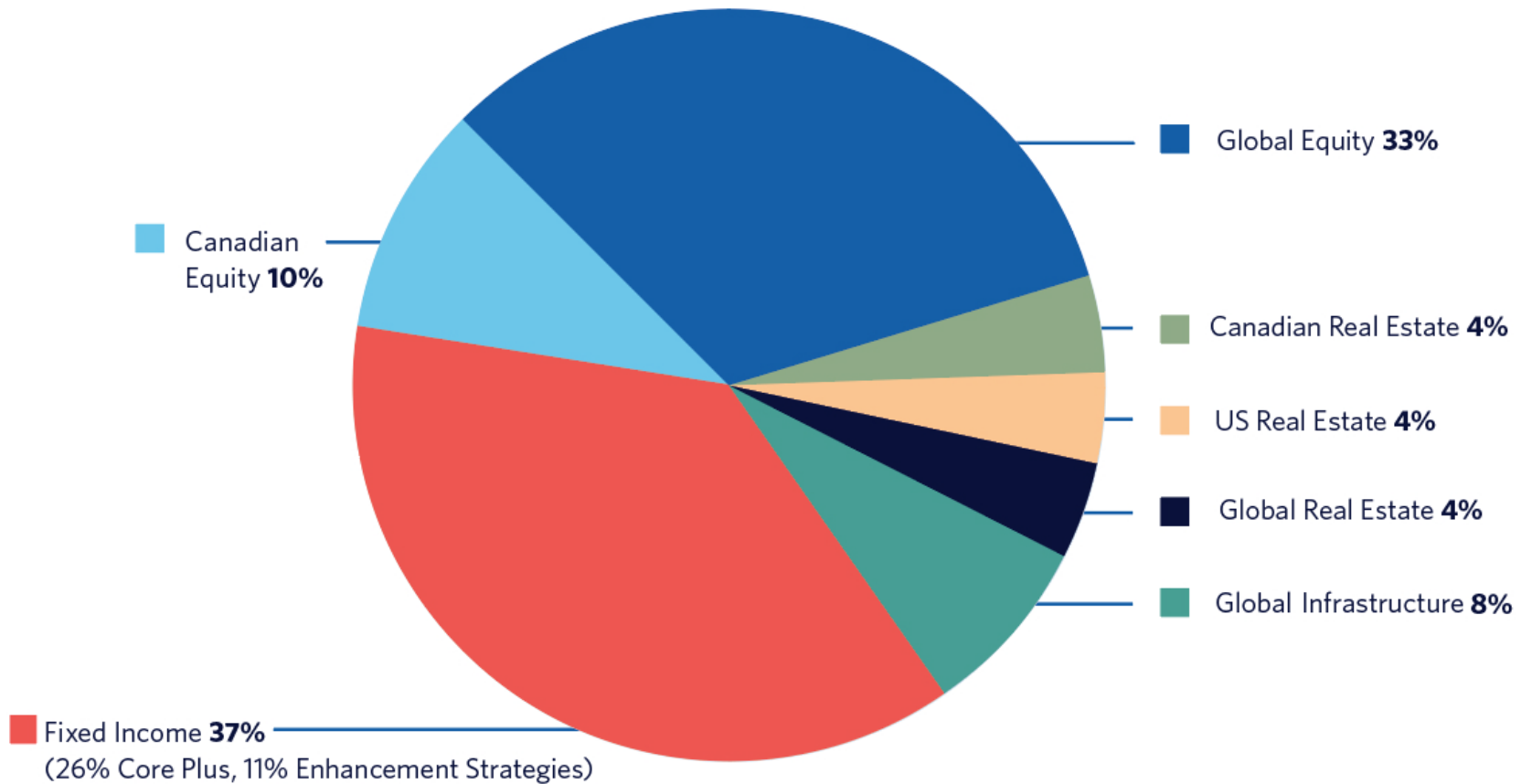
Balanced Fund	Actual Allocation	Target Allocation
<b>Bonds</b>	<b>32%</b>	<b>37%</b>
<b>Canadian Equity</b>	<b>13%</b>	<b>10%</b>
<b>Global Equity</b>	<b>32%</b>	<b>33%</b>
<b>Real Estate</b>	<b>17%</b>	<b>12%</b>
Domestic	6%	4%
United States	7%	4%
Global	4%	4%
<b>Infrastructure</b>	<b>5%</b>	<b>8%</b>
Global	5%	8%
<b>Cash (to be called)</b>	<b>1%</b>	<b>0%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>

- Missing Infrastructure Allocation – approx. within 3 to 6 months

# Investment Options Update – Balanced Fund



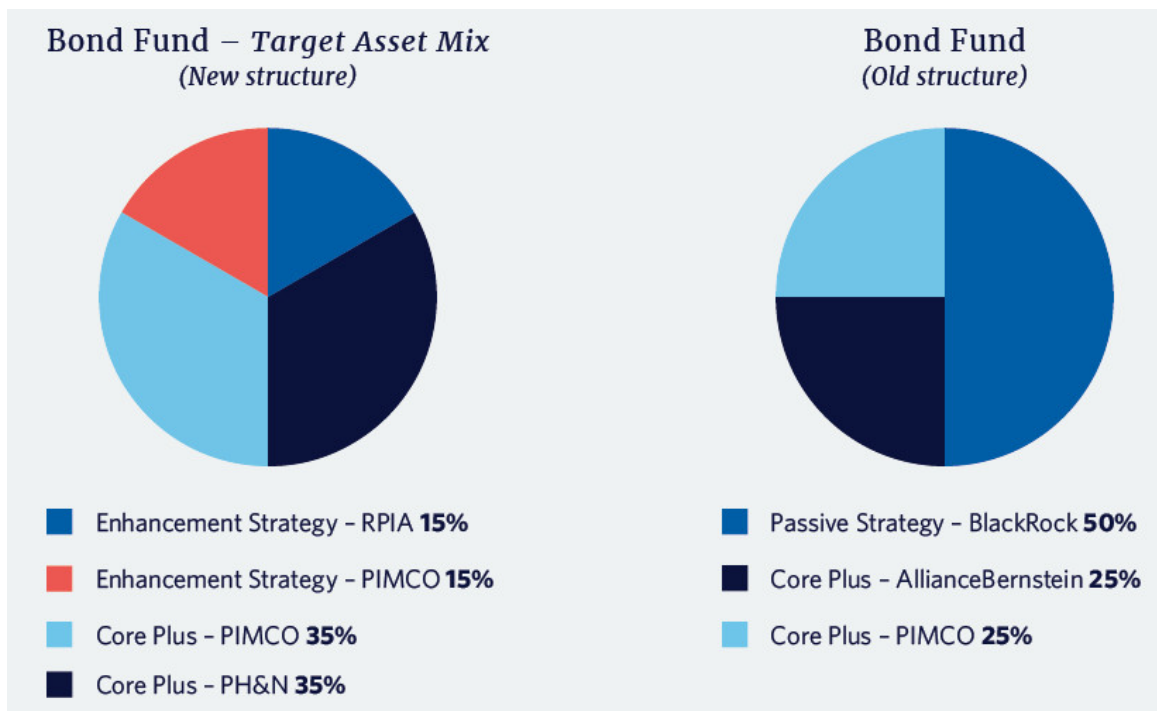
## TARGET ASSET MIX



Fees increased by 11 basis points

# Investment Options Update – Bond Fund

- Termination of two strategies (managed by BlackRock and AllianceBernstein)
- Introduction of three new ones: one managed by our current manager (PIMCO) and two managed by firms previously not utilized by the Plan (PH&N and RPIA)
- Transition was completed on July 1, 2022
- Objective to lower overall risk and increase expected return over a full business cycle
- Fees increased by 19 basis points

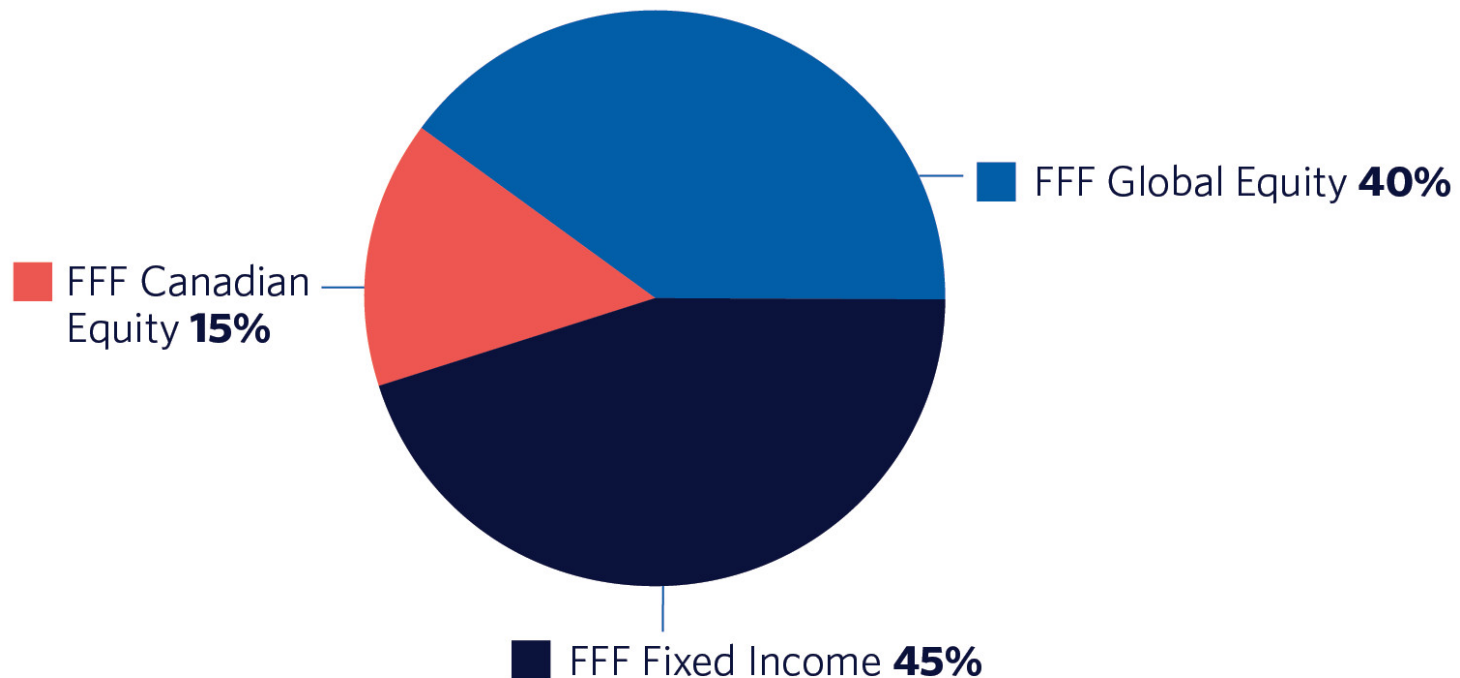


# Investment Options Update – Fossil Fuel Free Equity and Bond Fund



- Added on April 1, 2020
- Assets approx. \$62M
- Managed by two managers: JF and PH&N (PH&N was added in January 2023)

## TARGET ASSET MIX



# Investment Options Update – Fossil Fuel Free Equity and Bond Fund



## Carbon Footprint

### UBC FACULTY PENSION PLAN

Figure 1. Carbon Emissions – UBC FPP

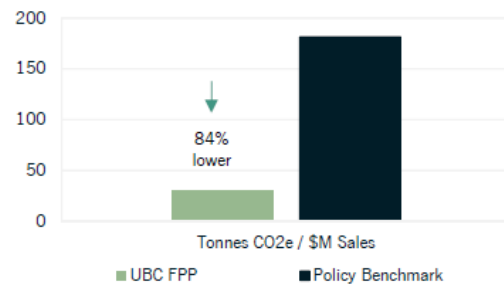


Figure 2. Sector Attribution

Weighted Average Carbon Intensity by Sector	UBC FPP	Policy Benchmark	UBC FPP vs. Policy Benchmark
	t CO2e / \$M Sales	Comparison of t CO2e / \$M Sales	
Industrials	103.3	204.7	-49.5%
Utilities	60.2	1,341.3	-95.5%
Consumer Staples	42.5	42.0	1.1%
Communication Services	14.0	15.8	-10.9%
Consumer Discretionary	28.9	35.3	-18.1%
Financials	5.5	24.6	-77.7%
Materials	55.9	494.9	-88.7%
Information Technology	11.7	20.2	-41.9%
Health Care	16.4	17.0	-3.2%
Real Estate	7.9	73.4	-89.3%
Energy	N/A	660.8	N/A
Overall	29.8	181.3	-83.5%

Figure 3. Largest Contributors To Portfolio's Weighted Average Carbon Intensity

#	Company	Sector	Class	Portfolio Weight	Carbon Intensity	Contribution to Portfolio Carbon Intensity	Emissions Source
1	CN Rail	Industrials	Equity	1.1%	462	20.0%	Reported
2	National Grid Electricity Tran:	Industrials	Bond	1.0%	423	16.2%	Derived from Reported Data
3	Ontario Power Generation <sup>1</sup>	Utilities <sup>2</sup>	Bond	0.5%	393	7.3%	Reported
4	Hydro One Inc.	Utilities	Bond	1.7%	60	4.1%	Reported
5	Microsoft Corporation	Info Tech	Equity	2.7%	29	3.1%	Reported

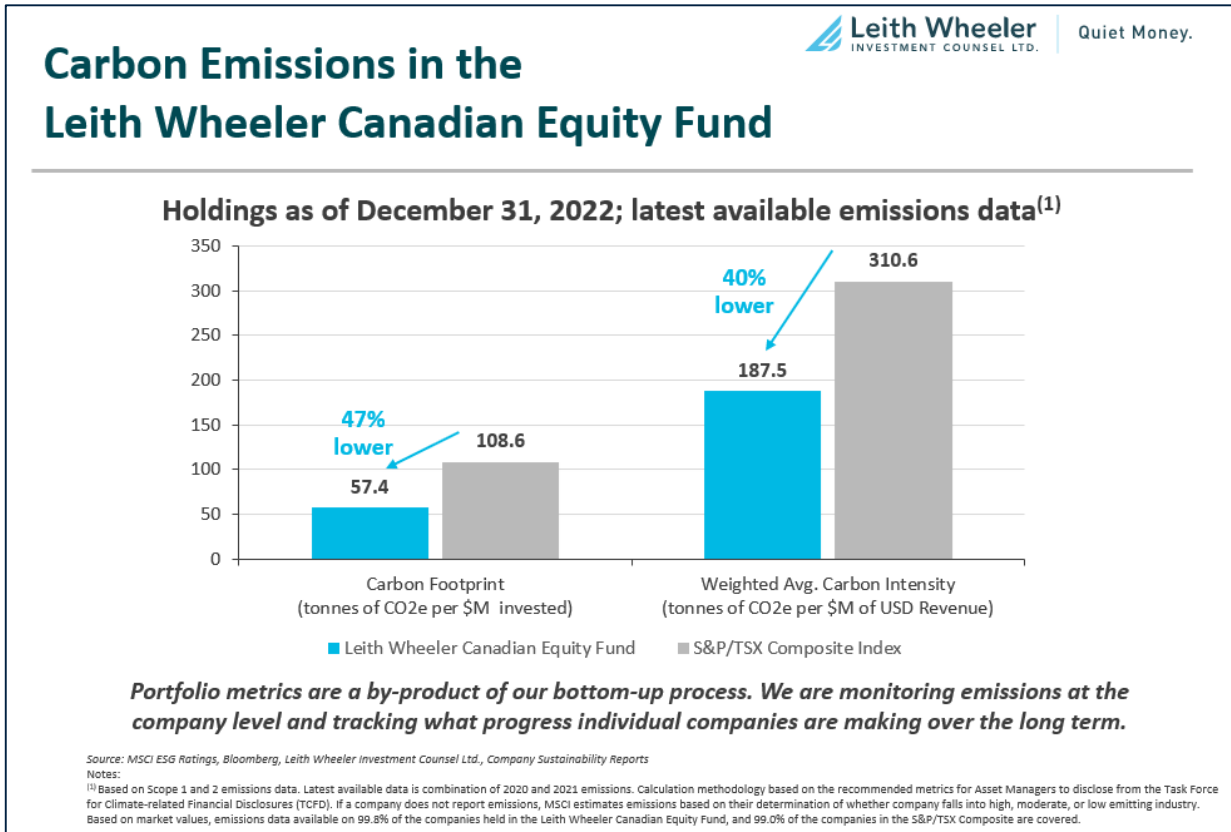
Holdings as at December 31, 2022. Carbon metrics and reporting generated on January 11, 2023. Portfolio weights are ex cash. Carbon Intensity = t CO2e/\$M USD Sales. Emissions include Scope 1 and Scope 2 Emissions. For portfolio, data availability is 84.7% with 14.5% comprised of MSCI estimates; for benchmark, data availability is 70.6% with 10.5% comprised of MSCI estimates. Data availability is lower for bond funds because of the inclusion of government bonds. Weighted Average Carbon Intensity is the recommended metric for Fixed Income portfolios. Policy Benchmark = 45% FTSE Canada Universe Bond, 15% S&P/TSX Composite, 40% MSCI World Ex-Canada Net (CS).

1. The OPG bond in the FFF Bond Fund is a green bond used to finance renewable electricity projects, but the emissions reported here are at the overall corporation level. 2. Note that MSCI has classified Ontario Power Generation Inc.'s sector as "N/A". Therefore, its intensity is not reflected in the sector attribution chart above. Disclosure: This report may contain information (the "Information") sourced from MSCI Inc., its affiliates or information providers (the "MSCI Parties") and may have been used to calculate scores, ratings or other indicators. The Information is for the recipient's internal use only, and may not be reproduced/redisseminated in any form, or used as a basis for or a component of any financial instruments or products or indices. The MSCI Parties do not warrant or guarantee the originality, accuracy and/or completeness of any data or Information herein and expressly disclaim all express or implied warranties, including of merchantability and fitness for a particular purpose. The Information is not intended to constitute investment advice or a recommendation to make (or refrain from making) any investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data or Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

# Investment Options Update – ESG Factors



- ESG – Environmental, Social and Governance Factors are incorporated in all strategies utilized in UBC Faculty Pension Plan (annual review by the Board)





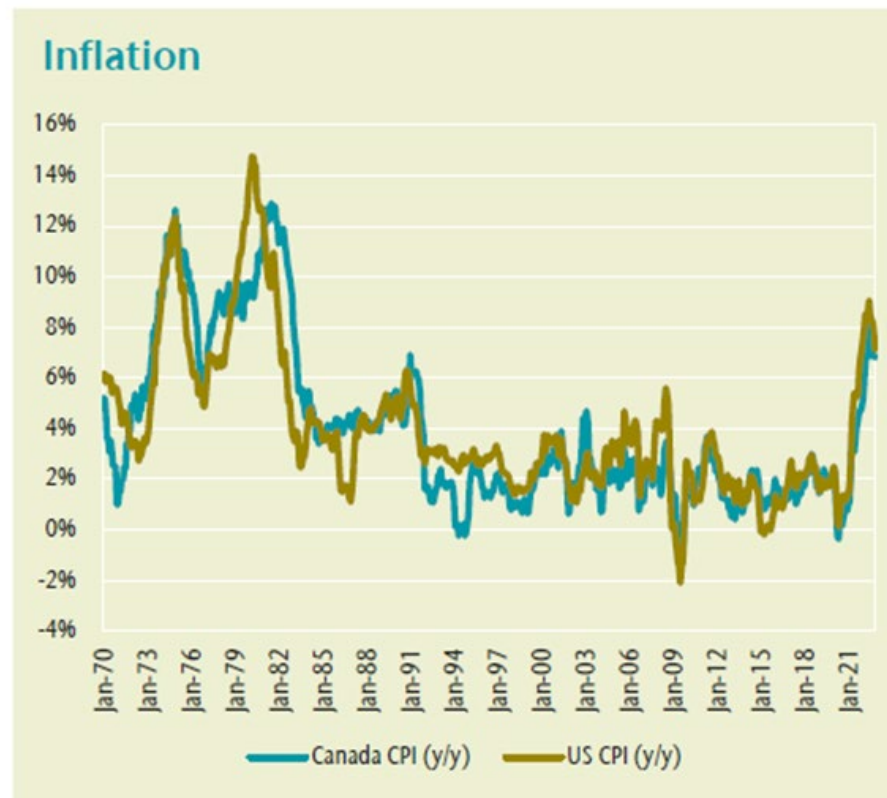
# Focus of the Board of Trustees and Management



- Review of the Individual Fund Options
  - Number of options
  - Type of options
  - Utilization of options
- Monitoring and rebalancing of UBC FPP Balanced Fund and Fossil Fuel Free Equity and Bond Fund
- Annual review of the *Statement of Investment Policy and Goals*
- Oversight of the Plan's investment managers (e.g. ongoing manager reviews, annual review of the integration of ESG factors, quarterly compliance checks)

# 2022 Markets

- Simultaneous sell-off for both major asset classes, inflation levels not seen for over 40 years

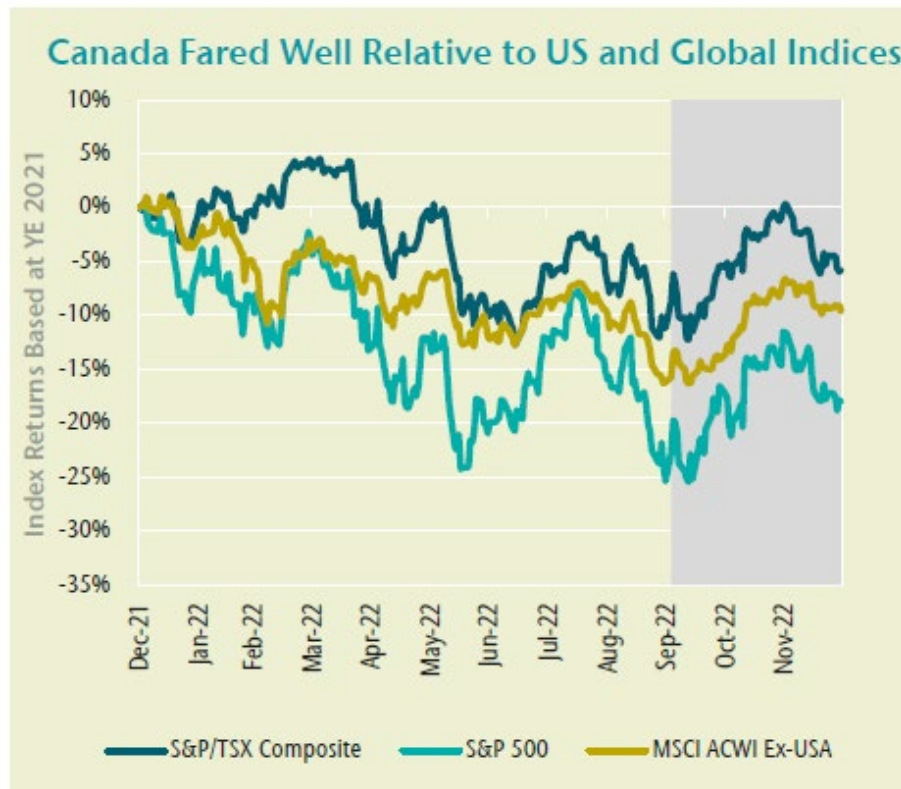


Source: Macrobond, Statistics Canada, U.S. Bureau of Labor Statistics

# 2022 Markets



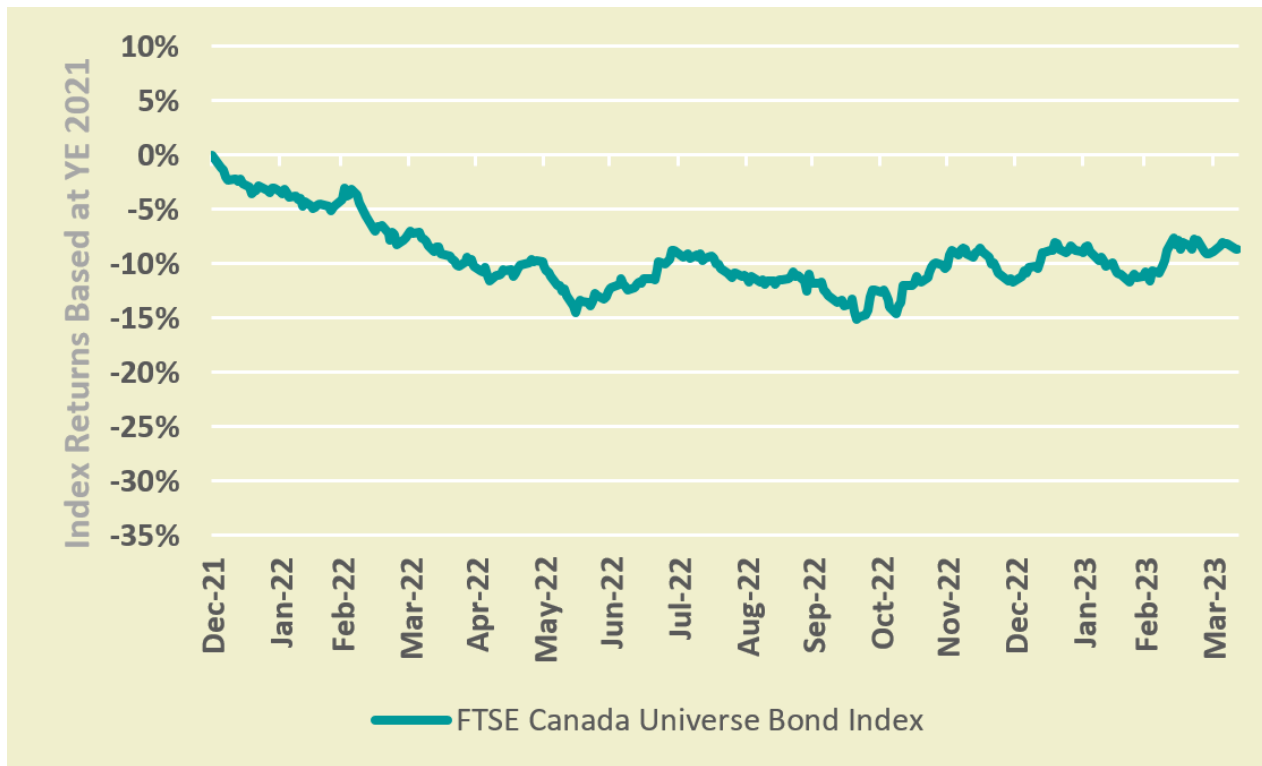
- S&P/TSX Index declined 5.8%
- S&P 500 Index declined 12.3%
- MSCI ACWI EAFE Index fell 8.3%



Source: Bloomberg, Connor, Clark & Lunn Investment Management. Data in local currency terms. Q4 shaded.

# 2022 Markets

- FTSE TMX Canada Universal Bond Index posted negative 11.7%



- Real Assets weaker in fourth quarter



# Staying the course

- The expectation of recession became stronger, the after-math of pandemic is still affecting real economy and now real assets
- We believe that broad diversification and a steady hand continue to be the best strategy



# Fund Rates of Return to December 31, 2022

Fund	Q4 2022	1 Year	5 Year	10 Year
<b>UBC FPP Balanced Fund</b>	4.05%	(4.33%)	5.68%	7.49%
Benchmark	3.97%	(7.34%)	3.62%	6.55%
<b>UBC FPP Bond Fund</b>	1.51%	(11.6%)	0.53%	1.66%
Benchmark	0.49%	(12.2%)	0.20%	1.40%
<b>UBC FPP Canadian Equity Fund</b>	5.44%	(4.34%)	7.27%	8.97%
Benchmark	5.96%	(5.84%)	6.85%	7.78%
<b>UBC FPP Foreign Equity Fund</b>	10.67%	(8.00%)	8.28%	12.97%
Benchmark	8.45%	(11.1%)	7.19%	12.18%
<b>UBC FPP Fossil Fuel Free Equity and Bond Fund</b>	4.45%	(13.9%)	N/A	N/A
Benchmark	4.29%	(10.9%)	N/A	N/A
<b>UBC FPP Short Term Investment Fund</b>	0.92%	1.82%	1.24%	1.13%
Benchmark	1.00%	1.82%	1.17%	0.95%



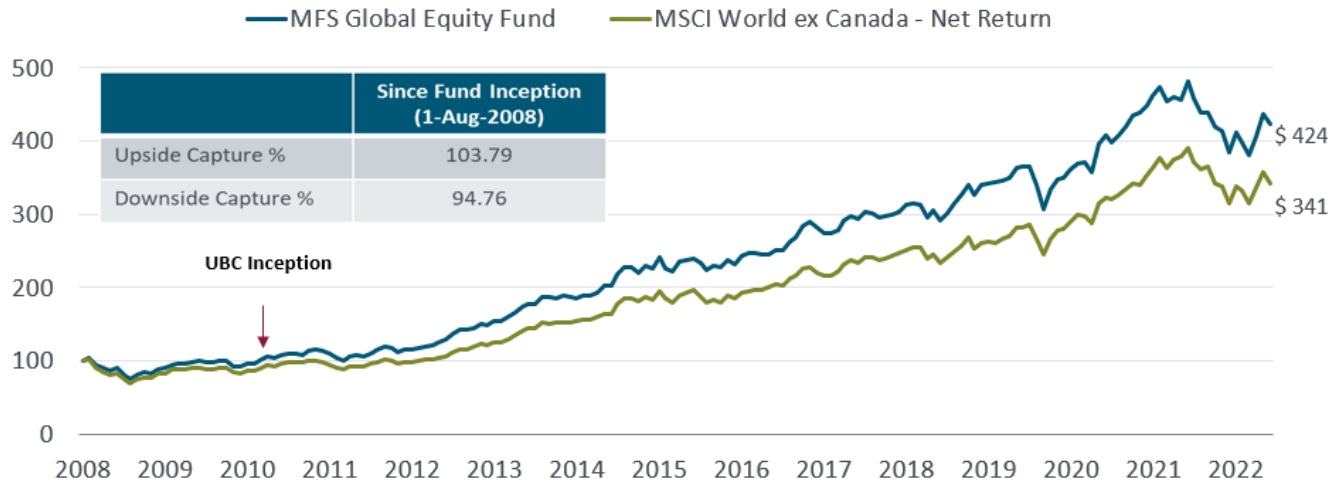
# Performance – Compounding Downside Protection



MFS Global Equity Fund vs. MSCI World ex Canada Index  
(CAD)



Growth of CAD 100 as of 31-Dec-22



As of 31-Dec-2022 (CAD)	Since Client Inception Annualized Return (30-Mar-2010)
MFS Global Equity Fund	11.98%
MSCI World ex Canada Index - Net	10.95%

Source for benchmark performance: SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index. Past performance is no guarantee of future results. For periods of less than one-year returns are not annualized. Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

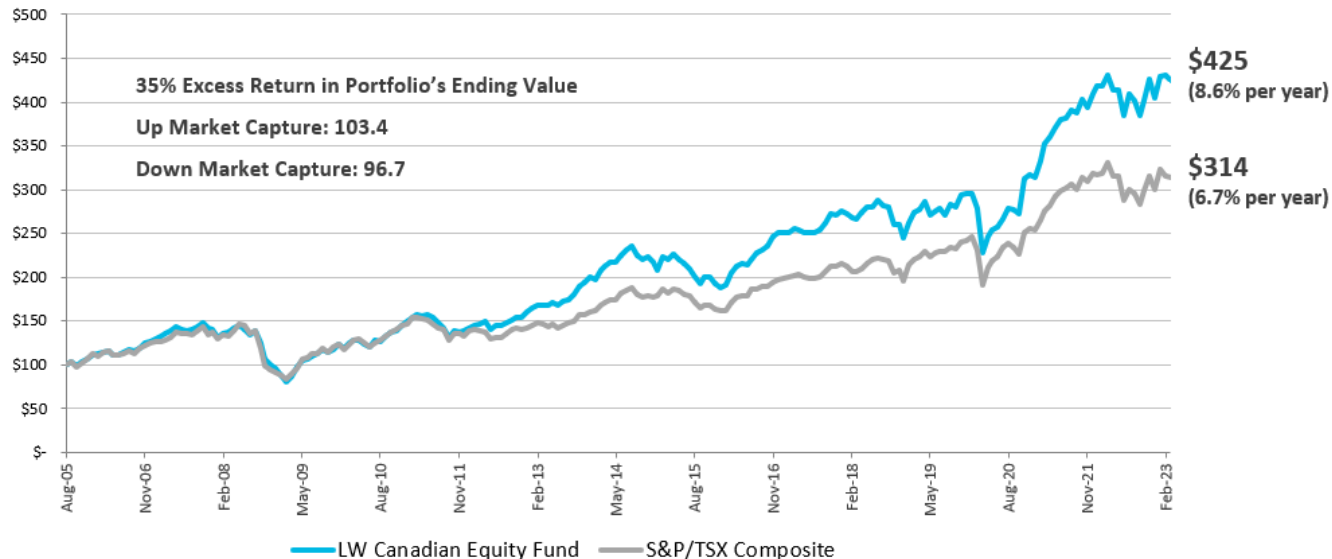
# Performance – Compounding Downside Protection



## Leith Wheeler Canadian Equity Fund Investing for the Long Term

Leith Wheeler INVESTMENT COUNSEL LTD. Quiet Money.

Leith Wheeler Canadian Equity Fund vs. S&P/TSX Composite Index Performance<sup>(1)</sup>  
Growth of \$100 From August 31, 2005 to March 31, 2023<sup>(2)</sup>



Source: Leith Wheeler Investment Counsel Ltd, Bloomberg/S&P Dow Jones Indices, eVestment.

Notes:

<sup>(1)</sup> Fund performance is gross of fees. Fund and index performance are annualized for periods greater than one year, returns shorter than one year have not been annualized. Fund and index performance are total return expressed in CAD currency.

<sup>(2)</sup> LW Canadian Equity Fund (Series A), gross of fee returns.



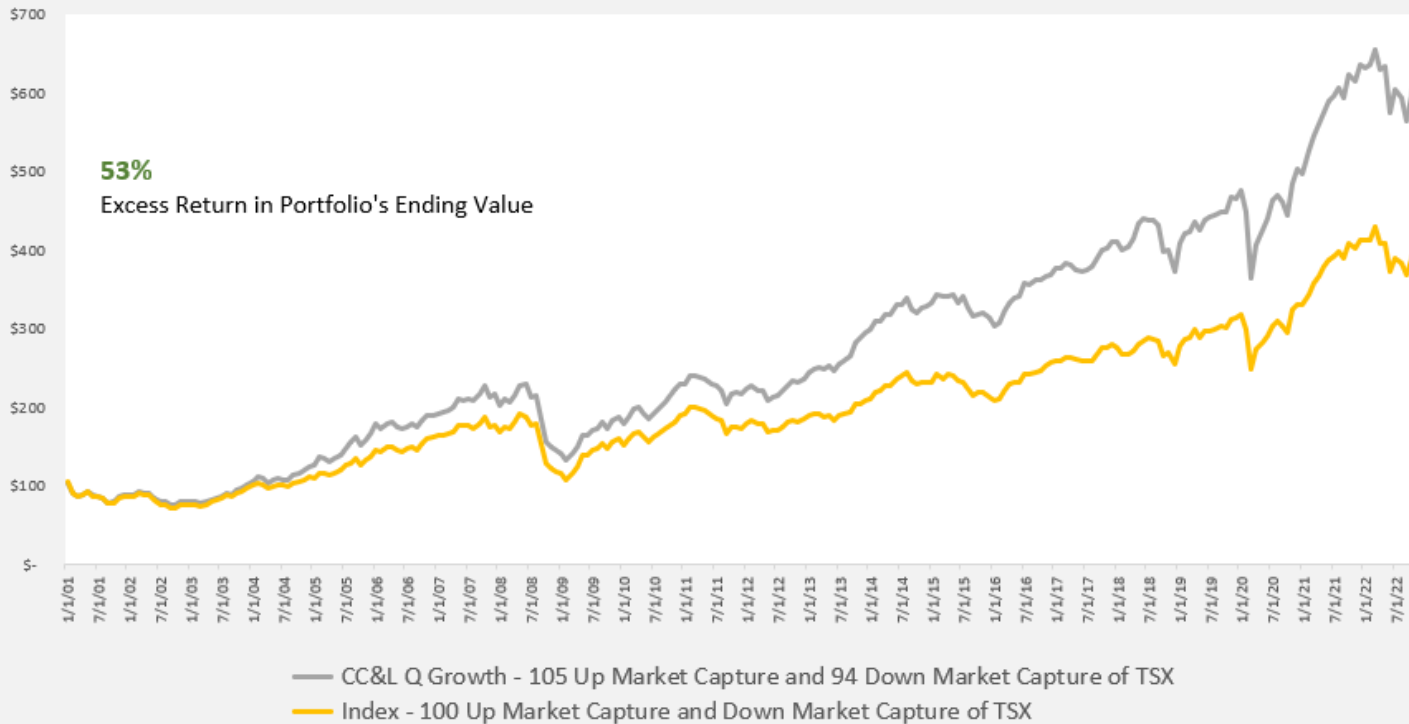
# Performance – Compounding Downside Protection



## Compounding Downside Protection Over Market Cycles - CC&L Q Growth vs. TSX

Growth of \$100

Period: 01/01/2001- 12/31/2022



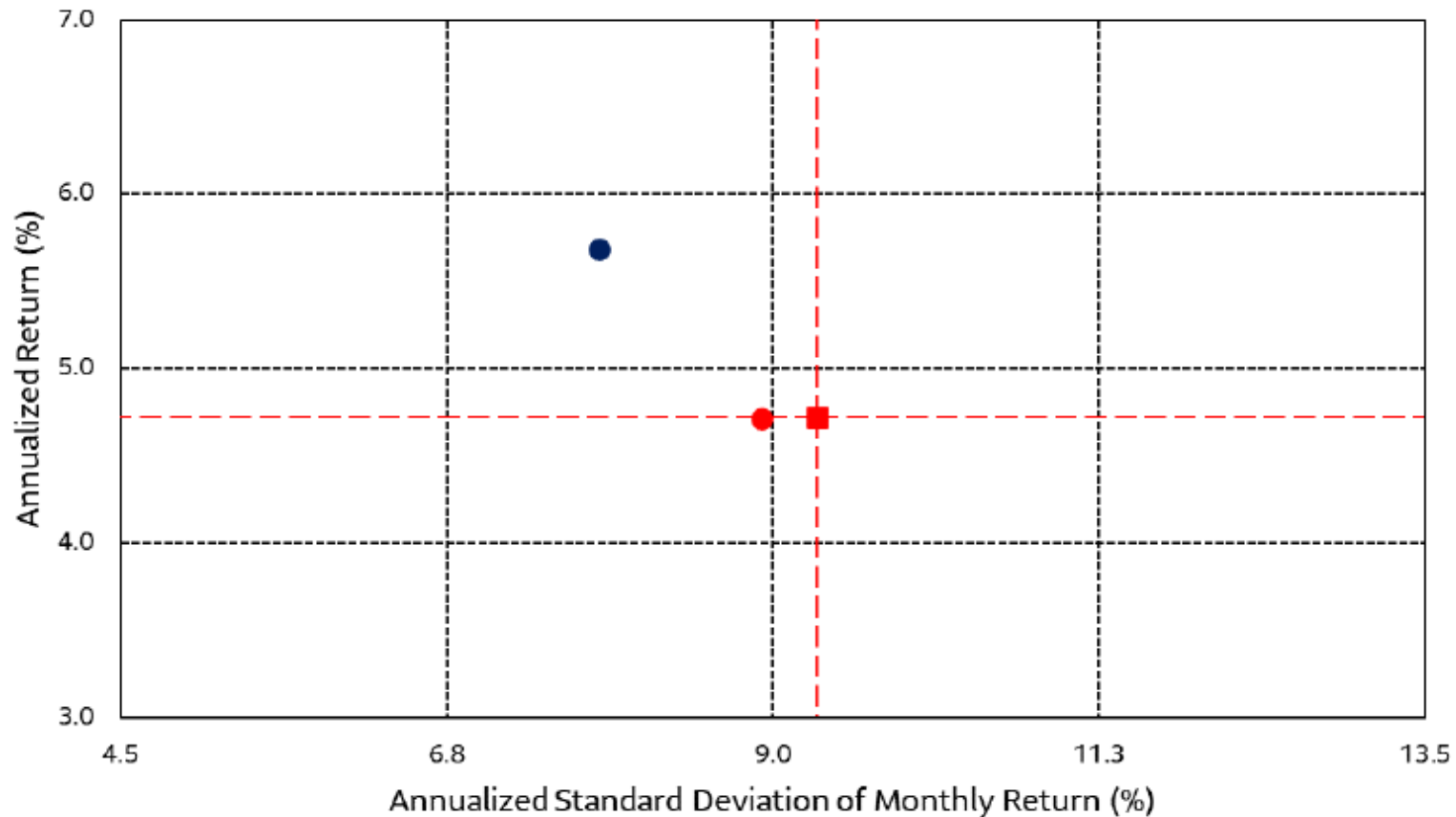
**\$596**  
105 Up Market Capture and 94  
Down Market Capture of TSX

**\$389**  
100 Up Market Capture and  
Down Market Capture of TSX

Source: Bloomberg, Connor, Clark & Lunn Investment Management Ltd.

# Performance - Balanced Fund

Annualized Risk/Return - 5 Yrs Ending December 31, 2022  
Annualized Monthly Returns - Balanced



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



# ...Performance

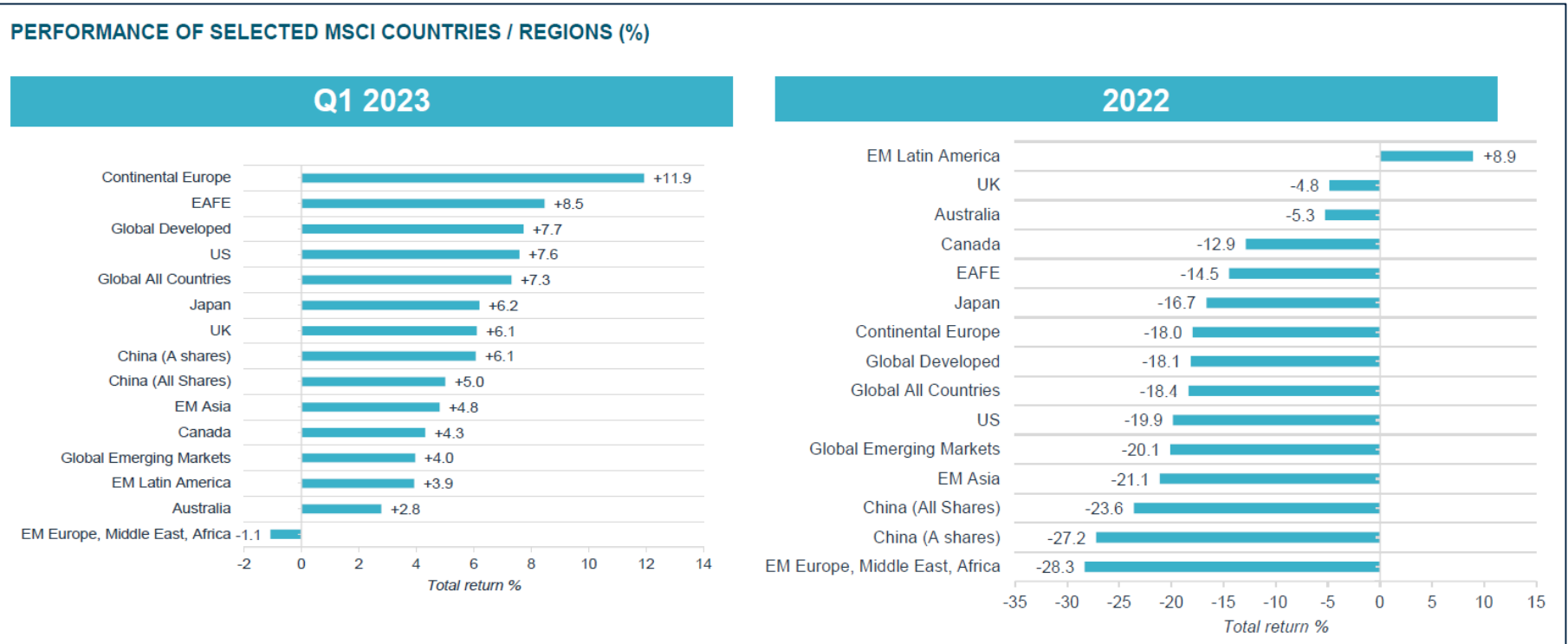
- Fixed Income
- Canadian Equity
- Foreign Equity (Global Equity)
- Real Estate
- Balanced Fund & Fossil Fuel Free Equity and Bond Fund



# Markets – 2022 versus Q1 of 2023



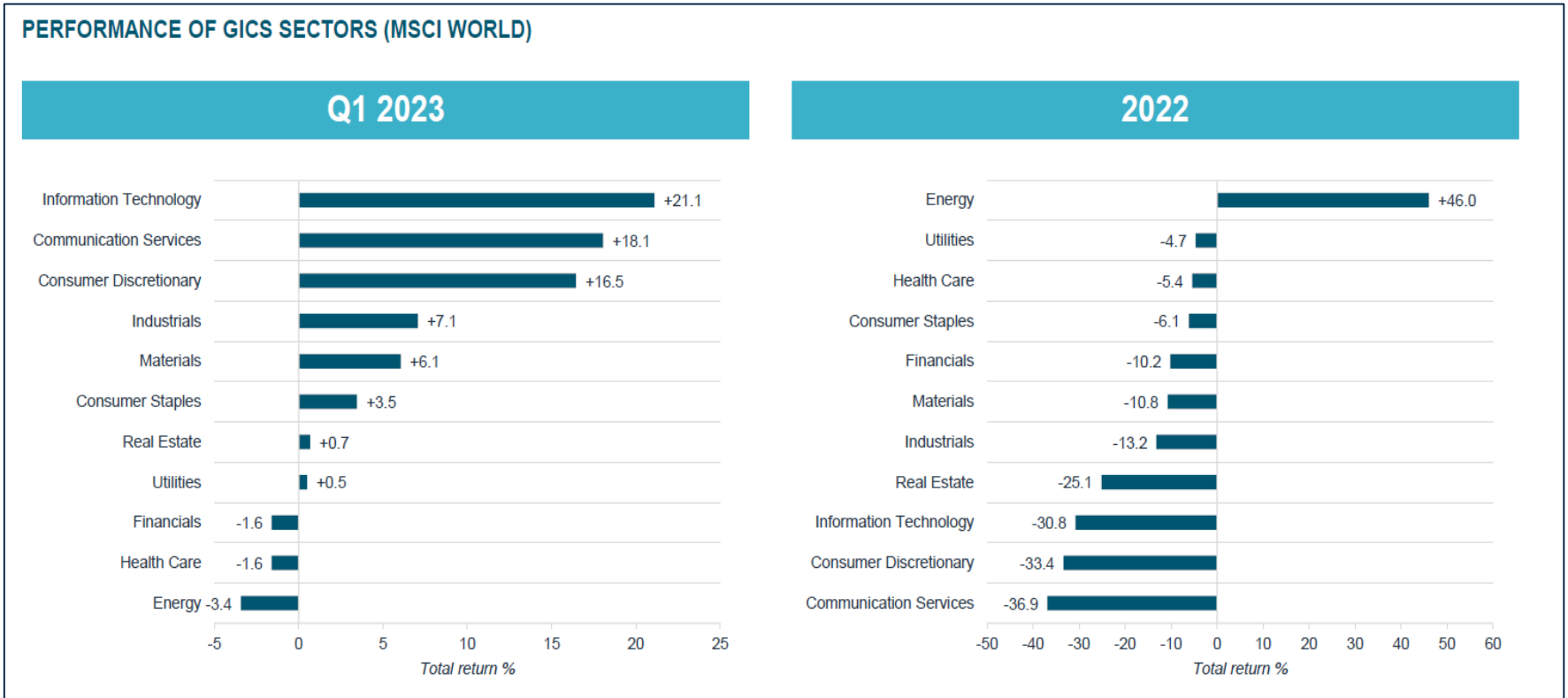
- Global equity markets continue their rebound into 2023



# Markets – 2022 versus Q1 of 2023



- Q1 sees a reversal of sector winners and losers from 2022



# Relative Fund Performance – Fixed Income as of March 31, 2023



	Annualized Returns			
	3 MTH	1 YR	4 YR	10 YR
<b>UBC FPP Bond</b>	<b>3.22</b>	<b>-1.74</b>	<b>0.14</b>	<b>1.95</b>
Quartile	<b>3</b>	<b>2</b>	<b>3</b>	<b>4</b>
Custom Benchmark	3.09	-2.70	-0.29	1.69
<i>Differential</i>	<i>0.13</i>	<i>0.96</i>	<i>0.43</i>	<i>0.26</i>
<b>PIMCO Canadian CorePLUS Bond</b>	<b>3.56</b>	<b>-1.59</b>	<b>0.82</b>	<b>2.46</b>
Quartile	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>
FTSE Canada Universe Bond	3.22	-2.01	-0.17	1.88
<i>Differential</i>	<i>0.34</i>	<i>0.43</i>	<i>0.99</i>	<i>0.58</i>
<b>PH&amp;N Core Plus Bond Fund</b>	<b>3.35</b>	<b>-</b>	<b>-</b>	<b>-</b>
Quartile	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
FTSE Canada Universe Bond	3.22	-2.01	-0.17	1.88
<i>Differential</i>	<i>0.13</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

Source: Morningstar – Canadian Fixed Income Universe – Periods Ending March 31, 2023

# Relative Fund Performance – Fixed Income as of March 31, 2023 (CONTINUED)



	Annualized Returns			
	3 MTH	1 YR	4 YR	10 YR
<b>PIMCO Canada Monthly Income</b>	<b>2.40</b>	-	-	-
PIMCO Monthly Income Benchmark	2.78	-5.39	-0.30	1.27
<i>Differential</i>	<i>-0.38</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<b>RPIA Broad Corporate Bond Fund</b>	<b>2.93</b>	-	-	-
FTSE Canada All Corp Bond	2.79	-0.97	0.80	2.48
<i>Differential</i>	<i>0.14</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

Source: Morningstar – Canadian Fixed Income Universe – Periods Ending March 31, 2023

# Relative Fund Performance – Canadian Equity as of March 31, 2023



	Annualized Returns			
	3 MTH	1 YR	4 YR	10 YR
<b>UBC Canadian Equity</b>	<b>4.67</b>	<b>-3.15</b>	<b>9.72</b>	<b>8.95</b>
Quartile	2	3	2	3
S&P/TSX Composite Index	4.55	-5.17	8.98	7.91
<i>Differential</i>	0.12	2.02	0.74	1.04
<b>CC&amp;L Group Canadian Q Growth</b>	<b>4.43</b>	<b>-4.78</b>	<b>10.15</b>	<b>9.54</b>
Quartile	2	4	2	2
S&P/TSX Composite Index	4.55	-5.17	8.98	7.86
<i>Differential</i>	-0.13	0.39	1.17	1.68
<b>LW Canadian Equity</b>	<b>4.90</b>	<b>-1.44</b>	<b>11.22</b>	<b>9.68</b>
Quartile	1	2	1	1
S&P/TSX Composite Index	4.55	-5.17	8.98	7.86
<i>Differential</i>	0.34	3.74	2.24	1.82

Source: Morningstar – Canadian Equity Universe – Periods Ending March 31, 2023



# Relative Fund Performance – Global Equity as of March 31, 2023



	Annualized Returns			
	3 MTH	1 YR	4 YR	10 YR
<b>UBC FPP Foreign Equity</b>	5.77	3.89	9.06	12.47
Quartile	3	2	2	2
Custom Benchmark	6.49	0.83	8.21	11.78
<i>Differential</i>	-0.72	3.06	0.85	0.69
<b>BlackRock MSCI World ex-Can Min Vol</b>	1.88	2.69	4.47	-
Quartile	4	3	4	-
MSCI World ex Can Min Vol C\$	1.80	2.42	4.22	-
<i>Differential</i>	0.08	0.26	0.25	n/a
<b>BlackRock CDN MSCI ACWI ex-Can</b>	7.30	0.65	8.11	-
Quartile	2	3	3	-
MSCI ACWI Ex-Canada Index	7.27	0.49	8.40	-
<i>Differential</i>	0.03	0.16	-0.29	n/a
<b>Arrowstreet (Canada) Global All-Country</b>	5.59	5.88	11.97	-
Quartile	3	1	1	-
MSCI World Investable Market Index	6.82	-0.32	8.80	-
<i>Differential</i>	-1.24	6.20	3.18	n/a
<b>MFS Global Equity</b>	7.37	3.90	8.62	12.25
Quartile	2	2	3	2
MSCI World Ex Canada Net C\$	7.72	0.99	9.44	12.22
<i>Differential</i>	-0.35	2.91	-0.82	0.03

Source: Morningstar – Global Equity Universe – Periods Ending March 31, 2023

# Commercial Real Assets Performance as of December 31, 2022



	Annualized Returns				One Year Returns			
	3 MTH	1 YR	4 YR	10 YR	2021	2020	2019	2018
<b>BK Prime Canadian Property</b>	<b>-0.19</b>	<b>9.75</b>	<b>7.59</b>	<b>6.58</b>	<b>14.86</b>	<b>-1.34</b>	<b>7.74</b>	<b>8.59</b>
Consumer Price Index +4%	1.27	10.31	7.49	6.36	8.80	4.73	6.22	6.00
<i>Differential</i>	<i>-1.45</i>	<i>-0.57</i>	<i>0.09</i>	<i>0.22</i>	<i>6.06</i>	<i>-6.08</i>	<i>1.52</i>	<i>2.59</i>
<b>CBRE U.S. Core Partners</b>	<b>-10.50</b>	<b>15.39</b>	<b>-</b>	<b>-</b>	<b>32.66</b>	<b>-</b>	<b>-</b>	<b>-</b>
Consumer Price Index +4%	1.27	10.31	7.49	6.36	8.80	4.73	6.22	6.00
<i>Differential</i>	<i>-11.77</i>	<i>5.08</i>	<i>n/a</i>	<i>n/a</i>	<i>23.86</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<b>Brookfield Super-Core Infrastructure Fund</b>	<b>0.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Consumer Price Index +4%	1.27	10.31	7.49	6.36	8.80	4.73	6.22	6.00
<i>Differential</i>	<i>-0.81</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>
<b>UBS (UK) Real Estate Global Ex Canada LP</b>	<b>-3.30</b>	<b>7.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Consumer Price Index + 4%	1.27	10.31	7.49	6.36	-	-	-	-
<i>Differential</i>	<i>-4.57</i>	<i>-3.04</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 – Periods Ending December 31

# Relative Fund Performance – Multi Asset Funds as of March 31, 2023



	Annualized Returns			
	3 MTH	1 YR	4 YR	10 YR
<b>UBC FPP Balanced</b>	<b>2.89</b>	<b>1.66</b>	<b>6.08</b>	<b>7.34</b>
Quartile	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>
Custom Benchmark*	4.05	0.09	5.31	6.56
<i>Differential</i>	<i>-1.16</i>	<i>1.57</i>	<i>0.77</i>	<i>0.78</i>
<b>UBC FPP FFF Equity and Bond</b>	<b>6.70</b>	<b>0.73</b>	-	-
Quartile	<b>1</b>	<b>1</b>	-	-
Custom Benchmark**	5.22	-1.13	n/a	n/a
<i>Differential</i>	<i>1.48</i>	<i>1.86</i>	<i>n/a</i>	<i>n/a</i>

Source: Morningstar – Canadian Neutral Balanced Universe – Periods Ending March 31, 2023

\*Custom UBC FPP 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%

\*\*Custom UBC FPP FFF Equity and Bond Benchmark: 15% S&P/TSX Composite Index, 40% MSCI Ex-Canada Net (C\$) Index, and 45% FTSE Canada Universe Bond Index.

# Subscribe to the FPP Investment Bulletin

- Email digest with links to investment news and market-related information, including:
  - quarterly fund performance and composition info sheet
  - market commentary from our investment managers
  - updates to our investment articles
  - updates to our education offerings



Subscribe at [faculty.pensions.ubc.ca](https://faculty.pensions.ubc.ca) > Investments  
> **FPP Investment Bulletin**

# Financial & Retirement Planning Resources & Tools



- Plan website: **faculty.pensions.ubc.ca**
  - Information about investment options and managing investments
  - Investment education articles (i.e. *Asset Allocation Choices* article).
  - Quarterly market commentary
  - Presentations and videos
- *FPP Update* newsletter
- Member website through **mysunlife.ca/ubcfpp**
  - Asset Allocation Tool and Retirement Income Estimator
- Pension seminars
- Member services teams (PAO & Sun Life)

# Questions

## To ask questions:

- Click on the **Q&A** icon at the bottom of your screen in Zoom
- Type in your questions

