

Welcome to the UBC Faculty Pension Plan 2024 Forum. We will start in a few minutes.



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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
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UBC FACULTY PENSION PLAN **PENSION FORUM**

DR. R. KENNETH CARTY, CHAIR, FPP BOARD OF TRUSTEES
DERRICK JOHNSTONE, EXECUTIVE DIRECTOR, PENSIONS
KAMILA GIESBRECHT, EXECUTIVE DIRECTOR, INVESTMENTS
MAY 29, 2024



UNIVERSITY OF BRITISH COLUMBIA

Agenda

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



Board of Trustees

Dr. R. Kenneth Carty, Chair

Professor Emeritus
Political Science

Dr. Robert Heinkel, Vice-Chair

Professor
Sauder School of Business

Dr. Joy Begley

Professor Emeritus
Sauder School of Business

Dr. Joyce Boon

Associate Professor Emerita
Biology, UBC Okanagan

Dr. Pam Ratner

Professor Emeritus
School of Nursing

Dr. Murray Carlson

Professor
Sauder School of Business

Dr. Lorenzo Garlappi

Professor
Sauder School of Business

Dr. Martin Comyn

Retired Research Scientist
TRIUMF



2023 Board Initiatives and Projects



- Continued review of the investment fund options
- Commenced a review of global equity structure
- Commenced a review of governance policies and practices through external consultant
- Held a Board meeting and member event at UBC Okanagan
- Held an election in the fall with Dr. Heinkel and Dr. Comyn re-elected to the Board



Financial and Membership Update

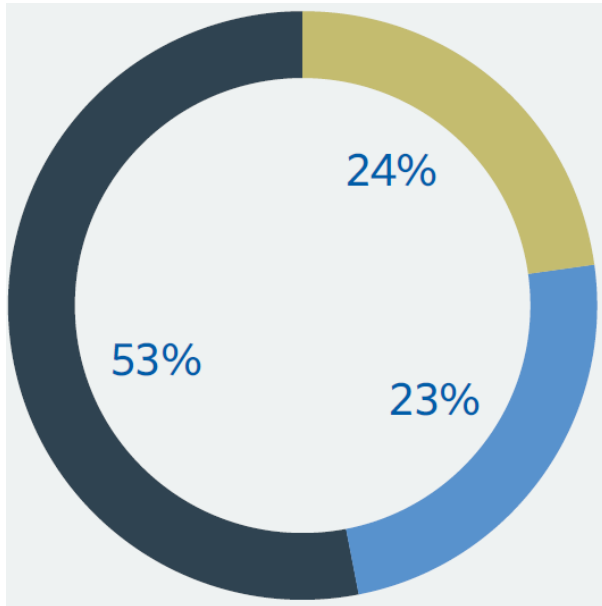
Derrick Johnstone
Executive Director, Pensions

Plan Statistics December 31, 2023

TOTAL PLAN MEMBERSHIP

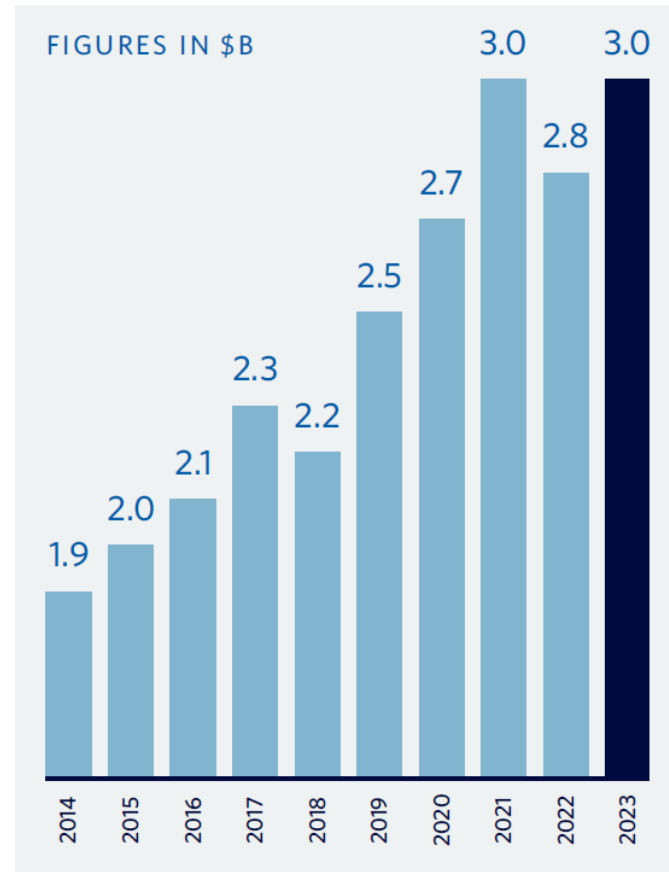
7219 TOTAL FOR 2023

● Active Members	3,853	53%
● Deferred Members	1,724	24%
● Retired Members	1,642	23%

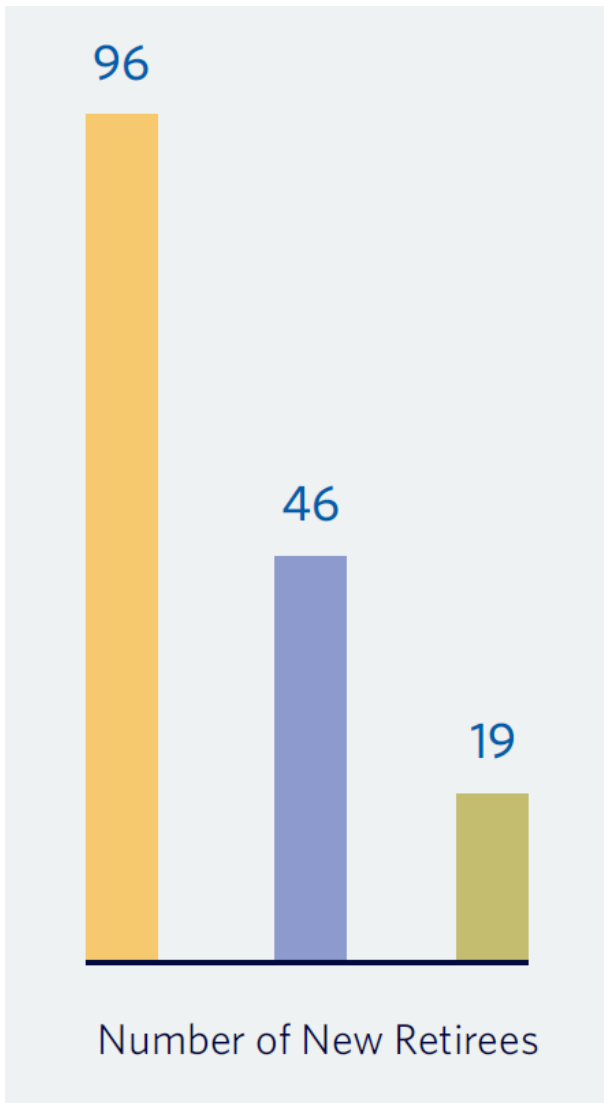


PLAN ASSETS

\$3 billion
TOTAL FOR 2023



Retirement incomes started in 2023



\$103.6 million

TOTAL ASSETS TRANSFERRED TO
RETIREMENT INCOME WITHIN
THE PLAN

74%

OF RETIRING
MEMBERS' ASSETS
STAYED IN THE PLAN

● LIF-Type Payment	96
● RRIF-Type Payment	46
● Variable Payment Life Annuity	19



Plan Administration

- Completed supervisory review of Plan governance with the provincial pension regulator
 - Focused on three key areas: controls and oversight, administration, and member communication and education
 - Quality and effectiveness of the FPP's governance received highest rating
 - Further recommendations are being reviewed
- Managing administration and investment expenses to ensure members receive value
 - Current fees are available through your account at mysunlife.ca/ubcfpp > **Plan Overview** > **Account Fees**



Plan Administration

- Ongoing engagement with the Plan's outsource partner, Sun Life
 - Continues to utilize current technology and demonstrate best practices in security protocols, resulting in highest security ratings within the industry
 - Launch of new online asset consolidation tool
 - Navigation enhancements to the digital experience at **mysunlife.ca/ubcfpp**





Investment Review

Kamila Giesbrecht
Executive Director, Investments

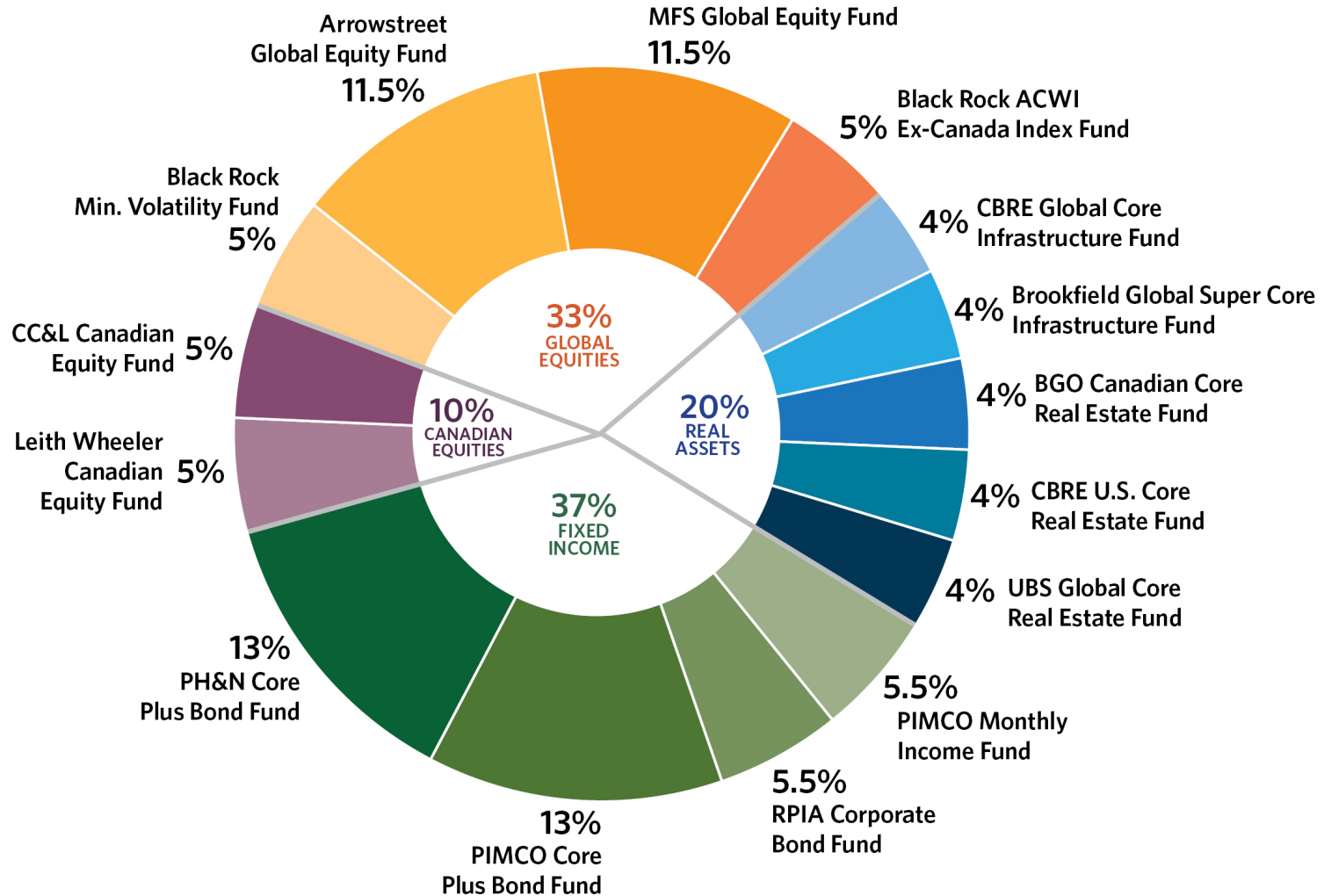
Investment Update - Balanced Fund



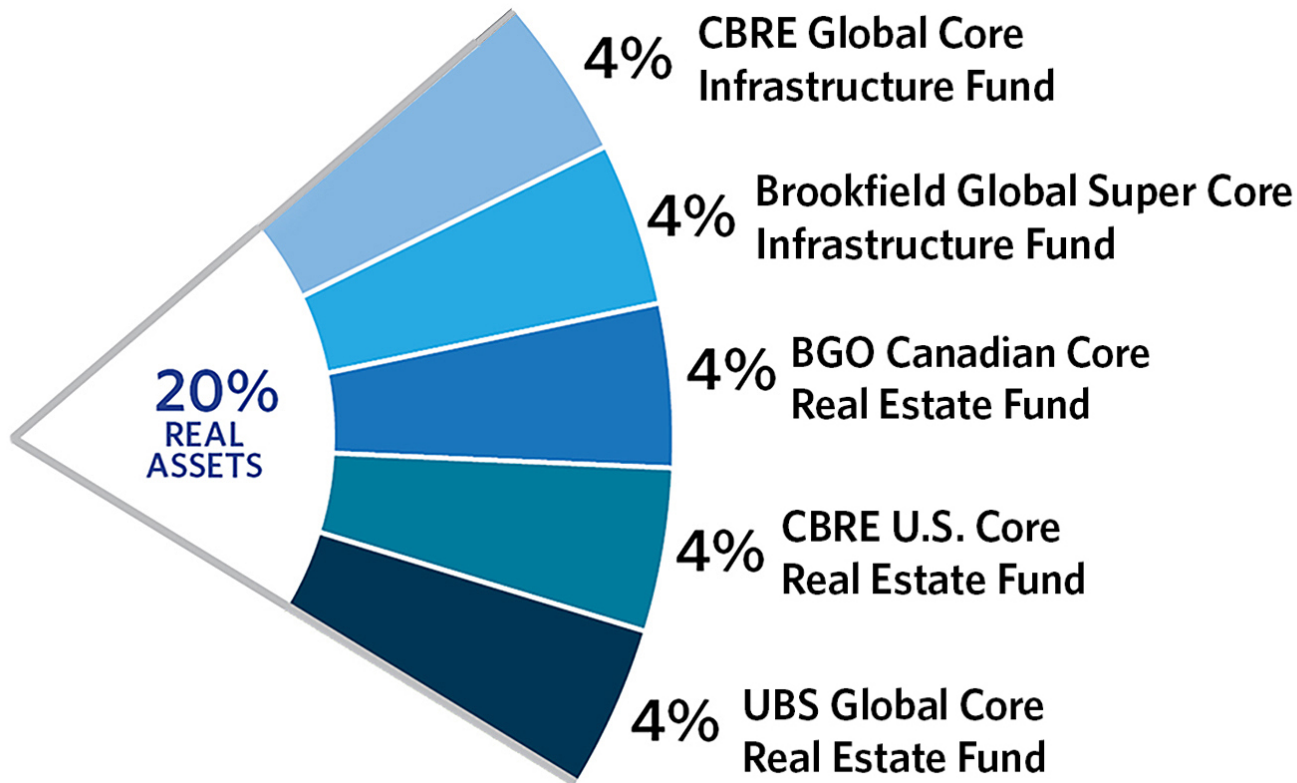
Balanced Fund	Actual Allocation	Target Allocation
Bonds	35%	37%
Canadian Equity	10%	10%
Global Equity	32%	33%
Real Estate	14%	12%
Domestic	6%	4%
United States	7%	4%
Global	4%	4%
Infrastructure	9%	8%
Global	9%	8%
Cash (to be called)	0%	0%
Total	100%	100%

Investment Update – Balanced Fund

TARGET ASSET MIX & LEVEL OF DIVERSIFICATION



Real Asset Portfolio



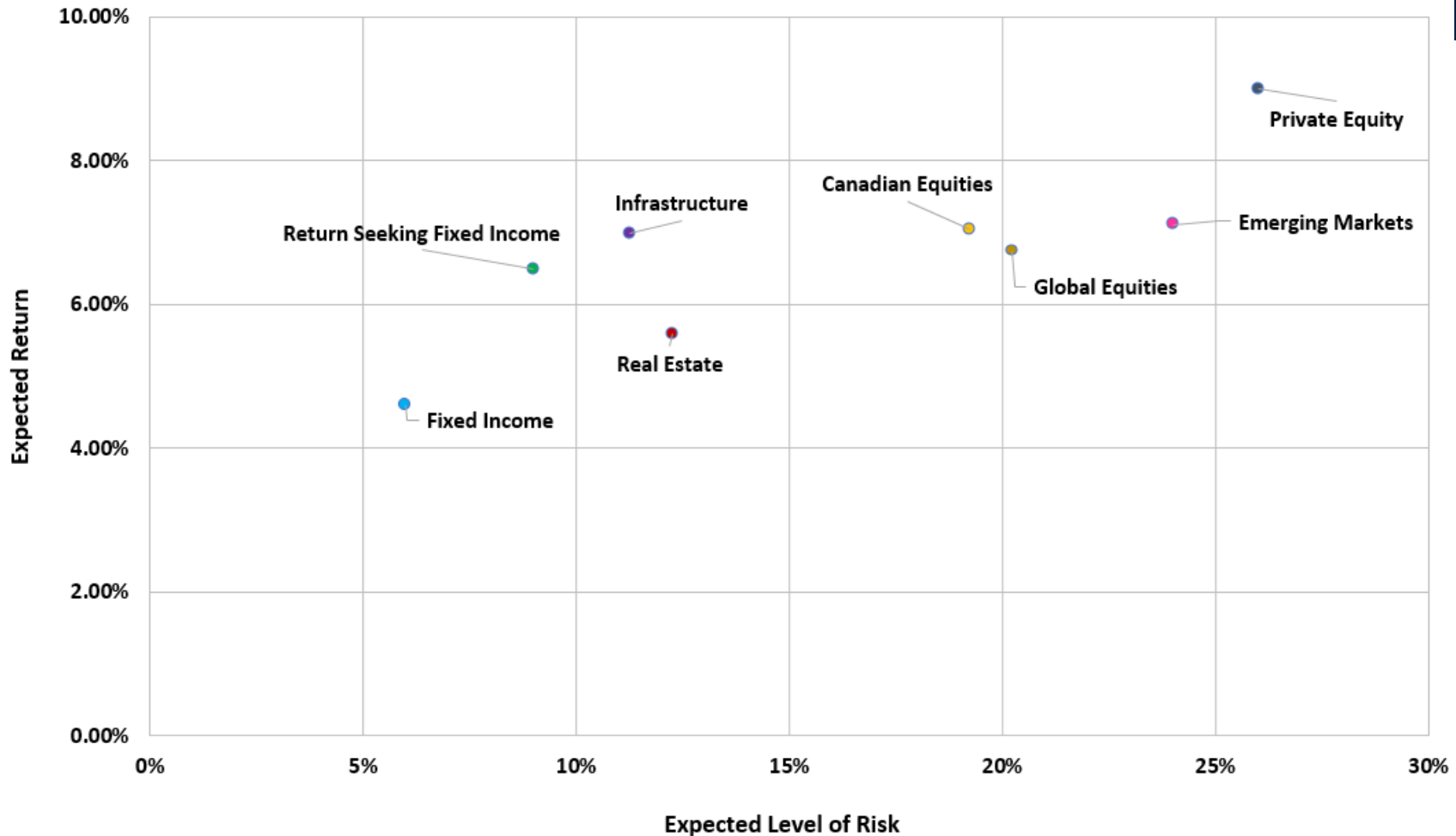
- Diversification by asset class
- Diversification by geography
- Diversification by strategy and manager

Why Real Assets?

Risk/Return Relationship



Asset Class Risk/Return Relationship



Why Real Estate?

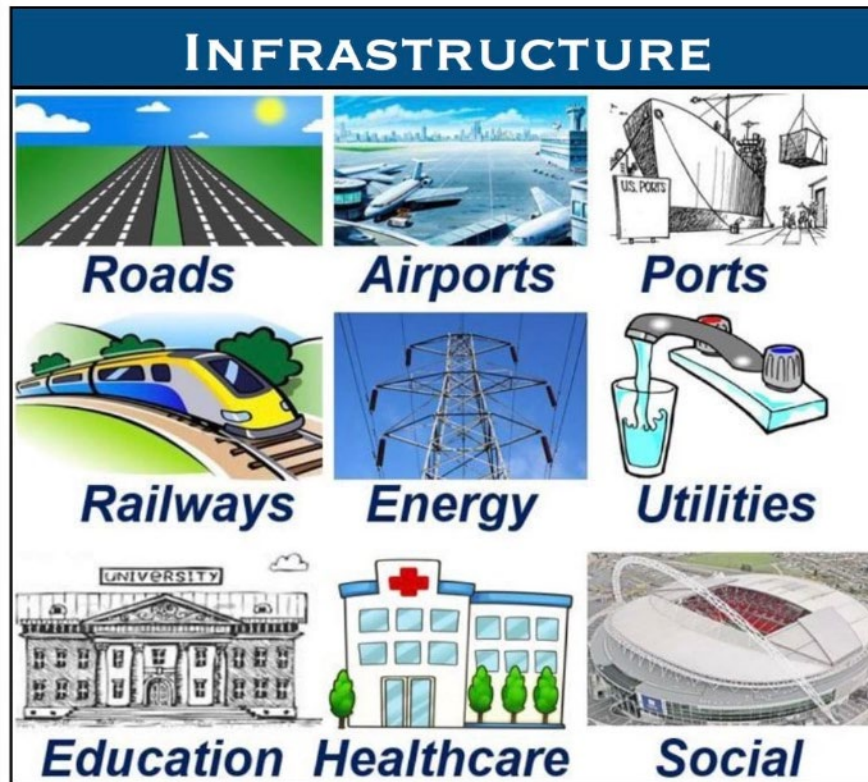


PHOTO: THE BALANCE / ASHLEY NICOLE DELEON

Attractive features:

- Secured by real assets
- Low correlation to some other asset classes
- Buildings have stable and predictable cash flows, hedged against inflation

Infrastructure



Attractive features:

- Secured by real assets
- Many core infrastructure assets have stable and predictable cash flows
- May hedge against inflation, either directly or indirectly
- Low correlation to other asset classes

Why Infrastructure?

What is Infrastructure Equity?

Infrastructure refers to physical, long life assets that are required for the proper functioning of an economy.

Infrastructure assets typically exhibit some or all of the following characteristics:

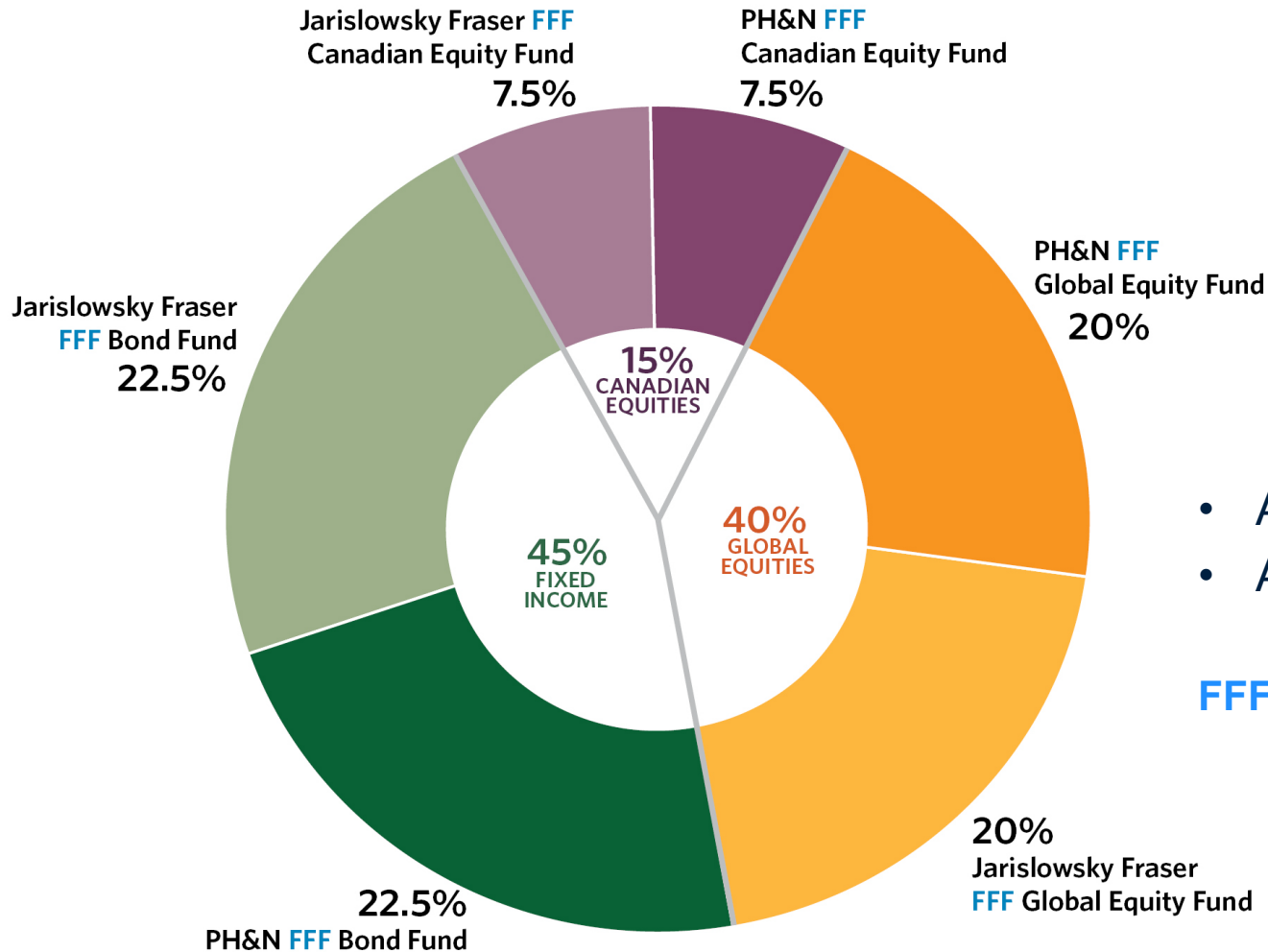
1. Used by a large segment of the public
2. Often offered by a single provider
3. Typically created by, owned by, managed by, or heavily regulated by government
4. Tend to provide essential goods or services
5. Tend to generate positive cash flows that are often tied to future inflation
6. Significant barriers to entry and limited competition, and/or
7. Assets are capital intensive and have long lives.
8. Infrastructure investments can be divided into two broad types: economic and social



Investment Options Update – Fossil Fuel Free Equity and Bond Fund



TARGET ASSET MIX & LEVEL OF DIVERSIFICATION



- Added on April 1, 2020
- Assets approx. \$70M

FFF = Fossil Fuel Free

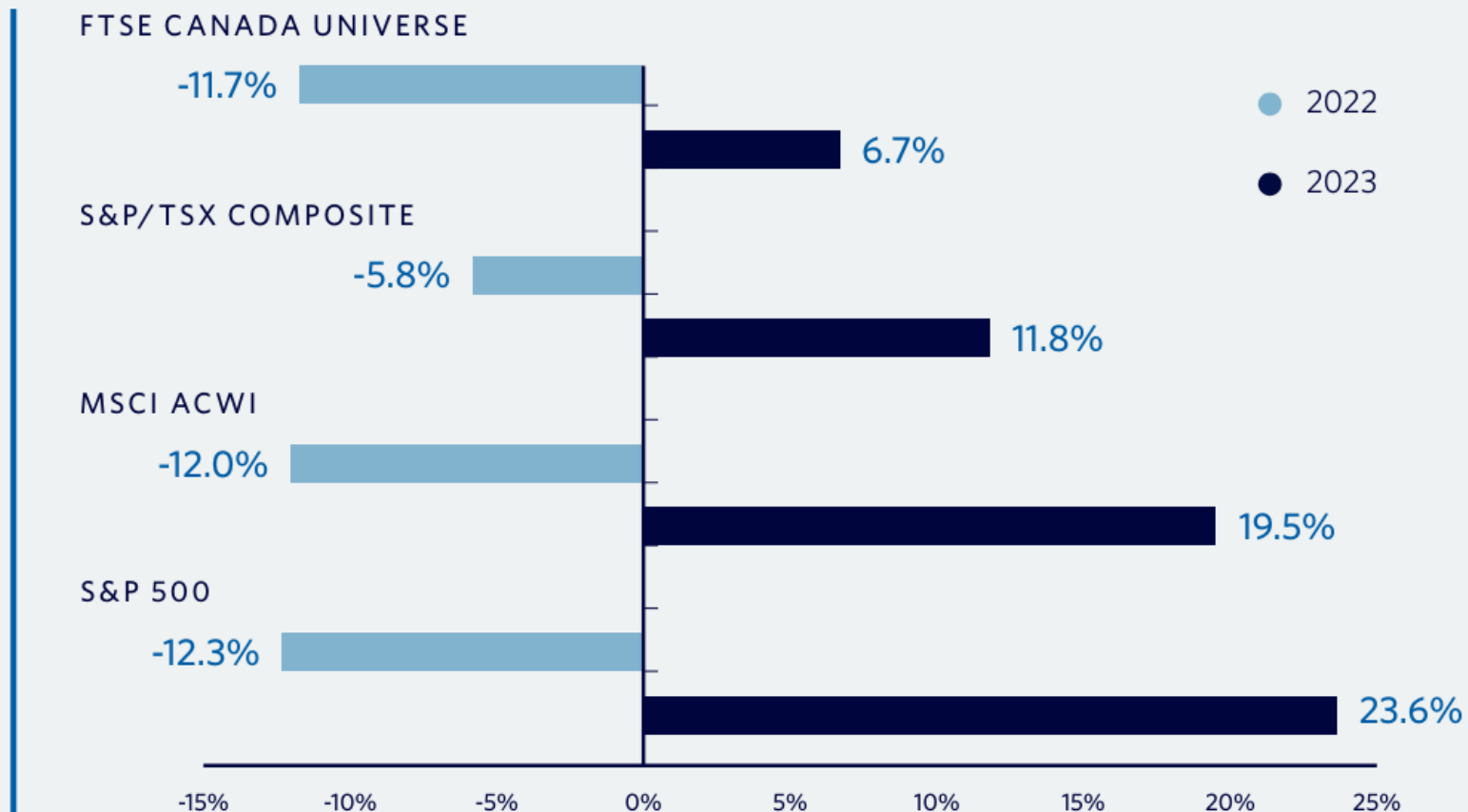
2023 Markets

What a change...



Then and Now: 2022 vs. 2023

TOTAL RETURN, 2022 VS. 2023, CAD, %



Source: Bloomberg/S&P Dow Jones Indices, MSCI Inc., FTSE Russell

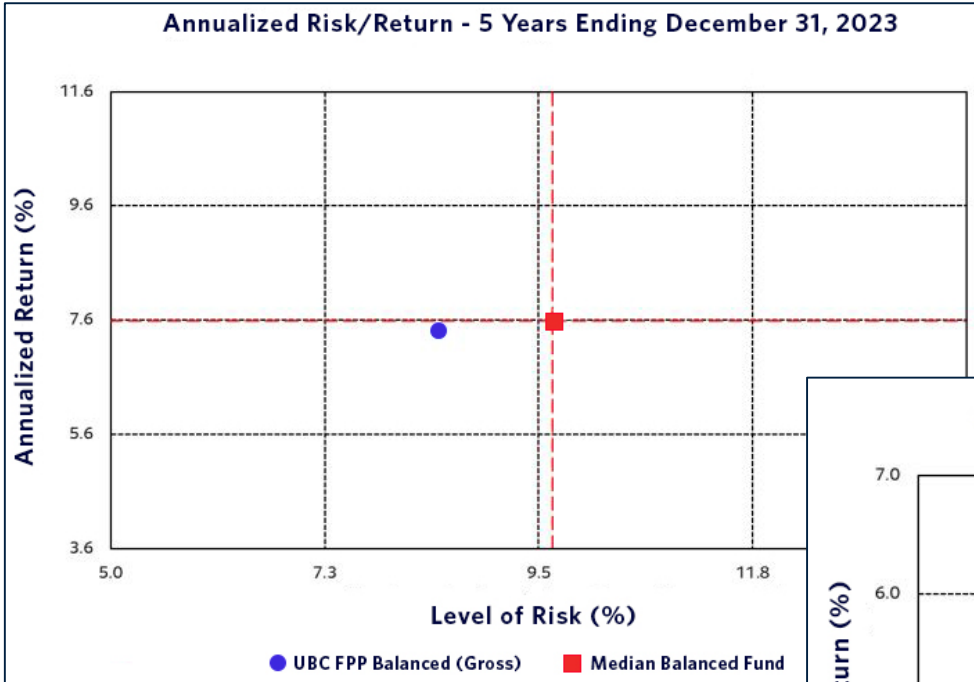
Fund Rates of Return to December 31, 2023



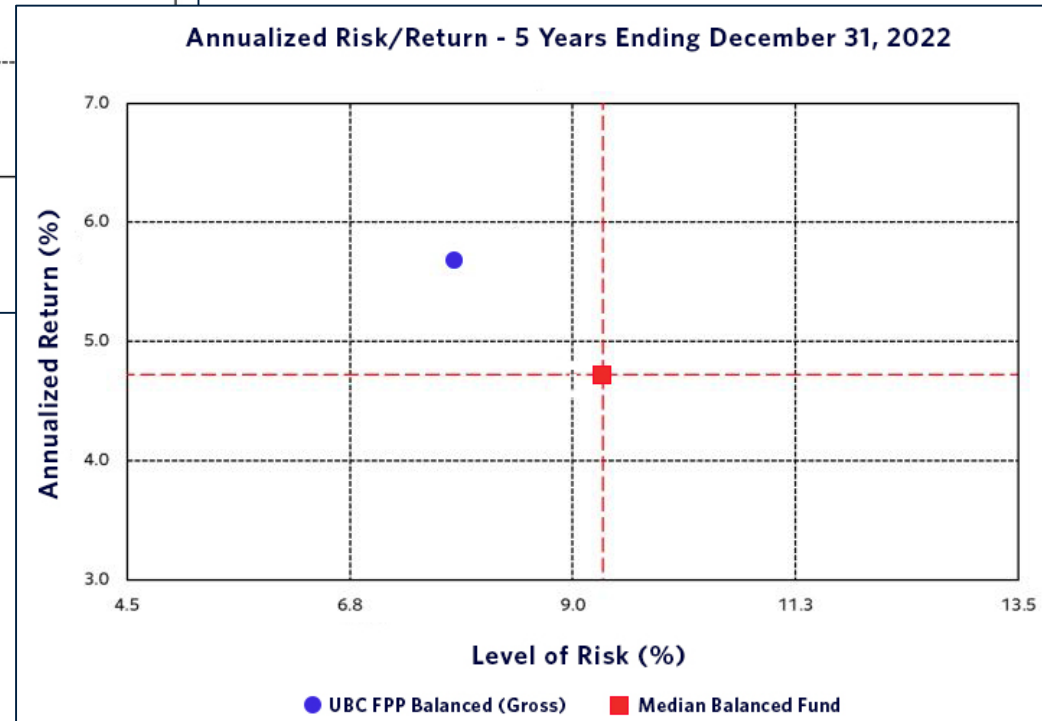
Fund	Q4 2023	1 Year	5 Year	10 Year
UBC FPP Balanced Fund	5.07%	8.06%	7.42%	6.94%
Benchmark	6.52%	10.83%	7.07%	6.53%
UBC FPP Bond Fund	8.17%	8.43%	1.98%	2.86%
Benchmark	7.90%	6.63%	1.27%	2.43%
UBC FPP Canadian Equity Fund	7.65%	12.65%	11.95%	8.25%
Benchmark	8.10%	11.75%	11.30%	7.65%
UBC FPP Foreign Equity Fund	6.89%	15.35%	11.19%	11.06%
Benchmark	7.72%	17.01%	10.59%	10.55%
UBC FPP Fossil Fuel Free Equity and Bond Fund	8.84%	13.78%	N/A	N/A
Benchmark	8.42%	12.99%	N/A	N/A
UBC FPP Short Term Investment Fund	1.26%	4.80%	1.89%	1.47%
Benchmark	1.28%	4.71%	1.83%	1.31%

Performance - Balanced Fund

GRAPH 1



GRAPH 2



Performance

Compounding Downside Protection

Investing for the Long Term



Leith Wheeler Canadian Equity Fund vs. S&T/TSX Composite Index Performance⁽¹⁾
Growth of \$100 From August 31, 2005 to March 31, 2024⁽²⁾



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

Notes:

⁽¹⁾ 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.

⁽²⁾ LW Canadian Equity Fund (Series A) gross of fee returns.

Staying the course

- Our philosophy did not change
- We believe that broad diversification and a steady hand continue to be the best strategy
- Our goal is to provide the best member outcomes, which means we are constantly monitoring and making improvements to the Plan investment program as needed



Fund Rates of Return to March 31, 2024

Fund	Q1 2024	1 Year	5 Year	10 Year
UBC FPP Balanced Fund	4.19%	9.42%	6.74%	6.95%
Benchmark	4.05%	10.82%	6.39%	6.51%
UBC FPP Bond Fund	(0.19)%	4.85%	1.06%	2.48%
Benchmark	(0.99)%	2.42%	0.25%	1.98%
UBC FPP Canadian Equity Fund	6.41%	14.52%	10.66%	8.32%
Benchmark	6.62%	13.96%	9.96%	7.72%
UBC FPP Foreign Equity Fund	11.33%	21.41%	11.43%	11.69%
Benchmark	10.93%	21.90%	10.82%	11.14%
UBC FPP Fossil Fuel Free Equity and Bond Fund	4.92%	11.88%	N/A	N/A
Benchmark	5.10%	12.86%	N/A	N/A
UBC FPP Short Term Investment Fund	1.26%	4.97%	2.04%	1.56%
Benchmark	1.24%	4.84%	2.00%	1.41%



Investment Focus of Board of Trustees and Management



- Review of the individual fund options (in progress)
- Review of the global equity structure (in progress)
- 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*, and biannual review of the *Statement of Investment Objectives and Beliefs*.
- Oversight of the Plan's investment managers (e.g. ongoing manager reviews, annual review of the integration of ESG factors, quarterly compliance checks)

Members' Focus



- Review your asset mix, make time for planning your financial future
- Please let us know what you would like to see - we appreciate hearing from you

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 - quarterly fund performance and composition info sheet
 - market commentary from our investment managers
 - updates to our investment articles
 - updates to our education offerings



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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). Now, available also in audio format.
 - Quarterly market commentary
 - Presentations and videos
- *FPP Update* newsletter
- Member website: **mysunlife.ca/ubcfpp**
 - Asset Allocation Tool and Retirement Income Estimator
- Pension seminars
- Member Services teams (PAO & Sun Life)

Questions

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- Click on the **Q&A** icon at the bottom of your screen in Zoom
- Type in your questions
- If we cannot get to your question during the live webcast, we will do our best to reply personally to you by email

