

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Annual Report and Financial Statements

For the Year Ended December 31, 202

BOARD OF TRUSTEES

For the Association of Employees Supporting Education Services (AESES):

Jan Duesterdiek is a Telecom Analyst

Lorne Hilton is the Labour Relations Officer for AESES has extensive experience and training in both Pension and Benefits Administration

For the International Union of Operating Engineers (IUOE):

Brian Schlag is a Facilities Coordinator

For the University:

Navinder Basra is the Vice President, Finance & Administration

Colin Morrison is the General Counsel

Carrie Homeniuk is the Associate Vice President, Human Resources

For the University of Winnipeg Excluded Employees:

Bryan Ward is the Director, HR431Gc

BOARD EXECUTIVE AND BOARD COMMITTEES

Board Executive:

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OPERATIONS COMMITTEE REPORT

The Operations Committee of the Board of Trustees serves the Board in three main areas: it acts as an annual audit committee, the Governance Committee for the Board of Trustees, and it is responsible for Trustee education. The Committee reviews the services provided to the Pension Plan on a regular basis to ensure they are of a high quality and reasonable cost. Where indicated, the Committee undertakes the work necessary to improve the governance of the Plan.

Audit - The Committee reviewed the annual audit report with the auditors and recommended the report to the Board. The Committee also reviewed the budget for the administration of the Plan before recommending it to the Board for approval. The Committee regularly reviews the financial statements of the Plan and monitors budgetary expenditures quarterly.

Governance The Committee is responsible for ensuring that the governance practices of the Plan are regularly evaluated against industry best practice guidelines as outlined by the Canadian Association of Pension Supervisory Authorities (CAPSA). The Committee maintains a Calendar of Deliverables, outlining responsibilities for each of the DB, DC and Operations Committees, which is reviewed quarterly to ensure compliance. In addition, the Committee made Trustee appointments and replaced 3 departing Trustees in 2023.

The Committee also continues to use the Civic Web document portal for the storage of current and archival Board materials including meeting minutes and supporting documentation from the Board and its committees. This resource continued to be essential during 2023 as we continued to conduct all our Board and committee meetings virtually. We have also started investigating the use of Teams for file storage, having switched from Zoom for most meetings.

DEFINED BENEFIT COMMITTEE REPORT

The year 2023 was a great year for balanced portfolios. The major share indices recorded double digit gains, due to inflation starting to subside, central banks pausing their monetary policy tightening with a hint of rate cuts in 2024 and a resilient economy dispelling fears of a recession. Due to growth in the market, net assets of the Plan as of December 31, 2023, increased by \$3.8m to \$121.6m, up from \$117.8m as of December 31, 2022. The market gains caused the deficiency in the net assets available for benefits over the actuarially calculated obligations to decrease to \$10.0 million as of December 31, 2023, down from \$16.7 million as of December 31, 2022.

The DB Committee continuously monitors the performance of our investment managers with the assistance of our external consultant, AON, from whom we receive quarterly statistical data on market performance and performance of our managers. In addition, AON provides analyses and recommendations.

Benchmarks are established for each component of the fund, along with the total fund, to allow assessment of managers' performances. Total Fund tracked its benchmark value was added through an overweight position in Global Equity, though was offset by the underperformance CSSB Real Estate. Total Fund results relative to long term (four year) objectives

1. Improve the DB Plan's funded status on a going concern basis Not Achieved
2. Meet or exceed Total Fund Benchmark, net of fees Not Achieved
3. Achieve value added objectives in each active mandate Achieved.

The cash in the portfolios as of December 31 was \$1.016 million, in line with the reserve target of \$1.0 million.

The Board approved the new Statement of Investment Policies and Procedures (SIP) effective date of November 1, 2023. The approved SIP included repositioning of the asset mix which required a rebalancing of assets between mandates

The CAPSA Self Assessment Questionnaire, which is a pension industry best practices governance tool for use by Boards of Trustees was completed in February 2023. The committee received the actuarial valuation of the fund as of 31 December 2022. The going concern funded status ratio decreased to 87.9% from 92.9% for the previous year, mainly due to the deterioration in the 2022 market value of assets. The solvency ratio increased to 89.3% from 81.8% for the previous year, as a result of that improvement, as the ratio of the plan is more than 85%, the annual actuarial valuations are no longer required

The DB committee along with AON have had ongoing discussions on the various implications of changing demographics of the plan. These include the potential consequences of alternative de-risking strategies of the plan and the implications to the future granting of Cost of Living Adjustments (COLAs) to pensions in the future.

The actuary, Eckler advised that a four-year geometric average rate of return, net of investment and administrative expenses, on the market value of the fund for the period ending December 31, 2023, is 4.42%. Since that return is not in excess of the minimum required 6.0% return for the automatic granting of a COLA, there will be no COLA provided effective July 1, 2024.

Navinder Basra (Chair)

DEFINED CONTRIBUTION COMMITTEE REPORT

The Defined Contribution (DC) Committee continued its due diligence reviews the operation of the DC portion of the University of Winnipeg's Trusteed Pension Plan. We review quarterly updates from our service provider, Desjardins Financial Services, as well as those from ONYX Financial Group, who provide member education, including retirement advice. We also meet annually with our DC Consultant, Eckler, to provide a ~~annual~~ evaluation of Desjardins' services.

The markets continued the climb that started late in 2022. All of the funds available in the lineup saw positive returns in 2023. Returns from each fund vary depending on the investment strategy used by the fund managers. Part of our quarterly reviews from Desjardins include how the funds in the lineup are doing relative to similar options and flag any concerns. All of our funds are performing near their expected benchmarks, allowing for variations due to management style.

If you have never logged in to your Desjardins account, or it has been in a while, consider logging in to check the information that is available. As always, you can check your balances, transfer between funds, adjust your contribution amounts for your RRSP and TFSA accounts, if you have them. You can also find your annual and ~~semi~~ annual statements from the last 18 months. Completing your investor profile and setting up the 'On Target Retirement' allows you to track how your savings are working towards your retirement goal. The ~~360~~ Portrait page, found under the My Account tab, has been updated significantly in the last while. Lots of information about your holdings in particular.

A reminder that a Member's spouse or ~~Common~~ law partner is able to open their own RRSP and TFSA accounts through Desjardins. A Spousal RRSP account is also available. These accounts allow a Member's spouse or common law partner to invest in the same list of funds available to DC Plan members, with the same lower fees as Members. This can provide substantial savings. The less money taken out to pay fees, the more that remains in your account earning returns. Transferring funds from other institutions is also possible.

On a related note, if you have a little bit of money, either a lump or a regular contribution, that you are interested in putting aside for retirement, or perhaps a larger purchase in the future, and you are not sure what to do, leave it in the bank, use an RRSP/TFSA/Spousal RRSP, you can always contact ONYX Financial Group for their advice. Information on how to contact ONYX is available on page three of your 2023 Desjardins Annual Statement.

- 2) Finally, there has been a lot of work preparing for a new offering for DC Plan Members that will be rolled out in the Fall of 2024. This is a project that the DC Committee and myself in particular have been working on for quite some time. We are all excited about what is coming, so keep your eyes in your mailboxes for joint messages from Desjardins and the University of Winnipeg.

Andrew Bendo Samuel (Chair)

The following graph shows the change in membership over time, broken down by member type. An inactive member is a DB or DC member who has left the University but has not yet settled their pension benefit.

Financial Results

The 2023 financial statements were prepared in accordance with Canadian accounting standards for pension plans for the accounting policies related to the investment portfolio and the pension obligations.

2023 was a great year for investors. The major share indices recorded double digit gains during the year due to inflation starting to subside, central banks holding interest rates steady and a resilient economy. Bonds also performed well ending two consecutive down years. Due to the growth in the market,

The University of Winnipeg Trusteed Pension

Valuation

The following table summarizes non-investment related transactions of the Plan.

DB member contributions have been declining over the past five years due to a decrease in active members as a result of the DB Plan being closed and existing members retiring. DB University contributions increased by \$0.4 million mainly due to an increase in the University's going concern special payment. DB refunds and transfers were \$2 million lower than last year due to a decrease in the amount that retired members transferred out of the DB component of the Plan in the year. Actuarial fees increased over the prior year due to additional work performed by the actuary. Other expenses increased over the prior year due to timing of when DC Plan costs are recovered by the DB Plan.



THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
RESPONSIBILITY FOR FINANCIAL REPORTING

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KPMG LLP
1900 - 360 Main Street
Winnipeg MB
R3C 3Z3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The University of Winnipeg Trusteed Pension Plan

Opinion

We have audited the financial statements of The University of Winnipeg Trusteed Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2023, the statements of changes in net assets available for benefits and changes in obligations for pension benefits for the year then ended, and notes, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2023, and the changes in its net assets available for benefits and changes in its obligations for pension benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other mOur a

- x Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- x Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- x Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- x Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- x Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Chartered Professional Accountants

Winnipeg, Canada

June 10, 2024

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