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## UBC Faculty Pension Plan Pension Forum

**Mr. Joost Blom, Chair, Board of Trustees**

**Ms. Cheryl Neighbour, Executive Director – Operations**

**Mr. Mike Leslie, Executive Director – Investments**

**May 22, 2013**

# Agenda

- Introduction of Trustees
- Plan Demographics
- Plan's Mission Statement
- 2012 Board Initiatives and Projects
- 2012 Operations Update & 2013 Operations Objectives
- Investment Review for 2012 and Year to Date 2013
- Questions



# Board of Trustees

**Mr. Joost Blom, Chair**

Professor, Faculty of Law

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

Professor, Sauder School of Business

**Dr. Joy Begley**

Associate Professor, Sauder School of Business

**Dr. Joyce Boon**

Associate Professor, Barber Arts & Sciences, UBCO

**Dr. Ken Carty**

Professor Emeritus, Department of Political Science

**Dr. Joanne Emerman**

Professor, Department of Cellular and Physiological Sciences

**Dr. Kai Li**

Professor, Sauder School of Business

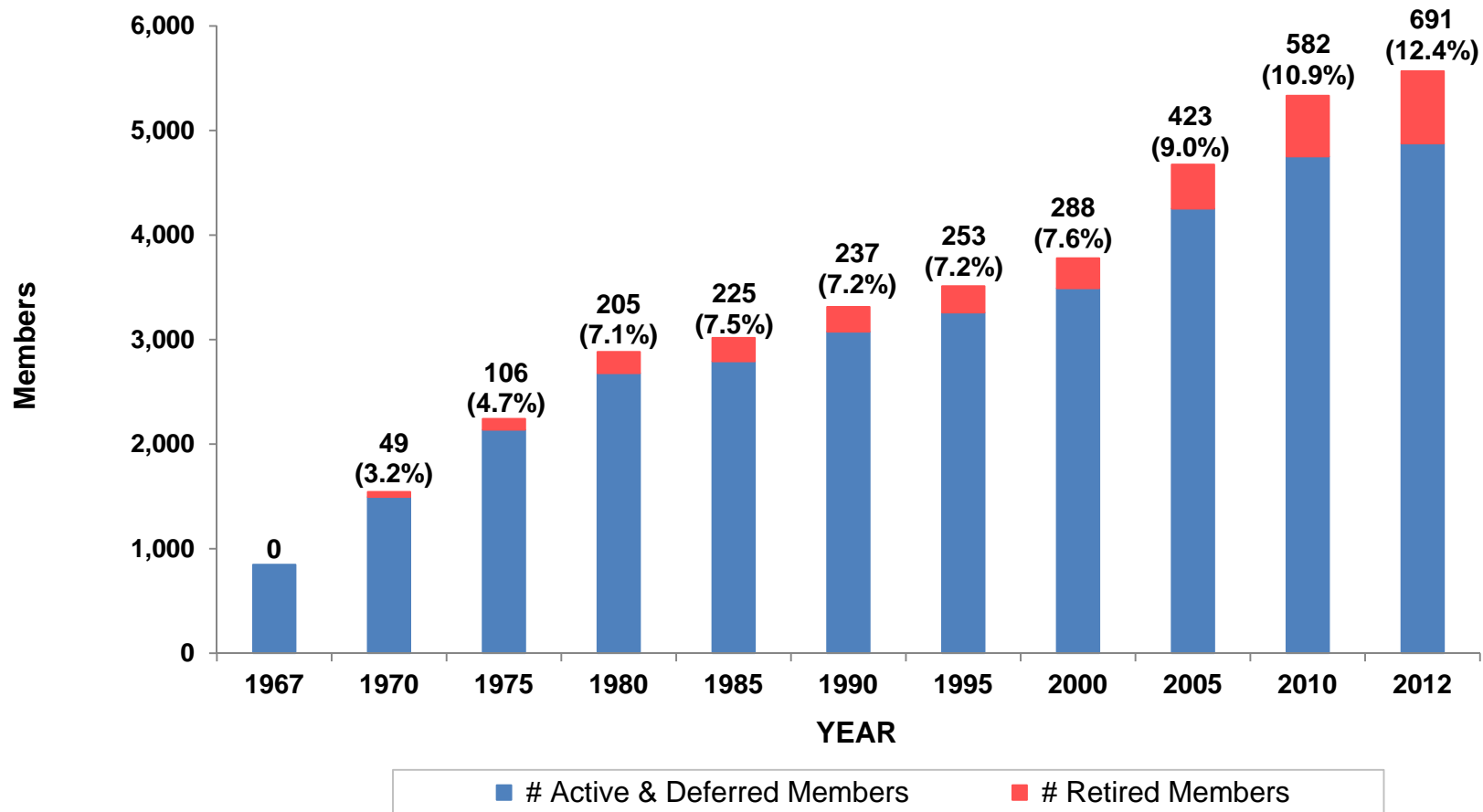
**Mr. Vijay Verma**

Researcher Emeritus, TRIUMF



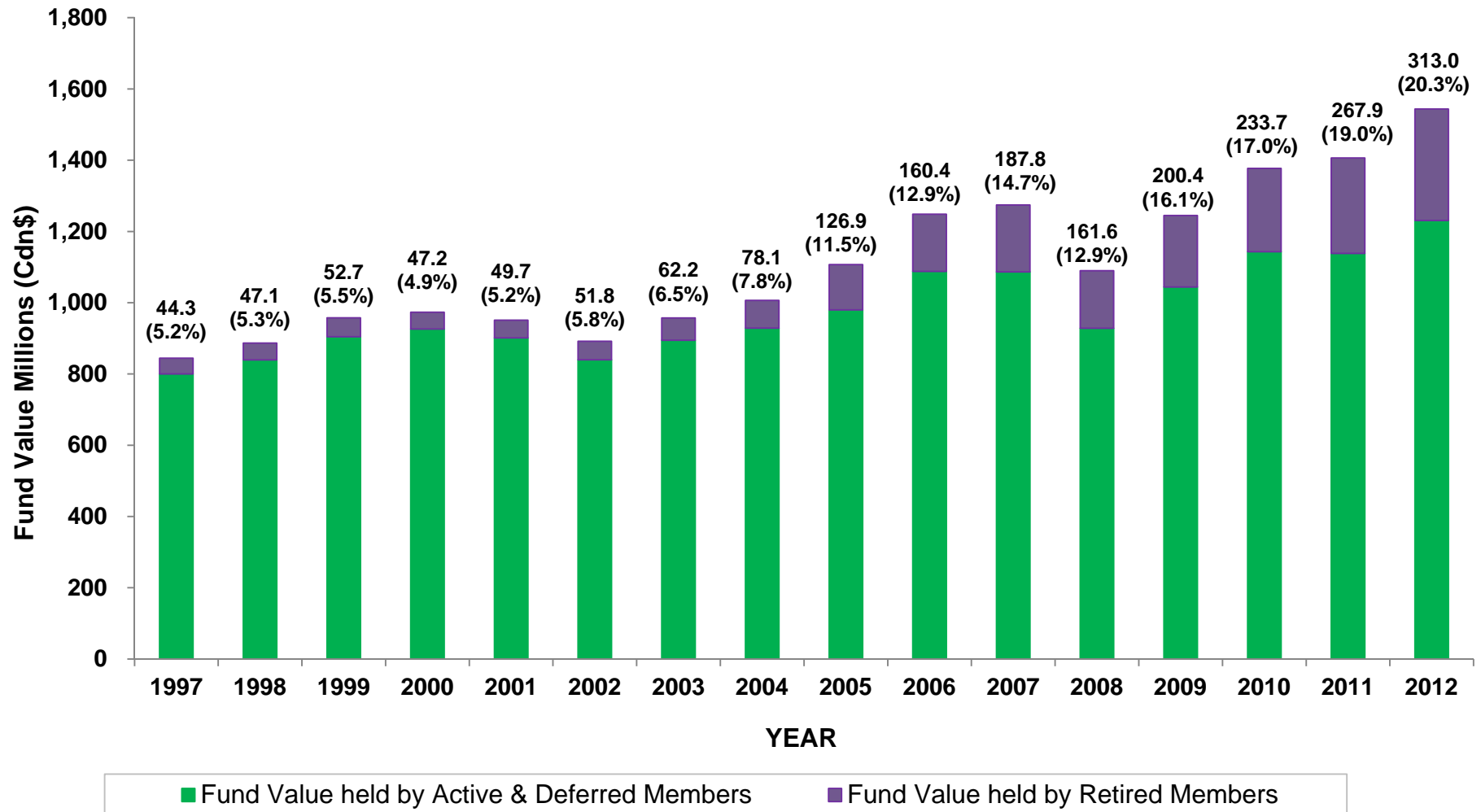
# Plan Demographics

## Membership Growth since Inception



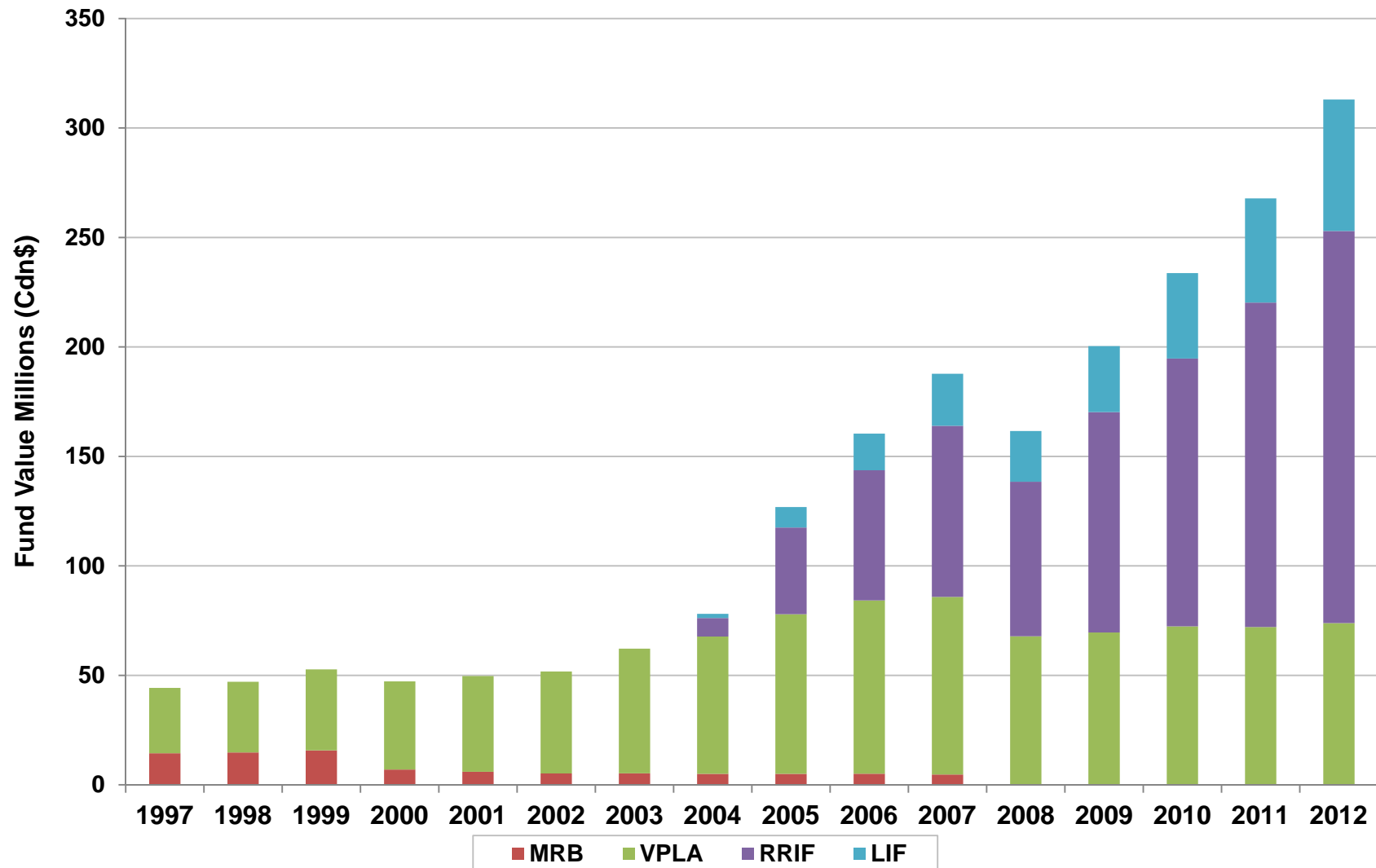
# Plan Demographics

## Annual Asset Growth



# Plan Demographics

## Retired Members' Annual Asset Growth



# Members' Choices at Retirement

<b>Year</b>	<b>No. who Purchased FPP Retirement Options</b>	<b>No. who Terminated from the Plan</b>
<b>2008</b>	<b>32</b>	<b>20</b>
<b>2009</b>	<b>48</b>	<b>21</b>
<b>2010</b>	<b>56</b>	<b>25</b>
<b>2011</b>	<b>61</b>	<b>30</b>
<b>2012</b>	<b>58</b>	<b>25</b>



# Reasons behind Demographic Changes

- Introduction of the LIF/RIF options to the Plan in November 2004
- Elimination of mandatory retirement in May 2007





# Plan's Mission Statement

The main purpose of the Plan is to provide a well-managed, cost-effective retirement plan, designed to assist members in meeting their financial responsibilities, both leading up to retirement and if members choose, through retirement.



# 2013 Board Initiatives and Projects

- Investigate Potential New Asset Classes
  - Asset Mix Study
- Review investment options
- Review retirement options
- Review bond manager allocations
- Review trustee and members education programs
- Review member communication programs



# 2012 Operations Update

- Replacements hired for two key staff members retiring in 2013
- Office relocation
- GIC communication completed
- Operations review completed



# 2013 Operations Objectives

- Determine staff requirements
- Review in-house pension system
- Document retention and storage project
- Ensure Plan is in compliance with new BC Pensions Act
- Web site improvements



# Investment Review of 2012



# 2012 Fund Returns / Rankings

Fund	1 Year (%)	5 Year (%)	Return Ranking (percentile)*		Risk** Ranking (percentile)*
			1 Year	5 Years	10 Years
Balanced	10.2	4.1	40 <sup>th</sup>	28 <sup>th</sup>	19 <sup>th</sup>
Bond	4.4	7.3	63 <sup>rd</sup>	55 <sup>th</sup>	43 <sup>rd</sup>
Canadian Equity	11.5	1.9	23 <sup>rd</sup>	26 <sup>th</sup>	31 <sup>st</sup>
Foreign Equity	16.4	-0.4	23 <sup>rd</sup>	44 <sup>th</sup>	32 <sup>nd</sup>
Short Term Investment	1.3	1.3	29 <sup>th</sup>	87 <sup>th</sup>	52 <sup>nd</sup>

Returns to Dec. 31/12

\* 1<sup>st</sup> percentile – highest ranking

100<sup>th</sup> percentile – lowest ranking

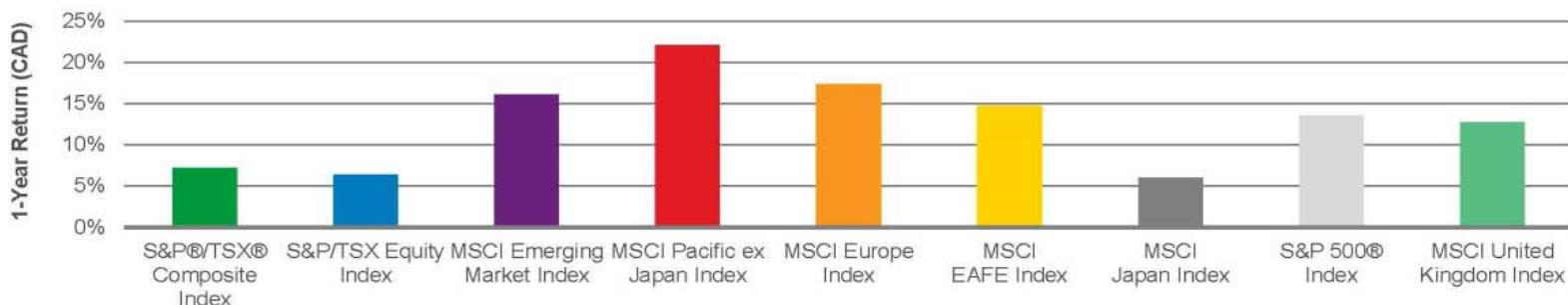
\*\* Risk - as measured by annual standard deviation of returns

- a lower ranking number means less risky

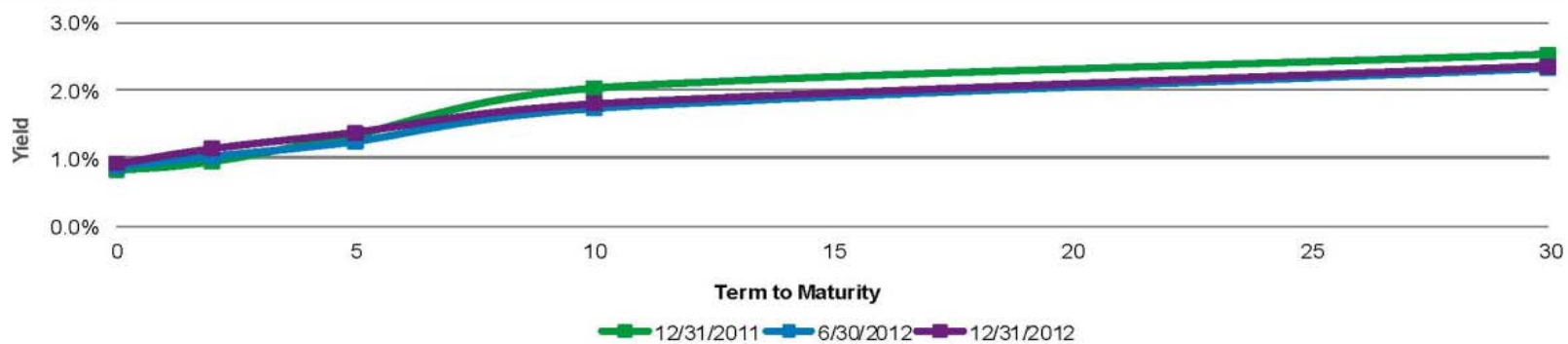


# Global Markets in 2012

## Global equity markets



## Canadian bond market



Year ending 31 December 2012  
 Past performance is not necessarily indicative of future performance  
 Sources: TD Securities Inc.; PC Bond, a business unit of TSX Inc; BlackRock



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# S&P/TSX Capped Composite Index

## Annual sector returns vs. sector weights



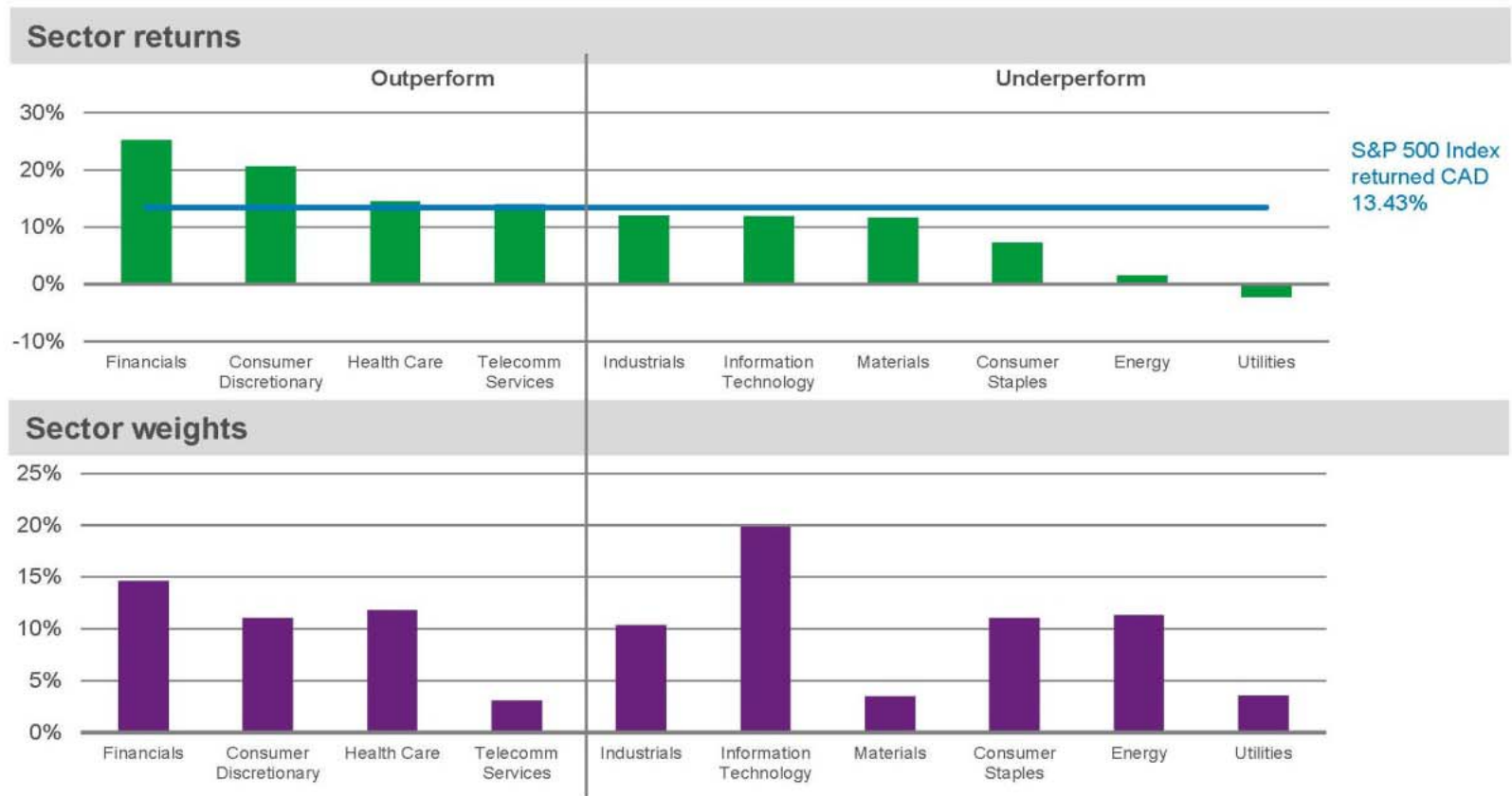
1 year ending 31 December 2012  
 Past performance is not necessarily indicative of future performance  
 Sources: TD Securities Inc.; BlackRock





# U.S. S&P 500 Index

## Annual sector returns vs. sector weights



1 year ending 31 December 2012.

Converted to Canadian dollars using an exchange rate of 1.01825 as of 31 December 2011 and 0.9957 for 31 December 2012.

Past performance is not necessarily indicative of future performance.

Sources: Wilshire Atlas, Wilshire Associates Incorporated; Standard & Poor's, a division of The McGraw-Hill Companies, Inc.; BlackRock



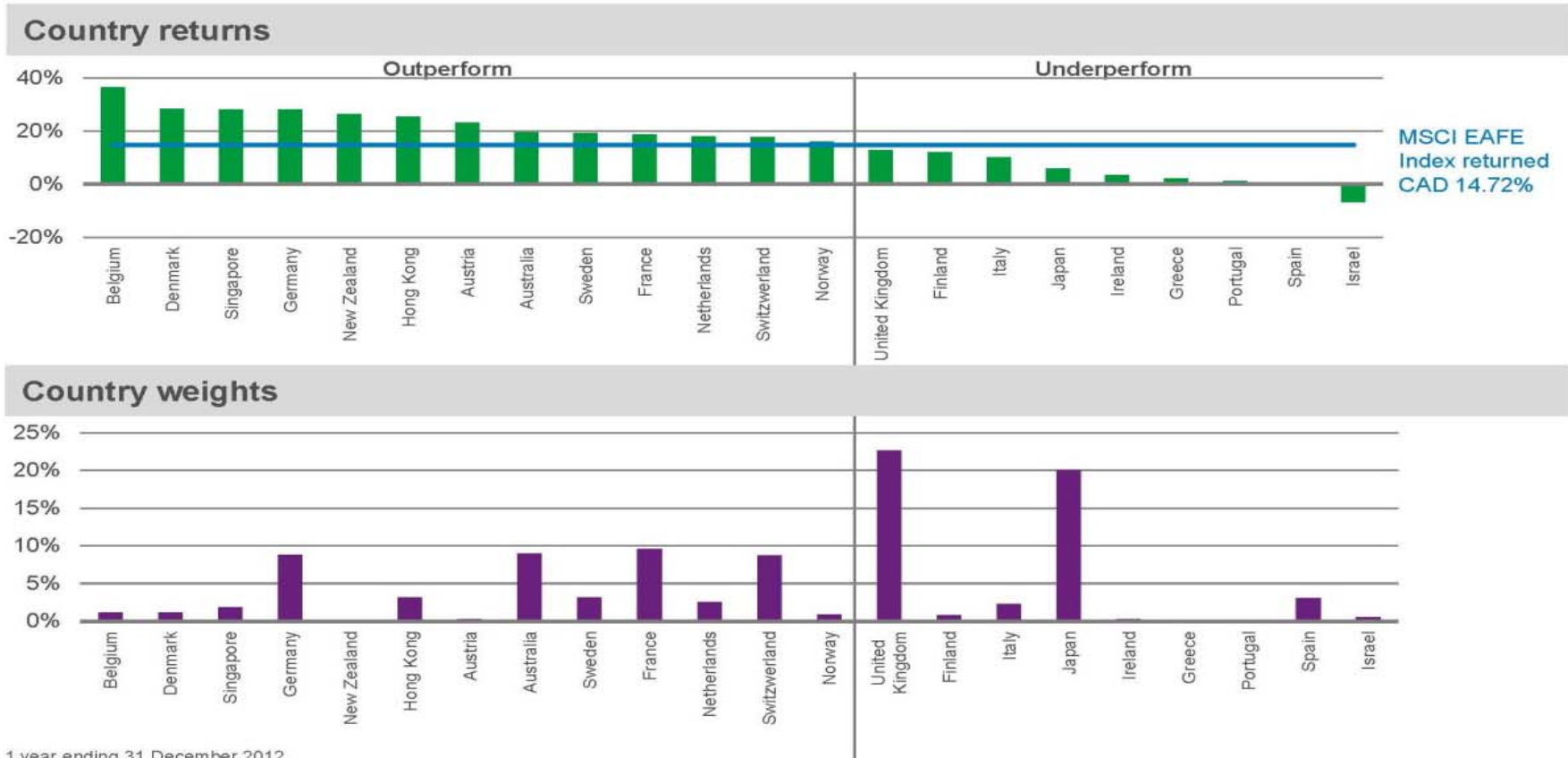
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# MSCI EAFE Index

## Annual country returns vs. country weights

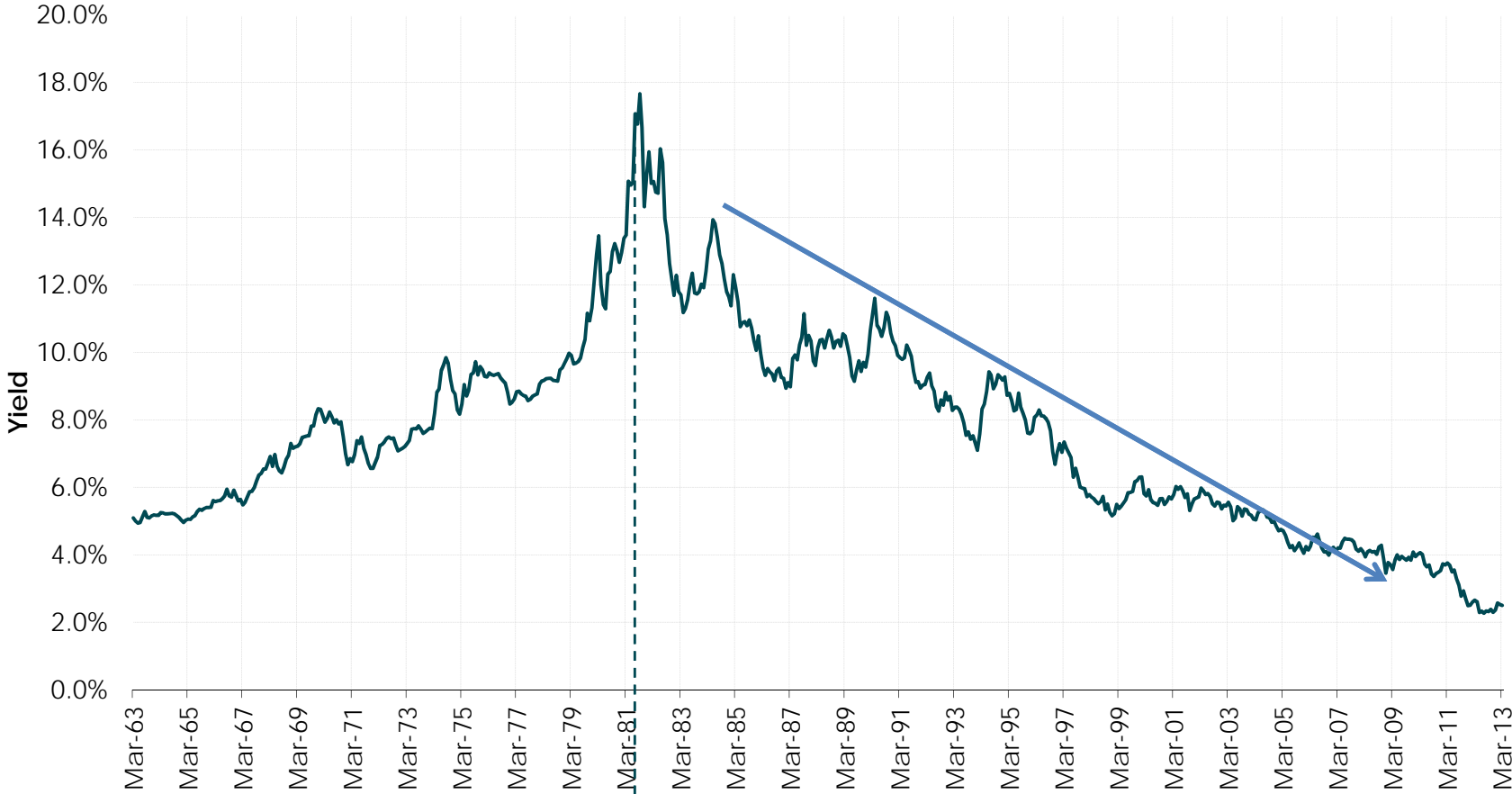


1 year ending 31 December 2012.  
 Converted to Canadian dollars using an exchange rate of 1.01825 as of 31 December 2011 and 0.9957 for 31 December 2012.  
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 Sources: Wilshire Atlas, Wilshire Associates Incorporated; Standard & Poor's, a division of The McGraw-Hill Companies, Inc.; BlackRock



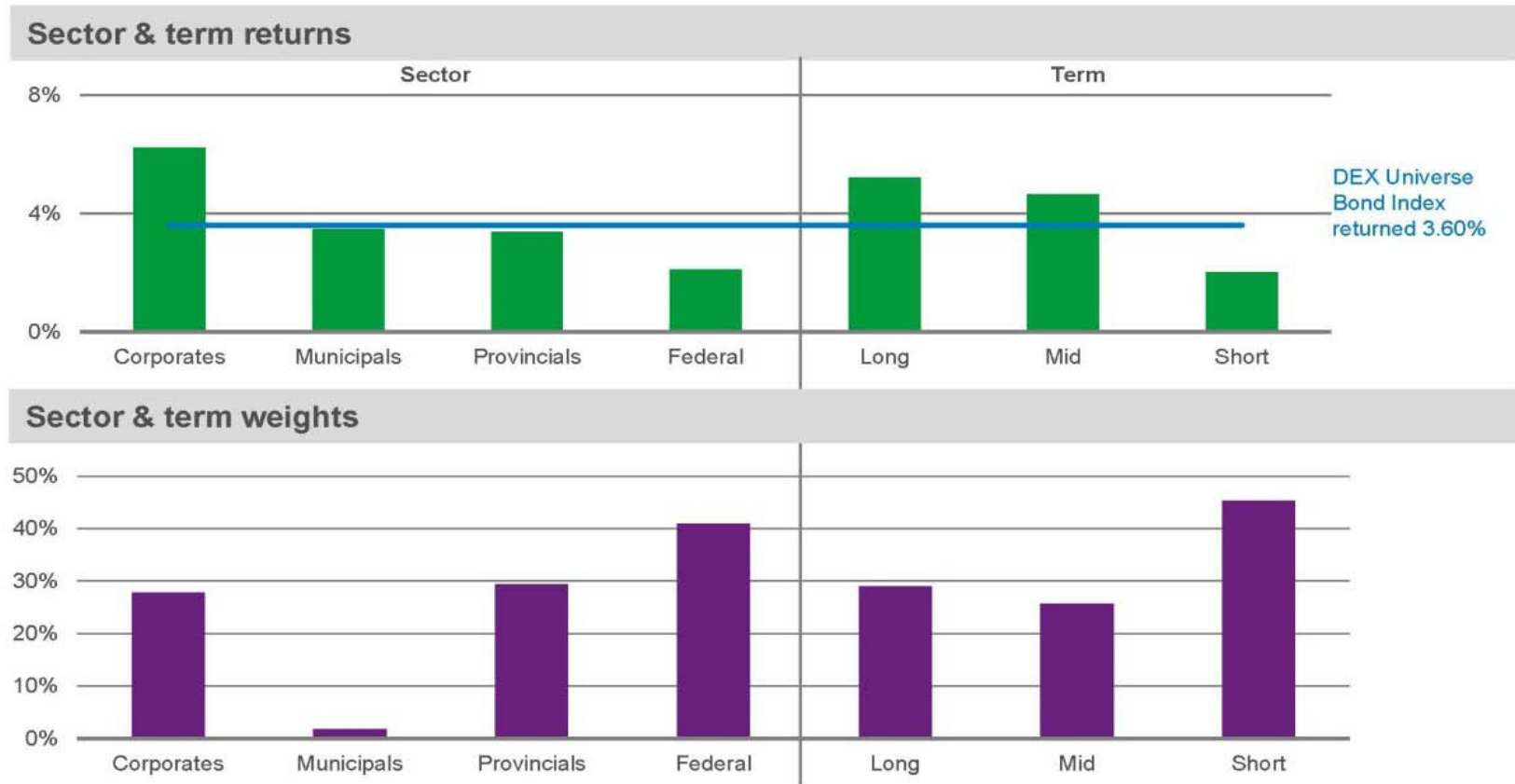
# We Remain in a Very Low Interest Rate Environment

Government of Canada 30 Year Bond Yield  
From March 1963 to March 2013



# Canadian bond market

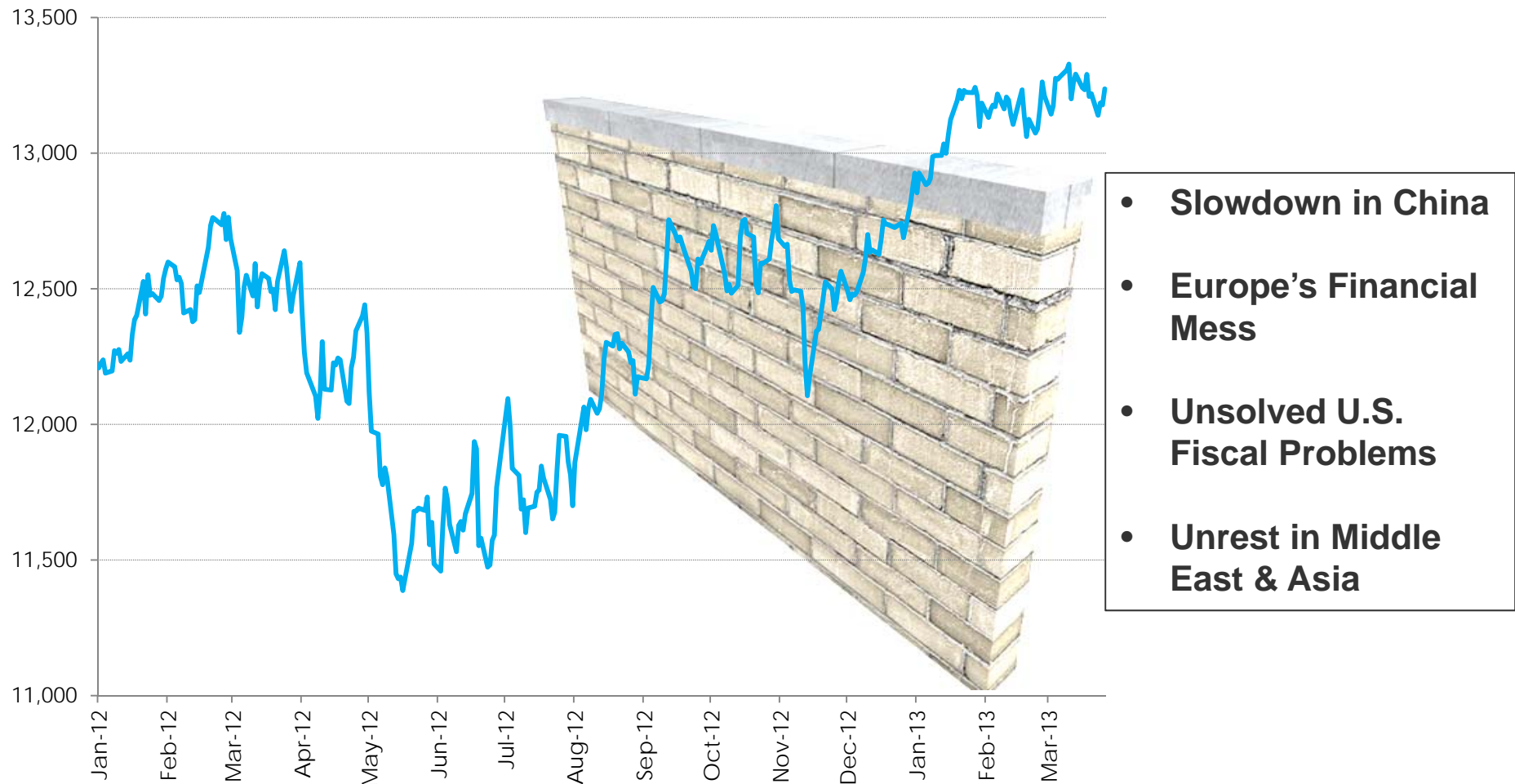
## Annual sector returns vs. sector weights



1 year ending 31 December 2012  
 Past performance is not necessarily indicative of future performance  
 Sources: BlackRock; PC Bond, a business unit of TSX Inc.



# Stocks Climbing a Wall of Worry



# Summary of 2012

- Canadian stocks, with contributions from all non-resource sectors, outperformed domestic bond indices
- Gold stocks fell 13.9% over the year
- The U.S. and many foreign countries had surprisingly strong returns despite continued uncertainty in the global marketplace
- Interest rates remained at historic lows



# Results to March 31, 2013



# Fund Rates of Return\*

## (to March 31, 2013)

Fund	1 Yr.	5 Yrs.	10 Yrs.
Balanced Fund	10.1%	5.2%	8.0%
Bond Fund	4.8%	6.7%	6.4%
Canadian Equity Fund	11.2%	3.7%	11.2%
Foreign Equity Fund	15.8%	2.8%	5.5%
Short Term Investment Fund	1.3%	1.2%	2.3%

\* Before fees



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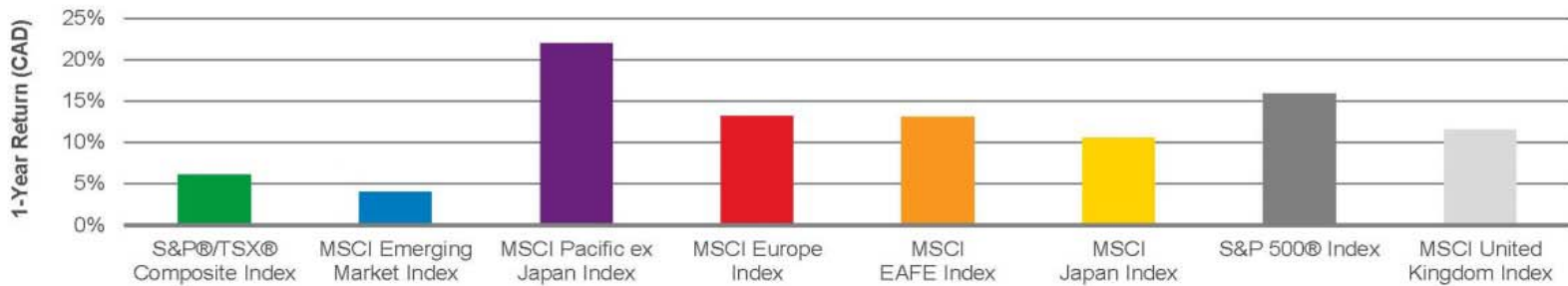
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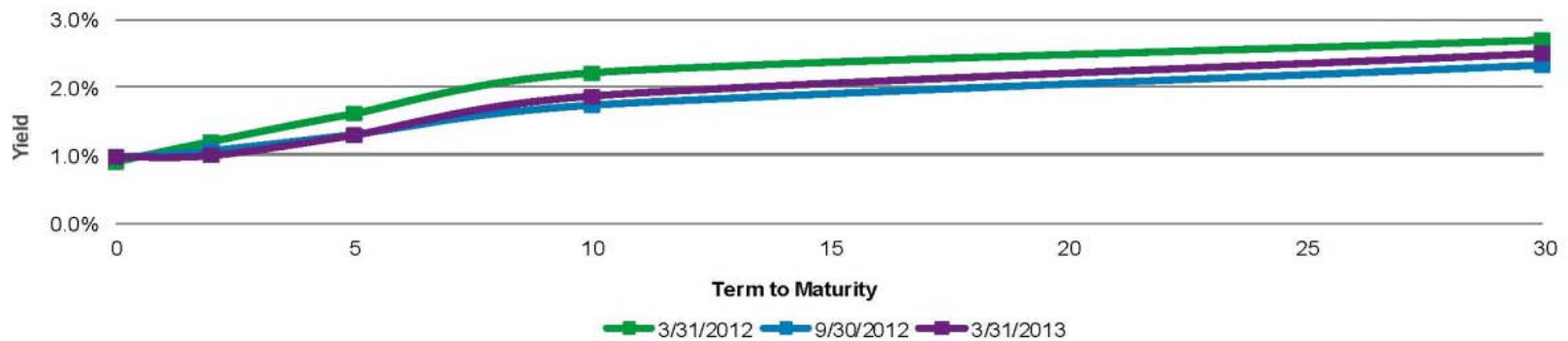


# Global Markets – First Quarter 2013

## Global equity markets



## Canadian bond market



Year ending 31 March 2013  
 Past performance is not necessarily indicative of future performance  
 Sources: TD Securities Inc.; PC Bond, a business unit of TSX Inc; BlackRock

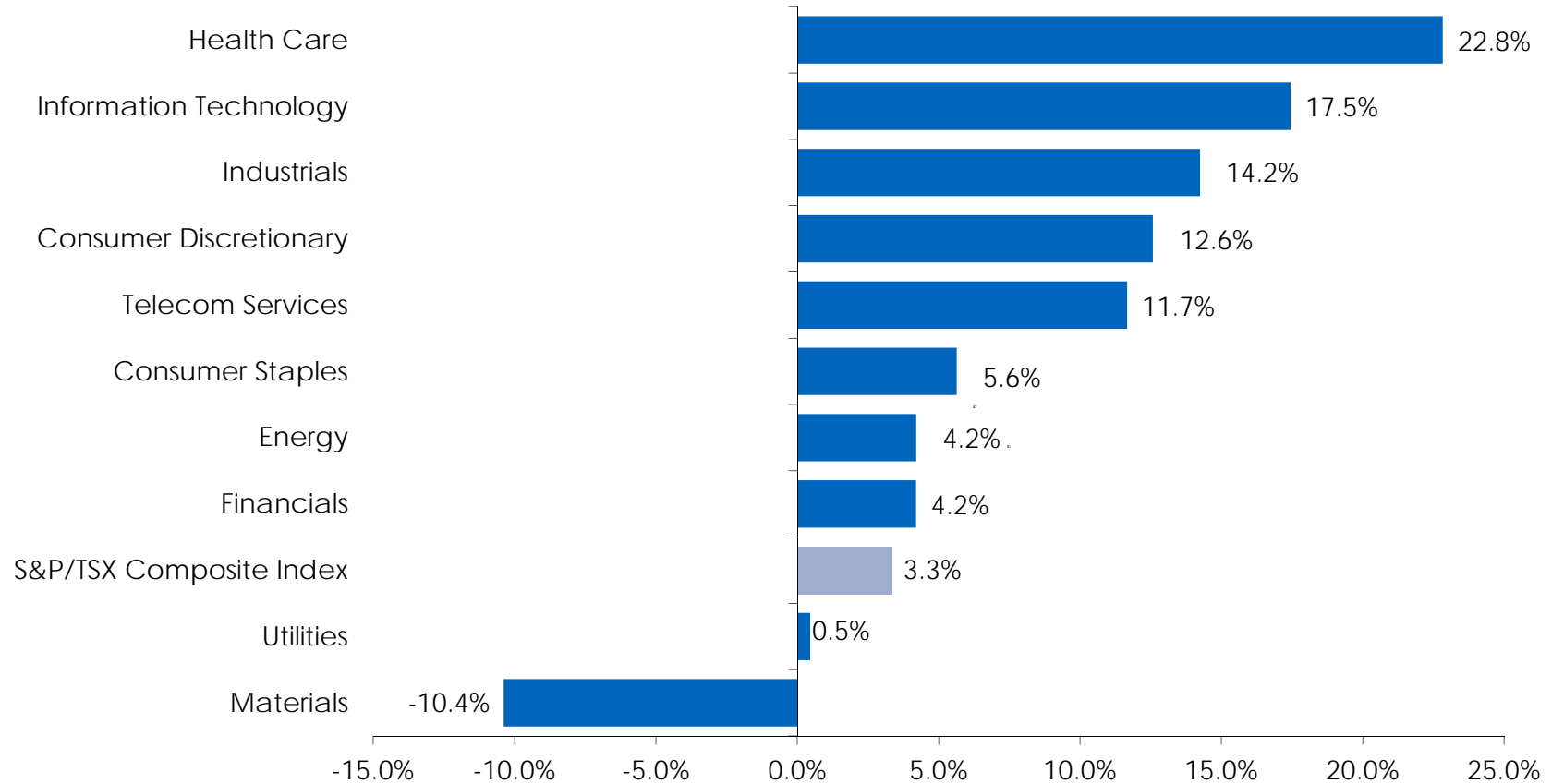


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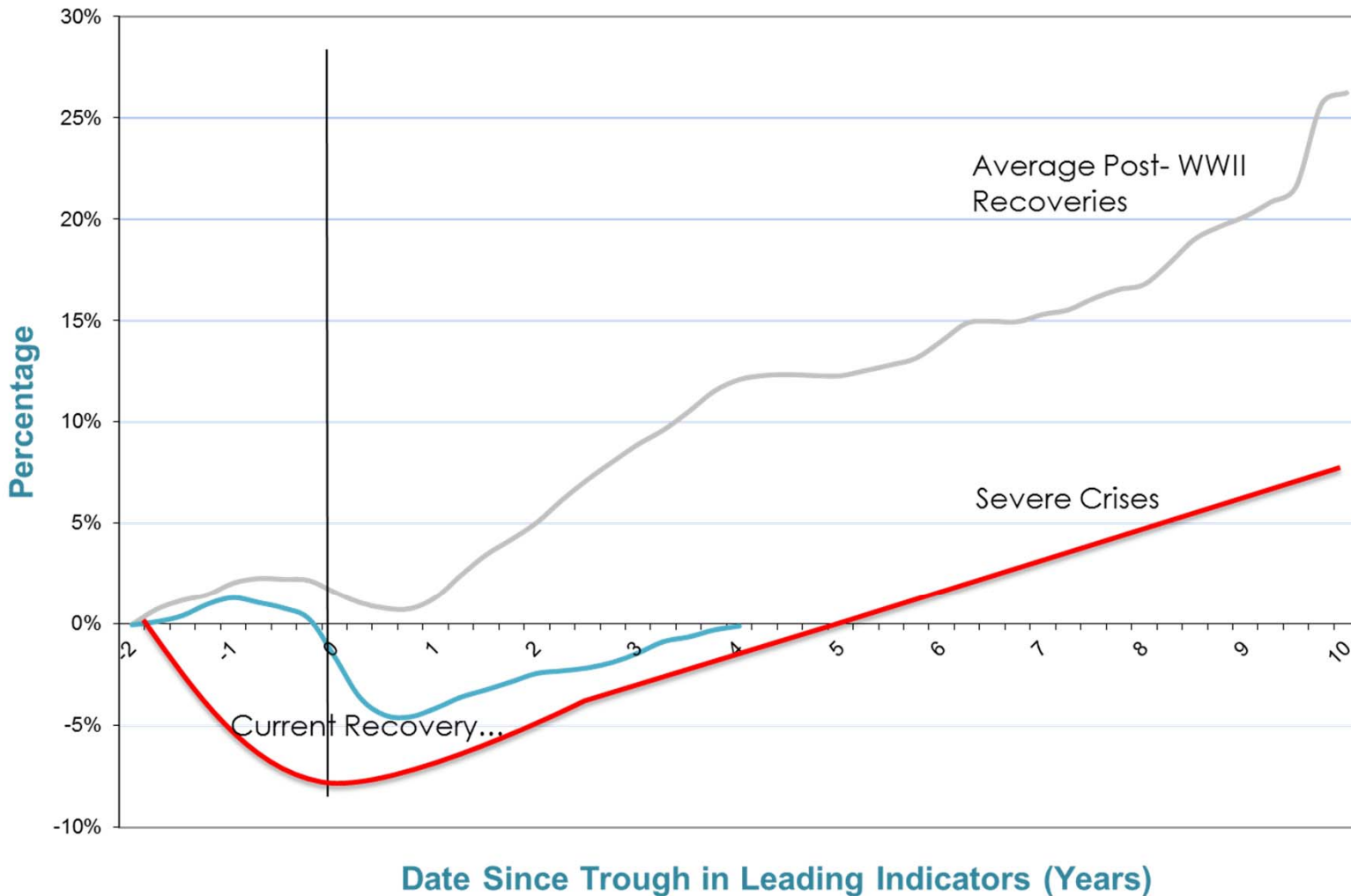
# S&P/TSX Composite Index Sector Performance Q1 2013



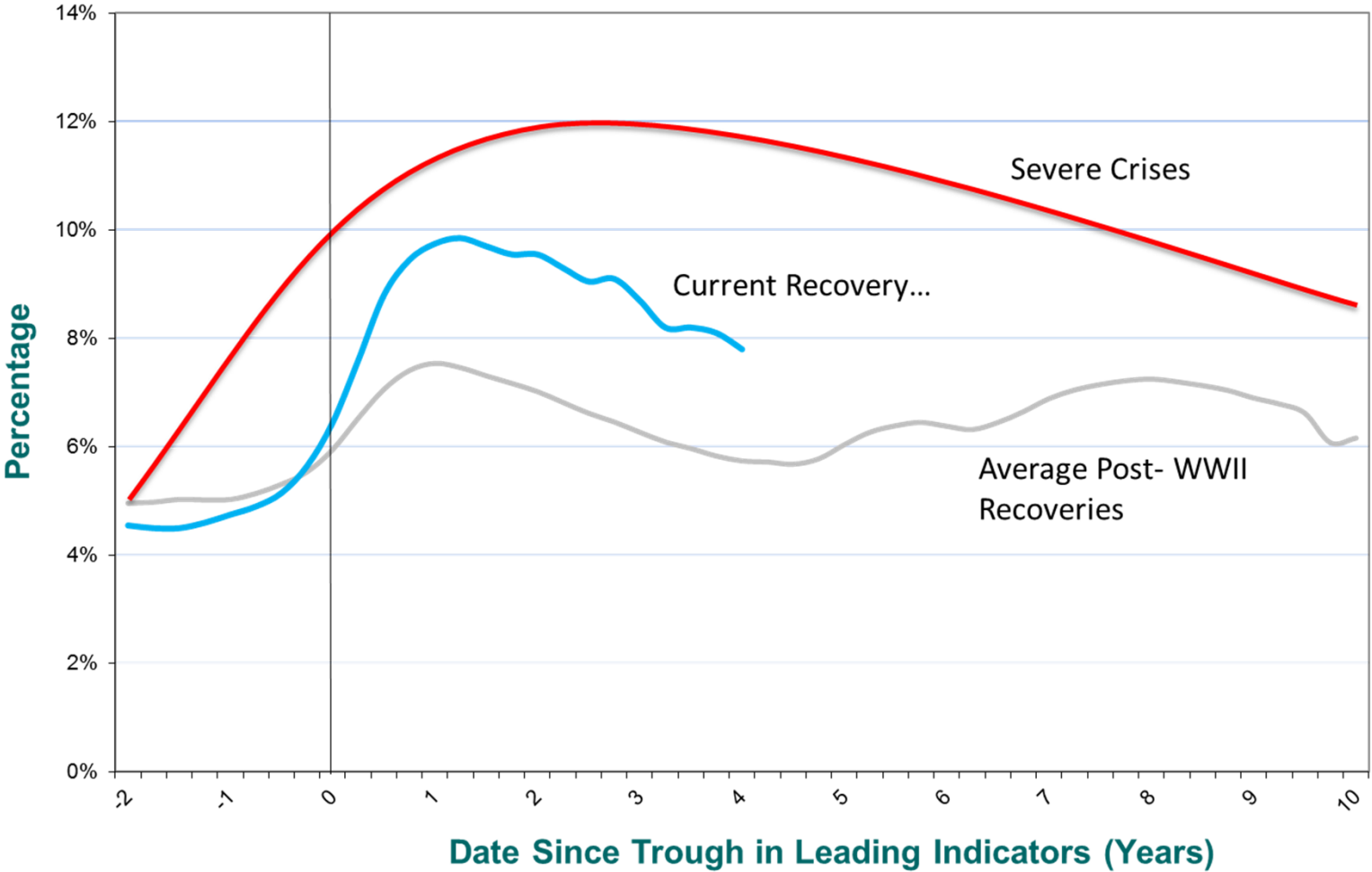
***Sharp Materials stock losses skewed index returns***



# U.S. (Real) Economic Growth



# U.S. Unemployment Rate



# Summary of Q1 2013

- Non-resource sectors advanced in the quarter, led by Healthcare, Information Technology and Industrials, as the outlook for economic growth improved slightly in North America
- Canadian stocks outperformed domestic bonds and emerging market equities, but underperformed U.S., European, and Japanese equity markets
- Serious debt problems still remain in the U.S. and Europe and China's growth rate is slowing
- Low interest rates/bond yields expected to remain for a while



BifSniff.com



Acting on advice from his broker,  
Frank - ever the shrewd businessman -  
invested heavily in China.



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# Conclusions

- Diversification within the fund options helped to protect value
- Our investment managers continue to add value overall
- New staff additions and succession planning are being well addressed
- The size of the Plan continues to grow from contributions, returns and most retirees keeping their funds with the FPP



**Thank You!  
Questions?**



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# Appendix

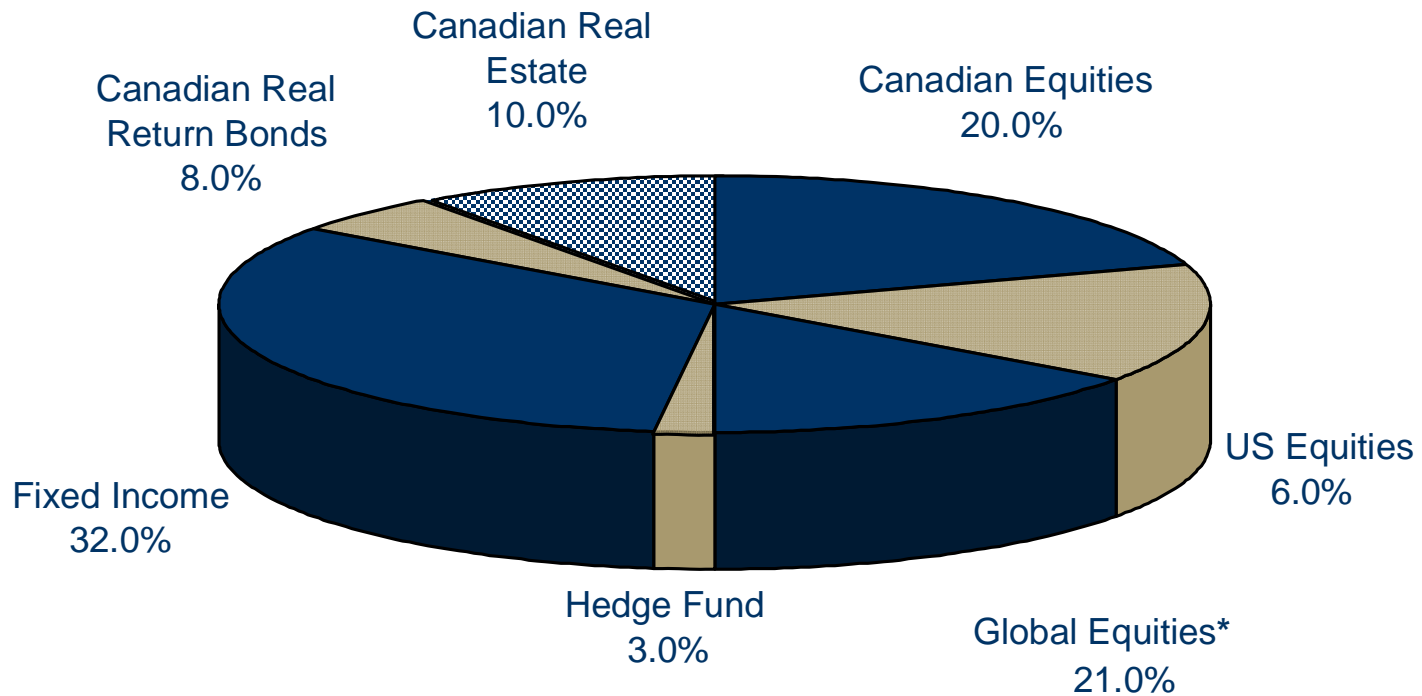


# Administrative Staff

<b>Cheryl Neighbour</b>	Executive Director – Operations Secretary to the Board
<b>Mike Leslie</b>	Executive Director – Investments
<b>Derrick Johnstone</b>	Senior Operations Manager
<b>Andrea Gesner</b>	IT Manager
<b>GV Fragante</b>	Systems Analyst
<b>Helena Huynh</b>	Systems Analyst
<b>Diana Iampietro</b>	Faculty Pension Plan Manager
<b>Lorraine Heseltine</b>	Member Services Specialist
<b>Louise Mah</b>	Faculty Pension Plan Assistant
<b>Nathan Nie</b>	Senior Financial Officer
<b>Maricres De Leon</b>	Pension Plan Accountant
<b>Kathy Pang</b>	Communications Coordinator
<b>Chelsey Maher</b>	Communications Assistant
<b>Shirley Lim</b>	Project Coordinator
<b>Claudia Chan</b>	Office Administrator



# Balanced Fund Target Asset Allocation



\* Global Equities includes investments in both U.S. Equities and Non-North American Equities



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# Plan Considerations

- Lower risk through broad diversification
  - 12 Managers, 15 Mandates
- Provide flexibility regarding contribution, investment, retirement and withdrawal options
- Low cost
- High level of member service
- One part of member's overall retirement plan

