

Welcome to the UBC Faculty Pension Plan 2022 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. KENNETH CARTY, CHAIR, BOARD OF TRUSTEES
MS. ORLA COUSINEAU, EXECUTIVE DIRECTOR, PENSIONS
MS. KAMILA GIESBRECHT, EXECUTIVE DIRECTOR, INVESTMENTS

MAY 3, 2022



Agenda

- **Welcome by Chair**
- **2021 Board Initiatives and Projects**
- **Plan's Financial and Membership Update**
- **Investment Review for 2021 and First Quarter 2022**
- **Questions**



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Political Science

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Sauder School of Business

Dr. Martin Comyn

Retired Research Scientist
TRIUMF



2021 Board Initiatives and Projects

- In-depth review of Asset Mix of Balanced Fund
 - To improve the expected future net returns of the Balanced Fund
 - Clear purpose of review to provide members with well-diversified, cost-effective investment fund choices
- Continued oversight of all the Plan's investment managers
 - Including how they each integrate ESG factors into their portfolios
 - Initial annual ESG assessment of our managers





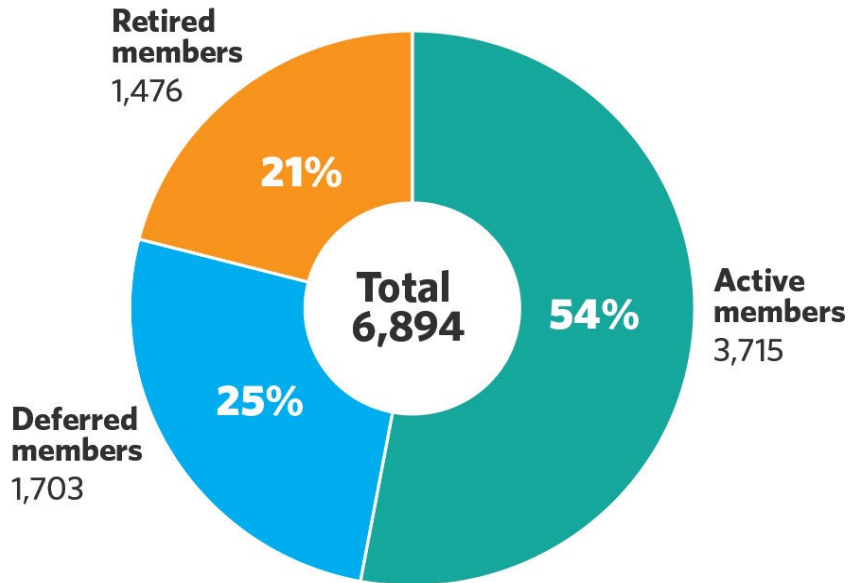
Financial and Membership Update

Orla Cousineau
Executive Director, Pensions

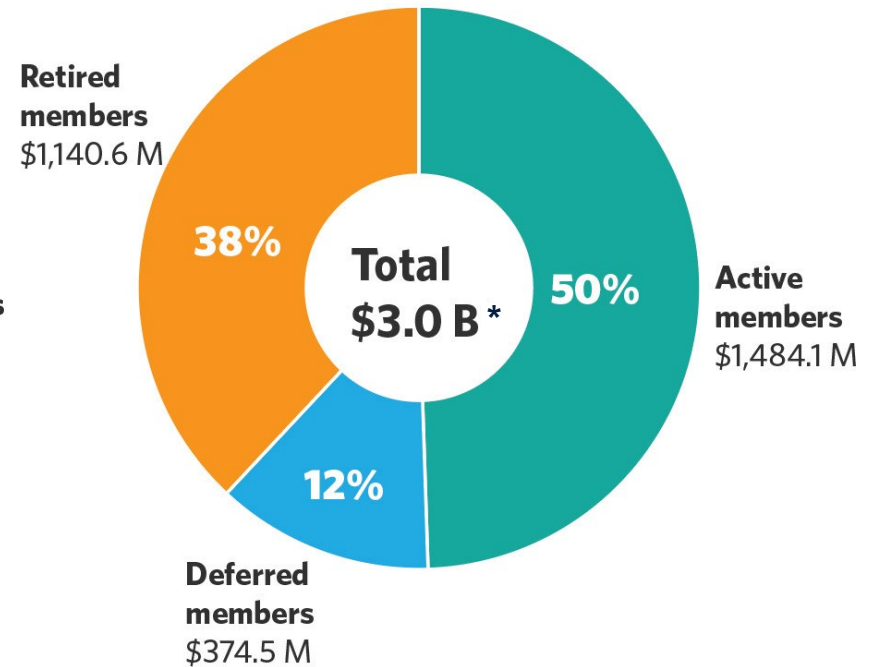
Plan Statistics December 31, 2021



Total Plan Membership

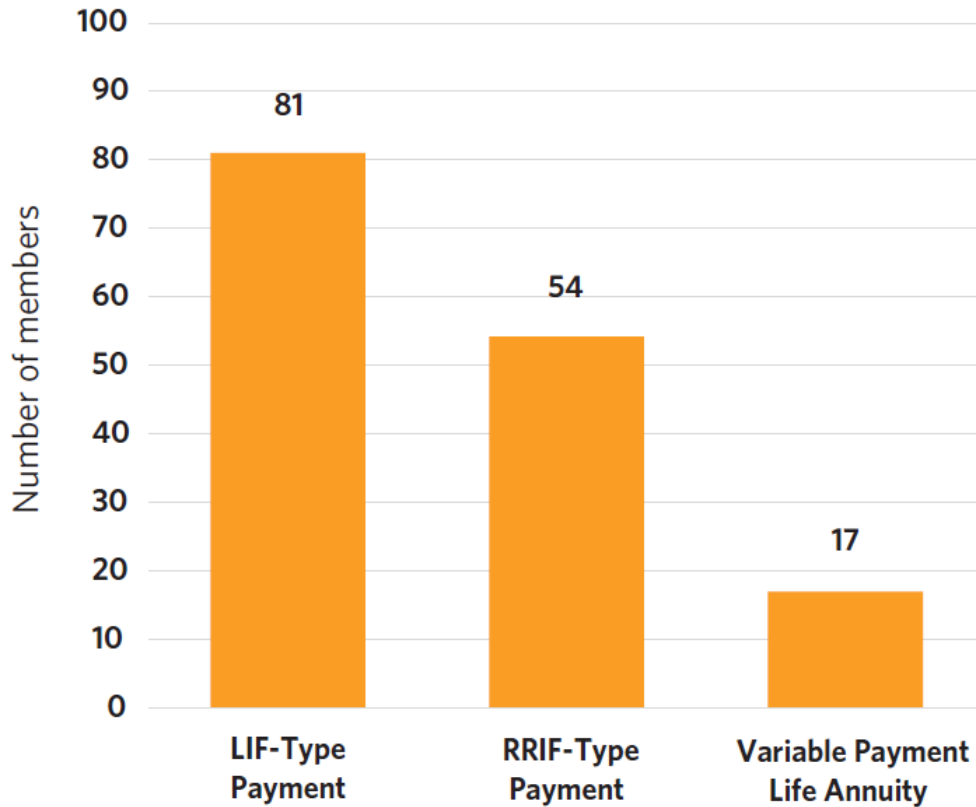


Plan Assets



*\$9.2 million transferred into the Plan

Pensions started in 2021



Total assets transferred to retirement income within the Plan: **\$94.3 M**

80% of retiring members' assets stayed in the Plan



Plan Administration

- Importance of value for money when making administration and investment decisions
- Current fees for six investment options

Balanced	0.49%
Bond	0.26%
Canadian Equity	0.38%
Foreign Equity	0.49%
Fossil Fuel Free Equity and Bond Fund	0.35%
Short Term Investment	0.13%
- Appropriateness of default fund (Balanced Fund) for members and investment fund options
- Enhancing member engagement – by keeping members informed, reminding members of tools and resources available
- Guidance and support to members approaching retirement
 - LIF, RRIF and VPLA in the Plan





Investment Review of 2021

Kamila Giesbrecht
Executive Director, Investments

Board Initiatives and Projects

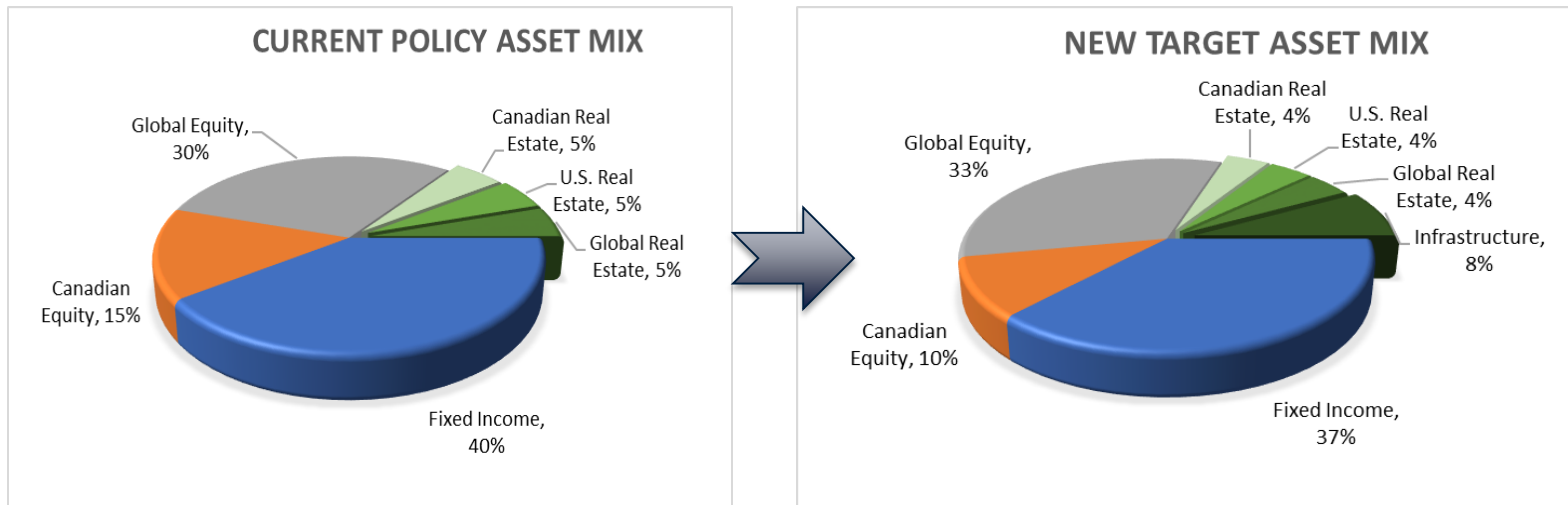
- Asset Mix and Strategy Review
 - The FPP Board concluded a Strategic Asset Mix Review, which aimed to boost the robustness of the FPP Balanced Fund across different economic scenarios (focus on diversification)
 - New asset mix was approved (increased allocation to real assets)
 - New managers for Infrastructure (Brookfield & CBRE Caledon)
 - Fixed Income (new active strategies)
- ESG – Environmental, Social and Governance Factors
 - Detailed review of all ESG related initiatives
 - UNPRI – UN Principles for Responsible Investment
 - TCFD – Task force on Climate-related Financial Disclosures
 - SI – Sustainable Investment
 - Carbon Footprint
 - Carbon Emission Intensity
 - Ongoing annual review



Balanced Fund

Balanced Fund Asset Mix

1. Waiting for capital calls from Infrastructure managers
2. Restructuring Fixed Income



Correlations and Diversification



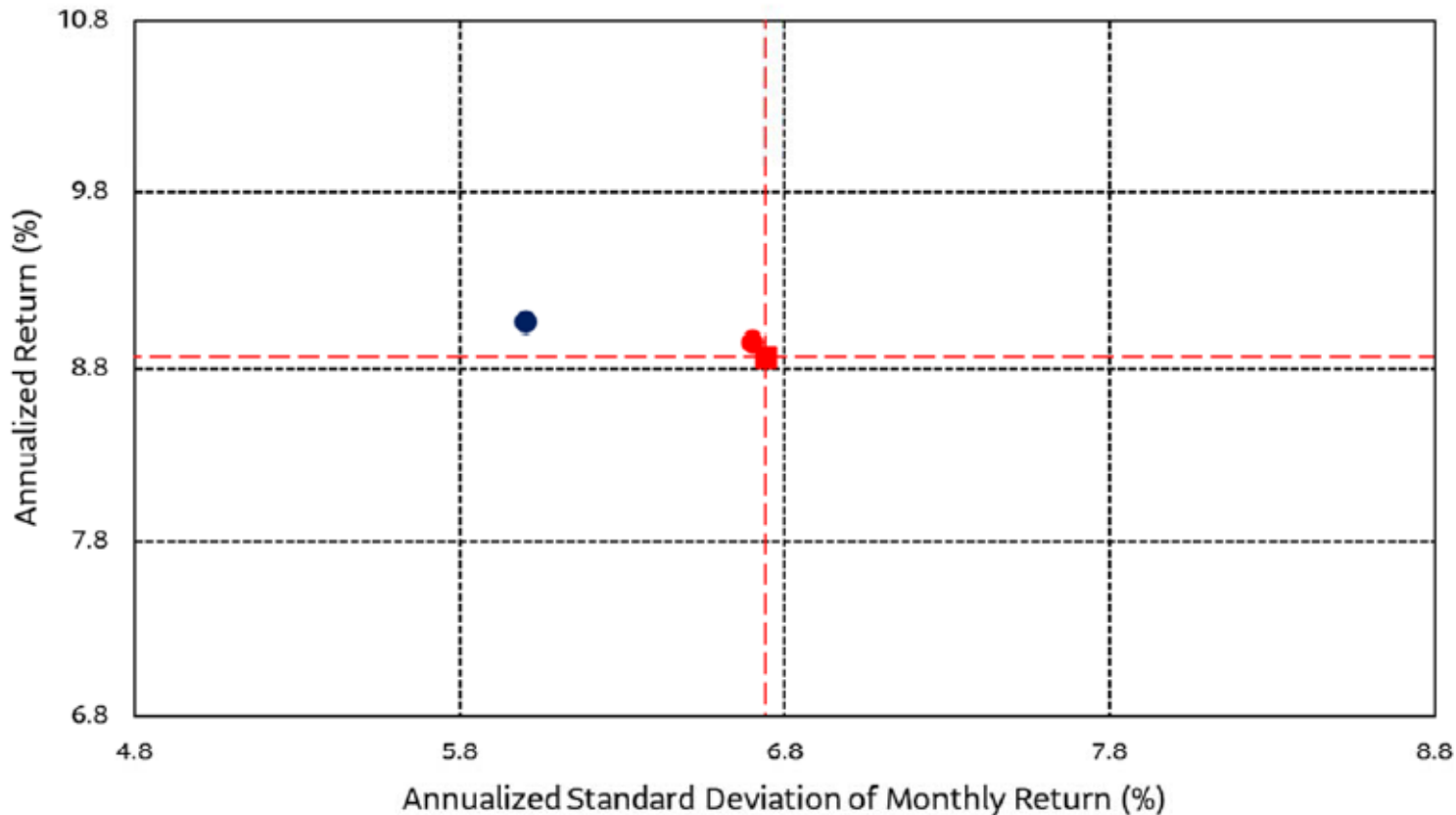
Asset Class	Expected 10-Year Nominal Return	Expected Volatility	Correlations														
			Universe Bonds	Core Plus Bonds	High Yield Bonds	Real Return Bonds	Mortgages (Core)	Direct Lending (Unlevered)	Canadian Large Cap Equities	Global Large Cap Equities	Global Small Cap Equities	Emerging Market Equities	Commodities	Canadian Real Estate (Core)	Global Real Estate (Core, Hedged)	Infrastructure (Core)	
Universe Bonds	1.2%	4.0%	1.0														
Core Plus Bonds	1.9%	3.8%	0.7	1.0													
High Yield Bonds	3.3%	7.8%	0.1	0.7	1.0												
Real Return Bonds	1.6%	6.8%	0.6	0.6	0.3	1.0											
Mortgages (Core)	2.0%	3.3%	0.7	0.6	0.1	0.6	1.0										
Direct Lending (Unlevered)	6.2%	8.0%	-0.1	0.5	0.9	0.2	0.0	1.0									
Canadian Large Cap Equities	5.8%	17.0%	0.0	0.4	0.7	0.2	-0.1	0.6	1.0								
Global Large Cap Equities	5.8%	14.3%	0.0	0.3	0.5	0.0	-0.1	0.5	0.8	1.0							
Global Small Cap Equities	6.3%	17.0%	-0.1	0.4	0.6	0.1	-0.1	0.6	0.8	0.9	1.0						
Emerging Market Equities	6.3%	20.3%	-0.1	0.4	0.6	0.1	-0.1	0.5	0.8	0.8	0.8	1.0					
Commodities	2.4%	22.5%	-0.1	0.1	0.3	0.2	-0.1	0.5	0.4	0.1	0.3	0.2	1.0				
Canadian Real Estate (Core)	6.2%	9.3%	-0.2	-0.1	0.0	-0.1	0.0	0.2	0.1	0.1	0.0	0.1	0.1	1.0			
Global Real Estate (Core, Hedged)	5.9%	9.3%	-0.2	-0.2	0.0	-0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.7	1.0		
Infrastructure (Core)	6.5%	8.0%	-0.1	-0.3	-0.3	0.0	0.2	-0.2	0.0	0.1	0.0	-0.2	0.2	0.3	0.6	1.0	



Source: G&B Capital Market Expectations, 2021

Risk-adjusted Return

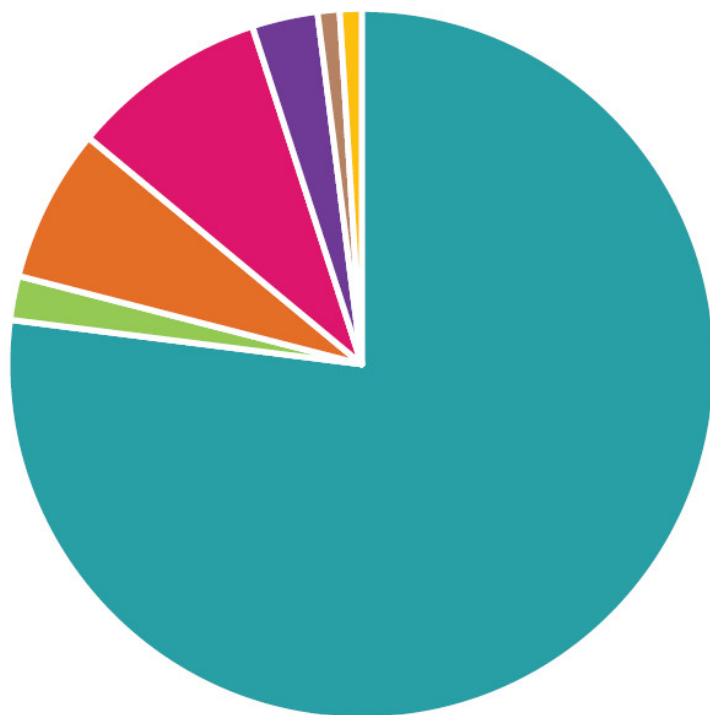
Annualized Risk/Return - 10 Yrs Ending December 31, 2021
Annualized Monthly Returns - Balanced



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



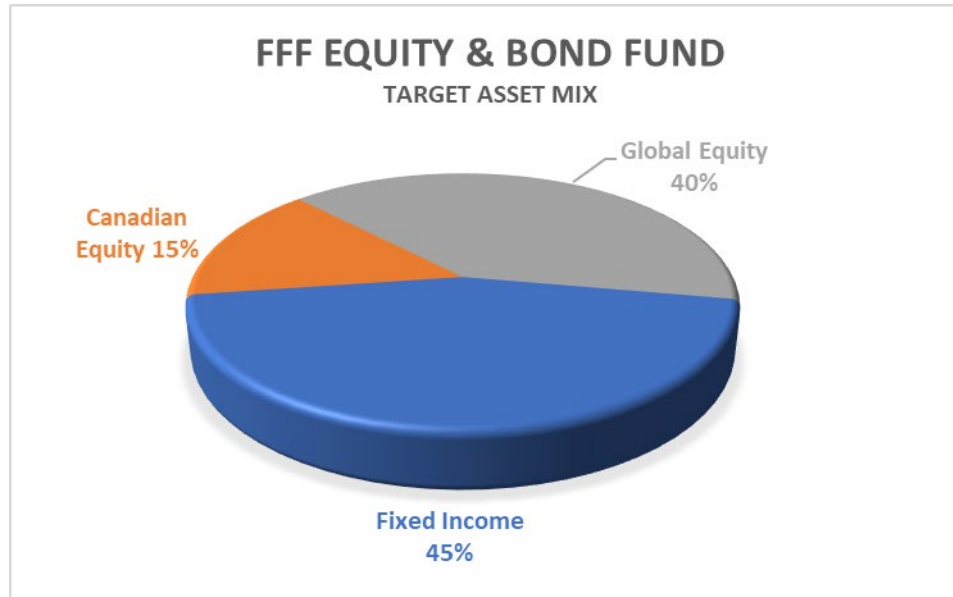
Member Fund Utilization as of December 31, 2021



- Balanced \$2,317 M**
77% of Total Funds
- Bond \$64.3 M**
2% of Total Funds
- Canadian Equity \$227.0 M**
7% of Total Funds
- Foreign Equity \$257.1 M**
9% of Total Funds
- Fossil Fuel Free Equity and Bond \$78.6 M**
3% of Total Funds
- Short Term Investment \$37.9 M**
1% of Total Funds
- Guaranteed Investment Certificates and Cash \$30.5 M**
1% of Total Funds

Total Assets \$3.0 Billion

Fossil Fuel Free Equity and Bond Fund



- Assets approx. \$78M
- Composed of three underlying Fossil Fuel Free (FFF) Funds managed by Jarislowsky Fraser
- Recent underperformance (new managers/strategies)



Key Themes in 2021

- COVID-19
- Massive stimulus with close integration between monetary policy and fiscal policy continued
- Global equities ended the year with 22% return (25% for Canadian)
- 2021 was a great year for equity investors
- A disappointing year for bond investors
- Inflationary pressures increased towards the end of 2021



Gross Fund Rates of Return to December 31, 2021

Fund	1 Year	4 Year	10 Year
UBC FPP Balanced Fund	11.80%	8.34%	9.02%
Benchmark	10.07%	7.98%	8.12%
UBC FPP Bond Fund	(2.13%)	3.82%	3.36%
Benchmark	(2.54%)	3.56%	3.07%
UBC FPP Canadian Equity Fund	26.56%	10.39%	10.65%
Benchmark	25.09%	10.28%	9.21%
UBC FPP Foreign Equity Fund	19.64%	12.78%	15.66%
Benchmark	18.69%	12.32%	14.93%
UBC FPP Fossil Fuel Free Equity and Bond Fund	11.95%	N/A	N/A
Benchmark	10.36%	N/A	N/A
UBC FPP Short Term Investment Fund	0.20%	1.10%	1.07%
Benchmark	0.17%	1.01%	0.87%



Relative Fund Performance – Multi Asset Funds - As of December 31, 2021

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2021	2020	2019	2018
UBC FPP Balanced	11.80	8.34	9.02	11.80	8.25	14.32	(0.40)
Quartile	3	2	2	3	3	3	1
Custom Benchmark	10.07	7.98	8.12	10.07	9.09	14.12	(0.78)
<i>Differential</i>	<i>1.73</i>	<i>0.36</i>	<i>0.90</i>	<i>1.73</i>	<i>(0.84)</i>	<i>0.20</i>	<i>0.38</i>
UBC FPP FFF Equity and Bond	11.95	N/A	N/A	11.95	-	-	-
Quartile	3	-	-	3	-	-	-
Custom Benchmark	10.36	-	-	10.36	-	-	-
<i>Differential</i>	<i>1.59</i>	<i>N/A</i>	<i>N/A</i>	<i>1.59</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, 2021

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2021	2020	2019	2018
UBC FPP Bond	(2.13)	3.82	3.36	(2.13)	8.98	7.86	0.98
Quartile	3	3	4	3	3	1	4
Custom Benchmark	(2.54)	3.56	3.07	(2.54)	8.69	7.38	1.12
<i>Differential</i>	0.41	0.26	0.29	0.41	0.29	0.48	(0.14)
AB Core Plus Bond	(1.52)	3.56	3.66	(1.52)	6.98	8.11	0.98
Quartile	1	4	3	1	4	1	4
FTSE Canada Universe Bond	(2.54)	3.51	3.27	(2.54)	8.68	6.87	1.41
<i>Differential</i>	1.02	0.05	0.40	1.02	(1.70)	1.24	(0.43)
BlackRock Universe Bond Index	(2.57)	N/A	N/A	(2.57)	8.57	-	-
Quartile	4	-	-	4	4	-	-
FTSE Canada Universe Bond	(2.54)	-	-	(2.54)	8.68	-	-
<i>Differential</i>	(0.04)	N/A	N/A	(0.04)	(0.11)	N/A	N/A
PIMCO Canadian CorePLUS Bond	(1.95)	4.62	4.16	(1.95)	11.57	8.03	1.36
Quartile	2	1	1	2	1	1	3
FTSE Canada Universe Bond	(2.54)	3.51	3.27	(2.54)	8.68	6.87	1.41
<i>Differential</i>	0.59	1.11	0.89	0.59	2.89	1.16	(0.05)

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, 2021

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2021	2020	2019	2018
UBC Canadian Equity	26.56	10.39	10.65	26.56	6.38	21.20	(9.00)
Quartile	2	2	2	2	2	3	3
Custom Benchmark	25.09	10.28	9.21	25.09	5.59	22.88	(8.88)
<i>Differential</i>	1.47	0.11	1.44	1.47	0.79	(1.68)	(0.12)
CC&L Group Canadian Q Growth	26.69	11.58	11.38	26.69	8.06	24.36	(8.94)
Quartile	2	1	1	2	1	1	3
S&P/TSX Composite TR	25.09	10.28	9.14	25.09	5.60	22.88	(8.89)
<i>Differential</i>	1.60	1.31	2.24	1.60	2.46	1.48	(0.05)
Guardian Canadian Equity	23.46	9.25	10.08	23.46	4.19	18.42	(6.48)
Quartile	4	4	3	4	3	4	2
S&P/TSX Capped Composite TR (Custom)	25.09	10.28	9.14	25.09	5.59	22.88	(8.88)
<i>Differential</i>	(1.63)	(1.03)	0.94	(1.63)	(1.41)	(4.46)	2.40
Leith Wheeler Canadian Equity	29.47	10.36	11.44	29.47	7.03	20.85	(11.43)
Quartile	1	2	1	1	2	3	4
S&P/TSX Composite TR	25.09	10.28	9.14	25.09	5.60	22.88	(8.89)
<i>Differential</i>	4.38	0.08	2.30	4.38	1.43	(2.03)	(2.55)

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



Relative Fund Performance – Global Equity As of December 31, 2021

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2021	2020	2019	2018
UBC FPP Foreign Equity	19.64	12.78	15.66	19.64	11.44	20.13	1.02
Quartile	2	2	2	2	3	3	2
Custom Benchmark	18.69	12.32	14.93	18.69	11.57	20.07	0.11
<i>Differential</i>	0.95	0.46	0.73	0.95	(0.13)	0.06	0.91
BLK MSCI World ex-Can Min Vol	13.84	8.35	-	13.84	(0.17)	16.01	4.52
Quartile	4	4	-	4	4	4	1
MSCI World ex Can Min Vol C\$	13.71	8.13	-	13.71	(0.49)	15.72	4.42
<i>Differential</i>	0.13	0.21	N/A	0.13	0.32	0.30	0.10
BLK CDN MSCI ACWI ex-Can	17.49	12.11	-	17.49	12.81	20.22	(0.85)
Quartile	3	2	-	3	2	3	2
MSCI ACWI Ex-Canada Index	17.32	12.45	-	17.32	14.54	20.15	(0.98)
<i>Differential</i>	0.17	(0.33)	N/A	0.17	(1.73)	0.07	0.13
Arrowstreet (Canada) Global World I	24.93	14.80	-	24.93	15.96	17.25	-
Quartile	1	2	-	1	2	3	-
MSCI World Investable Market Index	20.01	13.05	-	20.01	13.88	21.04	-
<i>Differential</i>	4.93	1.74	N/A	4.93	2.08	(3.80)	N/A
MFS Global Equity	17.65	13.10	16.34	17.65	11.99	25.27	(0.87)
Quartile	3	2	1	3	3	1	2
MSCI World Ex Canada Net C\$	20.65	13.65	15.45	20.65	14.23	21.22	(0.15)
<i>Differential</i>	(2.99)	(0.55)	0.90	(2.99)	(2.25)	4.05	(0.73)

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



Commercial Real Estate Performance As of December 31, 2021

	Compounded Annualized Returns			One Year Returns Ending Dec 31			
	1 YR	4 YR	10 YR	2021	2020	2019	2018
BentallGreenOak Prime Canadian Property Fund	15.68	7.95	7.37	15.68	(0.80)	8.41	9.16
Consumer Price Index +4%	8.80	6.43	5.82	8.80	4.73	6.22	6.00
<i>Differential</i>	<i>6.88</i>	<i>1.52</i>	<i>1.55</i>	<i>6.88</i>	<i>(5.53)</i>	<i>2.19</i>	<i>3.16</i>
CBRE U.S. Core Partners., LP	32.66	-	-	32.66	-	-	-
NFI-ODCE	21.17	-	-	21.17	-	-	-
<i>Differential</i>	<i>11.49</i>	<i>N/A</i>	<i>N/A</i>	<i>11.49</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

Source: Morningstar - Periods Ending Dec 31



Gross Fund Rates of Return to March 31, 2022

Fund	Q1 2022	1 Year	4 Year	10 Year
UBC FPP Balanced Fund	(3.17%)	6.75%	7.39%	8.20%
Benchmark	(3.68%)	5.34%	6.99%	7.33%
UBC FPP Bond Fund	(7.12%)	(4.45%)	1.81%	2.61%
Benchmark	(6.97%)	(4.52%)	1.62%	2.37%
UBC FPP Canadian Equity Fund	3.39%	19.18%	12.18%	10.46%
Benchmark	3.82%	20.19%	12.61%	9.14%
UBC FPP Foreign Equity Fund	(6.34%)	7.16%	10.37%	13.70%
Benchmark	(6.10%)	8.10%	10.11%	13.18%
UBC FPP Fossil Fuel Free Equity and Bond Fund	(8.88%)	1.16%	N/A	N/A
Benchmark	(5.20%)	4.39%	N/A	N/A
UBC FPP Short Term Investment Fund	0.08%	0.24%	1.04%	1.05%
Benchmark	0.14%	0.28%	0.97%	0.86%



Summary

- Our strategies met or exceeded expectations
- Last 10 years will be difficult to repeat going forward
- We are focusing on risk mitigation and capital preservation:
 - Review of the Asset Mix
 - Review of all mandates
 - Search for infrastructure managers
 - Search for new fixed income managers
 - Detailed review of the ESG factors integration process
- Scheduled projects for the Board and management:
 - Review of single-asset fund options
 - Implementation of all approved changes
 - Review of benchmarks



Questions

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- Type in your questions

