



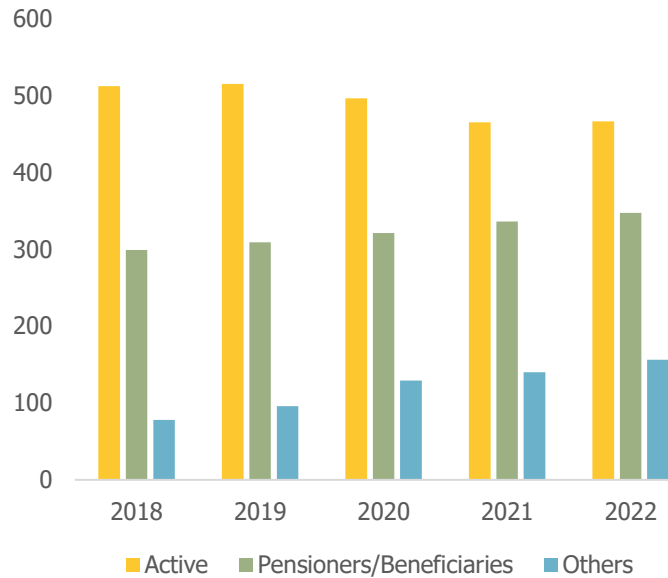
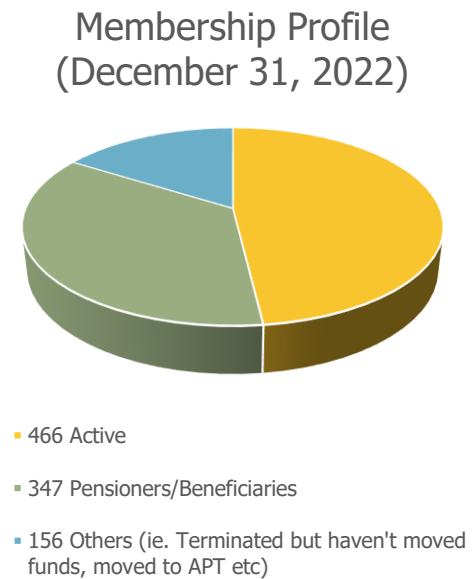
University of Regina Non-Academic Pension Plan
Defined Benefit (DB)
2022 Annual Report to Members

Plan Overview

The Non-Academic Pension Plan was established on July 1, 1952. The plan is a defined benefit (DB) plan. At retirement, your pension benefit is calculated using a formula based on your salary history and years of service at retirement. The Plan also allows the transfer of entitlements out of the Plan for members that are not eligible for retirement or upon death.

Plan Membership

The membership profile at December 31, 2022, along with the membership movement over the past five years, has been illustrated below.



Pension Contributions

2022	Pensionable Earnings
Employee	8.75%
Employer	8.75%*
Total combined fixed contribution rate	17.5%

**In addition to the fixed contribution rates above, the Board of Governors approved maintaining special contributions of 0.85% until the next valuation is filed.*

Pension Benefit

The Plan provides for early retirement once any of the following provisions have been attained:

- Age 55 (an early retirement reduction may apply) or
- Combined age and service equaling 80 or
- 30 years of service.

Pension benefits are paid to you monthly for the rest of your lifetime. You will have the option to add a longer guarantee period (i.e.15 years), spousal survivor options, as well as integration options with the Canada Pension Plan (if applicable) at retirement. Your annual pension benefit is based on:

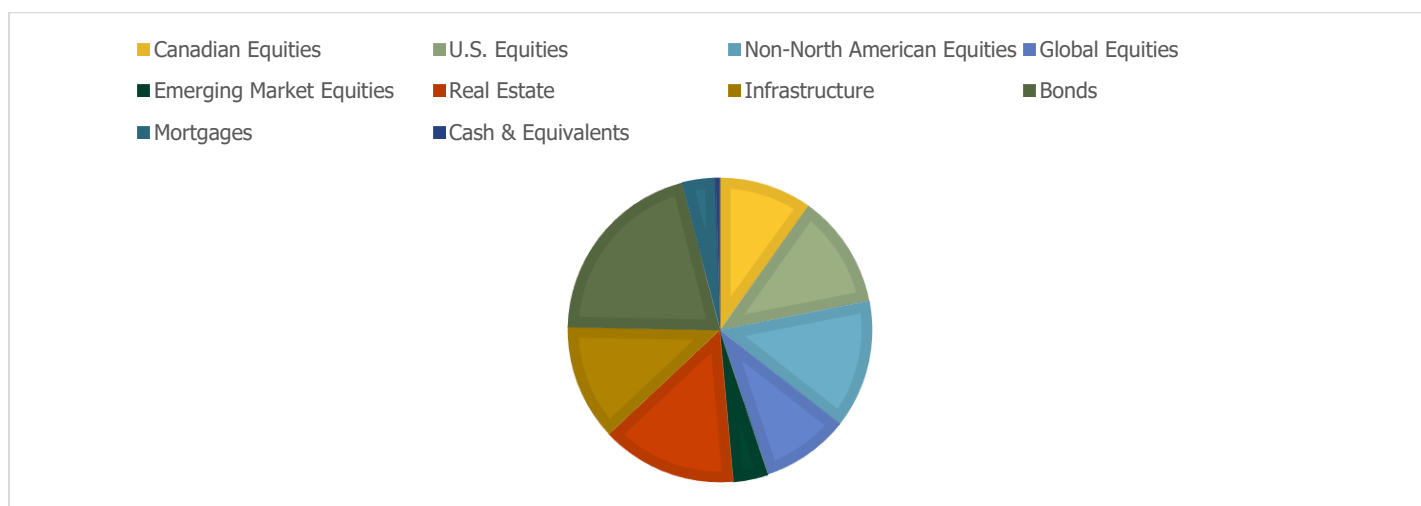
A = 2.00% of your best consecutive three year average earnings x your years of pensionable service prior to 2011;
 +
 B = 1.75% of your best consecutive three year average earnings x your years of pensionable service from 2011-2013;
 +
 C = 1.50% of your best consecutive five year average earnings x your years of pensionable service after 2013.

Pension Plan Assets at December 31, 2022

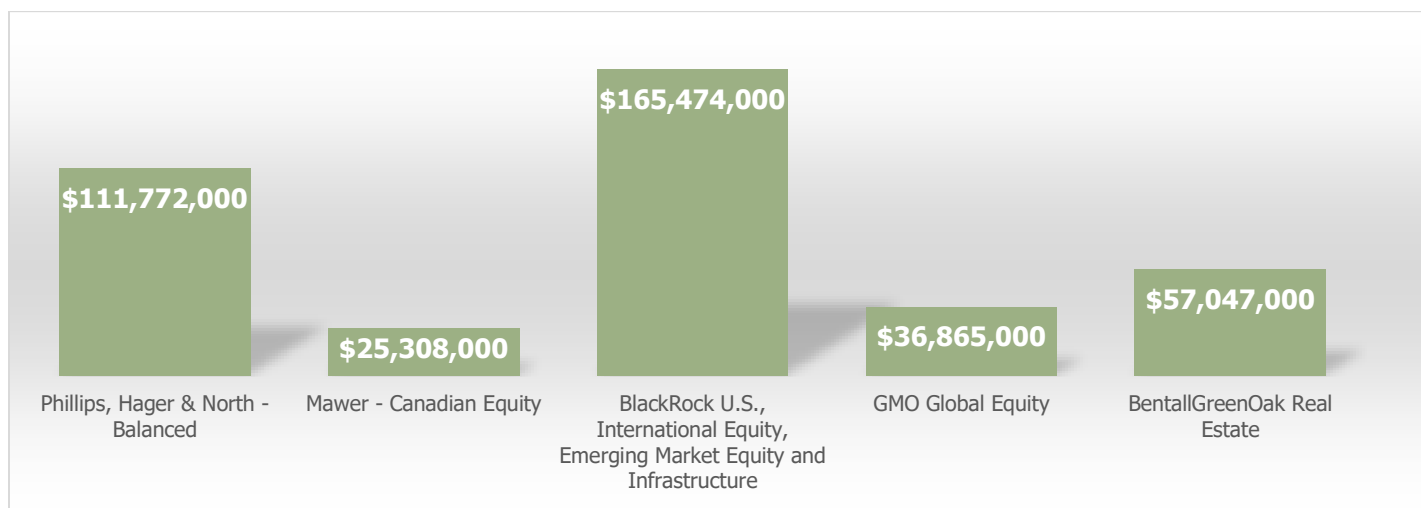
Market Value

The market value of the **Non-Academic Pension Plan** assets at the end of 2022 totalled approximately **\$117.7 million**. For investment purposes, the assets of the Non-Academic Pension Plan are combined with those of the Academic & Administrative Pension Plan (defined benefit component). The single fund is called the **Master Trust Fund**. The market value of the Master Trust was approximately **\$396.5 million** at December 31, 2022.

Asset Mix of the Master Trust at December 31, 2022



Distribution of Master Trust Assets by Investment Manager at December 31, 2022



The Markets

Market turbulence was a strong consistent during the economic landscape in 2022. Geopolitical conflict and 40-year high inflation created rising interest rates and heightened recessionary risks for many economies as financial conditions became increasingly constrained. This turbulence created a significant repricing in fixed income and public equity markets with most markets down greater than 10% for the year. Real estate valuations also cooled in the latter half of 2022.

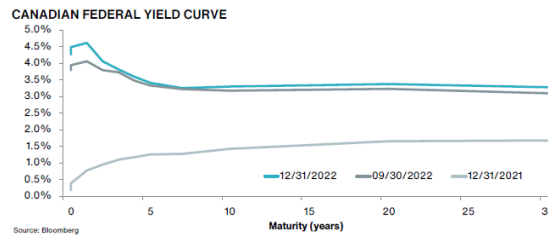
Equities

Global equities generated negative returns over the last 12 months. Equities suffered a sharp sell-off at the beginning of 2022 as geopolitical risk took centre stage with Russia invading Ukraine. Inflation fears were unsettled throughout 2022, leading to significant rate increases across the globe.

US equities were the worst performer over the year, falling 19.5% in local currency terms. Equities sold off sharply in 2022 as elevated inflation and higher interest rate forecasts weighed on the region, leading to the underperformance of sectors such as Information Technology and Consumer Discretionary. In the fourth quarter, easing inflation and investor optimism over the Fed applying the brakes on interest rate hikes helped the market, although volatility remained elevated.

Fixed Income

2022 has been a poor year for bonds, which is unsurprising given the large move in policy interest rates. The substantial move up in yields last year is attributable to the magnitude of rate rises being far bigger than expected at the start of the year. With sensitivity to rising yields greater for longer-termed bonds than shorter-termed bonds, long-term bond returns declined the most exemplified by Government of Canada bonds. Short-term federal bonds declined 3.9% in the year, while long-term federal bonds declined by 24.0%. Overall, the FTSE Canada Universe Bond Index returned -11.3% in 2022.



Canadian Real Estate

The Canadian commercial real estate market posted a 2.3% return (MSCI/REAL PAC Annual Property Index) in 2022. With the Index returning a much stronger 9.1% return in the year. However, aggressive interest rate hikes over the second half of 2022 drove upward pressure on capitalization rates across all property types. Despite this, property fundamentals remain sound with demand to supply imbalances persisting within industrial and multi-family assets, resulting in continued rental rate growth.

Global Infrastructure

The global infrastructure market posted a 0.2% return (DJ Brookfield Global Infrastructure Index) in 2022. Geopolitical conflict in Europe created an energy crisis accelerating all things related to the energy transition leading to strong adoption for the energy transition subsector. The US passed the Inflation Reduction Act that provided similar momentum. Capital raised was up 23% compared to the five-year average as investors looked for a safe haven amongst inflation, interest rates and recession concerns.

Investment Performance

A number of performance objectives are set out for the Non-Academic Pension Plan. The primary objective is that the Total Fund earn a rate of return that exceeds, net of fees, the rate of return earned on a benchmark portfolio over a rolling four-year period. Over four years, the Master Trust Fund had mixed results versus the Non-Academic Pension Plan investment objectives:

- Real Return of 3.10% versus 3.75% objective;
- Above the Total Fund benchmark by 0.10%; and
- All asset classes had positive absolute returns. Mawer Canadian equity, GMO Global equity, Templeton non-North American equity and BentallGreenOak real estate underperformed their benchmarks.

The four-year volatility for the Master Trust Fund continues to be materially lower than for traditional balanced funds.

Investment Performance	2022	Last 4 Years	Last 10 Years
Master Trust Gross Return	-6.7%	6.6%	7.6%
Benchmark Return	-7.5%	6.5%	7.2%
Master Trust Value Added	0.8%	0.1%	0.4%

Pension Plan Expenses

Plan expenses for 2022 were \$566,310 or 0.4575% of the average market value of the assets within the Master Trust attributed to the Non-Academic Pension Plan. The plan is charged for expenses related to actuarial and consulting services, administration, investment manager fees and asset servicing fees.

Actuarial Valuation

The plan last filed an actuarial valuation report with the regulators at **December 31, 2021**.

Going-Concern Position of the Plan

The going-concern valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan will continue on into the future indefinitely.

	2021	2019
Actuarial Value of Assets	\$121,209,000	\$108,972,000
Actuarial Value of Liabilities	\$124,418,000	\$114,021,000
Surplus/(Deficit)	(\$3,209,000)	(\$5,049,000)
Funded Ratio	0.97	0.96

Solvency Position of the Plan

The solvency valuation examines whether the Plan would be in a deficit or surplus position if it were closed (hypothetical wind-up) as of the valuation date. The Plan has been classified as a “Specified Plan” and is not required to fund solvency deficiencies.

	2021	2019
Actuarial Value of Assets	\$132,679,000	\$115,256,000
Actuarial Value of Liabilities	\$174,060,000	\$174,128,000
Surplus/(Deficit)	(\$41,381,000)	(\$58,872,000)
Solvency Ratio	0.74	0.63

Transfer Deficiency Requirements

As the Plan has a solvency ratio of 74%, pension regulations require that 26% of the funds transferred out of the Plan be held back. The amount of the money being held back is known as the transfer deficiency. The transfer deficiency is required to be paid out at the end of 5 years following the initial date of payout, or sooner if a subsequent valuation reveals a solvency surplus.

Plan Amendment

There were no plan amendments in 2022.

Governance Structure

The Board of Governors is the Plan’s legal administrator and as such accepts the associated fiduciary responsibilities associated with the Plan.

The Board delegates the majority of the governance duties associated with the pension plan to University administration and the Non-Academic Benefits Committee (NABC), both of which report on a regular basis back to the Board through the Human Resources and Finance & Facilities Committees.

Non-Academic Benefits Committee (NABC)

The NABC is a Board of Governors appointed Committee. Its mandate is to advise the Board on pension and benefit related matters. The NABC consists of three members recommended by CUPE 5791, one retired member and four University representatives. At **December 31, 2022**, the NABC consisted of the following members.

Dean Biesenthal, Human Resources (Chair)	Vandana Kumari, Student Affairs
Jim Carlson (Retired)	Carmon Perrin, Information Services
Joanne Downing, Science	Lamont Stradeski, Financial Services
Nola Joorisity, Business Administration	<i>Temple Maurer, Human Resources (Recording Secretary)</i>

Meetings of the Committee

The Joint Pension Investment Committee (JPIC), which is made up of members of the NABC and the Academic and Administrative Benefits Committee (AABC), oversees all investment aspects related to the assets of the Master Trust Fund.

The Committees rely on the expertise of numerous consultants and investment managers in their oversight role. The NABC met on 10 occasions (including JPIC) throughout 2022. The key activities have been outlined in the following table.

➤ Reviewed the Quarterly Pension Investment Performance and Investment Manager Evaluation Reports	➤ Reviewed the Financial Position of the Plan at December 31, 2021 and Recommended the University of Regina file an Actuarial Valuation
➤ Approved the 2021 Pension Plan Expenses	➤ Approved the 2023 Budget and Work Plan
➤ Reviewed the Results of the Mortality Study and Recommended an Update to the Mortality Assumption	➤ Reviewed and Recommended the 2022 Statement of Investment Policies and Goals (SIP&G)
➤ Recommended the Replacement of the Active GMO Global Equity Fund with the Passive BlackRock ACWI Index Fund	➤ Recommended the University Initiate a Search for an International Equities Investment Manager(s)

Other Agents of the Plan

Actuaries and Pension Consultants	Jacob Schwartz & David Larsen, Aon
Performance Measurement Consultants	Don Olsen & Garret Gaetz, Aon
Asset Servicing Provider (Custodian)	CIBC Mellon Global Securities Services

The primary purpose of this report is to:

- Provide plan members an overview of the Plan at December 31, 2022
- Review Master Trust investments and investment performance in 2022
- Report on the 2022 activities of the Non-Academic Benefits Committee (NABC)

Please contact the Pension and Benefits unit in Human Resources or any member of the NABC if you have any questions about the items covered in this report.

Pension & Benefits, Human Resources
Administration/Humanities Building Room 435
Tel: (306)585-4575
pension.benefits@uregina.ca
www.uregina.ca/hr

The information provided in this report is designed to give you an overview of the Non-Academic Pension Plan at December 31, 2022. Full details contained in the legal plan documents as well as applicable legislation will govern in all cases.