

# **Western Pension Plans**

**Academic and Administrative Staff  
Pension Boards**

## **Annual Member Update for 2023**

*March 1, 2024*

# Disclaimer

This presentation material was created to educate and update members of the Western Pension Plans.

It is not intended to constitute legal, tax, pension, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type.

This presentation contains general information and should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

# Presenting on behalf of the Board

**Tahir Aziz**

**Associate Director, Pension  
Investments, Western**



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**Sr. HR Consultant, Total Rewards,  
Western**



# Agenda

1. Plan Member Questions
2. Plan Overview
3. Economic Update & Plan Performance
4. Investment Changes
5. Responsible Investing Update
6. Guest Speaker - Mirova

# 1. Plan Member Questions

# RRSPs and the Western Pension Plan

**Q:** I want to make an RRSP contribution before the deadline, how do I do that with Sun Life?



**A:** The Western Pension Plan is not an RRSP. You cannot make a new RRSP contribution to the Plan.

## Current year to the Western Pension Plan

EmployER Required + EmployEE Required + EmployEE Voluntary  
= **MAXIMUM 18%\***

You CAN:

### 1) Maximize your contributions

**Action:** Elect online in your Sun Life account: select Put Money In > Manage Payroll Contributions

### 2) Transfer savings from your RRSP

**Action:** Initiate a direct transfer of your RRSP from your Sun Life account: select Put Money In > Transfer products to Sun Life

\* Income Tax Act limit is the *lesser* of 18% of earnings and a dollar limit (\$32,490 in 2024)

# Support from Sun Life

**Q:** I called the Sun Life office in London, but they didn't seem to know about the pension plan. Did I call the right place?



**A:** No



**Client Care Centre:**  
General inquiries and support

**1-866-733-8612**



**Senior Education Consultants:**  
Understanding your workplace plan

**[uwo.ca/hr/pension](http://uwo.ca/hr/pension)**



**Financial Services Consultants:**  
Investment Advice & Retirement Planning

**1-866-634-4840**



**Retirement Consultants:**  
Converting savings to income

**1-866-224-3906**



Western Human Resources [uwo.ca/hr/contact](http://uwo.ca/hr/contact)

# Responsible Investing

**Q:** Why fix the wheel if it isn't broken? The Socially Responsible fund has performed super fantastic, so why change?



**A:** Look beyond performance

**Q:** Does the Mirova Sustainable Global Equity Fund have any investments in alcohol, tobacco, adult entertainment, weapons, companies involved in extracting, transporting or processing fossil fuels or in companies involved of the financing of above?



**A:** Impact approach

**Q:** What is the process for moving funds out of the Socially Responsible fund?



**A:** You by 4 p.m. April 1<sup>st</sup> or Sun Life on April 3<sup>rd</sup>

## **Opened:**

### **Sustainable Global Equity Fund**

On: February 1, 2024

Managed by: Mirova

Approach: Impact

## **Closing:**

### **Socially Responsible Global Equity Fund**

On: April 1, 2024

Managed by: MFS

Approach: Exclusion



# Inflation

**Q:** What has been Western's strategy for pension funds to respond to inflation? How has any strategy been communicated with those enrolled in Western pension plans?



**A:**

- Long term view
- Active management
- Resilient portfolios
- Individual mandates remain fully invested
- Enhancements to Diversified Equity Fund

# Passive Canadian Equity

**Q:** Can we have a passive Canadian equity option? What are the fees for active management in Canada?



**A:**

- Canadian markets are less efficient
- Less Diversified
- Reasonable active management costs
- Annualized outperformance of 0.30% after fees over the 10-year period
- Lower volatility and better risk-adjusted performance

## 2. Plan Overview

# Your Joint Pension Board (2023-2024)

Name	Role at Western	Board Tenure
Ab Birch	Director, Financial Systems	Since 1997
Stephen Foerster	Professor, Ivey Business School Chair, Academic Board; Vice-Chair, Joint Pension Board	Since 2008
Rachel Halaney	Acting Executive Director, Office of the Dean, Schulich School of Medicine & Dentistry	Since 2020
Louise Koza	Director, Total Compensation, Human Resources	Since 2003
Jim Loupos	Director, Internal Audit, Financial Services Chair, Administrative Board; Chair, Joint Pension Board	Since 2009
Eric Mallory	Associate Vice-President, Financial Services	Since 2019
Jane O'Brien	Associate Vice-President, Human Resources	Since 2000
Saurin Patel	Assistant Professor, Ivey Business School	Since 2021
Katey Senese	Financial Officer, Faculty of Education	Since 2021
Joseph Shaw	Lecturer, Geography and Environment	Since 2022
Shahbaz Sheikh	Professor, DAN Department of Management & Organizational Studies	Since 2021

# Pension Board Mission Statement

“Our Mission is to provide members with the opportunity to accumulate adequate funds for retirement. We seek to provide sufficient choices but not onerous choices. We seek to provide services and options on a cost effective basis to accommodate members who are active in the management of their retirement savings and also for those members who look to the board for guidance. We will provide these services and options while following our principles”

# Joint Pension Board Principles

1. Offer members broad and diversified CHOICE of investment and retirement vehicles;
2. Maintain FAIRNESS among members in plan operations;
3. Provide investment alternatives which possess high LIQUIDITY;
4. Assist members in making WELL INFORMED DECISIONS about investment and retirement alternatives;
5. Solicit information about and BE RESPONSIVE to members' preferences;
6. Use PRUDENCE in assessing and reviewing plan decisions and operations;
7. Assure COST EFFECTIVE administration of plan operation.

# Western Pension Plan

- \$1.4 bn in total assets as of December 31, 2023
  - Invested across 14 investment options
- The Joint Pension Board oversees the plan
  - Supported by Human Resources, Investment Team, and External Consultants
- Sun Life is the administrator of the plans
- You and your employer contribute
- You select the investment options
  - Approved by the Joint Pension Board

# Investment Options in your Plan

Fund Category	Style	Fund Name	Fund Management Fee (FMF)*
Balanced Portfolios	Mixed	Balanced Income (30 Equity / 70 Fixed Income)	0.43%
	Mixed	Balanced Growth (70 Equity / 30 Fixed Income)**	0.48%
Equity	Mixed	Diversified Equity Fund*** (changes in Q1/Q2 2024)	0.52%
	Active	Sustainable Global Equity (new February 2024)	0.78%
	Active	SRI Global Equity (closing April 2024)	0.52%
	Passive	Islamic Global Equity (new June 2023)	0.82%
	Active	Non-North American Equity (changes in Q1 2024)	0.71%
	Active	Canadian Equity	0.28%
	Passive	U.S. Equity Hedged	0.16%
	Passive	U.S. Equity Unhedged	0.10%
Fixed Income	Mixed	Diversified Bond Fund***	0.39%
	Passive	Canadian Bond	0.10%
	Passive	Long Term Bond	0.14%
Cash & Equivalents	N/A	Guaranteed Daily Interest Account (GDIA)	NA
	Active	Sun Life Money Market	0.08%

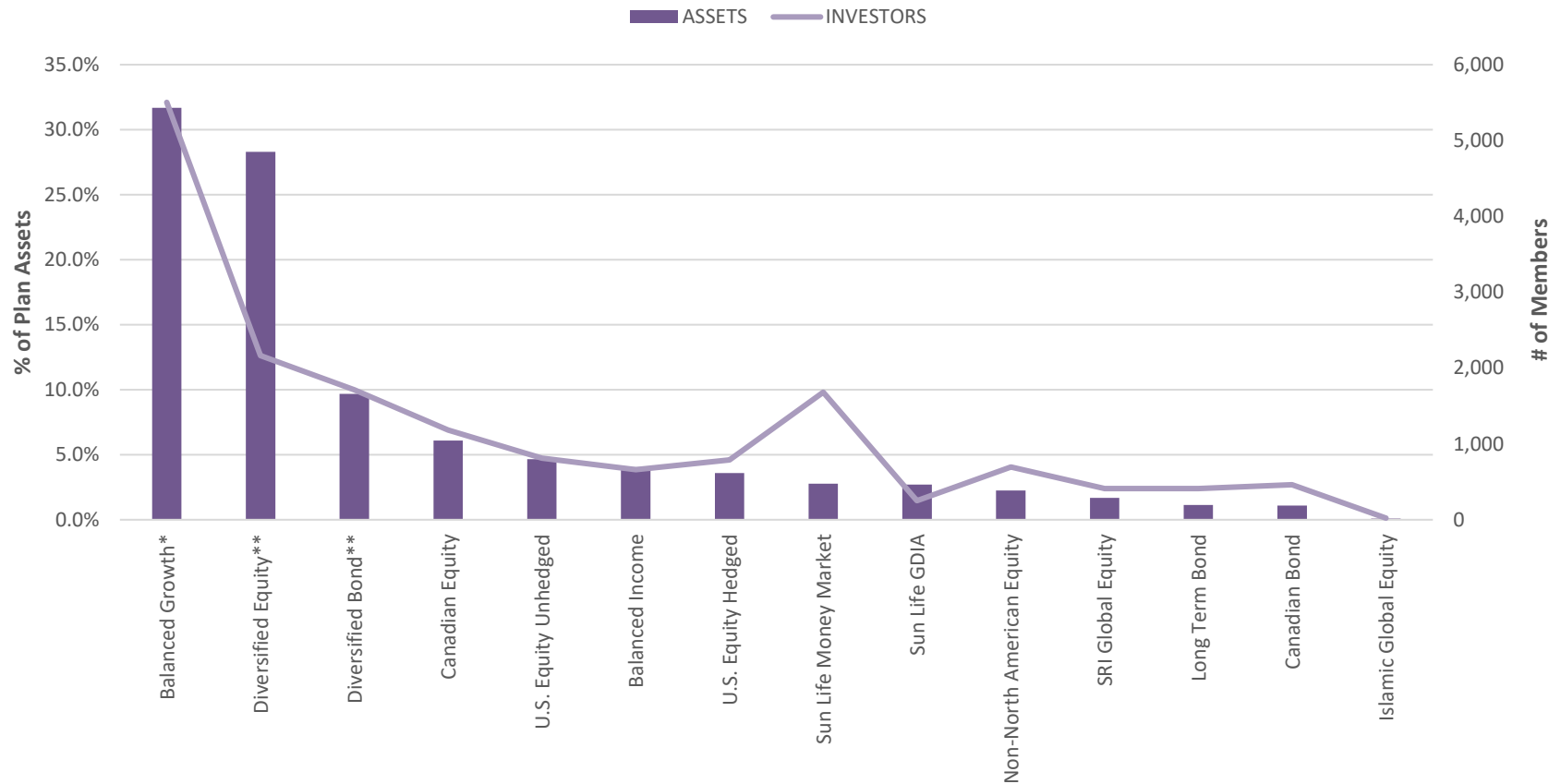
\*Fund Management Fees as of January 31, 2024

\*\*The Balanced Growth portfolio is the current default fund under the plans

\*\*\*The Diversified Equity Fund and the Diversified Bond Fund are the underlying funds of the Balance Growth and Balanced Income Portfolios



# Plan Asset Mix (at December 31, 2023)



\*The Balanced Growth portfolio is the current default fund under the plans

\*\*The Diversified Equity Fund and the Diversified Bond Fund are the underlying funds of the Balance Growth and Balanced Income Portfolios

# 3. Economic Update & Plan Performance

# Economic Update

Interest Rate (%)	2021	2022	2023
Canada	0.25	4.25	5.00
U.S.	0.00 - 0.25	4.25 - 4.50	5.25 - 5.50

Inflation (%)	2021	2022	2023
Canada	3.4	6.8	3.9
U.S.	4.7	8.0	4.1

10 Year Yield (%)	2021	2022	2023
Canada	1.4	3.3	3.1
U.S.	1.5	3.9	3.9

Equity Returns (\$C%)	2021	2022	2023
Canada (S&P/TSX)	25.1	-5.8	11.8
U.S. (S&P 500)	27.6	-12.2	22.9
International (EAFE)	10.3	-8.2	15.1
Emerging Markets	-3.4	-14.3	6.9

# Investment Returns (Net of Fees)

Fund Category	Style	Fund Name	2023	2022
Balanced Portfolios	Mixed	Balanced Growth	11.7	-10.1
	Mixed	Balanced Income	8.5	-9.6
Equity	Mixed	Diversified Equity Fund	14.0	-10.6
	Active	Canadian Equity	10.4	-3.9
	Passive	U.S. Equity Unhedged	22.8	-12.2
	Passive	U.S. Equity Hedged	24.5	-19.2
	Active	Non-North American Equity	15.2	-8.0
	Active	SRI Global Equity	17.7	-13.5
	Passive	Islamic Global Equity	n/a	n/a
Fixed Income	Mixed	Diversified Bond Fund	6.1	-9.2
	Passive	Long Term Bond	9.5	-21.9
	Passive	Canadian Bond	6.6	-11.8
Cash & Equivalents	Active	Sun Life Money Market	4.7	1.7
	N/A	Guaranteed Daily Interest Account (GDIA)		

# 3. Investment Changes

# Upcoming Investment Changes

## Non-North American Equity Fund

- No change in investment objective or strategy
- Managed by MFS and AllianceBernstein
- Boston Partners will replace AllianceBernstein in Q1 2024
- How does it impact you?
  - No action required
  - You will not see any transactions in your account
  - Lower Fund Management Fees
    - From 0.71% to 0.54%

# Upcoming Investment Changes

## Diversified Equity Fund

- No change in investment objective
- Adding Diversification through Global Real Assets (10%)
  - 5% in Global Real Estate (CBRE) and 5% in Global Infrastructure (Brookfield)
  - Target Implementation: Q2 2024
- International Equity (5%)
  - Boston Partners to replace Alliance Bernstein
  - Target Implementation: Q1 2024
- How does it impact you?
  - No action required
  - You will not see any transactions in your account
  - Similar expected returns with lower expected volatility and inflation protection
  - Slightly higher Fund Management Fees
    - From 0.52% to 0.55%

# New Investment Options

## Islamic Global Equity Fund

- Launched in June 2023
- 23 members invested with a total value of \$1.4 million at January 31, 2024
- Passive Global Equity tracking MSCI ACWI Islamic Index
- Managed by BlackRock Investment Management
- Fund Management Fees: 0.82%



# New Investment Options

## Sustainable Global Equity Fund

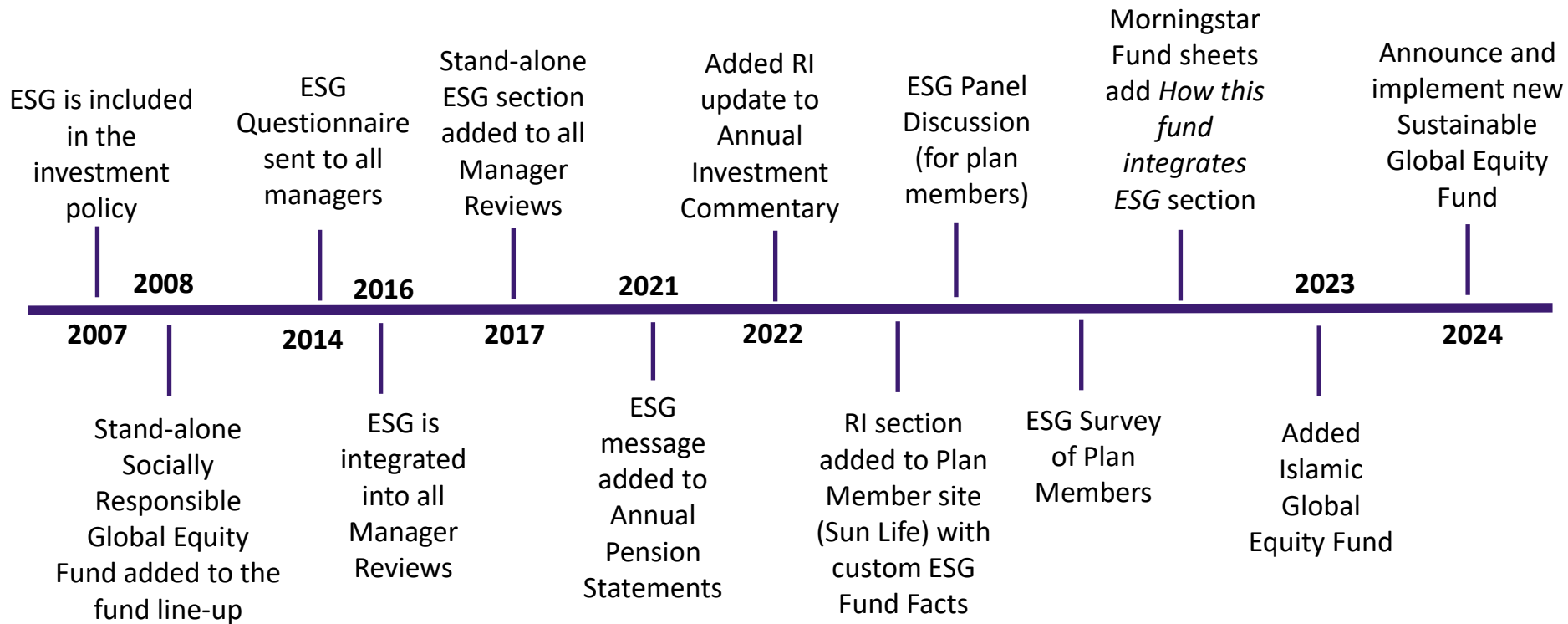
- Launched February 1, 2024
- Active Global Equity Strategy
- Managed by Mirova
- Fund Management Fee: 0.78%
- How does it impact you?
  - Invested in current SRI Global Equity Fund?
    - Option 1: Switch to new fund option or any of the other investment options
    - Option 2: Don't make a change and you will automatically be switched to this new option on April 3, 2024

# Future Plans

- Review of Fixed Income offerings with a focus on Diversified Bond Fund
- Ongoing monitoring of all investment managers

# 5. Responsible Investing Update

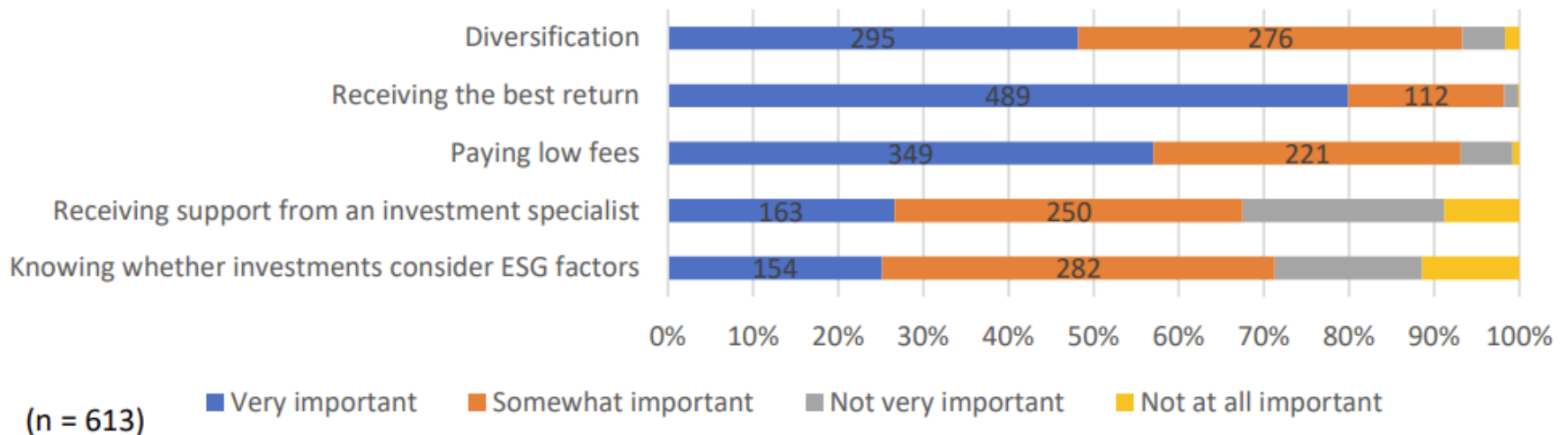
# Responsible Investing: History



2019 onward: Monitor Carbon Metrics

# Responsible Investing

What do you value the most when making decisions about selecting investments for your Western pension plan?

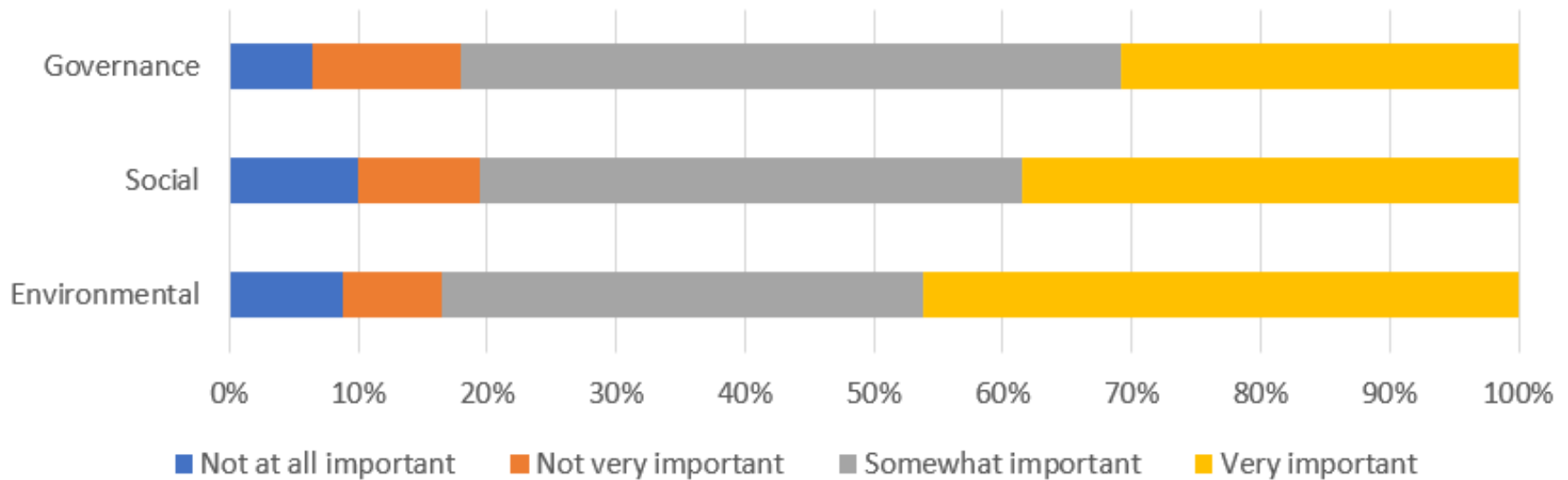


Note: Each dimension was asked as a separate question in the survey. The responses have been consolidated for presentation.

Plan member survey May 31-June 14, 2022

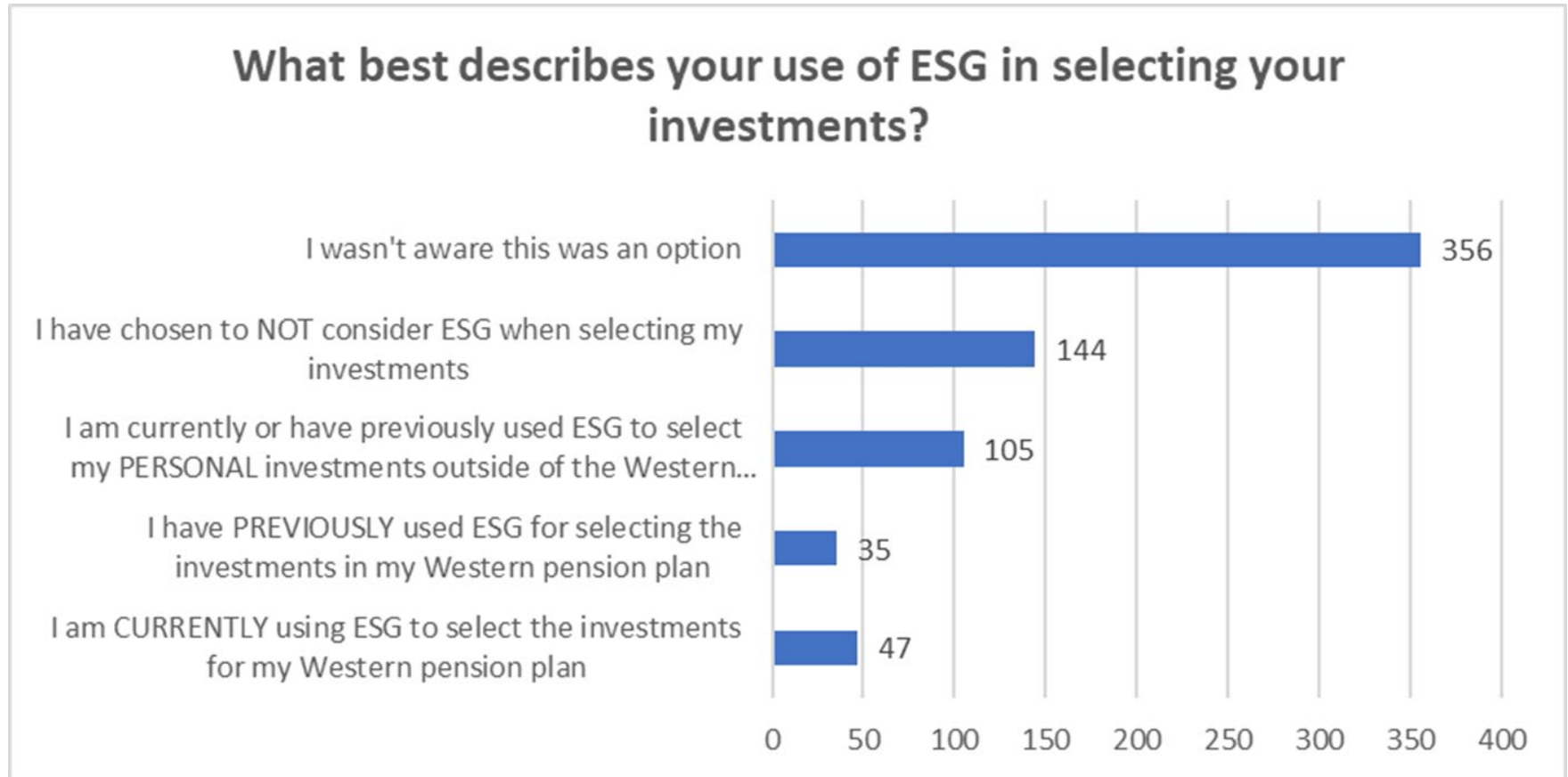
# Responsible Investing

Thinking about your personal values, how important are each of the factors when you make investment decisions related to your Western pension plan? That is, will the issue change the way you invest your Western pension plan?



Plan member survey May 31-June 14, 2022  
n=613 ~ 10% of members

# Responsible Investing



Plan member survey May 31-June 14, 2022  
n=613 ~ 10% of members

# Responsible Investing

## Mirova Global Sustainable Equity Fund

- Firm is 100% dedicated to impact investing; SFDR Article 9
- Philosophy: Believe equity markets systematically underestimate growth opportunities supported by the long-term trends shaping the economy and risks related to poor ESG practices
- Objectives: Seek to generate financial outperformance with greater sustainability impact

### “Double Dividend” by generating:

#### Financial Outperformance

- Track record of adding value over a broad market index
- +1.7% value-added over the MSCI World Index since inception (October 2013)

#### Greater Sustainability Impact

- Environment: climate, biodiversity, circular economy
- Social: Socio-economic development, health and wellbeing, diversity and inclusion
- Strong stewardship and engagement process



# 6. Guest Speaker - Mirova

# Mirova



**Hua Cheng**  
Portfolio Manager



**Ryan Hendy**  
Institutional Client Manager

