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

Cara Bourdeau
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.

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**Current year to the Western Pension Plan**

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

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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)
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

Support from Sun Life

Client Care Centre:
General inquiries and support
1-866-733-8612

Senior Education Consultants:
Understanding your workplace plan
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
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 1st or Sun Life on April 3rd

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
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
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)

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

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

*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

<table>
<thead>
<tr>
<th>Interest Rate (%)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>0.25</td>
<td>4.25</td>
<td>5.00</td>
</tr>
<tr>
<td>U.S.</td>
<td>0.00 - 0.25</td>
<td>4.25 - 4.50</td>
<td>5.25 - 5.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inflation (%)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>3.4</td>
<td>6.8</td>
<td>3.9</td>
</tr>
<tr>
<td>U.S.</td>
<td>4.7</td>
<td>8.0</td>
<td>4.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10 Year Yield (%)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1.4</td>
<td>3.3</td>
<td>3.1</td>
</tr>
<tr>
<td>U.S.</td>
<td>1.5</td>
<td>3.9</td>
<td>3.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity Returns ($C%)</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada (S&amp;P/TSX)</td>
<td>25.1</td>
<td>-5.8</td>
<td>11.8</td>
</tr>
<tr>
<td>U.S. (S&amp;P 500)</td>
<td>27.6</td>
<td>-12.2</td>
<td>22.9</td>
</tr>
<tr>
<td>International (EAFE)</td>
<td>10.3</td>
<td>-8.2</td>
<td>15.1</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>-3.4</td>
<td>-14.3</td>
<td>6.9</td>
</tr>
</tbody>
</table>
# Investment Returns (Net of Fees)

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

2007
- ESG is included in the investment policy
- Stand-alone Socially Responsible Global Equity Fund added to the fund line-up

2008
- ESG Questionnaire sent to all managers

2014
- ESG is integrated into all Manager Reviews

2016
- Stand-alone ESG section added to all Manager Reviews

2017
- Added RI update to Annual Investment Commentary

2021
- ESG Panel Discussion (for plan members)
- Morningstar Fund sheets add How this fund integrates ESG section

2022
- ESG Survey of Plan Members
- Added RI update to Annual Investment Commentary

2023
- Added Islamic Global Equity Fund
- Monitor Carbon Metrics 2019 onward

2024
- Announce and implement new Sustainable Global Equity Fund

Western
### Responsible Investing

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

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Very important</th>
<th>Somewhat important</th>
<th>Not very important</th>
<th>Not at all important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversification</td>
<td>295</td>
<td>276</td>
<td>112</td>
<td>8</td>
</tr>
<tr>
<td>Receiving the best return</td>
<td>489</td>
<td>112</td>
<td>112</td>
<td>8</td>
</tr>
<tr>
<td>Paying low fees</td>
<td>349</td>
<td>221</td>
<td>112</td>
<td>8</td>
</tr>
<tr>
<td>Receiving support from an investment specialist</td>
<td>163</td>
<td>250</td>
<td>221</td>
<td>8</td>
</tr>
<tr>
<td>Knowing whether investments consider ESG factors</td>
<td>154</td>
<td>282</td>
<td>221</td>
<td>8</td>
</tr>
</tbody>
</table>

(n = 613)

*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

What best describes your use of ESG in selecting your investments?

- I wasn't aware this was an option: 356
- I have chosen to NOT consider ESG when selecting my investments: 144
- I am currently or have previously used ESG to select my PERSONAL investments outside of the Western... 105
  - I have PREVIOUSLY used ESG for selecting the investments in my Western pension plan: 35
  - I am CURRENTLY using ESG to select the investments for my Western pension plan: 47

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