

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Annual Report and Financial Statements

For the Year Ended December 31, 2021

**THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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BOARD OF TRUSTEES

For the Association of Employees Supporting Education Services (AESES):

Joan Duesterdiek is a Telecom Analyst

Lorne Hilton is the Labour Relations Officer for AESES and has extensive experience and training in both Pension and Benefits Administration

For the International Union of Operating Engineers (IUOE):

Marc Lafond Business Manager at IUOE

For the University:

Julia Peemoeller is the Vice-President, Finance & Administration

Colin Morrison is the General Counsel

Marni Yasumatsu is the Associate Vice-President, Human Resources

For the University of Winnipeg Excluded Employees:

Mark Betcher is the University's Manager, Pay and Benefits

For the University of Winnipeg Faculty Association (UWFA & UWFA-Collegiate):

Andrew Bendor-Samuel is an Instructor in the Math & Science Tutoring Centre

Rosalie Harms Chair Business & Administration

James Townsend is a Professor in Economics

For the University of Winnipeg Retirees Association (UWRA):

Ed Byard is a retired Biology Professor

Murray Wiegand is a retired Biology Professor

External Trustees:

Greg Gillis, FSA, FCIA, CFA, CFP at Lawton Partners wealth management

Sheila Wilson-Kowal, CFA, is Vice-President, Investments & Portfolio Manager with Cardinal Capital Investment.

Ron Youngson is a retired Director of Group Retirement for Onyx Financial Group, responsible for all phases of new case establishment, including plan design, investment menu selection, member communication and education.

BOARD EXECUTIVE AND BOARD COMMITTEES

Board Executive:

- Ron Youngson (Chair)
- Colin Morrison (Vice-Chair)
- Julia Peemoeller (Treasurer)
- Mark Betcher (Secretary)

Defined Contribution Committee:

- Andrew Bendor-Samuel (Chair)
- Mark Betcher
- Rosalie Harms
- Ron Youngson
- Colin Morrison
- James Townsend
- Murray Wiegand
- Marc Lafond

Operations Committee:

- Ron Youngson
- James Townsend
- Mark Betcher (Co-Chair)
- Ed Byard
- Sheila Wilson-Kowal
- Marni Yasumatsu (Co-Chair)
- Julia Peemoeller

Defined Benefit Committee:

- Sheila Wilson-Kowal (Chair)
- Lorne Hilton
- Andrew Bendor-Samuel
- Colin Morrison
- Ron Youngson
- Murray Wiegand
- Henry Hudek
- Julia Peemoeller
- Joan Duesterdiek
- Greg Gillis

Board of Trustees Code of Conduct

1. *Act in good faith and in the best interest of Plan beneficiaries*
2. *Act with prudence and reasonable care*
3. *Act with skill, competence and diligence*
4. *Maintain independence and objectivity and avoid conflict of interest*
5. *Abide by all applicable laws, rules and regulations including the terms of the Plan*
6. *Deal fairly, objectively and impartially with all beneficiaries*
7. *Take actions that are consistent with the established mission of the Plan*
8. *Review on a regular basis the efficiency and effectiveness of the Plan's success in meeting its goals*
9. *Maintain confidentiality of Plan and beneficiary information*
10. *Communicate with beneficiaries and supervisory authorities in a timely, accurate and transparent manner*
11. *Maintain clarity and respect in the relationship between the stakeholders and the Trustees*

REPORT OF THE CHAIR

Here we are with another eventful year under our belts.

In my last year's report, I talked about how we all hoped COVID and COVID related events would be behind us. Unfortunately, COVID is still with us although admittedly it seems to be less of a concern as everyone has learned to live with its presence and vaccinations and other protocols have yielded encouraging results. COVID may never be eradicated but we will learn how to manage it within our lives.

Again, 2021 investment performance for the Defined Benefit Component of the Pension Plan for turned out to be very good with a return of approximately 10.5% which should result in an improvement in the funded status of the Plan. However, the first quarter of 2022 has not been quite so rosy with the Central Banks in Canada and the U.S. raising rates in an effort to dampen inflationary pressures that have not been seen for a very long time. Couple that with economic effects the ongoing conflict in the Ukraine, investment returns are expected to be much more modest for 2022.

On the Defined Contribution Component side of things, the major event for the year was a review of Sun Life as a service provider. This was accomplished through an exhaustive Request for Proposal from companies involved in that service space, including review of written responses and interviews with short listed candidates. A decision was made to change service provider from Sun Life to Desjardins Financial and this change became active in the late fall of 2021.

Also, a decision was made to engage the ONYX Financial group to provide assistance in plan member education, investment selection and assisting new and departing plan members in making well informed choices. Feedback so far on the services provided to members by ONYX has been very positive.

In closing, I would like to thank all my fellow Trustees who have volunteered their time and efforts in governing the operation of the Pension Plan.

Ron Youngson (Chair)

OPERATIONS COMMITTEE REPORT

The Operations Committee of the Board of Trustees serves the Board in three main areas: it acts as an annual audit committee, the Governance Committee for the Board of Trustees, and the committee responsible for Trustee education topics and events. The Operations Committee is responsible for ensuring that the services provided to the Pension Plan and its stakeholders are of a high quality and provided at reasonable cost. The Committee reviews these services on a regular basis ensuring the Plan provides the best possible member experience. If there are improvements needed, the Committee undertakes the work needed to ensure the best governance of the Plan.

The Committee reviews the annual audit plan, meets with the auditors to review the audit report, and recommends the report to the Board. The Committee also reviews the budget for the administration of the Plan before recommending it to the Board for approval. The Committee regularly reviews the financial statements of the Pension Plan and monitors budgetary expenditures quarterly. An annual custodial services review for the DB plan is also undertaken to ensure all stakeholders are satisfied by the level of service being offered.

With respect to governance matters, the Committee continually strives to have a central repository for our internal documentation. The Civic Web document portal continues to be the electronic hub where the Board holds the current and archival materials-such as meeting minutes and supporting documentation from the Board and its committees. This resource has continued to be essential during the past year as we conducted all our committee meetings and Board meetings virtually on the Zoom conferencing platform.

The Operations Committee is responsible for ensuring that the governance practices of the Plan are regularly evaluated against industry best practice guidelines as outlined by the Canadian Association of Pension Supervisory Authorities (CAPSA). Further, the Plan actuary brings to the Operations Committee Pension plan amendments from time to time that need to be reviewed and recommended to the Board of Trustees for approval. The Committee reviewed and approved the Plan Privacy Policy in 2021. Once again, the Operations Committee had oversight in the election to the Board of an external Trustee, as well as the replacement of 3 internal Trustees.

The Operations Committee seeks to make sure that Trustees are equipped to fulfil their role by encouraging and promoting Trustee education. Since 2016, the Committee has dedicated time at each Board meeting for Trustees who attend workshops and conferences to present on the important issues and developments in pensions. Pensions are not stagnant, and are continuing to evolve, so having a group of well-informed Trustees is valuable.

Finally, on behalf of the members of the Operations Committee, we wish to thank the following Trustees who left the Board and the various Board Committees:

- Barry Barske, representing AESES;
- Michael Emslie, representing the University and providing exceptional financial guidance during his time on the Board;
- and Lorraine Parrington, representing UWFA.

Each of you provided valuable contributions during your time as a Trustee.

Joining the Board in 2021 was:

- Marc Lafond, representing I.U.O.E.;
- Joan Duesterdiek, representing AESES;
- Julia Peemoeller, representing the University;
- and Greg Gillis, who was nominated as an External Trustee

Mark Betcher/Marni Yasumatsu
Co-Chairs of Operations

DEFINED BENEFIT COMMITTEE REPORT

In 2021, there was a marked divergence between the equity and fixed income markets. Equity markets mostly posted strong results with both the S&P/TSX Composite and the S&P 500 (in C\$) returning over 25% for the year. On the other hand, bonds posted a rare negative year for returns with the FTSE Canada Bond Universe Index declining 2.5%. After 40 years of bond yields moving down, and as a result, bond prices rising in value, there was a reversal in the trend. Bond yields started to rise in 2021 and this carried over into 2022, which has resulted in a decline in bond prices and the negative bond returns.

On the strength of the equity markets, the assets of the Defined Benefit (DB) component of the Plan had a gross annual return of 10.4%. This was strong on an absolute basis; however, the Plan modestly lagged the Plan's benchmark return of 10.6%. The underperformance is attributable to the performance of the Emerging Markets equity manager, Somerset. The committee is undertaking a review of Somerset to determine if other options should be considered. After years of growth managers outperforming value managers, this reversed in 2021. The Plan's Canadian equity manager is Beutel Goodman who adheres to a value style. Beutel Goodman outperformed in 2021, which resulted in a positive contribution to the Plan's performance. The Plan's real estate position also added value to the Plan. In early 2021, the Committee transferred its global equity mandate to an index fund managed by BlackRock. With the assistance of our investment consultant from AON Hewitt, the Committee has begun a review of options for the global equity mandate that will include continuing with an index fund or moving to active managers.

The committee continues to monitor the performance of asset managers quarterly with the assistance of AON Hewitt. Performance will fluctuate from year-to-year depending on how the underlying markets perform. The monitoring is focused on how the active managers perform relative to their respective benchmarks and if the managers are consistently following their investment philosophy, which the committee believes will add value over the long run. The Committee also spent time this year reviewing The Plan's compliance with CAPSA guidelines and overseeing the annual plan valuation performed by the Plan Actuary, Eckler.

The Committee reviewed and updated the Statement of Investment Policy (SIP) including a detailed review of the custom liability matching portfolio transition schedule. The transition schedule specifies how the Plan's bond portfolio that is managed by Beutel Goodman will move towards alignment with the Plan's liabilities.

While the return on assets was positive this year, the geometric average net fund return over the past four years was 5.74%; just short of the 6% required to trigger a Cost of Living Adjustment (COLA) for pensioners. COLAs had been provided in six of the past eight years.

Sheila Wilson-Kowal (Chair)

DEFINED CONTRIBUTION COMMITTEE REPORT

2021 saw significant changes for Defined Contribution (DC) Plan Members. After an extensive search the DC Committee made the decision to change service providers from Sun Life to Desjardins. The DC Committee also contracted with a local consulting firm, ONYX Financial Group to provide independent member education without sales pressure. The Committee also continued its supervision of all aspects of the DC Plan.

As part of the Board of Trustees regular due diligence processes, the Board undertakes a review of all firms that provide services to the Pension Plan. A review of the DC service provider was scheduled for 2020, but delays brought on by the pandemic delayed the search until 2021. The plan has grown significantly since it started in 2000, much of that growth has occurred in the past few years. Larger plans are better able to negotiate lower fees for their members. With help from Eckler, our newly hired DC Consultant, the DC Committee ran a request for proposals from the largest defined contribution pension plan service providers in the country.

The result of our search led to a change in service providers, moving from Sun Life to Desjardins. The improved services and reduced fees offered by Desjardins were too substantial for the Committee to ignore. Plans for more services for Members and their spouses/common-law partners are planned for 2022.

Desjardins ran many live online education sessions to allow Members to familiarize themselves with their services. A recorded version is still available for interested Members. These sessions were very well attended. ONYX Financial Group has also received many requests for retirement plans. It is hoped that once the University is back to in-person classes members from the ONYX team will be able to run some group education sessions, as well as meet with Members in-person.

Our search involved many months of work from our volunteer Board members, so I would like to thank everyone played a significant role in the search, singling out Mark Betcher, Ron Youngson and Sheila Wilson-Kowal in particular.

The first deposits to Desjardins occurred with the November 12 payroll. Members' funds were transferred from Sun Life to Desjardins on November 17 and 18. The markets had been very strong in all of 2021, but most saw a significant drop starting just days after the transfer was completed. Market instability, while unsettling, is to be expected. It is best for Members to try to take these ups and downs with a long-term view and avoid kneejerk reactions. Even with the late year drop, most markets still finished well above their December 2020 close.

Andrew Bendor-Samuel (Chair)

REPORT OF THE TREASURER

Overview

This report provides a summary of the financial performance of the University of Winnipeg (“University”) Trusteed Pension Plan (the “Plan”) for the year ended December 31, 2021, including:

- A brief description of the Plan
- Summary of changes in membership
- Discussion of the change in asset values

The Plan

The Plan has two distinct components: The Defined Benefit (“DB”) component, which is closed to new members, and the Defined Contribution (“DC”) component, established January 1, 2001, which all new employees join on their date of employment.

The DB component is intended to provide members with a monthly benefit upon retirement. The benefit is calculated using a prescribed formula that takes into account:

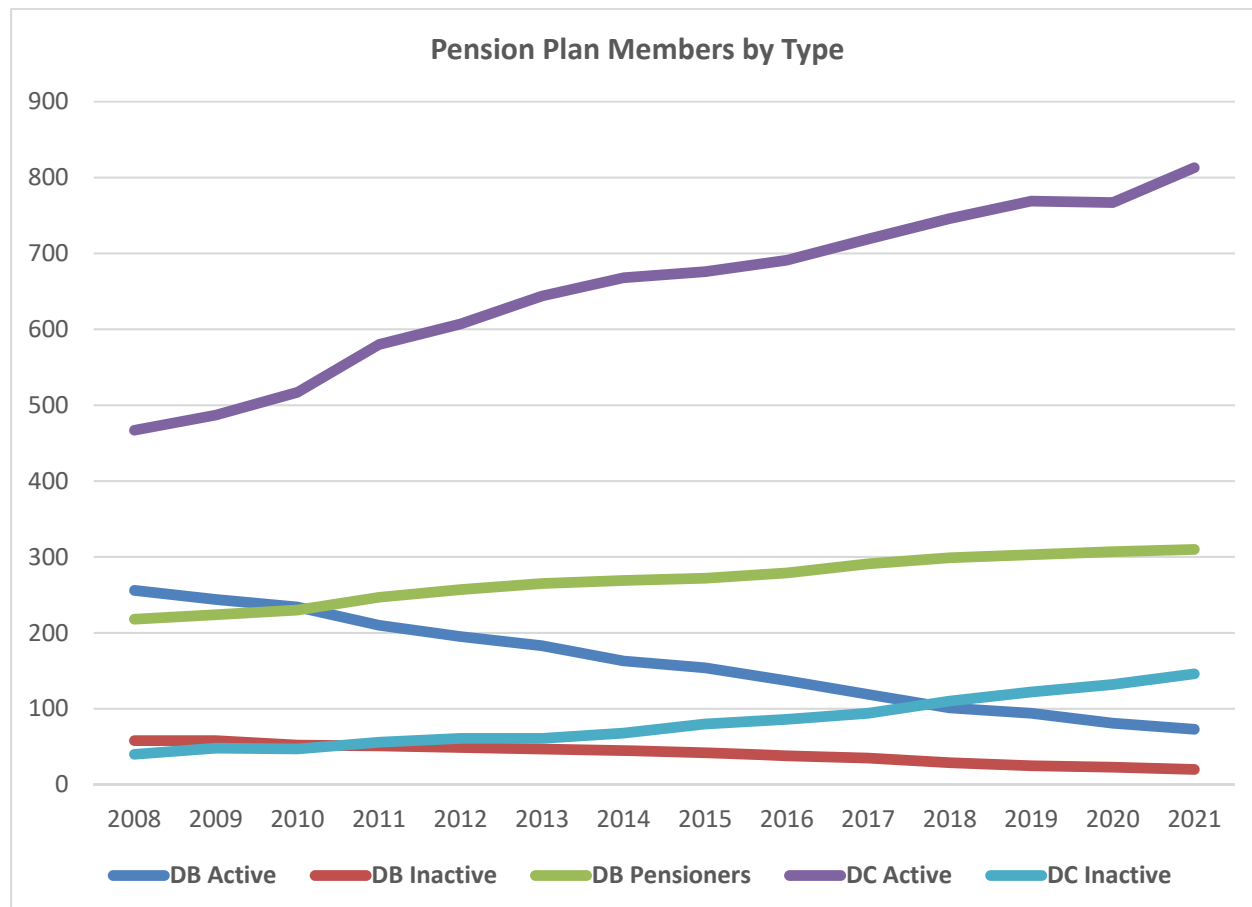
- Years of credited service
- Average pensionable salary (with a reduction for the Canada Pension Plan)

According to current Plan provisions, the pension formula is subject to a Plan benefit maximum of \$1,722.22 per year of pensionable service. Retirement options include a choice of monthly pension from a variety of payment options, or a transfer of the commuted value to a LIRA (locked-in retirement account) or a LIF (life income fund). The DB pension benefit is funded by member and University contributions and investment earnings.

The DC component is intended to provide members with a pension benefit upon retirement that is based on contributions made by the member and the University into a range of investment choices provided through Desjardins Insurance (“Desjardins”). The combination of the contributions and investment earnings provide members with a lump sum value that can be transferred into another registered retirement investment vehicle, or invested through Desjardins to provide a monthly pension benefit.

For additional information relating to the Plan, please visit <http://www.uwinnipeg.ca/hr/benefits/pension.html>.

The following graph shows the change in membership over time broken down by member type. An inactive member is a DB or DC member who has left the University but has not yet settled his/her pension benefit.



Financial Results

The 2021 financial statements were prepared in accordance with Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations.

The stock market turned in a solid performance in 2021, with most equity markets ending the year with double-digit return gains. However, the bond market did not fair as well in 2021 with the market down at the end of the year. As a result of the equity market gains, net assets of the Plan as at December 31, 2021 increased by \$21.5 million to \$258.8 million, up from \$237.3 million as at December 31, 2020. In the DB component of the Plan, the market gains caused the deficiency of net assets available for benefits over the actuarially calculated obligations to decrease to \$7.4 million as at December 31, 2021 (\$25.3 million as at December 31, 2020). This is the lowest deficiency the Plan has had since 2007.

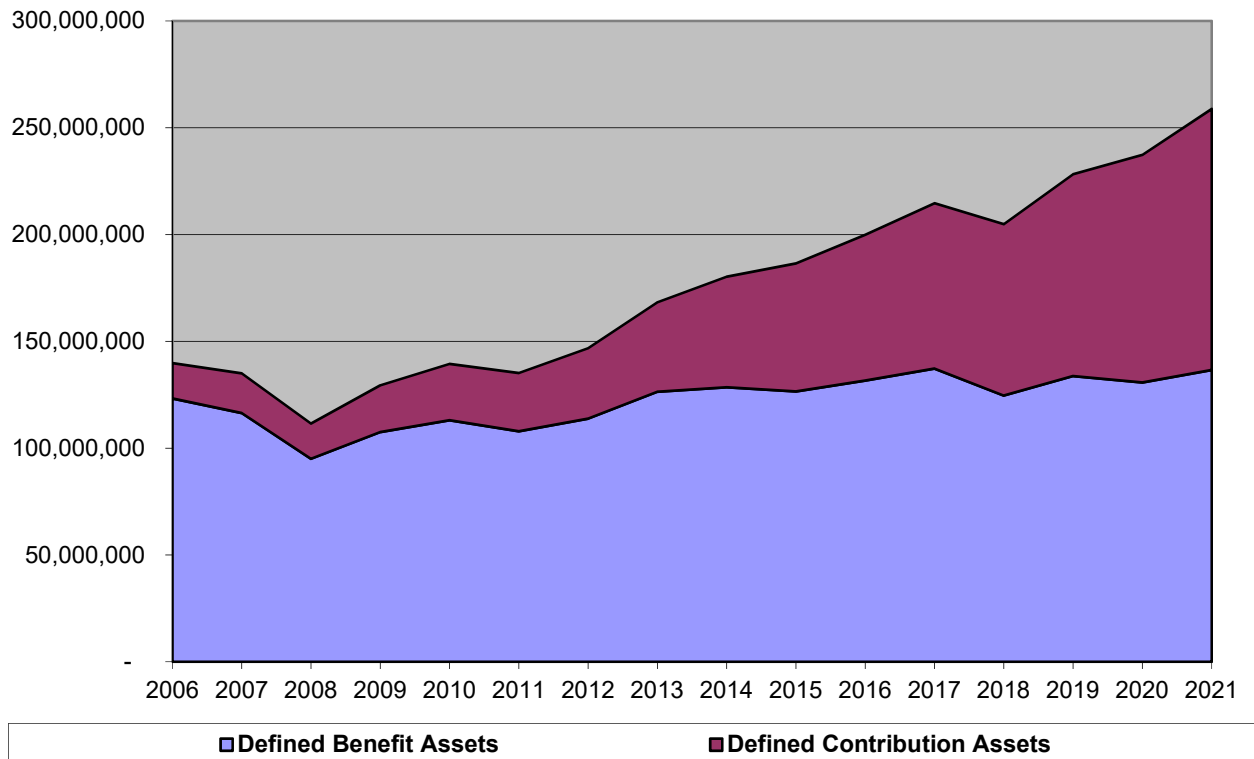
The net return on investments for the year ended December 31, 2021 on the DB component of the Plan, based on market value and net of expenses, was 10.45% as compared to 5.05% for the year ended December 31, 2020. According to the smoothing calculation, which is a geometric average of returns over a four-year period ended December 31, 2021, the average return on the fund was 5.74% as compared to 5.73% for the four-year period ended December 31, 2020.

This smoothing method of calculating the return on the DB fund is used to determine whether a cost of living increase is payable to pensioners. For a cost of living increase to be payable, the smoothed rate of return earned by the fund must be greater than 6%. Since the smoothed rate for 2021 was less than 6%, there will be no cost of living increase effective July 1, 2022. The plan has provided a cost of living increase in seven of the last ten years.

The net return on investments for 2021 on the DC component of the Plan varies by investment fund and by member depending on the funds selected by each member.

The following graph provides an overview of the changes in Plan assets over time

Plan Assets 2006 - 2021



Valuation

The DB component of the Plan is required to undergo an actuarial valuation on a regular basis. The last full valuation was performed as at December 31, 2020.

As the DB pension fund is below 90% funded on a solvency basis, it is subject to annual actuarial reviews. According to the most recent valuation, the Plan's unfunded liability position improved as at December 31, 2020 compared to December 31, 2019. The University's special funding payments for the period decreased from \$2.9 million in 2020 to \$2.5 million in 2021.

It is important to note that the unfunded actuarial liability in the Plan does not impact the benefits that the DB members are accruing or are receiving, but it does affect the amounts that the University is required to pay into the Plan to fund those benefits.

More information on the valuation is available on the Trustees website under Documents & Forms at: <http://www.uwinnipeg.ca/hr/benefits/pension-trustees.html>

Contributions, Benefit Payments and Plan Expenses

Active members and the University make regular contributions to the DB and DC components based on the contribution formulas set out in the Plan.

The University was also required to make additional contributions of \$3.0 million to the DB component of the Plan in 2021. These required contributions include \$2.5 million in special funding payments to address the "going-concern" actuarial valuation deficiency for 2020 (as described above), and \$0.5 million to fund a current service shortfall and Plan expenses. These additional contributions will continue to be required on an annual basis until the actuarial deficiency is eliminated.

The attached financial statements are prepared to assist Plan members and other financial statement users in reviewing the activities of the Plan for the year. The financial statements do not report on the funding requirements of the Plan. This information is provided in the actuarial report on the DB Component of the Plan.

The Plan's 2021 Financial Statements received an unqualified audit opinion from KPMG, an independent audit firm appointed by the Board of Trustees.

The following table summarizes the non-investment related transactions of the Plan.

	Years Ended December 31,				
	2017	2018	2019	2020	2021
<u>Contributions</u>					
DB Member	673,831	582,432	507,821	444,419	381,217
DB University	3,483,380	3,666,955	3,957,924	3,953,762	3,433,873
DC Member	3,237,264	3,418,409	3,534,966	3,659,535	3,768,539
DC University	3,250,241	3,461,019	3,604,358	3,712,600	3,835,981
Total Contributions	<u>10,955,542</u>	<u>10,644,716</u>	<u>11,128,815</u>	<u>11,605,069</u>	<u>11,419,610</u>
<u>Distributions</u>					
DB Pensioners	8,717,591	9,253,668	9,710,896	9,970,734	10,100,498
DB Refunds & Transfers	3,173,453	1,747,653	1,143,720	3,942,099	1,135,309
DC Refunds & Transfers	3,550,131	3,045,703	6,561,163	4,224,010	5,561,668
DB Investment Manager Fees	575,665	530,144	439,426	361,951	240,778
DB Actuarial Fees	62,496	62,214	73,548	52,974	55,207
DB Custodial Fees	31,211	32,178	31,835	49,741	64,656
DB/DC Administration Fees	26,119	33,110	28,645	29,036	35,279
DB/DC Other Expenses	85,875	63,288	160,870	56,953	73,786
Total Distributions	<u>16,222,541</u>	<u>14,767,958</u>	<u>18,150,103</u>	<u>18,687,498</u>	<u>17,267,181</u>

Benefit Payments

Benefit payments to DB pensioners increased by \$0.1 million. DC refunds and transfers were \$1.3 million higher than last year. Investment management fees decreased due to our largest manager offering a reduced fee. Custodial fees increased as a result of the addition of two new accounts (Beutel, Goodman & Company Ltd. replaced Foyston, Gordon & Payne Inc. in 2020 and BlackRock replaced Sprucegrove Investments Management Ltd. In 2021). Other expenses increased for Board education and development of new Board members and consulting fees related to a record keeper search.

DC Fund Asset Mix

The DC component of the Plan is a member directed investment plan administered through Desjardins.

The following table summarizes the percentage of assets invested in each fund offered by the Plan as at December 31, 2021.

Fund Name	% of Fair Value
BG American Equity	0.5%
Desjardins Responsible Fixed Income	0.2%
Desjardins Responsible Growth	1.3%
DFS BlackRock Cnd Equity Index	0.7%
DFS BlackRock MSCI EAFE Equity Index	0.7%
DFS BlackRock Univ Bond Index	0.4%
DFS BlackRock US Equity Index	0.5%
DFS BlackRock US Equity Index (Reg)	2.0%
DGIA Money Market	0.8%
Fidelity ClearPath Inst. 2020	6.7%
Fidelity ClearPath Inst. 2025	15.4%
Fidelity ClearPath Inst. 2030	15.0%
Fidelity ClearPath Inst. 2035	17.8%
Fidelity ClearPath Inst. 2040	16.2%
Fidelity ClearPath Inst. 2045	10.9%
Fidelity ClearPath Inst. 2050	5.0%
Fidelity ClearPath Inst. 2055	1.9%
Fidelity ClearPath Inst. 2060	0.4%
Fidelity ClearPath Inst. Income	1.5%
Jarislowsky Fraser Cnd Equity	1.1%
Mawer International Equity	0.7%
PH&N Core Plus Bond Fund	0.3%

Julia Peemoeller, CPA, CGA
Treasurer, University of Winnipeg Trusteed Pension Plan

April 26, 2022

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg contracted by the Trusteed Board of The University of Winnipeg Trusteed Pension Plan are responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Board of Trustees.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

(Original signed by Julia Peemoeller)

(Original signed by Kathy Vlaming)

Julia Peemoeller, CPA, CGA, MBA

Kathy Vlaming, CPA, CA

Interim Vice-President Finance & Administration

Interim Comptroller

June 28, 2022

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Andrew Kulyk, FSA, FCIA

Actuary's Opinion

Eckler Ltd. had been retained by The Board of Trustees of the University of Winnipeg Trusteed Pension Plan Trust to perform an actuarial valuation of the assets and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the "Plan") as at December 31, 2020 and adapted that valuation for inclusion in the Plan's financial statements. Eckler Ltd. has prepared an extrapolation of the results of that valuation to December 31, 2021 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

- (a) the membership data on which the valuation is based are sufficient and reliable,
- (b) the assumptions are appropriate, and
- (c) the methods employed in the valuation are appropriate.

This report has been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

June 28, 2022

Date

(Original signed by Andrew Kulyk)

Andrew Kulyk,
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The University of Winnipeg Trusteed Pension Plan

Opinion

We have audited the financial statements of The University of Winnipeg Trusteed Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2021, the statements of changes in net assets available for benefits and changes in obligations for pension benefits for the year then ended, and notes, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2021, and the changes in its net assets available for benefits and changes in its obligations for pension benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.



The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signed "**KPMG LLP**"

Chartered Professional Accountants

Winnipeg, Canada

June 28, 2022

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

STATEMENT OF FINANCIAL POSITION

(see Schedule B)

	December 31, 2021	December 31, 2020
Assets		
Cash	\$ 4,297,826	\$ 1,398,594
Contributions receivable:		
Members	28,395	31,263
University	276,480	315,729
Investment income receivable	195,937	375,349
Investments (Schedule A)	<u>254,142,134</u>	<u>235,276,255</u>
	<u>258,940,772</u>	<u>237,397,190</u>
Liabilities		
Accounts payable and accrued liabilities	116,923	116,000
Due to University of Winnipeg	<u>3,088</u>	<u>16,978</u>
	<u>120,011</u>	<u>132,978</u>
Net assets available for benefits		
Available for defined benefit obligations	136,606,244	130,755,576
Available for defined contribution obligations	<u>122,214,517</u>	<u>106,508,636</u>
	258,820,761	237,264,212
Obligations for pension benefits		
Actuarial present value of accrued pension benefits	144,030,000	156,044,000
Defined contribution obligations	<u>122,214,517</u>	<u>106,508,636</u>
Deficiency of net assets available for benefits over obligations for pension benefits	<u>\$ (7,423,756)</u>	<u>\$ (25,288,424)</u>

Continuity of operations [Note 2(a)(ii)]

On behalf of the Board of Trustees:

(Original signed by Ron Youngson) Chair(Original signed by Colin Morrison) Vice-Chair

See accompanying notes to financial statements

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(see Schedule C)

	Year Ended December 31, 2021	Year Ended December 31, 2020
INCREASE IN NET ASSETS		
Contributions (Note 6):		
Members' required	\$ 4,149,756	\$ 4,103,954
University's current service	4,794,854	4,781,362
University's special payments	2,475,000	2,885,000
Transfers from other plans	123,792	139,168
	<u>11,543,402</u>	<u>11,909,484</u>
Investment income	4,472,847	8,514,381
Change in fair value of investments:		
Net change in unrealized gain on investments	22,379,907	3,504,475
Net realized gain on investments	427,574	3,852,453
	<u>22,807,481</u>	<u>7,356,928</u>
	<u>38,823,730</u>	<u>27,780,793</u>
DECREASE IN NET ASSETS		
Payments to or on behalf of members:		
Retirement benefit payments	10,100,498	9,970,734
Termination benefit payments	6,696,977	8,166,109
	<u>16,797,475</u>	<u>18,136,843</u>
Administrative expenses:		
Investment managers' fees	240,778	361,951
Actuarial fees	55,207	52,974
Administrator's fees	35,279	29,036
Custodial fees	64,656	49,741
Audit fees	21,280	19,540
Other expenses	52,506	37,413
	<u>469,706</u>	<u>550,655</u>
	<u>17,267,181</u>	<u>18,687,498</u>
Net increase in net assets	21,556,549	9,093,295
Net assets available for benefits, beginning of year	<u>237,264,212</u>	<u>228,170,917</u>
Net assets available for benefits, end of year	<u>\$ 258,820,761</u>	<u>\$ 237,264,212</u>

See accompanying notes to financial statements

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF CHANGES IN OBLIGATIONS FOR PENSION BENEFITS

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Defined Benefit Segment	Defined Contribution Segment	Total	Defined Benefit Segment	Defined Contribution Segment	Total
Obligations for pension benefits, beginning of year	\$156,044,000	\$ 106,508,636	\$262,552,636	\$151,377,000	\$ 94,419,800	\$245,796,800
Interest accrued on benefits	6,645,000	-	6,645,000	7,325,000	-	7,325,000
Net investment return	-	13,539,237	13,539,237	-	8,801,543	8,801,543
Experience gains and losses	(2,677,000)	-	(2,677,000)	190,000	-	190,000
Contributions and transfers in	-	7,728,312	7,728,312	-	7,511,303	7,511,303
Benefits accrued	1,205,000	-	1,205,000	1,260,000	-	1,260,000
Benefits paid, refunds and transfers	(11,236,000)	(5,561,668)	(16,797,668)	(13,913,000)	(4,224,010)	(18,137,010)
Actuarial (gain) loss	<u>(5,951,000)</u>	<u>-</u>	<u>(5,951,000)</u>	<u>9,805,000</u>	<u>-</u>	<u>9,805,000</u>
Obligations for pension benefits, end of year	<u>\$144,030,000</u>	<u>\$ 122,214,517</u>	<u>\$266,244,517</u>	<u>\$156,044,000</u>	<u>\$ 106,508,636</u>	<u>\$262,552,636</u>

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN SUMMARY OF INVESTMENTS

	December 31, 2021			December 31, 2020		
	Fair Value	Cost	% of Fair Value	Fair Value	Cost	% of Fair Value
Defined benefit:						
Fixed income	\$ 43,422,324	\$ 44,066,368	32.92	\$ 42,754,328	\$ 42,813,837	33.20
Canadian equities	25,440,403	21,181,023	19.28	22,543,349	21,045,192	17.51
U.S. equities	29,795,475	26,232,372	22.58	18,501,226	30,034,040	14.37
International equities	19,739,779	16,814,955	14.96	32,616,174	46,497,290	25.33
Real estate	13,335,230	7,457,720	10.11	11,878,112	7,457,720	9.22
Short-term	194,406	194,406	0.15	474,430	474,430	0.37
	<u>131,927,617</u>	<u>115,946,844</u>	100.00	<u>128,767,619</u>	<u>148,322,509</u>	100.00
Defined contribution	<u>122,214,517</u>	<u>123,787,528</u>		<u>106,508,636</u>	<u>94,925,890</u>	
Total investments	<u>\$254,142,134</u>	<u>\$239,734,372</u>		<u>\$235,276,255</u>	<u>\$243,248,399</u>	

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

STATEMENT OF FINANCIAL POSITION BY SEGMENT

As at December 31, 2021

	Defined Benefit Segment	Defined Contribution Segment	Total
Assets			
Cash	\$ 4,297,826	\$ -	\$ 4,297,826
Contributions receivable:			
Members	28,395	-	28,395
University	276,480	-	276,480
Investment income receivable	195,937	-	195,937
Investments (Schedule A)	<u>131,927,617</u>	<u>122,214,517</u>	<u>254,142,134</u>
	<u>136,726,255</u>	<u>122,214,517</u>	<u>258,940,772</u>
Liabilities			
Accounts payable and accrued liabilities	116,923	-	116,923
Due to University of Winnipeg	<u>3,088</u>	<u>-</u>	<u>3,088</u>
	<u>120,011</u>	<u>-</u>	<u>120,011</u>
Net assets available for benefits	136,606,244	122,214,517	258,820,761
Obligations for pension benefits	<u>(144,030,000)</u>	<u>(122,214,517)</u>	<u>(266,244,517)</u>
Deficiency of net assets available for benefits over obligations for pension benefits	<u>\$ (7,423,756)</u>	<u>\$ -</u>	<u>\$ (7,423,756)</u>

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY SEGMENT

For the year ended December 31, 2021

	Defined Benefit Segment	Defined Contribution Segment	Total
INCREASE IN NET ASSETS			
Contributions (Note 6):			
Members' required	\$ 381,217	\$ 3,768,539	\$ 4,149,756
University's current service	958,873	3,835,981	4,794,854
University's special payments	2,475,000	-	2,475,000
Transfers from other plans	-	123,792	123,792
	<u>3,815,090</u>	<u>7,728,312</u>	<u>11,543,402</u>
Investment income	2,679,362	1,793,485	4,472,847
Change in fair value of investments:			
Net change in unrealized gain (loss) on investments	35,535,663	(13,155,756)	22,379,907
Net realized gain (loss) on investments	(24,473,934)	24,901,508	427,574
	<u>11,061,729</u>	<u>11,745,752</u>	<u>22,807,481</u>
	<u>17,556,181</u>	<u>21,267,549</u>	<u>38,823,730</u>
DECREASE IN NET ASSETS			
Payments to or on behalf of members:			
Retirement benefit payments	10,100,498	-	10,100,498
Termination benefit payments	1,135,309	5,561,668	6,696,977
	<u>11,235,807</u>	<u>5,561,668</u>	<u>16,797,475</u>
Administrative expenses:			
Investment managers' fees	240,778	-	240,778
Actuarial fees	55,207	-	55,207
Administrator's fees	35,279	-	35,279
Custodial fees	64,656	-	64,656
Audit fees	21,280	-	21,280
Other expenses	52,506	-	52,506
	<u>469,706</u>	<u>-</u>	<u>469,706</u>
	<u>11,705,513</u>	<u>5,561,668</u>	<u>17,267,181</u>
Net increase in net assets	5,850,668	15,705,881	21,556,549
Net assets available for benefits, beginning of year	<u>130,755,576</u>	<u>106,508,636</u>	<u>237,264,212</u>
Net assets available for benefits, end of year	<u>\$ 136,606,244</u>	<u>\$ 122,214,517</u>	<u>\$ 258,820,761</u>

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. Description of the trustee pension plan

The following description of the University of Winnipeg Trusteed Pension Plan "the Plan" is a summary only. For more complete information, reference should be made to the Plan Agreement, Trust Agreement and Transition Agreement.

The Plan was established as a contributory defined benefit pension plan on September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds were transferred to a trust fund and professional investment counselors were retained. Eligible Plan members at December 31, 2000, were given the option to remain in the defined benefit segment of the Plan or convert their accrued benefits to the newly formed defined contribution segment of the Plan. All new employees hired after that date are required to become members of the defined contribution segment of the Plan. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914).

On July 7, 2008 responsibility for plan administration was transferred to a Board of Trustees. The Board which includes representatives from stakeholder groups is responsible for all decisions related to the plan, except plan amendments which would cause an increase in cost to any stakeholder.

Prior to the transfer of responsibilities, a pension committee oversaw the administration of the Plan, monitored the investments with the assistance and advice of the investment committee, and made policy recommendations to the Board of Regents of the University of Winnipeg (University).

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan and those who are members of the Teachers' Retirement Allowances Fund. All employees join the Plan on their date of employment. Under the Plan, contributions are made by plan members and by the University (see Note 6 for funding policy).

The annual pension payable to a defined benefit member on retirement is based on the member's highest five year average earnings of their last 15 years of employment and years of credited service, subject to the Plan's maximum.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2. Significant accounting policies

(a) (i) Basis of presentation

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity. Only the net assets of the Plan and obligations to the members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

(ii) Continuity of operations

In accordance with the *Pension Benefits Act*, an actuarial valuation is required at least every three years. An actuarial valuation of the defined benefit segment of the Plan was completed as at December 31, 2020.

The actuarial valuation at December 31, 2020 reported that the defined benefit segment of the Plan had a solvency deficiency of \$37,140,000 at that date.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements.

A full actuarial valuation of the Plan as at December 31, 2020 was completed in 2021. This valuation established a going concern unfunded liability of \$18,167,000 with annual special payments of \$2,475,000 required to amortize the deficiency over 15 years starting January 1, 2021. Based on the current financial position of the plan, annual valuations are required. The next actuarial valuation of the Plan is required as at December 31, 2021 and will be completed during 2022.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2. Significant accounting policies (continued):

(b) Investments

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is recorded in the Statement of Changes in Net Assets Available for Benefits in the line item entitled "Net change in unrealized gain on investments".

Fair value of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using comparable securities.

Real estate investments are valued at the most recent appraisals or external manager's valuations of the underlying properties.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

(c) Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on priority of the inputs to the valuation techniques used to measure fair value, into three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.
- Level 2: Fair value is based on quoted prices for similar assets and liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation of other means.
- Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Plan's assumptions about what the market participants would use in pricing assets or liabilities.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2. Significant accounting policies (continued)

(d) Net realized gain (loss) on investments

The net realized gain (loss) on investments is the difference between proceeds received and the average cost of investments sold.

(e) Investment income

Investment income, which is recorded on the accrual basis, includes interest, dividends and pooled fund distributions.

(f) Foreign currency translation

The fair values of foreign currency denominated investments recorded in the Statement of Financial Position are translated into Canadian dollars at the year end rates of exchange. Gains and losses arising from translations are recorded in the Statement of Changes in Net Assets Available for Benefits in the line entitled "Net change in unrealized gain on investments".

Foreign currency denominated transactions, as well as cost amounts included in Schedule A Summary of Investments, are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(g) Transaction costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Actual transaction costs incurred are expensed and recorded in the Statement of Changes in Net Assts Available for Benefits in the line item entitled "Net realized gain on investments".

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) Fair value of other financial assets and financial liabilities

The carrying values of all other financial assets and liabilities approximate their fair market values due to the short term nature of these amounts.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3. Summary of investments

Schedule A Summary of Investments represents the total investments of the defined benefit segment and defined contribution segment of the Plan held by the custodians. In respect to the defined benefit segment of the Plan, an external investment manager invests the Plan assets pursuant to the approved investment policy. The members of the defined contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Plan.

4. Risk management

The Plan's investment activities are exposed to market risk, liquidity risk and credit risk. Market risk is comprised of interest rate risk, foreign currency risk and other price risk.

Defined Benefit Segment

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates.

The Plan's exposure to interest rate risk is concentrated in its investments in bonds, debentures, short-term notes and deposits. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored by the Board of Trustees. As at December 31, 2021, if the prevailing interest rates increased or decreased by 100 basis points, with all other variables held constant, the Plan's net assets would have decreased or increased by approximately \$3,515,722 (\$3,408,931 as at December 31, 2020). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

(ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments.

The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Board of Trustees.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

4. Risk management (continued)

The Plan's exposure to foreign currencies as a percentage of total defined benefit investments:

As at December 31, 2021	Actual Currency Exposure	% of Investments
Canadian dollar	\$ 82,594,771	62.7
U.S. dollar	30,636,901	23.2
Euro	4,245,175	3.2
Japanese yen	2,690,619	2.0
Hong Kong dollar	1,932,756	1.5
British pound sterling	1,749,118	1.3
Swiss franc	1,252,455	0.9
Other currencies	6,825,822	5.2
	\$ 131,927,617	100.0

As at December 31, 2020	Actual Currency Exposure	% of Investments
Canadian dollar	\$ 77,650,220	60.3
U.S. dollar	20,191,207	15.7
Euro	6,547,752	5.0
British pound sterling	5,616,802	4.4
Hong Kong dollar	3,179,005	2.5
Japanese yen	3,103,275	2.4
Swiss franc	2,202,398	1.7
Other currencies	10,276,960	8.0
	\$ 128,767,619	100.0

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

4. Risk management (continued)

As at December 31, 2021, if the Canadian dollar had strengthened or weakened by 10% in relationship to all foreign currencies, with all other variables held constant, the Plan's net assets would have decreased or increased by approximately \$4,933,285 (\$5,111,740 as at December 31, 2020).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored by the Board of Trustees. As at December 31, 2021, if equity prices had increased or decreased by 10%, with all other variables held constant, the Plan's net assets would have increased or decreased by approximately \$7,497,566 (\$7,366,075 as at December 31, 2020).

(b) Credit risk

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The breakdown of the Plan's fixed income portfolio (at fair value) by credit ratings from various rating agencies is presented below:

Credit Rating	December 31, 2021	December 31, 2020
AAA	\$ 5,208,957	\$ 3,890,644
AA	13,651,471	16,973,468
A	18,640,963	16,460,416
BBB	5,920,933	5,429,800
Total	\$ 43,422,324	\$ 42,754,328

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

4. Risk management (continued)

(c) Liquidity risk

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale.

Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the fair value by the earliest contractual maturity of the Plan's fixed income investments:

Maturity Date	December 31, 2021	December 31, 2020
Less than 1 year	\$ 1,941,868	\$ 14,567,365
1 - 5 years	31,813,380	22,346,417
Greater than 5 years	9,667,076	5,840,546
Total	\$ 43,422,324	\$ 42,754,328

Defined Contribution Segment

Investment allocation for the defined contribution segment of the Plan is directed by individual plan members to a series of investment funds. The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks is concentrated in its investment holdings and is managed by the respective fund managers. The risk management process for each fund manager includes the monitoring of compliance to the fund's investment policies and objectives. It is the responsibility of each fund manager to manage the potential effects of these financial risks on the fund's performance by regularly monitoring the fund's positions, market events and making adjustments to the fund as necessary to diversify investment portfolios within the constraints of the investment guidelines. The following is a list of the potential risks individual funds may be exposed to:

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

4. Risk management (continued)

Fund Name	Fair Value 2021	Fair Value 2020	Interest Rate Risk	Foreign Currency Risk	Other Price Risk	Credit Risk	Liquidity Risk
BG American Equity	\$ 577,843	\$ -		X	X		
Daily Interest Savings	1,266	-	X				
Desjardins Responsible Fixed Income	250,863	-	X	X	X	X	X
Desjardins Responsible Growth	1,553,690	-		X	X		
DFS BlackRock Cdn Equity Index	899,212	-		X	X		X
DFS BlackRock MSCI EAFE Equity Index	795,368	-		X	X		X
DFS BlackRock Univ Bond Index	529,596	-	X	X	X	X	X
DFS BlackRock US Equity Index	669,697	-		X	X		X
DFS BlackRock US Equity Index (Reg)	2,439,021	-		X	X		X
DGIA Money Market	990,691	-	X			X	
Fidelity ClearPath Inst. 2020	8,147,469	-	X	X	X	X	X
Fidelity ClearPath Inst. 2025	18,941,525	-	X	X	X	X	X
Fidelity ClearPath Inst. 2030	18,283,206	-	X	X	X	X	X
Fidelity ClearPath Inst. 2035	21,756,975	-	X	X	X	X	X
Fidelity ClearPath Inst. 2040	19,829,276	-	X	X	X	X	X
Fidelity ClearPath Inst. 2045	13,276,101	-	X	X	X	X	X
Fidelity ClearPath Inst. 2050	6,132,564	-	X	X	X	X	X
Fidelity ClearPath Inst. 2055	2,318,060	-	X	X	X	X	X
Fidelity ClearPath Inst. 2060	488,213	-	X	X	X	X	X
Fidelity ClearPath Inst. Income	1,812,778	-	X	X	X	X	X
Jarislowsky Fraser Cdn Equity	1,301,544	-			X		
Mawer International Equity	864,988	-		X	X		X
PH&N Core Plus Bond Fund	354,571	-	X	X	X	X	X
	\$ 122,214,517	\$ -					

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

4. Risk Management (continued)

Fund Name	Fair Value 2021	Fair Value 2020	Interest Rate Risk	Foreign Currency Risk	Other Price Risk	Credit Risk	Liquidity Risk
BG Balanced	\$ -	\$ 7,352,793	X	X	X	X	
BG American Equity	-	2,707,716		X	X		
BG Fundamental Cdn Equity	-	158,993		X	X		
JF Canadian Equity	-	1,991,580		X	X		
MFS Global Research	-	2,007,066		X	X		X
MFS Global Equity	-	3,138,061		X	X		X
MFS Lifeplan 2020	-	4,170,108	X	X	X	X	X
MFS Lifeplan 2025	-	4,648,700	X	X	X	X	X
MFS Lifeplan 2030	-	6,341,639	X	X	X	X	X
MFS Lifeplan 2035	-	7,637,669	X	X	X	X	X
MFS Lifeplan 2040	-	7,258,866	X	X	X	X	X
MFS Lifeplan 2045	-	5,805,044	X	X	X	X	X
MFS Lifeplan 2050	-	3,096,088	X	X	X	X	X
MFS Lifeplan 2055	-	525,766	X	X	X	X	X
MFS Lifeplan 2060	-	7,166	X	X	X	X	X
MFS Lifeplan Retiree	-	555,714	X	X	X	X	X
MFS Responsible Balanced	-	1,327,511	X	X	X	X	X
MFS Responsible Cdn Equity	-	1,080,620		X	X		X
MFS Responsible Global Research	-	848,667		X	X		X
PH&N Fossil Fuel Free Global Equity	-	718,886		X	X		X
SL Multi-Strategy Bond	-	3,122,074	X	X	X	X	X
SLA 5Yr Guaranteed	-	1,139,489	X	X	X	X	X
SLF Money Market	-	2,954,843	X			X	
TDAM Balanced Index	-	27,797,616	X	X	X	X	X
TDAM Cdn Bond Index	-	2,153,658	X	X	X	X	X
TDAM Cdn Equity Index	-	4,375,196		X	X		X
TDAM Global Equity Index	-	781,729		X	X		X
TDAM US Mkt Index	-	2,805,378		X	X		X
	\$ -	\$ 106,508,636					

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

5. Obligation for pension benefits

(a) Defined benefit obligation

The actuarial present value of accrued pension benefits under the defined benefit segment was determined using the projected unit credit actuarial method and using assumptions recommended by the actuary and approved by the Board of Trustees. An actuarial valuation of the Plan was prepared, effective December 31, 2020 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by Eckler Ltd. to December 31, 2021. The extrapolation of the actuarial present value of the pension benefits as at December 31, 2020 and the principal components of changes in actuarial present values during the year are provided in the Statement of Changes in Obligations for Pension Benefits.

The actuarial gain in 2021 was measured as the impact of changes in membership, including the impact of salary changes, between the previous actuarial valuation as at December 31, 2019 and the actuarial valuation as at December 31, 2020.

The Plan provides that a pension increase in respect of a year is effective July 1 of the following year and is equal to the excess of the four year geometric average rate of return of the fund, over 6%, subject to a maximum of the increase in the CPI in that year. The four-year geometric average rate of return for the periods ending December 31, 2020 and 2021 was less than 6%; therefore, no pension increase in respect of 2020 and 2021 will be provided to retirees.

The value of net assets available for benefits was:

	December 31, 2021	December 31, 2020
Fair value of net assets	\$ 136,606,244	\$ 130,755,576

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

5. Obligation for pension benefits (continued)

The economic assumptions used in determining the actuarial value of accrued benefits were changed for the extrapolation to December 31, 2021 and were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

	December 31, 2021	December 31, 2020
Rate of return on investments	4.60%	4.40%
Post-retirement pension increases	0.50%	0.75%
Rate of salary increase *	3.0% per year, plus merit, if applicable	3.0% per year, plus merit, if applicable

* Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 3.00% per year for all members. Salaries for academic plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase Over Next 5 Years	Average Annual Increase to Age 65
40	2.3%	1.9%
45	2.1%	1.8%
50	1.9%	1.7%
55	1.7%	1.7%
60	1.6%	1.6%

(b) Defined contribution obligation

The obligation for pension benefits under the defined contribution segment will always be equal to the net assets in the members' account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

6. Funding policy

The University's regular contribution to the defined benefit segment is 9.0% of contributory earnings less an adjustment for the Canada Pension Plan. The University's contribution to the defined contribution segment is 6.2% of contributory earnings. The Plan defines maximum contributory earnings for both defined benefit and defined contribution members. For members receiving long-term disability benefits, the University pays the member's regular contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the Pension Benefits Act of Manitoba.

7. Fair value disclosure

The Plan's investments have been categorized based upon a fair value hierarchy as described in Note 2(c). The following table presents the classification of the Plan's investments measured at fair value. There have been no transfers between levels during 2021 or 2020.

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 43,422,324	\$ -	\$ 43,422,324
Canadian equities	25,440,403	-	-	25,440,403
U.S. equities	29,795,475	-	-	29,795,475
International equities	19,739,779	-	-	19,739,779
Real estate	-	-	13,335,230	13,335,230
Short-term	-	194,406	-	194,406
Defined contribution	-	122,214,517	-	122,214,517
	\$ 74,975,657	\$ 165,831,247	\$ 13,335,230	\$ 254,142,134

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 42,754,328	\$ -	\$ 42,754,328
Canadian equities	22,543,349	-	-	22,543,349
U.S. equities	18,501,226	-	-	18,501,226
International equities	32,616,174	-	-	32,616,174
Real estate	-	-	11,878,112	11,878,112
Short-term	-	474,430	-	474,430
Defined contribution	-	106,508,636	-	106,508,636
	\$ 73,660,749	\$ 149,737,394	\$ 11,878,112	\$ 235,276,255

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

7. Fair value disclosure (continued)

The following table summarizes the changes in fair value of the Plan's investments classified as Level 3:

	Real Estate
Fair value, January 1, 2020	\$ 16,967,621
Sale	(4,750,000)
Realized gain	1,861,366
Change in unrealized loss	(2,200,875)
Fair value, December 31, 2020	11,878,112
Change in unrealized gain	1,457,118
Fair value, December 31, 2021	\$ 13,335,230

8. Capital disclosures

The Plan's objective in managing capital is to preserve the net assets available for pension benefits for its membership. The Board of Trustees is responsible for all aspects of the operation and administration of the Plan. Managing capital takes into account capital requirements provided in the terms of the respective components of the Plan and applicable legislation within the Manitoba Pension Benefits Act and the Income Tax Act.

The Plan's capital is comprised of the net assets available for benefits. The Plan's risks are defined in Note 4 as well as the Board of Trustees risk management strategies. A trust company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. In regards to the defined contribution component of the Plan, all members make their own investment decisions.

The Statement of Changes in Net Assets Available for Benefits sets out the net asset balances at the beginning and the end of the year.