



University
of Windsor

Open Pension Meeting

November 18, 2021



University of Windsor

Agenda

- Opening Comments & Welcome
- Key Events, Capital Markets and Overall Performance
 - Todd Nelson (Mercer)
- Investment Manager Presentations
 - Background on Firm
 - Performance as of June 30, 2021
 - Investment Outlook
- Q&A



2020/21 Key Financial Market Events

- **Global equities** returned **positive results** with a +27.0% gain over the 1-year period. The announcement of COVID-19 vaccines in the final quarter of 2020 and the rollout of vaccinations throughout the first half of 2021 led to improved optimism and a risk-on environment.
- **Canadian equities** also returned **positive results** and outperformed major global benchmarks, with the TSX seeing a return of +33.9% over the 1-year period. Rising oil and natural gas prices strengthened both the currency and the Energy sector.
- **Bond markets** returned **negative results**, as the yield curve rose and steepened significantly over the year. An improved outlook and consensus growth expectations throughout the second half of 2020 continued into the first half of 2021.
- **Canadian dollar appreciated** against the USD.



Capital Market Performance: June 30, 2021

	Q2 2021	Year ending June 30, 2021
FTSE Canada 91 Day T-Bill	0.0%	0.1%
FTSE Canada Universe Bond Index	1.7%	-2.4%
FTSE Canada Long Bond Index	3.7%	-6.9%
S&P/TSX Composite Index	8.5%	33.9%
MSCI All Country World Index	5.9%	27.2%
MSCI World Index	6.3%	27.0%



Capital Market Performance: Sept 30, 2021

	Q3 2021	Year ending Sept 30, 2021
FTSE Canada 91 Day T-Bill	0.1%	0.2%
FTSE Canada Universe Bond Index	-0.5%	-3.3%
FTSE Canada Long Bond Index	-1.6%	-8.1%
S&P/TSX Composite Index	0.2%	28.0%
MSCI All Country World Index (CAD)	1.3%	21.4%
MSCI World Index (CAD)	2.4%	22.7%



Key Issues Facing Pension Plans

- **COVID was a reminder** of how quickly pension plan values can fluctuate
 - The sharp drop in 2020 and subsequent rebound has caused many pension plans to revisit their risk tolerances and levels
 - Use of diversified asset classes can help in mitigating volatility
 - Asset-liability study was instrumental in revisiting risk tolerance and how to optimize the long-term asset mix
- **Inflation** risks have increased and also require a well diversified portfolio to protect against long-term inflation scenarios

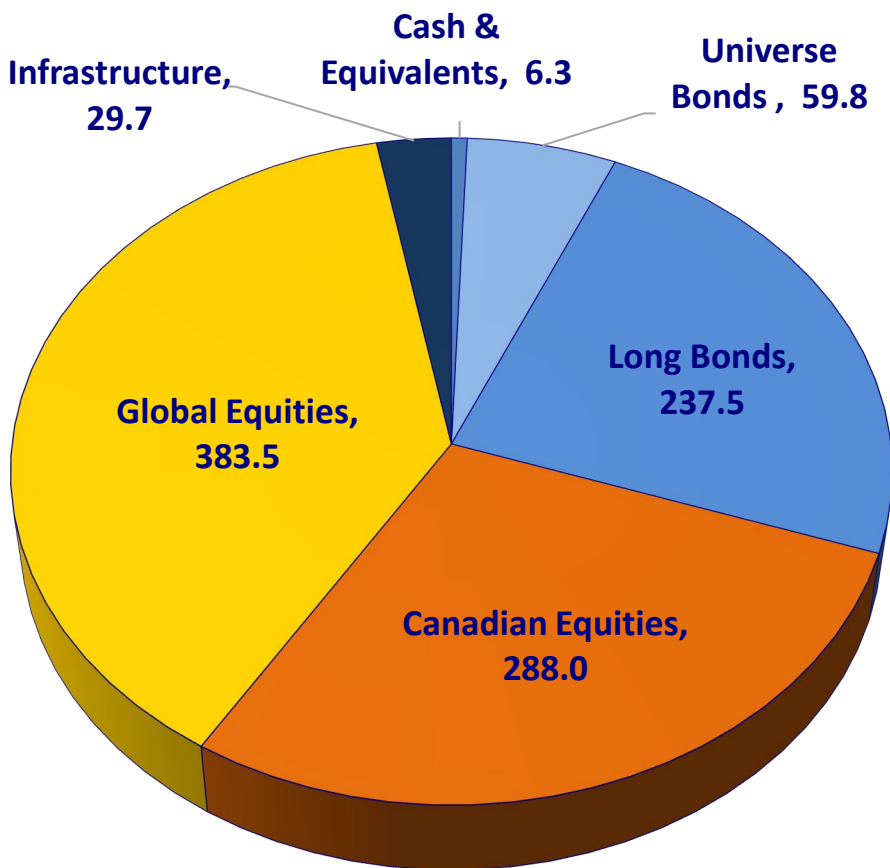


Performance Results

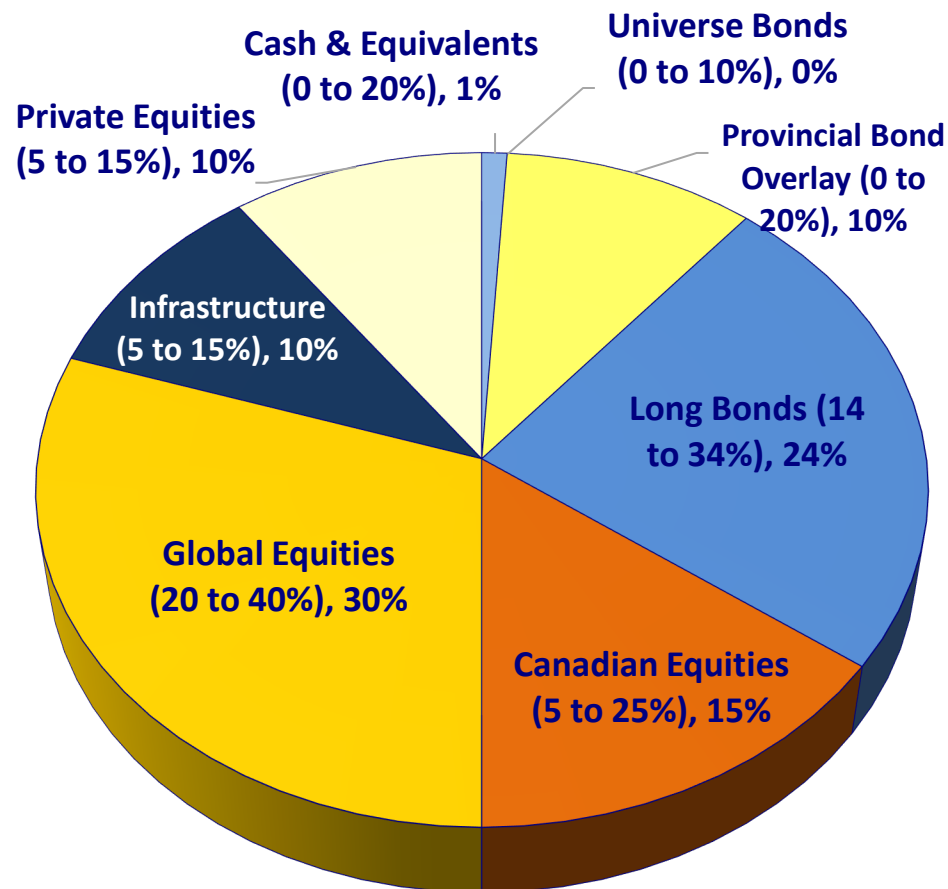


Pension Plan - Asset Mix (\$M) - June 30, 2021

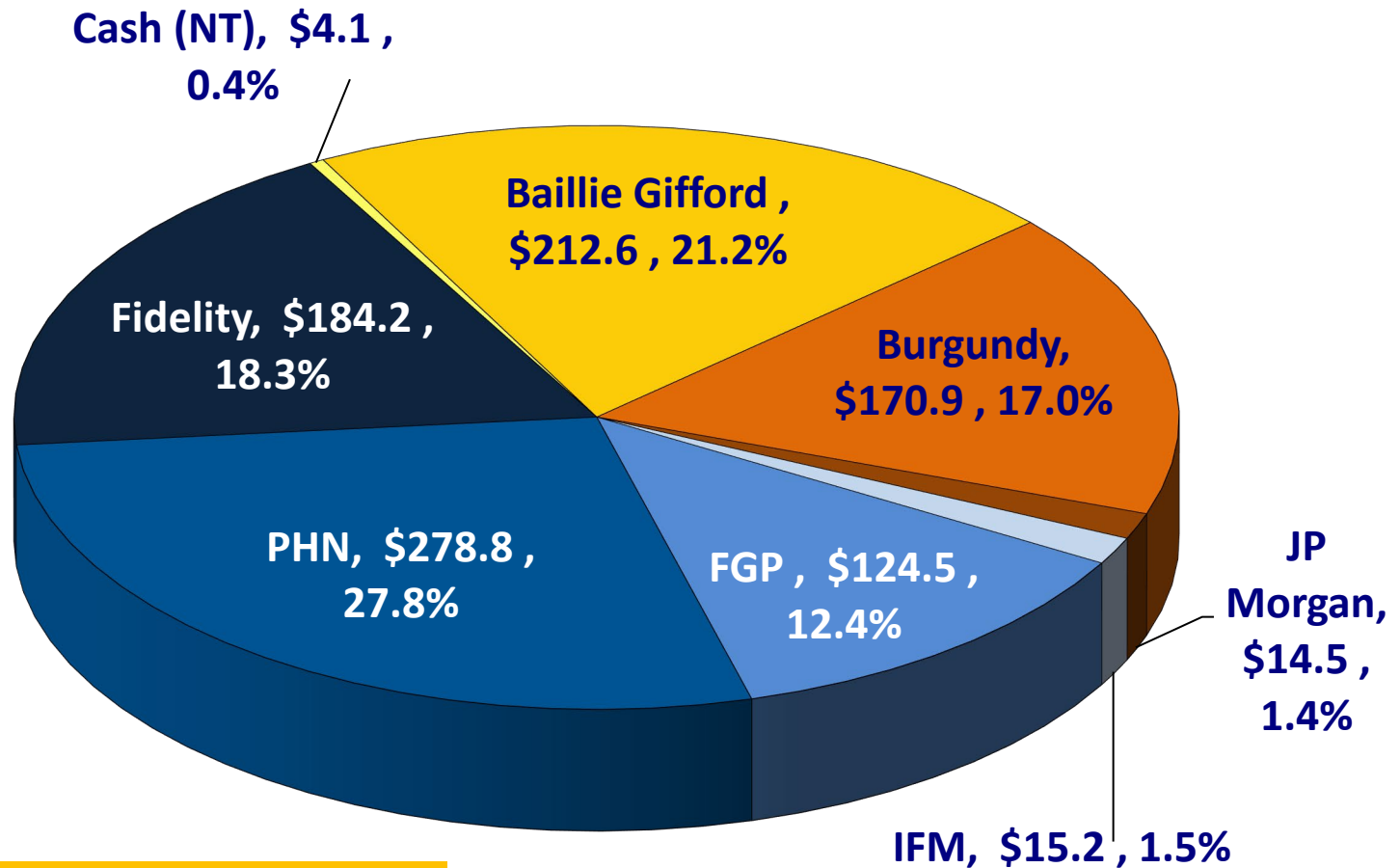
Actual Mix \$1.005 Billion



Benchmark Asset Mix Per Pension SIPP



Asset Allocation by Manager (in \$M)



As at June 30, 2021



Total Pension Fund Returns as of June 30, 2021

	Market Value (\$M)	3 Months	1 Year	4 Years
Total Fund	\$ 1,004.8	5.6%	17.7%	9.6%
University of Windsor Benchmark		5.7%	15.5%	9.1%
Faculty Plan Portion	\$ 689.5	68.6%		
Employee Plan Portion	\$ 315.3	31.4%		



Asset Returns by Manager

	Market Value (\$M) June 30, 2021	Annual Returns	
		1 year	4 years
Foyston, Gordon & Payne	125	-4.1%	0.2%
Phillips, Hager & North	279	8.7%	8.2%
Fidelity	184	31.4%	12.5%
Baillie Gifford	213	33.8%	18.9%
Burgundy	171	21.8%	10.4%
Cash	4	0.2%	1.1%
JP Morgan	14	2.2%*	N/A
IFM	15	14.1%	N/A
Total Fund	1,005	17.7%	9.6%
U of Windsor Benchmark		15.5%	9.1%

* The JP Morgan 1-year rate of return includes the foreign exchange adjustment



Total Pension Fund Returns as of September 30, 2021

	Market Value (\$M)	3 Months	1 Year	4 Year
Total Fund	\$ 1,003.8	0.2%	13.1%	9.5%
University of Windsor Benchmark		0.4%	12.4%	9.2%
Faculty Plan Portion	\$ 689.6	68.7%		
Employee Plan Portion	\$ 314.2	31.3%		



Impact of Investment Performance for Faculty Plan

June 30, 2021

Gross Fund Return: **17.63%**

Net Fund Return: **17.06%**

- Money Purchase balances increased by 17.06% for active members
- Money Purchase pensions increased by 9.51% for all retirees who retired prior to July 1, 2004
- Money Purchase pensions increased by 11.59% for those who retired on and after July 1, 2004
 - Actual increase is the difference between the return and 6% plus the mortality adjustment
- Minimum Guaranteed pensions for all retirees increased by 1.46%



Impact of Investment Performance for Employees Plan

June 30, 2021

Gross Fund Return: **17.62%**

Net Fund Return: **16.99%**

- Rate of credited interest on employee contributions for the year ending June 30, 2021 is 0.72%
- 4 year Average Fund Return for pension increases is 9.04%
- Pensions increased by 0.73%
- Actual increase is 50% of excess average return over 5.30%, limited to 50% of the CPI increase (1.46% at June 30, 2021)



Investment Manager Presentations

1. **Foyston, Gordon & Payne** – Gabriel Lopezpineda
2. **Phillips, Hager & North** – Anthony Di Ginosa & Terri Cugno
3. **Fidelity** – Lawrence Lim
4. **Baillie Gifford** – Gordon Suggett
5. **Burgundy Asset Management** –Paul Buligan



Questions and Discussion





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