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# **Open Pension Meeting**

**November 14, 2023**



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# Agenda

- Opening Comments & Welcome
- Key Events, Capital Markets and Overall Performance
- Investment Manager Presentations
  - Background on Firm
  - Performance as of June 30, 2023
  - Investment Outlook
- Questions



# 2022/23 Key Financial Market Events

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- **Global equities (MSCI World)** returned **positive results** with a +21.6% gain over the 1-year period. Performance was strong over the last 1-year period, as a rebound in the technology, industrial and consumer discretionary sectors led the index higher.
- **Canadian equities (S&P/TSX)** also returned **positive results** but lagged global markets, with the index delivering a return of +10.4% over the 1-year period. The lack of exposure to the technology and health care sectors, along with an energy exposure that is higher than global markets weighed on performance.
- **Bond markets** returned **positive results**, as the pace of inflation slowed in the first half of 2023 and interest rate increases were less frequent to start the year. **Levered bonds** were not impacted much as interest rates remained stable over the last 1-year period. Longer dated bonds performed slightly better than shorter dated bond which helped performance.
- **Canadian dollar depreciated** against the USD.
- **Pension Plan 1-year return as of June 30, 2023: +13.1%**



# Capital Market Performance: June 30, 2023

|                                 | Q2 2023 | Year ending<br>June 30, 2023 |
|---------------------------------|---------|------------------------------|
| FTSE Canada 91 Day T-Bill       | 1.0%    | 3.7%                         |
| FTSE Canada Universe Bond Index | -0.7%   | 3.2%                         |
| FTSE Canada Long Bond Index     | 0.6%    | 5.9%                         |
| S&P/TSX Composite Index         | 1.1%    | 10.4%                        |
| MSCI All Country World Index    | 3.8%    | 19.5%                        |
| MSCI World Index                | 4.5%    | 21.6%                        |



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# Capital Market Performance: Sept 30, 2023

|                                    | Q3 2023 | Year ending<br>Sept 30, 2023 |
|------------------------------------|---------|------------------------------|
| FTSE Canada 91 Day T-Bill          | 1.2%    | 4.4%                         |
| FTSE Canada Universe Bond Index    | -3.9%   | -1.4%                        |
| FTSE Canada Long Bond Index        | -9.5%   | -5.6%                        |
| S&P/TSX Composite Index            | -2.2%   | 9.5%                         |
| MSCI All Country World Index (CAD) | -1.3%   | 18.9%                        |
| MSCI World Index (CAD)             | -1.4%   | 20.0%                        |



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# Key Issues Facing Pension Plans

- **Interest rates** continue to rise as inflation has not decreased to the desired 2% level that most central banks' target.
- A handful of stocks “**The Magnificent 7**” are propelling global equity markets higher.
- The possibility of recession continues to create uncertainty, affecting market stability and investor confidence.
- Despite the negative impact of **increasing interest rates on bond portfolios**, the funded status of defined benefit plans has generally held up well as a result of declining liability values.

# Performance Results

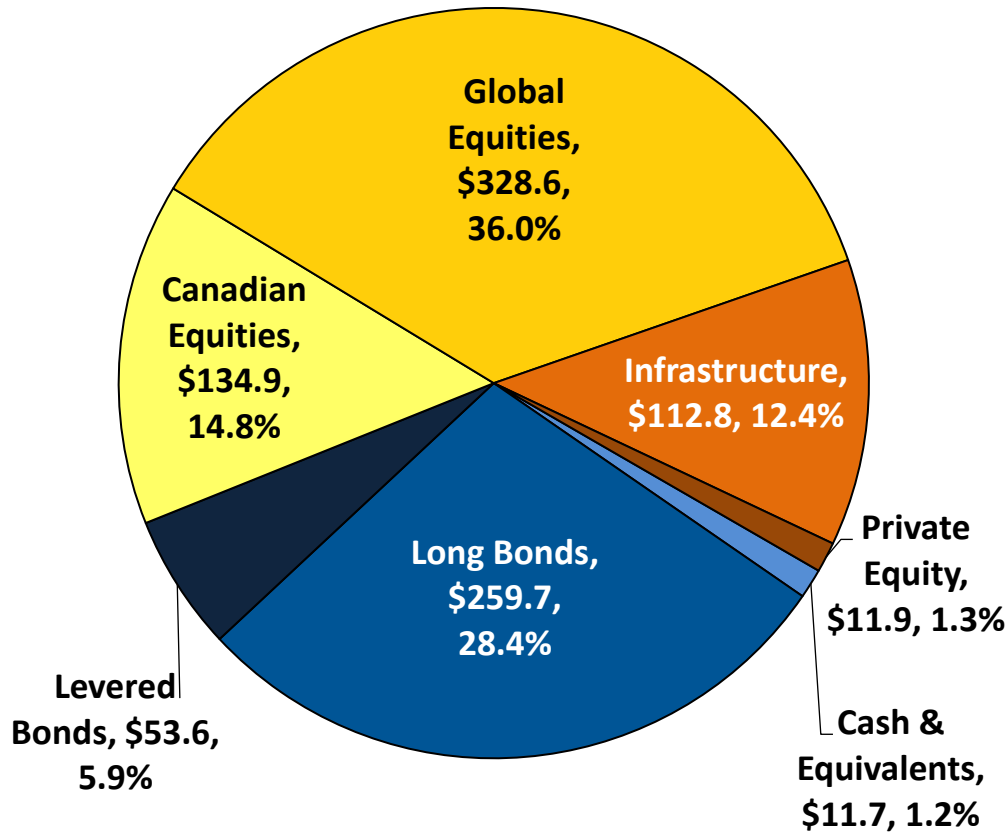


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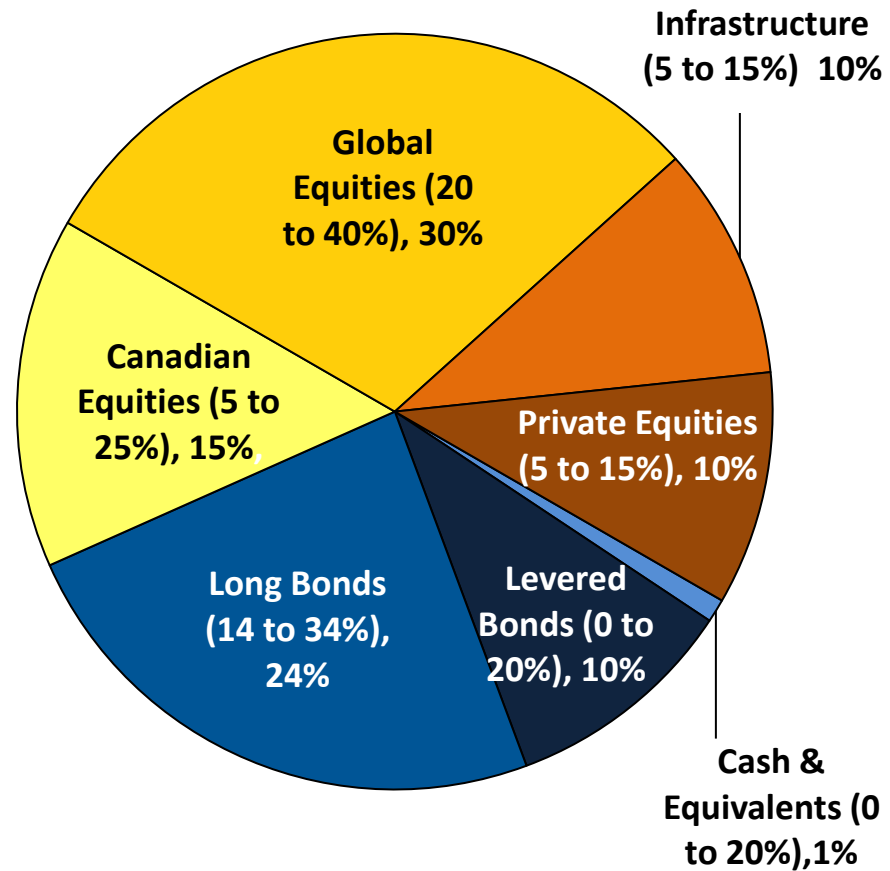
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# Pension Plan - Asset Mix (\$M) - June 30, 2023

## Actual Mix \$ 913.2 Million

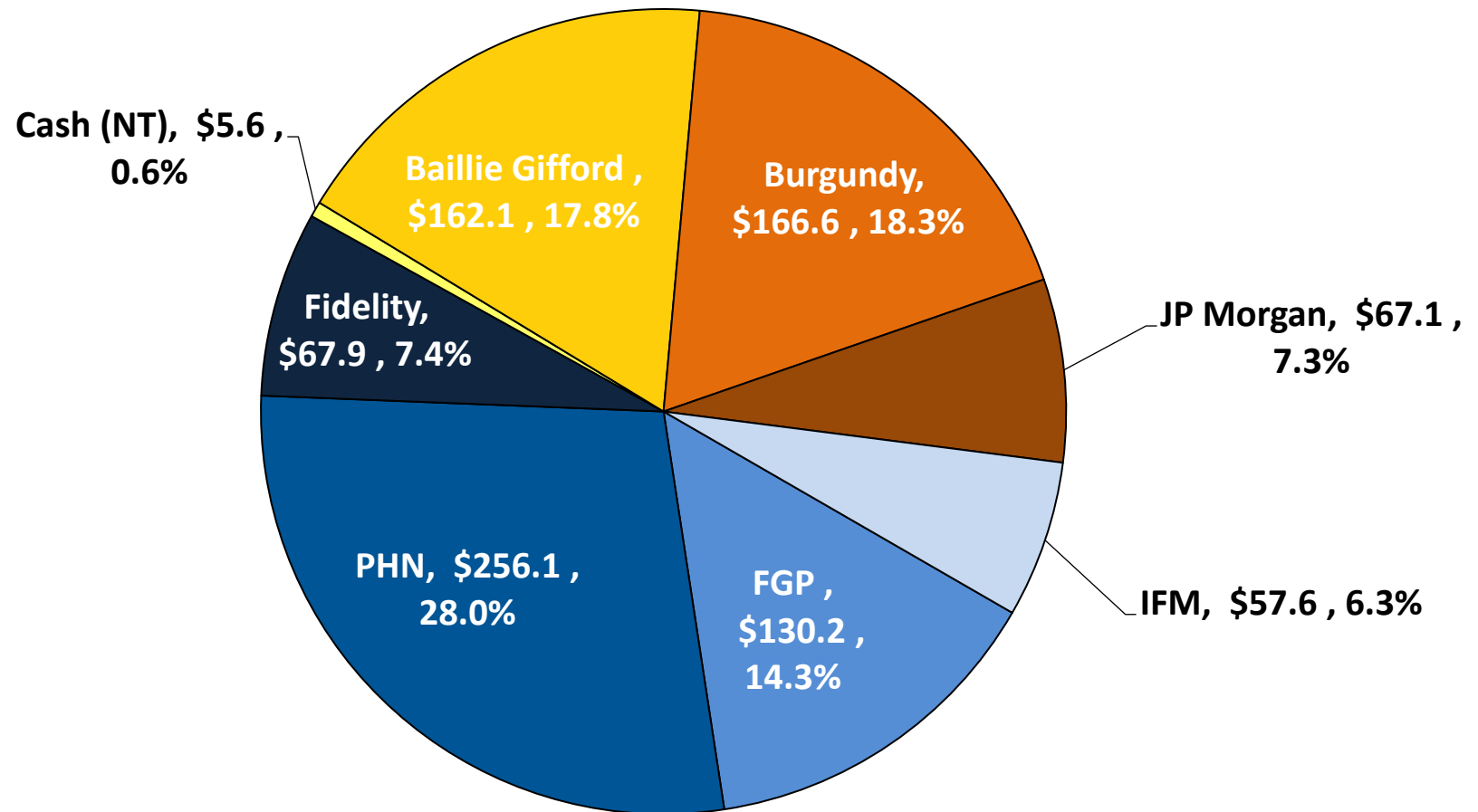


## Benchmark Asset Mix Per Pension SIPP





# Asset Allocation by Manager (in \$M)



**As at June 30, 2023**



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# Total Pension Fund Returns as of June 30, 2023

|  | Market Value<br>(\$M) | 3 Months | 1 Year | 4 Year |
|--|-----------------------|----------|--------|--------|
| <b>Total Fund</b>                          | \$ 913.2              | 2.53%    | 13.13% | 4.16%  |
| <b>University of Windsor<br/>Benchmark</b> |                       | 2.52%    | 13.85% | 4.69%  |
| <b>Faculty Plan Portion</b>                | \$ 626.2              | 68.57%   |        |        |
| <b>Employee Plan Portion</b>               | \$ 287.0              | 31.43%   |        |        |



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# Asset Returns by Manager

|                         | Market Value<br>(\$M)<br><br>June 30, 2023 | Annual Returns |         |
|-------------------------|--|----------------|---------|
|                         |  | 1 year         | 4 years |
| Foyston, Gordon & Payne | \$130.2                                    | 6.14%          | -2.30%  |
| Phillips, Hager & North | \$256.1                                    | 8.20%          | 0.19%   |
| Fidelity                | \$67.9                                     | 9.74%          | 9.14%   |
| Baillie Gifford         | \$162.1                                    | 21.16%         | 8.06%   |
| Burgundy                | \$166.6                                    | 22.95%         | 8.15%   |
| Cash                    | \$5.6                                      | 3.52%          | 1.41%   |
| JP Morgan               | \$67.1                                     | 9.32%*         | 5.51%   |
| IFM                     | \$57.6                                     | 10.67%         | N/A     |
| Total Fund              | <u>\$913.2</u>                             | 13.13%         | 4.16%   |
| U of Windsor Benchmark  |  | 13.85%         | 4.69%   |

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



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# Total Pension Fund Returns as of September 30, 2023

|  | Market Value<br>(\$M) | 3 Month | 1 Year | 4 Year |
|--|-----------------------|---------|--------|--------|
| <b>Total Fund</b>                          | \$ 856.1              | -5.83%  | 5.71%  | 2.21%  |
| <b>University of Windsor<br/>Benchmark</b> |                       | -6.35%  | 5.46%  | 2.44%  |
| <b>Faculty Plan Portion</b>                | \$ 587.2              | 68.59%  |        |        |
| <b>Employee Plan Portion</b>               | \$ 268.9              | 31.41%  |        |        |



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# Impact of Investment Performance for Faculty Plan

**June 30, 2023**

**Gross Fund Return: 13.13%**

**Net Fund Return: 12.58%**

- Money Purchase balances increased by 12.58% for active members
- Money Purchase pensions increased by 3.50% for those who retired prior to July 1, 2004
- Money Purchase pensions increased by 5.62% 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 2.80%



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# Impact of Investment Performance for Employees Plan

**June 30, 2023**

**Gross Fund Return: 13.13%**

**Net Fund Return: 12.47%**

- Rate of credited interest on employee contributions for the year ending June 30, 2023 was 3.42%
- Pensions were not increased for July 1, 2023 – June 30, 2024
  - 4-year Average Fund Return was 4.50%
  - Increase calculated based on 50% of excess of Average Fund Return over 5.50%, limited to 50% of the CPI increase (5.59% at June 30, 2023)



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# Investment Manager Presentations

1. **Foyston, Gordon & Payne** – Gabriel Lopezpineda
2. **Phillips, Hager & North** – Anthony Di Ginosa
3. **JP Morgan** – Nicholas Moller
4. **Baillie Gifford** – Gordon Suggett
5. **Burgundy Asset Management** – Mike Sandrasagra



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# Foyston, Gordon & Payne



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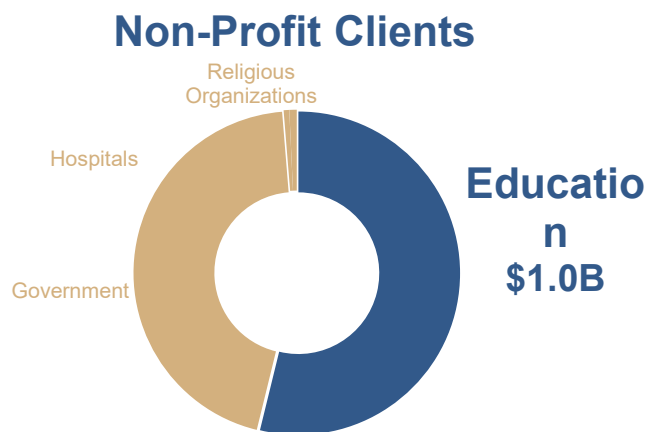
# University of Windsor Open Pension Committee Meeting

November 14, 2023

Gabriel Lopezpineda, Vice President – Client Relationship & Business Development Manager



- 42 years of **dedicated, independent** asset management
- **Quality and Value** approach to investing
- **Experienced & diversified investment teams**
- Integrating **Environmental Social & Governance** into our investment decision



Trusted long-term partner to educational institutions

Figures as of June 30, 2023  
\*of total institutional AUM  
Total may not add up due to rounding

## BALANCED

Canadian  
Global  
Yield & Income

## FGP SOLUTIONS

Customized mandates

## CANADIAN EQUITY

All Cap  
Ex-Energy  
Small Cap  
Dividend Income

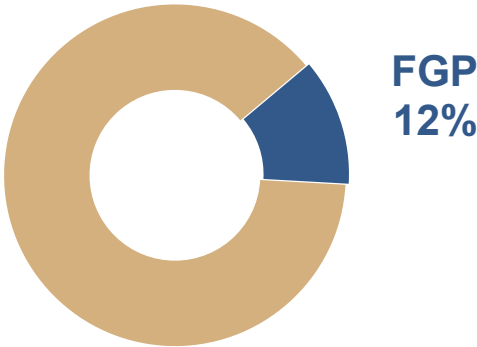
## GLOBAL EQUITY

International All Cap  
Global All Cap  
Global Small-Mid Cap  
U.S. All Cap

## FIXED INCOME

Universe  
Corporate  
Specialty Credit Funds  
Duration Management  
Mortgages

University of Windsor Pension Plan  
Asset Mix



ASSETS UNDER MANAGEMENT  
AS OF JUNE 30, 2023

FGP Long Term Bond Fund

\$ 130,181,299

- FGP's fixed income philosophy continues to add value over the short and long term

| ANNUALIZED RETURNS<br>AS AT JUNE 30, 2023 | 1 YR<br>(%) | 2 YRS<br>(%) | 3 YRS<br>(%) | 4 YRS<br>(%) | 5 YRS<br>(%) | 7 YRS<br>(%) | 10 YRS<br>(%) |
|---|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Fixed Income                              | 6.1         | -7.4         | -6.3         | -2.3         | 0.1          | 0.6          | 2.4           |
| U of Windsor Benchmark*                   | 5.9         | -7.8         | -7.2         | -2.9         | -0.4         | 0.1          | 2.1           |
| Value Added                               | +0.2        | +0.4         | +0.9         | +0.6         | +0.5         | +0.5         | +0.3          |

\* 11/1/2021 – Current: 100% FTSE Canada Long Term Overall Bond Index  
 4/30/2020 – 10/31/2021: 21% FTSE Canada Universe Bond Index; 79% FTSE Canada Long Term Overall Bond Index  
 9/30/2017 – 4/30/2020: 25% FTSE Canada Universe Bond Index; 75% FTSE Canada Long Term Overall Bond Index  
 7/31/2015 – 9/30/2017: 63% FTSE Canada Universe Bond Index; 37% FTSE Canada Long Term Overall Bond Index  
 12/31/2009 – 7/31/2015: 60% FTSE Canada Universe Bond Index; 40% FTSE Canada Long Term Overall Bond Index  
 Please note: The inception date of this account was 3/31/1998  
 See appendix for notes & disclosures

- 42 years managing pension plan investments
- Trusted partner to educational institutions
- ESG incorporation is at the core of our investment process
- Fixed income strategy continues to add value across the market cycle

Investment returns and assets under management are expressed in Canadian dollars unless otherwise noted. Investment returns are gross of investment management fees, net of fund expenses for FGP pooled funds, and include reinvestment of dividends and income. Returns are time weighted and annualized for periods greater than one year. Values change frequently and past investment performance may not be repeated.

These views are subject to change at any time based upon market or other conditions and are current as of June 30, 2023.

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# Phillips, Hager & North



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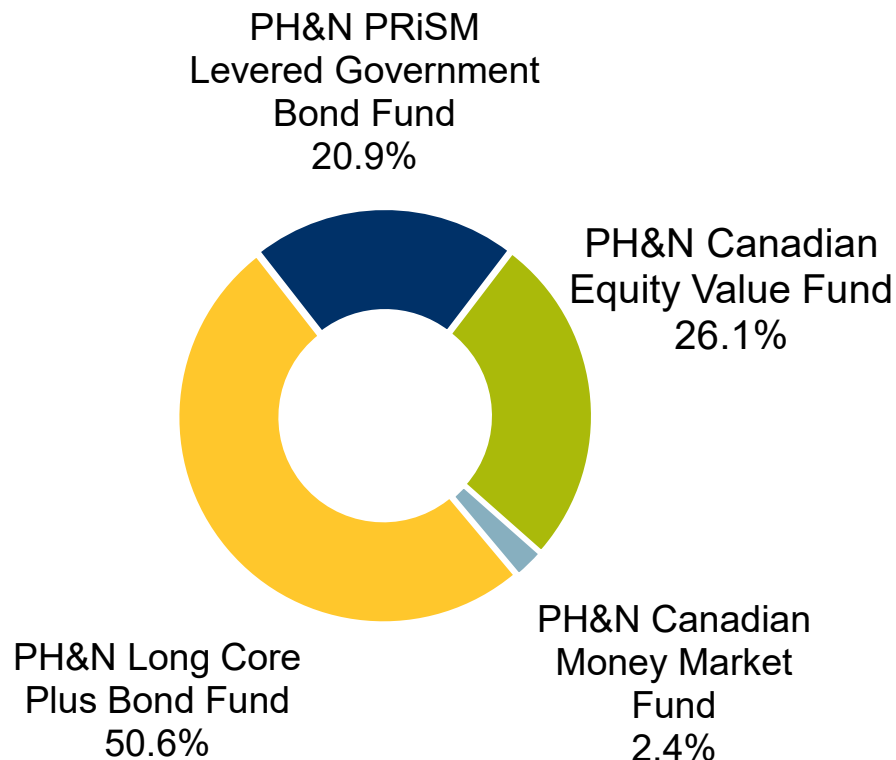
## *Open Pension Meeting*

**Presented by:**

Anthony Di Ginosa, Institutional Portfolio Manager

# Assets managed on behalf of University of Windsor

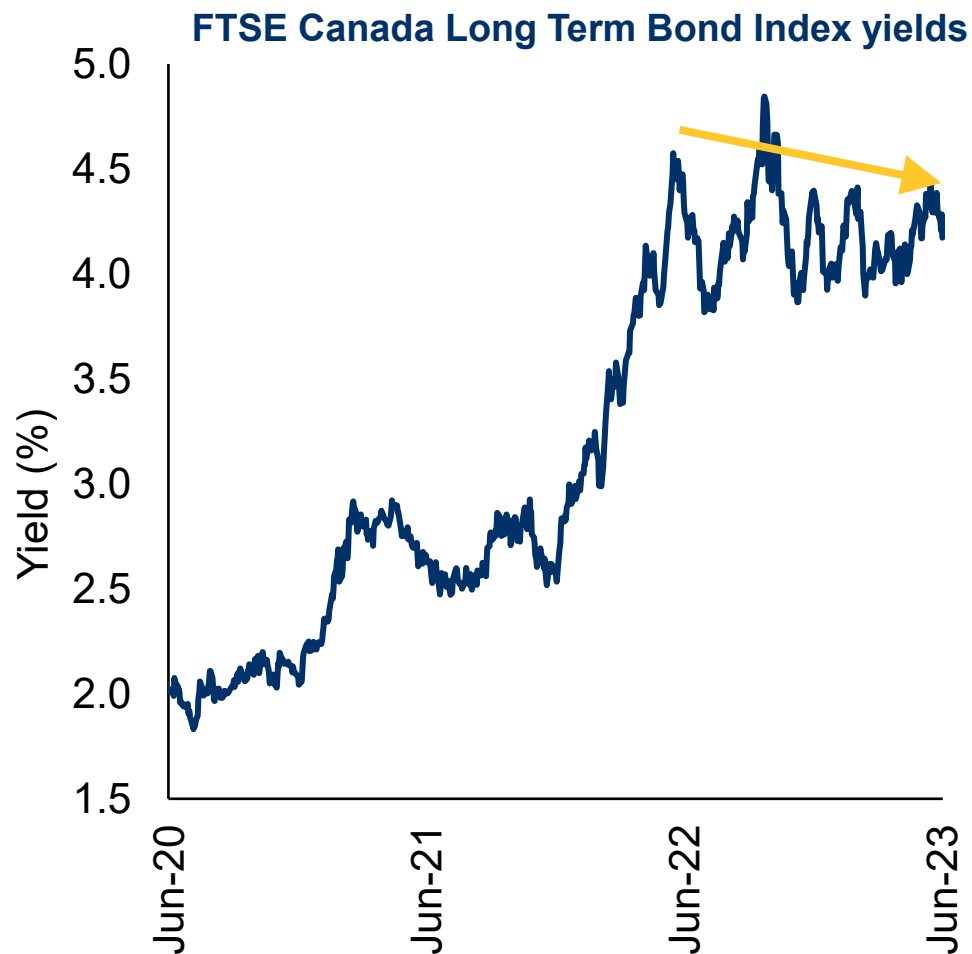
Market value as of June 30, 2023



| Summary of Funds                        | Market Value (\$)    |
|---|----------------------|
| PH&N Long Core Plus Bond Fund           | \$129,483,087        |
| PH&N PRISM Levered Government Bond Fund | \$53,581,829         |
| PH&N Canadian Equity Value Fund         | \$66,933,362         |
| PH&N Canadian Money Market Fund         | \$6,068,666          |
| <b>Total Portfolio</b>                  | <b>\$256,066,944</b> |

# Understanding bond performance

Yields volatile, but remain high by historical standards



**Bond Prices**

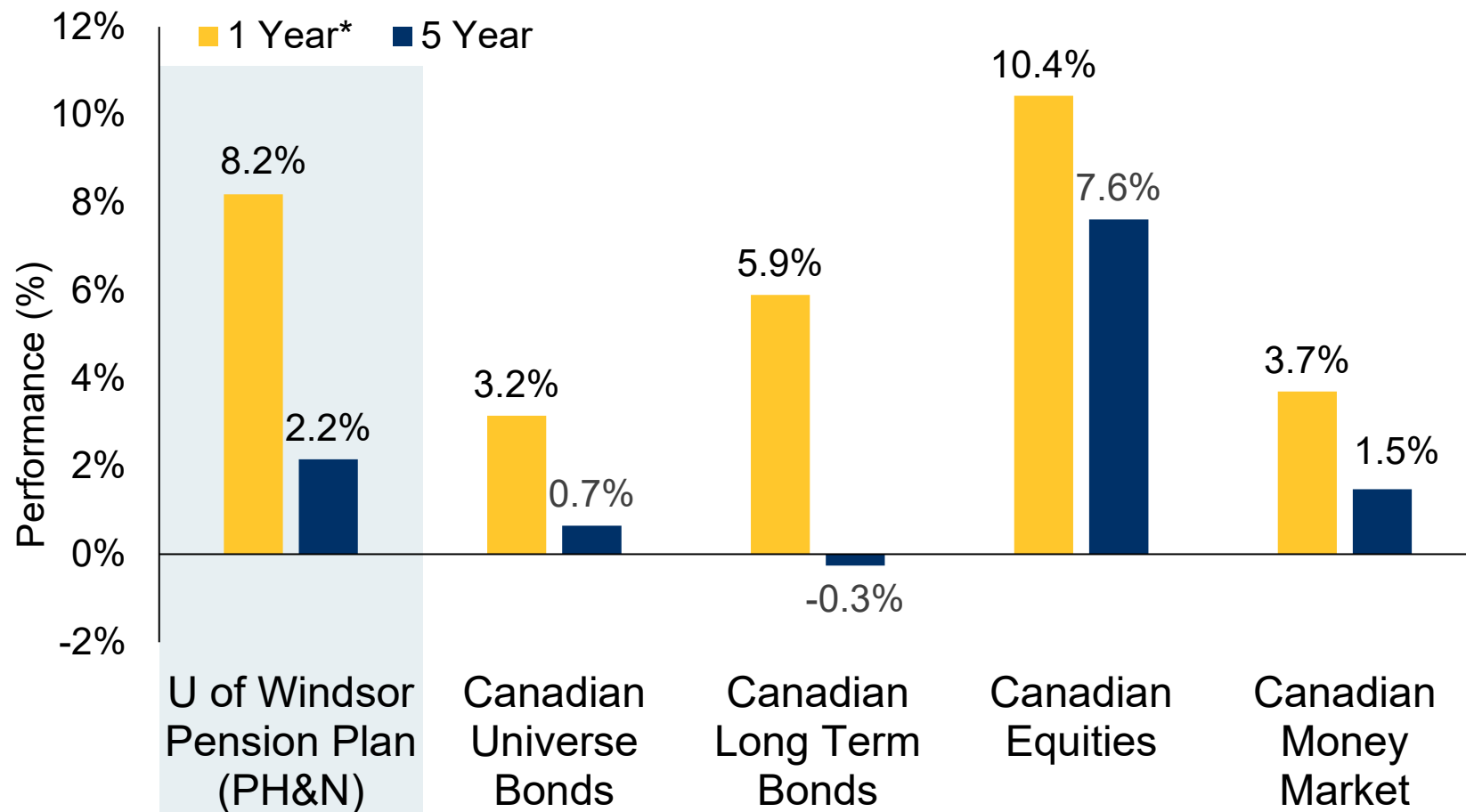


**Bond Yields**



# Market & portfolio performance

Underlying funds performing in-line with expectations



\* As of June 30, 2023

Source: Bloomberg, FTSE Global Debt Capital Markets Inc.

Canadian Universe Bonds: FTSE Canada Universe Bond Index, Canadian Long-Term Bonds: FTSE Canada Long Term Overall Bond Index, Money Market: FTSE Canada 91-Day T-Bill Index, Canadian equities: S&P/TSX Capped Composite Index

# Spectrum of funds managed on behalf of UoW Pension

|  | PH&N Canadian Money Market Fund | PH&N PRiSM Levered Government Bond Fund | PH&N Long Core Plus Bond Fund | PH&N Canadian Equity Value Fund |
|--|---------------------------------|---|-------------------------------|---------------------------------|
| Money Market                             | ✓                               | ✓                                       | ✓                             | x                               |
| Government                               | x                               | ✓                                       | ✓                             | x                               |
| Investment grade & high yield corporates | x                               | x                                       | ✓                             | x                               |
| Mortgages                                | x                               | x                                       | ✓                             | x                               |
| Absolute return strategies / leverage    | x                               | ✓                                       | ✓                             | x                               |
| Canadian equities                        | x                               | x                                       | x                             | ✓                               |
| Duration                                 | 47 days <sup>1</sup>            | 17.20 yrs <sup>3</sup>                  | 14.90 yrs                     | -                               |
| Yield                                    | 5.0% <sup>2</sup>               | 4.1% <sup>3</sup>                       | 4.3%                          | 3.1%                            |

As of June 30, 2023

1. Average Term to Maturity.

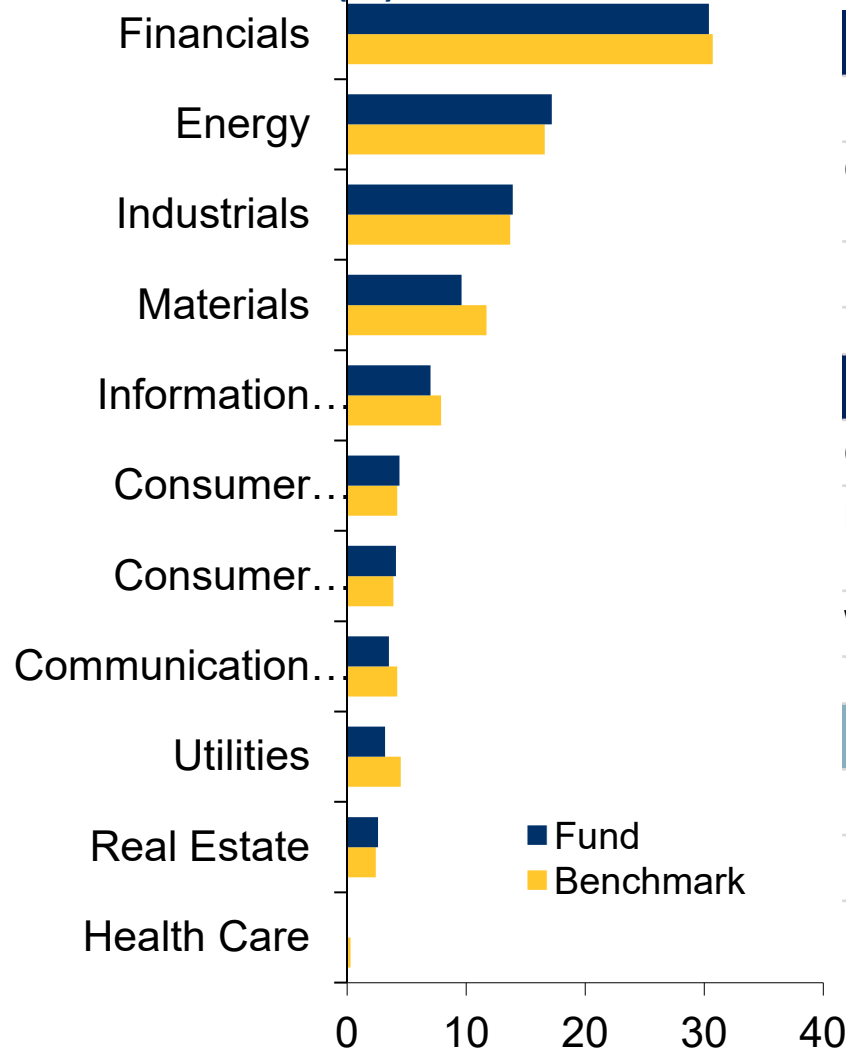
2. PH&N Canadian Money Market Fund current yield is an annualized historical yield based on the 7-day period ended on June 30, 2023 and does not represent an actual 1-year return.

3. Notional long exposure. Effective duration of the capital exposure is 44.62 yrs.

# Portfolio characteristics

## PH&N Canadian Equity Value Fund

### Sector allocation (%)



| Top 3 Holdings             | Sector | Relative % |
|----------------------------|--------|------------|
| Imperial Oil               | Energy | 1.3        |
| Canadian Natural Resources | Energy | 1.2        |
| PrairieSky Royalty         | Energy | 1.1        |

| Bottom 3 Holdings                  | Sector      | Relative % |
|------------------------------------|-------------|------------|
| Cenovus Energy                     | Energy      | -1.1       |
| Brookfield Infrastructure Partners | Utilities   | -0.8       |
| WSP Global                         | Industrials | -0.8       |

|                    | Fund  | Benchmark |
|--------------------|-------|-----------|
| Holdings (ex Cash) | 83    | 229       |
| Dividend Yield     | 3.10% | 3.20%     |

As at 06.30.2023. Source: RBC Global Asset Management, S&P Dow Jones Indices. Fund data for Series O. The yield shown is calculated based on the average dividend yield of the securities held by the fund. The S&P/TSX Capped Composite Index is the benchmark for the fund.

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# JP Morgan



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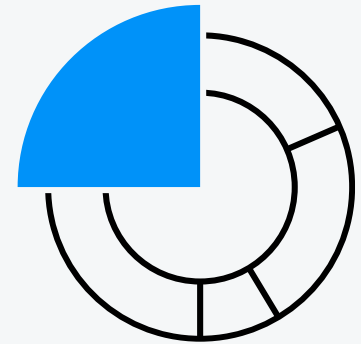
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**November 2023**

# Private Infrastructure

**University of Windsor**



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As of June 30, 2023 and in U.S. dollar terms unless otherwise specified.

# Core/Core+ Infrastructure is Essential

## Distribution/Regulated Assets

Monopolistic regulatory frameworks give visibility into stable cash flows



## Contracted/Power Assets

Long-term contracts with volume minimums



## GDP-Sensitive Assets

Mature assets with significant demand history often underpinned by contracts

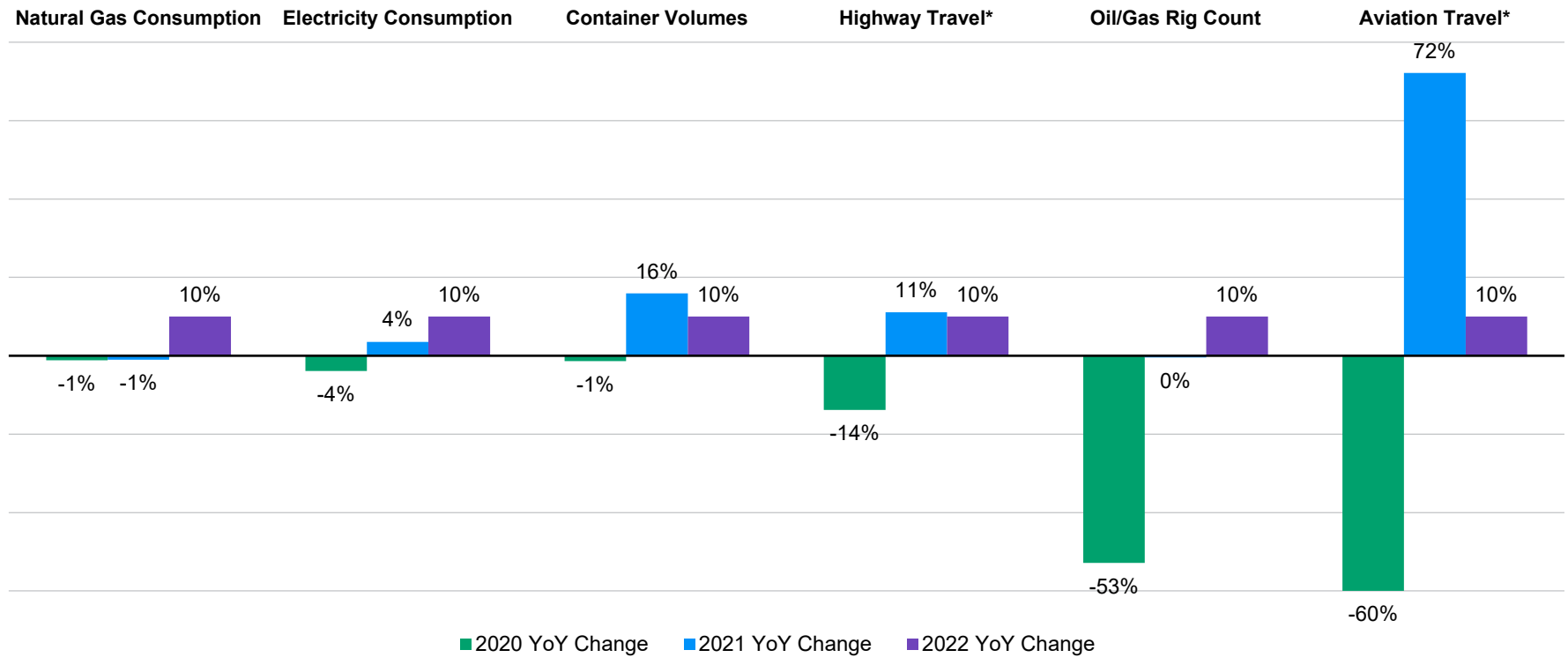


Essential services that often operate on a monopolistic basis either by regulatory structure or long-term contract, which drives visibility into **historically strong EBITDA margins & Cashflow**

# Core Infrastructure is Cycle Agnostic as Shown by COVID-19 Environment

## Key infrastructure metrics — 2020 - 2022

### Usage - 2020 vs. 2021 (U.S.)



Source: EIA, St Louis Fed, Bloomberg. As at December 2021 unless otherwise noted. Represents monthly average for price data. \*2021 data represents year through October.

# Private Infrastructure Has Historically Demonstrated Diversification Over Time

## Public and private market correlations

### Quarterly returns

| 2008 - 2022        |                   | Global Bonds | Global Equities | U.S. Core RE | Europe Core RE* | APAC Core RE | Global Core Infra | Transport | Timber | Direct Lending | Venture Capital | Private Equity | Equity Long/Short | Relative Value | Macro | Bitcoin |
|--------------------|-------------------|--------------|-----------------|--------------|-----------------|--------------|-------------------|-----------|--------|----------------|-----------------|----------------|-------------------|----------------|-------|---------|
| Financial assets   | Global Bonds      | 1.0          |                 |              |                 |              |                   |           |        |                |                 |                |                   |                |       |         |
|                    | Global Equities   | 0.4          | 1.0             |              |                 |              |                   |           |        |                |                 |                |                   |                |       |         |
| Global real estate | U.S. Core RE      | -0.2         | 0.0             | 1.0          |                 |              |                   |           |        |                |                 |                |                   |                |       |         |
|                    | Europe Core RE*   | -0.2         | 0.1             | 0.7          | 1.0             |              |                   |           |        |                |                 |                |                   |                |       |         |
|                    | APAC Core RE      | -0.2         | 0.0             | 0.8          | 0.7             | 1.0          |                   |           |        |                |                 |                |                   |                |       |         |
| Real assets        | Global Core Infra | -0.1         | 0.1             | 0.4          | 0.3             | 0.5          | 1.0               |           |        |                |                 |                |                   |                |       |         |
|                    | Transport         | -0.2         | -0.1            | 0.4          | 0.1             | 0.4          | -0.1              | 1.0       |        |                |                 |                |                   |                |       |         |
|                    | Timber            | -0.2         | -0.1            | 0.2          | 0.0             | 0.1          | 0.2               | 0.2       | 1.0    |                |                 |                |                   |                |       |         |
| Private markets    | Direct Lending    | 0.0          | 0.7             | 0.3          | 0.3             | 0.3          | 0.3               | 0.1       | -0.1   | 1.0            |                 |                |                   |                |       |         |
|                    | Venture Capital   | 0.1          | 0.6             | 0.3          | 0.4             | 0.3          | 0.2               | 0.0       | 0.0    | 0.5            | 1.0             |                |                   |                |       |         |
|                    | Private Equity    | 0.3          | 0.9             | 0.3          | 0.4             | 0.4          | 0.2               | 0.0       | -0.1   | 0.8            | 0.8             | 1.0            |                   |                |       |         |
| Hedge funds        | Equity Long/Short | 0.3          | 0.9             | -0.1         | 0.1             | 0.0          | 0.1               | 0.0       | -0.1   | 0.7            | 0.7             | 0.9            | 1.0               |                |       |         |
|                    | Relative Value    | 0.2          | 0.9             | -0.1         | 0.1             | 0.0          | 0.1               | -0.1      | -0.2   | 0.9            | 0.5             | 0.8            | 0.9               | 1.0            |       |         |
|                    | Macro             | 0.1          | 0.3             | 0.0          | 0.1             | 0.0          | 0.0               | -0.2      | 0.1    | 0.1            | 0.2             | 0.2            | 0.4               | 0.3            | 1.0   |         |
| Crypto             | Bitcoin           | 0.1          | 0.1             | 0.2          | 0.0             | 0.1          | 0.2               | 0.0       | 0.0    | 0.1            | 0.2             | 0.2            | 0.1               | 0.1            | 0.0   | 1.0     |

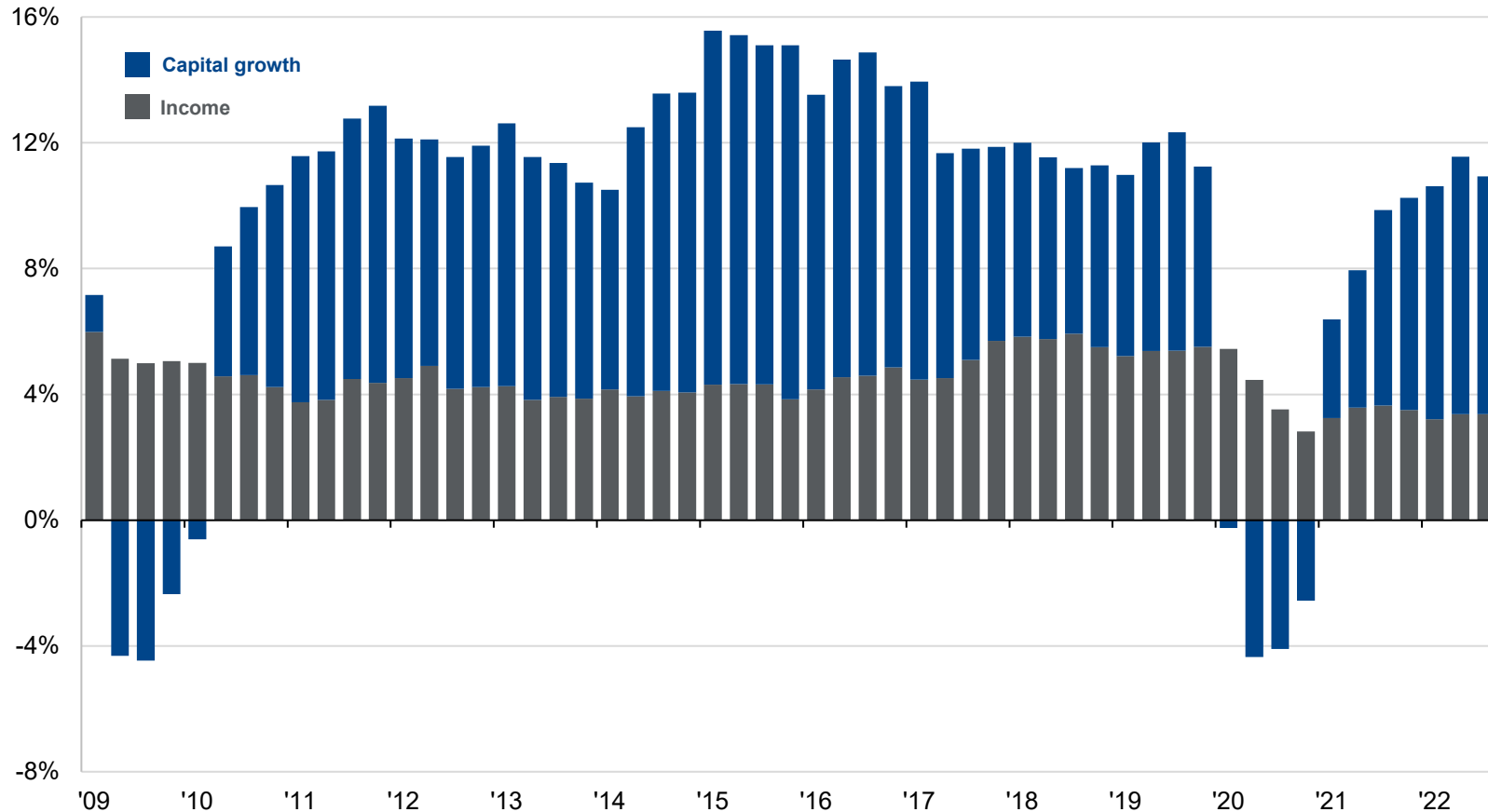
Source: MSCI, Bloomberg, Burgiss, NCREIF, Cliffwater, HFRI, J.P. Morgan Asset Management. \*Europe Core RE includes continental Europe. Private Equity and Venture Capital are time weighted returns from Burgiss. RE – real estate. Global equities: MSCI AC World Index. Global Bonds: Bloomberg Global Aggregate Index. U.S. Core Real Estate: NCREIF Property Index – Open End Diversified Core Equity component. Europe Core Real Estate: MSCI Global Property Fund Index – Continental Europe. Asia Pacific (APAC) Core Real Estate: MSCI Global Property Fund Index – Asia-Pacific. Global infrastructure (Infra.): MSCI Global Quarterly Infrastructure Asset Index. U.S. Direct Lending: Cliffwater Direct Lending Index. Timber: NCREIF Timberland Property Index (U.S.). Hedge fund indices include equity long/short, relative value, and global macro and are all from HFRI. Transport: returns are derived from a J.P. Morgan Asset Management index. All correlation coefficients are calculated based on quarterly total return data for the period 6/30/2008 – 12/31/2022, except correlations with Bitcoin which are calculated over the period 12/31/2010 – 12/31/2022. Returns are denominated in USD.

Data are based on availability as of May 31, 2023.

# Private Infrastructure Returns Have Been Resilient & Supported by Income

## Global core infrastructure returns

Rolling 4-quarter returns from income and capital appreciation



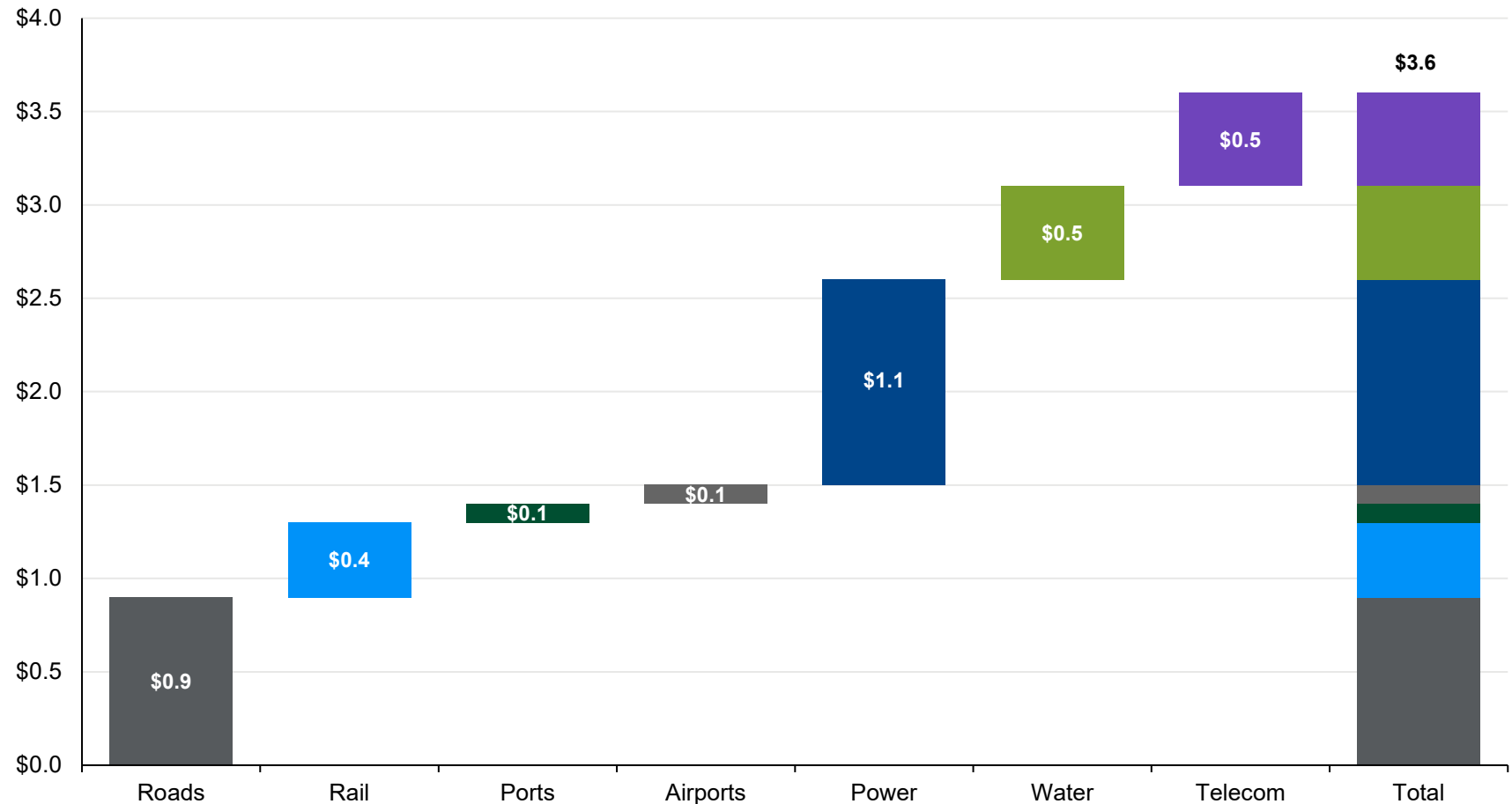
Source: MSCI, J.P. Morgan Asset Management.

Infrastructure returns represented by the MSCI Global Quarterly Infrastructure Asset Index. Data show rolling one-year returns from income and capital growth. The chart shows the full index history, beginning in 1Q09, and ending in 4Q22. Past performance is not indicative of future results. Alternative investments carry more risk than traditional investments and are recommended only for long-term investment. Some alternative investments may be highly leveraged and rely on speculative investments that can magnify the potential for loss or gain. Diversification does not guarantee investment returns or eliminate the risk of loss. Data are based on availability as of May 31, 2023.

# The Underlying Need for Infrastructure Investment Remains

## Average annual infrastructure need

USD trillions, constant 2017 dollars



Source: McKinsey Global Institute, J.P. Morgan Asset Management.  
Data is based on availability as of May 31, 2023.

# Baillie Gifford



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# University of Windsor Pension Plans

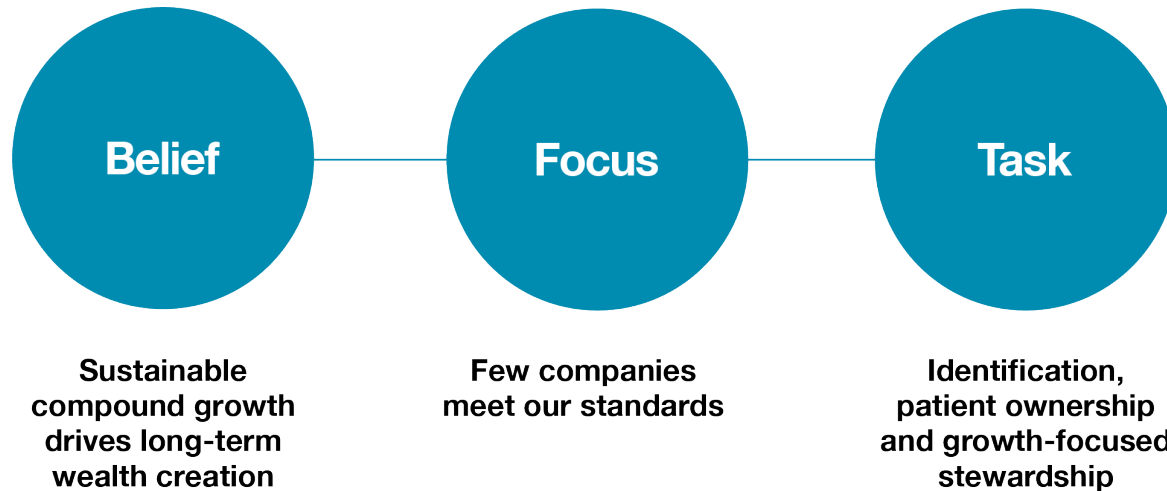
Gordon Suggett. November 2023

**Baillie Gifford™**

Where Baillie Gifford pooled funds are held, please note the fund portfolio information contained within this report is confidential, proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.



# The Global Alpha growth philosophy



|                                |  |
|--------------------------------|--|
| <b>Number of holdings</b>      | 70-120*  |
| <b>Investment time horizon</b> | 5 Years  |
| <b>Investment opportunity</b>  | Global   |
| <b>Performance objective</b>   | +2% - 3% p.a. gross over rolling 5 year periods vs benchmark |
| <b>Style</b>                   | Growth, unconstrained  |

\*Typical range, guideline only.

The performance target is aspirational and is not used for the purpose of determining or constraining the composition of the fund's portfolio. Performance may vary between segregated accounts and pooled funds in different jurisdictions as each structure will bear a different set of costs. A single performance target may not be appropriate for all vehicles in all jurisdictions and for this reason our fund specific materials will often refer to 'material' outperformance of an index.

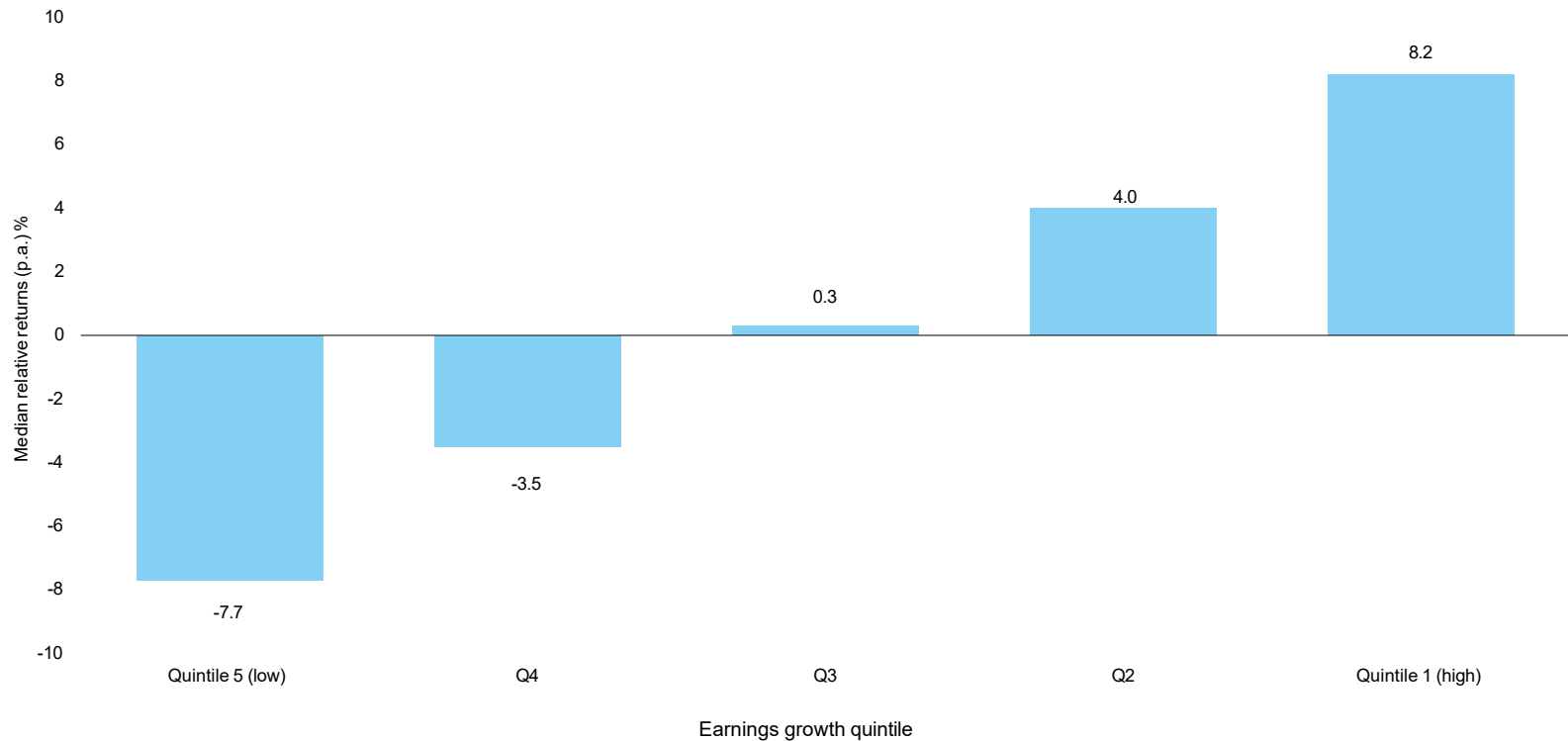
1

**Our growth hurdle: >30% chance of doubling over 5 years or tripling over 10 years**

# Identifying growth matters

## Delivered median total returns by earnings growth quintile

Rolling five year horizons (1992-2022)



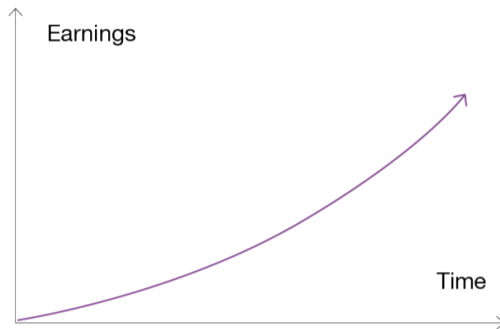
Source: FactSet, MSCI, FTSE. US dollars.

The universe consists of all stocks listed in the FTSE World and MSCI ACWI Indices at each starting point excluding repetitions.

# Global Alpha growth profiles

## Compounders

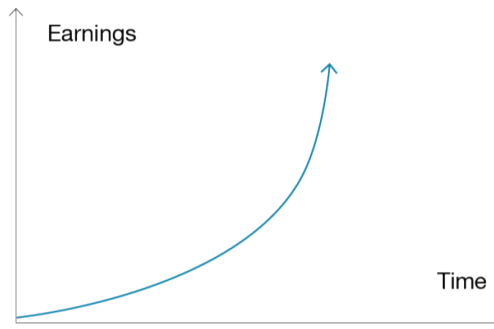
Growth expectations



Durable franchise  
Strong competitive advantage

## Disruptors

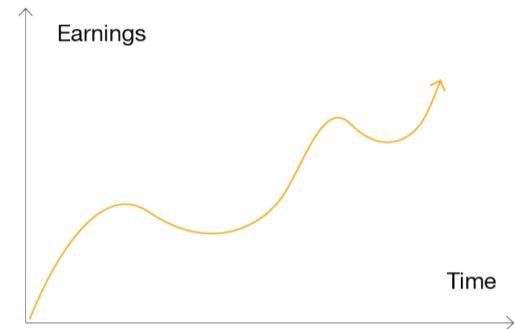
Growth expectations



Innovative disruptors  
Vast opportunity

## Capital Allocators

Growth expectations



Skilled management  
Structural growth

Logos courtesy of companies.

# Performance

## Investment returns to 30 June 2023

|                         | Fund % | Index % | Difference % |
|-------------------------|--------|---------|--------------|
| Since inception* (p.a.) | 13.3   | 11.8    | +1.5         |
| 10 years (p.a.)         | 12.9   | 11.8    | +1.1         |
| 5 years (p.a.)          | 7.3    | 8.8     | -1.4         |
| 3 years (p.a.)          | 4.4    | 10.4    | -6.1         |
| 12 months               | 21.2   | 20.2    | +1.0         |

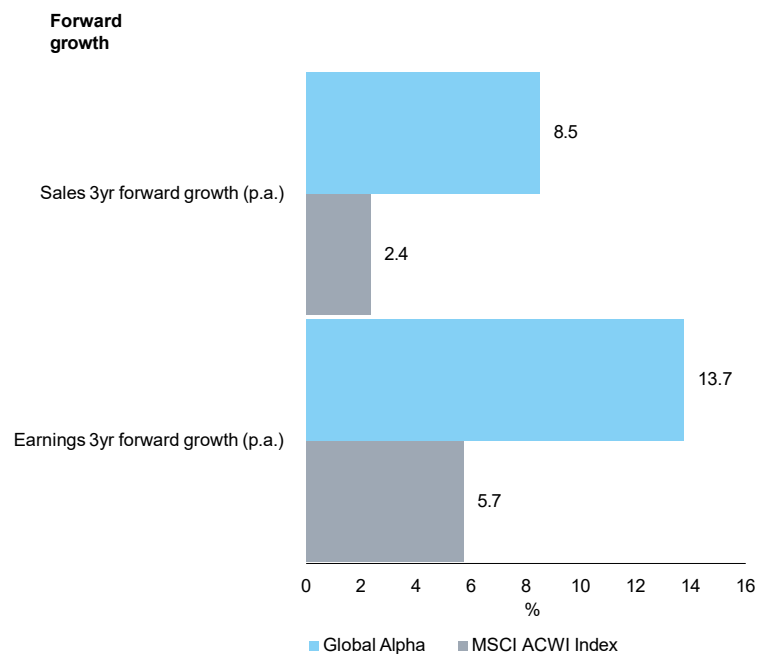
Source: CIBC Mellon, Revolution, MSCI. Based on Baillie Gifford Global Alpha Fund. Totals may not sum due to rounding. Index: MSCI ACWI Index. \*16 June 2010, based on the University of Windsor Pension Plan.

Fund performance shown above is based on the NAV calculated by CIBC Mellon. All the returns presented above are gross of investment management fees. The results do not reflect the deduction of investment management fees. Fees are charged out with the fund. All data is in Canadian dollars.

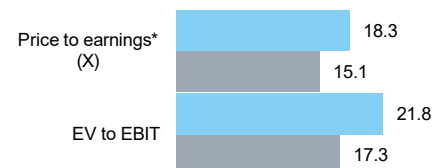
All investment strategies have the potential for profit and loss. Past performance is not a guide to future returns.

# Persistent evidence of growth and quality

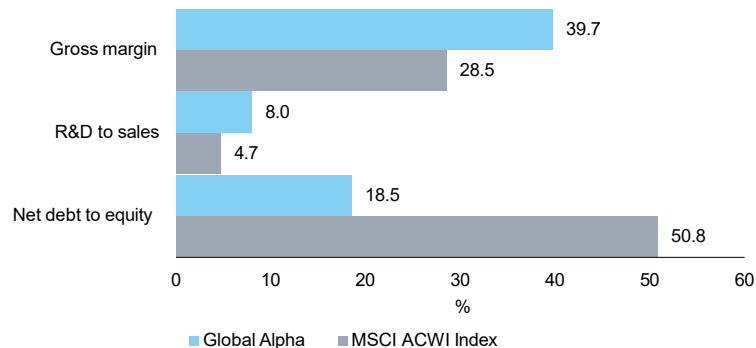
## Fundamentals are still strong



## Valuation



## Quality



## Over 2 times' earnings growth for only a 21% premium

Source: Baillie Gifford & Co, FactSet, MSCI. US dollar. Based on a representative Global Alpha portfolio. As at 30 September 2023.

\*Price to earnings shown is one year forward and presented as a ratio.

Representative portfolio and index earnings figures are calculated excluding negative earnings. Representative portfolio and index net debt to equity figures excludes financials.

# Global Alpha portfolio

| Holding size | Compounders 35.3%  | Disruptors 29.4%   | Capital Allocators 34.7%   | Total  |
|--------------|--|--|--|--|
| ~2.0%        | Microsoft<br>Moody's<br>Elevance Health Inc.<br>Alphabet<br>Service Corporation International  | Meta Platforms<br>Mastercard<br>AIA<br>Pernod Ricard   | Amazon.com<br>Prosus<br>Reliance Industries<br>The Trade Desk  | Martin Marietta Materials<br>Ryanair<br>CRH<br>BHP Group<br>TSMC   |
| ~1.0%        | Olympus<br>Prudential<br>Analog Devices<br>A.J. Gallagher<br>S&P Global Inc<br>Broadridge Financial Solutions<br>Shiseido<br>Adobe Systems<br>Sysmex<br>Thermo Fisher Scientific<br>Estee Lauder | Tesla Inc<br>Alnylam Pharmaceuticals<br>Li Auto<br>Shopify<br>B3<br>Cloudflare<br>Moderna<br>Doordash<br>MercadoLibre<br>Alibaba | Rio Tinto<br>Richemont<br>Royalty Pharma<br>HDFC<br>Teradyne<br>Atlas Copco<br>Albemarle<br>Ping An Insurance<br>Entegris<br>CBRE Group Inc            | CoStar<br>SMC<br>Charles Schwab<br>Markel<br>Eaton<br>SiteOne Landscape Supply<br>Advanced Drainage Systems<br>Deutsche Boerse   |
| ~0.5%        | Chewy<br>adidas<br>Sartorius Stedim Biotech<br>Certara<br>YETI Holdings<br>Hoshizaki   | NVIDIA<br>Genmab<br>Adyen<br>Netflix<br>Illumina<br>SEA Limited<br>Coupang<br>Datadog<br>Schibsted<br>Snowflake                  | Advanced Micro Devices<br>Exact Sciences<br>CyberAgent<br>Farfetch<br>Adevinta<br>Spotify<br>Wayfair<br>Novocure<br>STAAR Surgical<br>Abiomed CVR Line | Sands China<br>Epiroc<br>Floor & Decor<br>SCP Pool Corporation<br>ASM International<br>Samsung Electronics<br>Howard Hughes<br>DENSO<br>Woodside Petroleum<br>Sberbank |

As at June 30, 2023. Cash: 0.5%. Based on the Baillie Gifford Global Alpha Fund.

Totals may not sum due to rounding. Russian holding Sberbank has been valued at zero by our Fair Value Pricing Committee due to the ongoing issues in the Russian market. Abiomed was acquired in December 2022 by Johnson and Johnson. Holders received a cash allocation plus non-tradable contingent value rights (CVRs).

# Outlook

**A portfolio in robust health on which we reflect with a sense of considered excitement**

**Market blind spots present a once-in-a-generation opportunity**

**We are confident that calmly staying the course will be handsomely rewarded**



# Burgundy



University  
of Windsor

**WINDSOR  
PROUD.**





UNIVERSITY OF WINDSOR PENSION PLAN  
Investment Review

# MARKET OVERVIEW

## GLOBAL EQUITIES

- Equity markets have **rebounded swiftly** in the first half of 2023, reversing most of the weakness from 2022.
- The period was underscored by the **Artificial Intelligence (AI)** frenzy and the resurgence in big technology companies. The **top 7** performers in the S&P 500 have accounted for over **80%** of the gains in the S&P 500.
- Central banks have remained persistent in their effort to combat **high inflation** by raising interest rates. While headline numbers have trended downwards, the labour market is still strong.
- There is a growing consensus that interest rates are to remain *“higher for longer”*.
- Lessons from the pandemic and deteriorating geopolitics have pushed governments and businesses to **localize** supply chains and **reduce** reliance on China.
- So far, earnings have **exceeded** expectations.

# UNIVERSITY OF WINDSOR PENSION PLAN

PERFORMANCE AS AT JUNE 30, 2023

## Performance (%)

|                                    | Qtr. | YTD  | 1 Yr. | 2 Yrs. | 3 Yrs. | 4 Yrs. | 5 Yrs. | Since Incept. <sup>(1)</sup> |
|------------------------------------|------|------|-------|--------|--------|--------|--------|------------------------------|
| Total Portfolio<br>(Gross of Fees) | 5.4  | 12.0 | 23.0  | 4.7    | 9.8    | 8.2    | 7.9    | 7.9                          |
| Total Portfolio<br>(Net of Fees)   | 5.2  | 11.7 | 22.2  | 4.1    | 9.2    | 7.5    | 7.3    | 7.2                          |
| Benchmark <sup>(2)</sup>           | 4.0  | 11.7 | 20.4  | 2.9    | 10.4   | 9.7    | 9.0    | 9.4                          |

## Calendar Year Performance (%)

|                                    | 2022   | 2021 | 2020 | 2019 | 2018  | 2017 | 2016 |
|------------------------------------|--------|------|------|------|-------|------|------|
| Total Portfolio<br>(Gross of Fees) | (10.0) | 17.9 | 6.4  | 18.4 | 0.4   | 11.8 | 3.8  |
| Total Portfolio<br>(Net of Fees)   | (10.5) | 17.2 | 5.7  | 17.7 | (0.2) | 11.1 | 3.1  |
| Benchmark <sup>(2)</sup>           | (12.4) | 18.5 | 15.0 | 22.3 | (0.2) | 15.0 | 4.9  |

(1) Inception Date: December 21, 2015

(2) MSCI ACWI Index (from April 1, 2020 to Current), MSCI World Index (from Inception to March 31, 2020)

Performance reported in Canadian dollars.

Performance for periods greater than one year is annualized.

# BURGUNDY GLOBAL EQUITY FUND

PERFORMANCE AS AT JUNE 30, 2023

## Performance (%)

|                          | Qtr. | YTD  | 1 Yr. | 2 Yrs. | 3 Yrs. | 4 Yrs. | 5 Yrs. | 10 Yrs. | Since Incept. <sup>(1)</sup> |
|--------------------------|------|------|-------|--------|--------|--------|--------|---------|------------------------------|
| Burgundy Fund            | 5.4  | 12.0 | 23.0  | 4.7    | 9.8    | 8.2    | 8.0    | 11.6    | 10.4                         |
| Benchmark <sup>(2)</sup> | 4.0  | 11.7 | 20.4  | 2.9    | 10.4   | 9.7    | 9.0    | 12.3    | 9.3                          |

## Calendar Year Performance (%)

|                          | 2022   | 2021 | 2020 | 2019  | 2018  | 2017 | 2016             | 2015 |
|--------------------------|--------|------|------|-------|-------|------|------------------|------|
| Burgundy Fund            | (10.0) | 17.8 | 6.7  | 18.4  | 0.5   | 11.8 | 3.8              | 26.7 |
| Benchmark <sup>(2)</sup> | (12.4) | 18.5 | 15.0 | 22.3  | (0.2) | 15.0 | 4.9              | 18.9 |
|                          | 2014   | 2013 | 2012 | 2011  | 2010  | 2009 | Mar'08 - Dec '08 |      |
| Burgundy Fund            | 17.4   | 36.5 | 13.9 | 5.5   | 7.7   | 5.9  | (5.8)            |      |
| Benchmark <sup>(2)</sup> | 15.1   | 35.9 | 14.2 | (2.8) | 6.6   | 11.4 | (18.5)           |      |

Negative Markets

(1) Inception Date: February 29, 2008

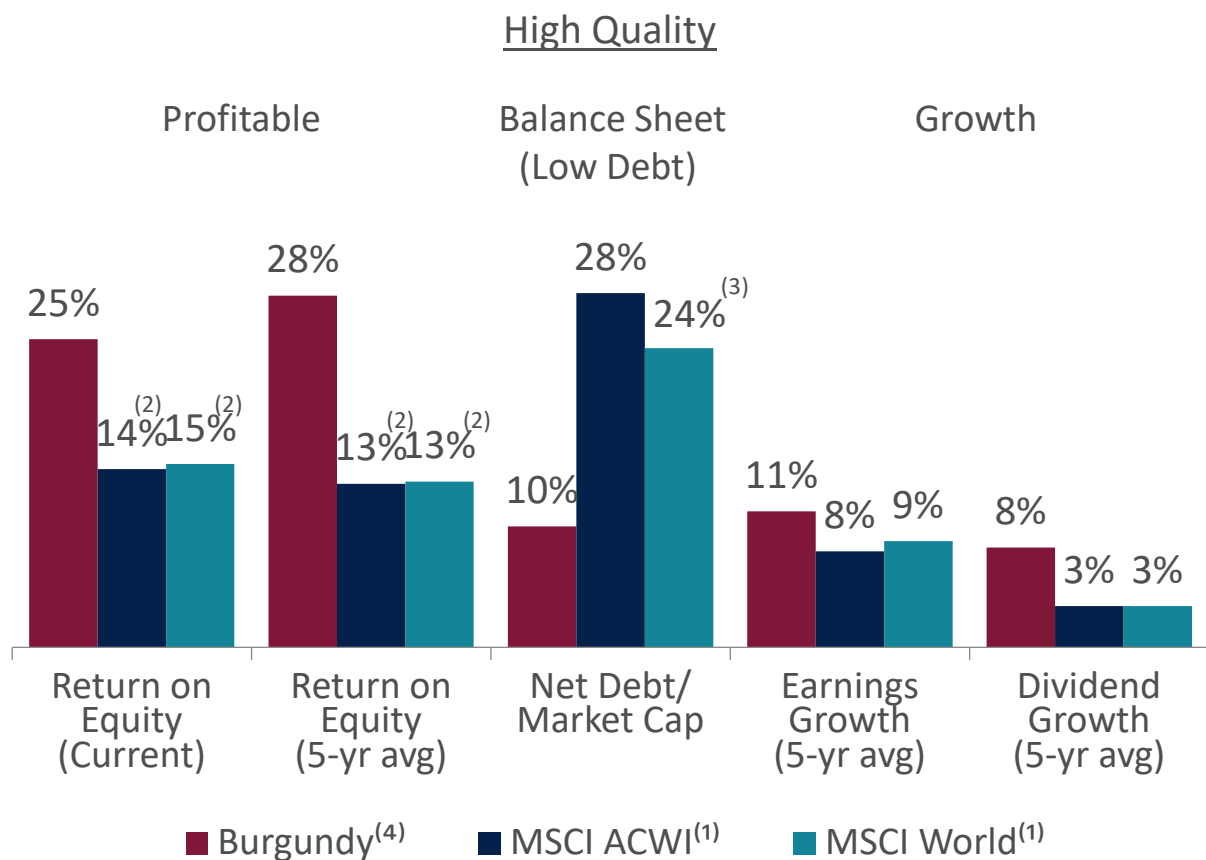
(2) MSCI ACWI Index (from April 1, 2020 to Current), MSCI World Index (from Inception to March 31, 2020)

Performance reported in Canadian dollars, gross of fees.

Performance for periods greater than one year is annualized.

# CHARACTERISTICS OF A HIGH-QUALITY PORTFOLIO

## BURGUNDY GLOBAL EQUITY FUND



| <u>Valuations</u>  |                               |                     |
|--------------------|-------------------------------|---------------------|
|                    | P/E (NTM)                     | Dividend Yield      |
| BAM <sup>(4)</sup> | 18.0x <sup>(3)</sup><br>19.7x | 2.0%                |
| MSCI ACWI          | 15.6x <sup>(2)</sup>          | 2.1% <sup>(1)</sup> |
| MSCI World         | 16.2x <sup>(2)</sup>          | 2.0% <sup>(1)</sup> |

### Margin of Safety

**7 – 9%**

June 30, 2023

(1) Source: FactSet (unless stated otherwise)

(2) Source: MSCI

(3) Harmonic mean shown for comparability with the index. Due to lack of transparency on index calculations, other portfolio metrics are calculated using arithmetic mean

(4) Burgundy Global Equity Fund

Note: Where possible, Bloomberg data is used. In certain situations, more representative numbers based on the Portfolio Manager's research are used

# OUR FINAL THOUGHTS

## LOOKING AHEAD

- We are going through an **adjustment** period in the economy and financial markets, and businesses are facing a more **complex** operating environment as a result.
- Money is no longer **free**, and inflation is proving difficult to rein in.
- **Uncertain** times can also present **long-term** opportunities.
- We are committed to our investment process and ready to act **opportunistically** to upgrade the **quality/value** profile of the portfolio.

It is in challenging times that robustness, for some survival, gets put to the test. We believe that Burgundy's portfolios are well-positioned as balance sheet strength, low leverage, and resilient demand are important quality characteristics.

# BENCHMARK INFORMATION & DEFINITIONS

## Benchmark Information:

The Global Equity strategy is benchmarked against the following:

- (1) MSCI ACWI Index (from April 1, 2020 to current)
- (1) MSCI World Index (from Inception to March 31, 2020)

The MSCI ACWI Index captures large and mid cap representation across 23 Developed Markets and 27 Emerging Markets countries. The index covers approximately 85% of the global investable equity opportunity set.. The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

## Definitions:

**Intrinsic Value:** Intrinsic value refers to the value of a company that Burgundy has determined by internal models based on tangible and intangible factors without reference to the company's current market value. Intrinsic value models may rely on such inputs as brand name, trademarks, copyrights, business models, governance, financial statement analysis, the company's free cash flow, and cost of capital.

**Margin of Safety:** Margin of safety is the difference between Burgundy's internal estimation of the intrinsic value of a company and its current market value. Burgundy's intrinsic value estimates are subjective and determined by internal models based on tangible and intangible factors. If the intrinsic value and current market value are the same then there is no margin of safety. The lower the current market value compared to the intrinsic value, the greater margin of safety.

**Active Share:** A measure that compares the proportion of security holdings within the product against those of the respective benchmark. The value represents the percentage difference between fund and benchmark. Source: eVestment Analytics

# Questions and Discussion



University  
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# **Open Pension Meeting**

**November 14, 2023**



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