



University
of Windsor

Open Pension Meeting

November 10, 2022



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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, 2022
 - Investment Outlook
- Questions



2021/22 Key Financial Market Events

Global Equities

- Global equities returned **negative results** with the MSCI All Country World Index returning a -11.8% loss over the 1-year period.
- Performance was impacted by the first half of 2022, when high inflation and Russia's invasion of Ukraine had the largest impact on equity markets.

Canadian Equities

- **Negative results** with the TSX Index delivering a return of -3.9% over the 1-year period.
- The info tech, health care & consumer discretionary sectors were the largest underperformers

Bonds

- **Bond markets** returned **negative results**, as yields continued to increase due to rising inflation rates and interest rate hikes set by the Bank of Canada.
- **Levered bonds** suffered significant negative returns during Q2 2022, as interest rates reached peak levels in mid-June. Fears of structural inflation started to take hold, and the impact on longer-dated bonds was most severe.

Capital Market Performance: June 30, 2022

| | Q2 2022 | Year ending June 30, 2022 |
|---------------------------------|---------|------------------------------|
| FTSE Canada 91 Day T-Bill | 0.1% | 0.4% |
| FTSE Canada Universe Bond Index | -5.7% | -11.4% |
| FTSE Canada Long Bond Index | -11.8% | -19.7% |
| S&P/TSX Composite Index | -13.2% | -3.9% |
| MSCI All Country World Index | -12.8% | -11.8% |
| MSCI World Index | -13.3% | -10.4% |



Capital Market Performance: Sept 30, 2022

| | Q3 2022 | Year ending Sept 30, 2022 |
|------------------------------------|---------|------------------------------|
| FTSE Canada 91 Day T-Bill | 0.5% | 0.9% |
| FTSE Canada Universe Bond Index | 0.5% | -10.5% |
| FTSE Canada Long Bond Index | 1.5% | -17.2% |
| S&P/TSX Composite Index | -1.4% | -5.4% |
| MSCI All Country World Index (CAD) | -0.6% | -13.5% |
| MSCI World Index (CAD) | 0.0% | -12.4% |



Key Issues Facing Pension Plans

- **Inflation** continues to weigh heavily on markets.
- If inflationary pressure remains, central banks could respond with more interest rate increases, resulting in a **negative impact on stocks and bonds.**
- 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

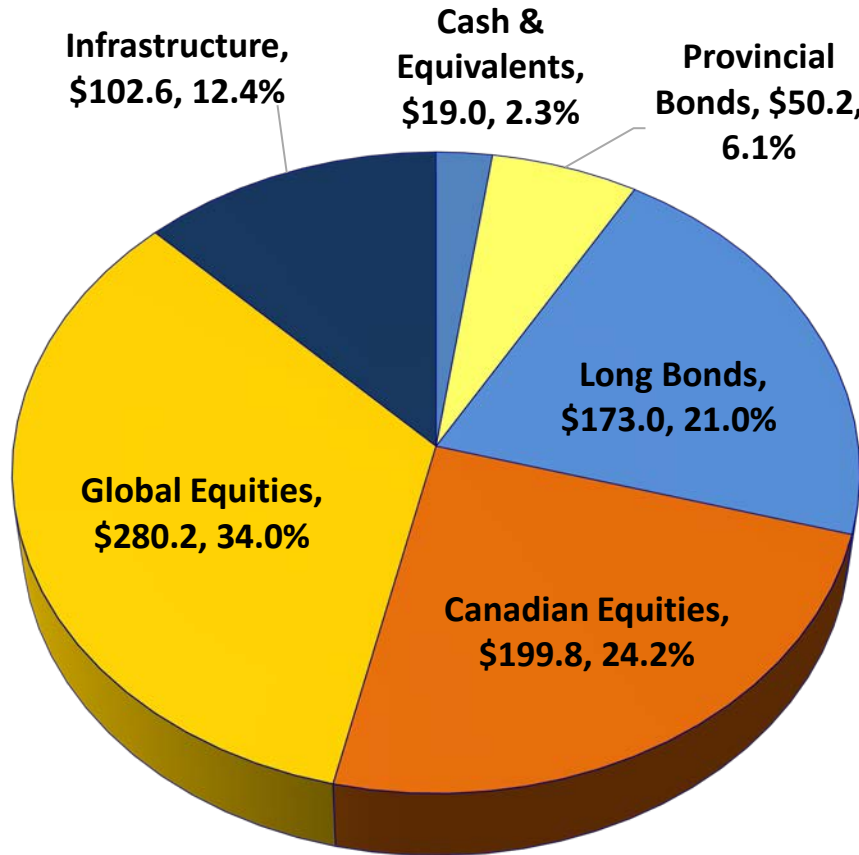


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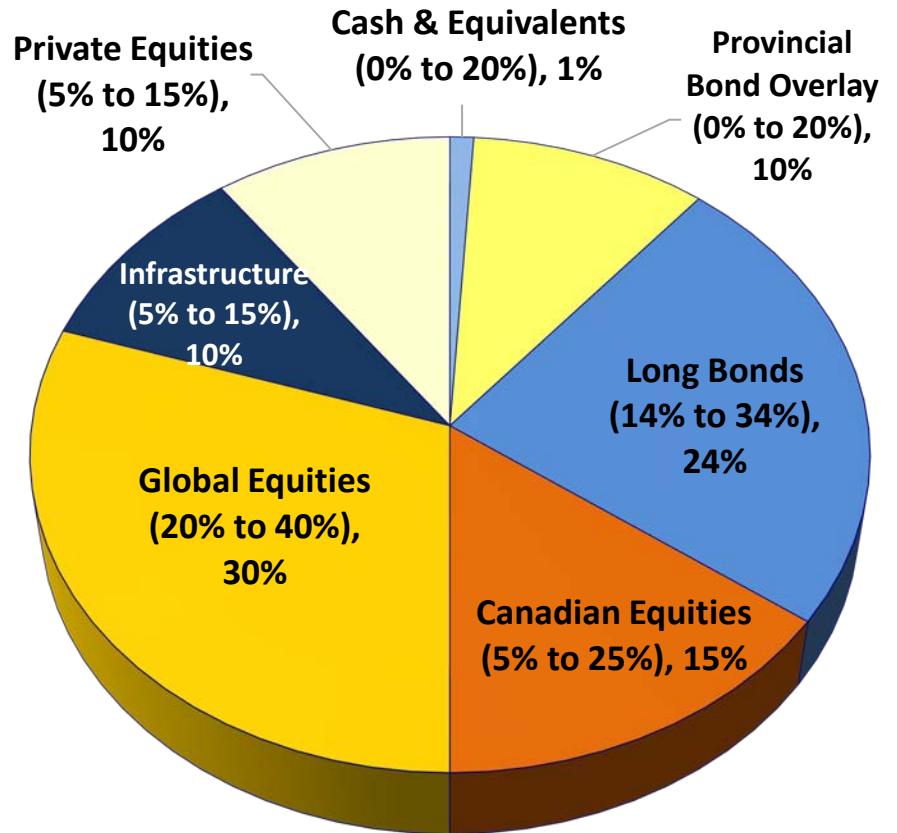
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Pension Plan - Asset Mix (\$M) - June 30, 2022

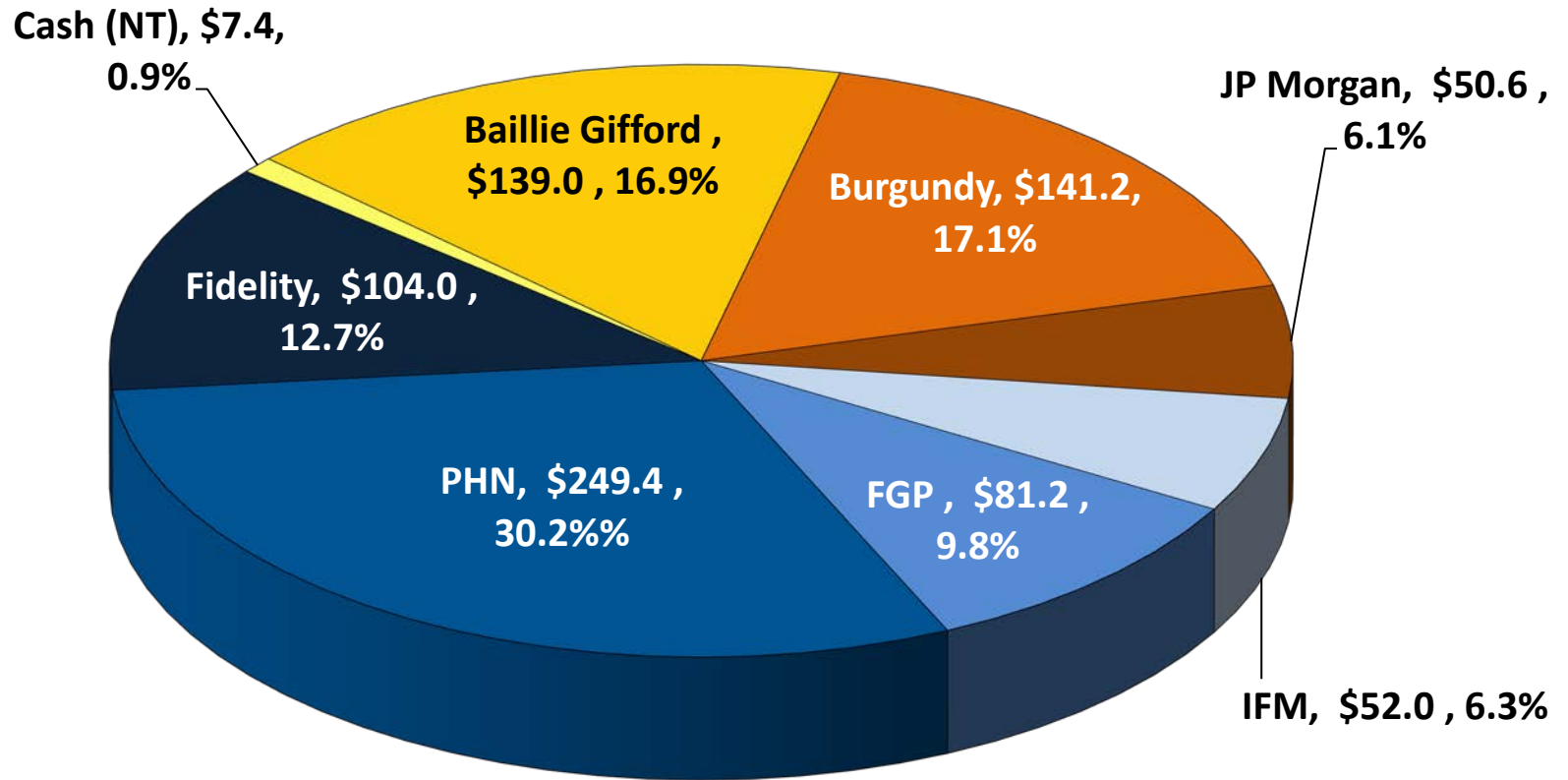
Actual Mix \$824.8 Million



Benchmark Asset Mix Per Pension SIPP



Asset Allocation by Manager (in \$M)



As at June 30, 2022



Total Pension Fund Returns as of June 30, 2022

| | Market Value (\$M) | 3 Months | 1 Year | 4 Year |
|--|-----------------------|----------|---------|--------|
| Total Fund | \$ 824.8 | -13.57% | -16.55% | 2.32% |
| University of Windsor Benchmark | | -11.37% | -9.91% | 4.30% |
| Faculty Plan Portion | \$ 565.0 | 68.5% | | |
| Employee Plan Portion | \$ 259.8 | 31.5% | | |



Asset Returns by Manager

| | Market Value (\$M) | Annual Returns | |
|-------------------------------|-----------------------|----------------|-------------|
| | | 1 year | 4 years |
| Foyston, Gordon & Payne | \$81.2 | -19.1% | -1.4% |
| Phillips, Hager & North | \$249.4 | -22.8% | 0.7% |
| Fidelity | \$104.0 | -4.6% | 8.4% |
| Baillie Gifford | \$139.0 | -29.6% | 4.1% |
| Burgundy | \$141.2 | -10.8% | 4.5% |
| Cash | \$7.4 | 0.4% | 0.9% |
| JP Morgan | \$50.6 | 7.8%* | N/A |
| IFM | \$52.0 | 12.5% | N/A |
| Total Fund | \$824.8 | -16.6% | 2.3% |
| U of Windsor Benchmark | | -9.9% | 4.3% |

* 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, 2022

| | Market Value (\$M) | 3 Month | 1 Year | 4 Year |
|--|-----------------------|---------|---------|--------|
| Total Fund | \$ 826.3 | 0.78% | -16.07% | 2.57% |
| University of Windsor Benchmark | | 0.80% | -13.02% | 3.57% |
| Faculty Plan Portion | \$ 566.0 | 68.5% | | |
| Employee Plan Portion | \$ 260.3 | 31.5% | | |



Impact of Investment Performance for Faculty Plan

June 30, 2022

Gross Fund Return: -16.42%

Net Fund Return: -16.84%

- Money Purchase balances decreased by -16.84% for active members
- Money Purchase pensions decreased by -26.83% for those who retired prior to July 1, 2004
- Money Purchase pensions decreased by -23.81% 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 2.78%



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Impact of Investment Performance for Employees Plan

June 30, 2022

Gross Fund Return: -16.46%

Net Fund Return: -16.90%

- Rate of credited interest on employee contributions for the year ending June 30, 2022 was 1.29%
- 4 year Average Fund Return for pension increases was 2.56%
- Pensions were not increased for July 1, 2022 – June 30, 2023
- Actual increase is 50% of excess average return over 5.50%, limited to 50% of the CPI increase (5.56% at June 30, 2022)



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Investment Manager Presentations

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



Questions and Discussion



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