

Pension & Benefits Committee

Open and Confidential Sessions

October 2, 2026

9:30 a.m. - 11:30 a.m.

NH 3318

200 University Avenue West

Waterloo, ON N2L 3G1

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2026 10 02 Pension & Benefits Committee Meeting Book

AGENDA

	1 Governance Resources		
	1.1 https://uwaterloo.ca/secretariat/governing-bodies/board-governors/pension-benefits-committee		
	2 OPEN SESSION		
9:30 a.m.	3 Agenda and Minutes		
	3.1 Declarations of Conflict of Interest	Information	
	3.2 Approval of Agenda and Consent Items	Decision	
	3.2.1 Agenda and Consent Items Memo		4
	3.3 Business Arising	Information	
9:35 a.m.	4 Committee Administration		
	4.1 Committee Orientation and Review of the Terms of Reference	Information	
	4.1.1 Committee Administration Memo		5
	4.1.2 Orientation Deck - PB		6
	4.2 Committee Workplan Review	Information	
	4.2.1 Pension & Benefits Committee Work Plan 2026-2027		27
9:45 a.m.	5 Pension		
	5.1 Pension Risk Management Dashboard, Q2 2026 [Aon]	Information	
	5.1.1 Pension Risk Management Memo		29
	5.1.2 Q2, 2026 Risk Dashboard		30
	5.2 Report of the Pension Investment Committee [Basdeo]	Information	
	5.2.1 Report of the Pension Investment Committee		47
	5.2.2 Investment Performance Review - Q2 2026		49
	5.3 Annual Review of the SIPP and FIP [Hadley]	Decision	
	5.3.1 SIPP and FIP Memo		69
	5.3.2 SIPP and FIP Briefing Note		70
	5.3.3 Proposed FIP Amendments		72
	5.3.4 Proposed SIPP Amendments		83
10:30 a.m.	6 Other Business		
	6.1 HCSA Update [Reitsma]	Information	
	6.1.1 HCSA Memo		100
	6.1.2 HCSA Update Briefing Note		101
	6.2 Update on exploration of University Pension Plan (UPP) [Reitsma]	Information	
	6.2.1 UPP Update Briefing Note		103
	7 Items Removed from the Consent Agenda		
	8 Consent Agenda		
	8.1 Minutes - Open Session - May 28, 2026	Decision	
	8.1.1 Minutes - Open Session - May 28, 2026		107
	8.2 Minutes - Confidential Session - May 28, 2026	Decision	
	Documents have been distributed to members confidentially.		
11:00 a.m.	9 Adjournment		
	The next meeting of the Committee will take place on January 15, 2027.		
	10 Confidential Minutes		
	10.1 Minutes - Confidential - May 28, 2026		110

For Decision**Open Session**

Date of Meeting: October 2, 2026

To: Members, Pension & Benefits Committee

From: Melanie Figueiredo, Governance Officer

RE: **3. Agenda and Consent Items**

3.1 Declarations of Conflict of Interest

Members are invited to declare any conflicts related to the confidential agenda at this time. Should a conflict of interest arise during the course of discussion, Members are invited to declare a conflict of interest as it arises.

The Secretariat can provide guidance regarding any potential conflicts of interest in advance of or during the Board meeting.

Members are invited to review the Conflict of Interest webpage on the Secretariat [website](#).

3.2 Approval of Agenda and Consent Items**Recommendation:**

That the May 28, 2026 meeting agenda be approved; and that consent items listed under agenda item 8 be approved or received for information as presented.

3.3 Business Arising

All matters of business arising will be addressed throughout the balance of agenda items.

Documentation Provided:

- N/A

For Information**Open Session**

Date of Meeting: October 2, 2026

To: Members, Pension & Benefits Committee

From: Melanie Figueiredo, Governance Officer

RE: **4. Committee Administration**

4.1 Committee Orientation and Review of the Terms of Reference

Members will be provided with an overview and will have an opportunity to ask questions about the orientation material provided in the agenda package.

The material is being presented in addition to the orientation session held on September 21, 2026, which was also attended by members of the Pension Investment Committee.

In addition, the 2026-2027 work plan has been included for the reference of all members. The work plan is an iterative document which is supplied for the Committee's information at each Committee meeting.

Documentation Provided:

- Pension & Benefits Committee Orientation slide deck
- 2026-27 Committee Work Plan

Pension and Benefits Committee Orientation

October 2026



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COMMITTEE TERMS OF REFERENCE

Key Elements of Terms of Reference

The Committee has the full power to administer the employee pension and benefits plans, including but not limited to:

- Pension Plan Administration
- Oversight of Pension Investments
- Reporting and Liaison

The Committee delegates day-to-day responsibility for the administration of the pension and benefits plans to Human Resources of the University.

The purpose of the Committee is to make and enforce such rules and regulations necessary for the effective and efficient administration of the plans.

Key Elements of Terms of Reference - Pension Plan Administration

- Facilitate effective and efficient administration of the pension plan in accordance with legislation and regulations and decide all questions concerning the pension plan.
- Provide an annual report to the Board of Governors with respect to the operation of the Pension Plan.
- Review annual audit of the Pension Plan Fund Financial Statements.
- Appoint actuary and commission research on pension or benefits.
- Recommend changes in pension and benefits plans – being mindful of the financial context / impact to the University.
- Make policy decisions relevant to administration of benefits of plans.
- Recommend appointment of custodians / trustees to the Board.

Key Elements of Terms of Reference - Oversight of Pension Investments

- **Investment Policy for pension assets**
 - Receive recommendations from the Pension Investment Committee on updates / revisions to:
 - Statement of Investment Policy and Procedures (SIPP) and
 - Fund Implementation Procedures (FIP)
 - Recommend Investment Policy to the Board of Governors
- **External Fund Managers**
 - Receive recommendations from the Pension Investment Committee related to:
 - The approval / termination of external fund managers and / or mandates for the pension fund investments
 - Approve on behalf of the Board of Governors
- **Responsible Investment Policy**
 - Oversee and ensure compliance with the policy through the Pension Investment Committee
- **Asset mix changes and investment decisions** where the cumulative annual amount is **greater than 20%** of the Plan's total assets
 - Approve recommendations received from PIC

Key Elements of Terms of Reference - General Provisions

- Members of the Committee may participate in the benefits under the pension plan provided they are otherwise eligible to do so.
- No compensation for committee members except as otherwise provided by the Board of Governors of the University.
- No bond or other security shall be required of any member of the Committee in such capacity in any jurisdiction, except as expressly required by law.
- No personal liability unless willful and intentional.
- Entitled to rely conclusively on information provided by third parties and experts.
- Decisions / actions apply to all persons with like circumstances; no person specific exceptions.

Committee Membership

Name	Membership
Thomas Duever	Vice-President, Interim Academic & Provost
Jacinda Reitsma	Vice-President, Administrative & Finance
Aubrey Basdeo	Board of Governors
Patricia O'Malley	Board of Governors
Sarah Hadley	Presidential Appointee
Lisa Yuhazs	Presidential Appointee
Elizabeth Demers	Faculty Appointee
Nasser Abukhdeir	Faculty Appointee
James Thompson	Faculty Appointee
Lily Hua	Staff Appointee
Christine Sun	Staff Appointee
Trevor Askes	CUPE Appointee
David Taylor	Retiree Appointee
Ashley-Ann Morgado	OPSEU Appointee
Sarah Cressman	AFIW Appointee (Non-voting)

Committee Work Plan

- Provides a basic timeline for items to come before the Committee
- Intended for planning purposes but subject to change and adjustment throughout the year
- Available in each agenda package

2026-2027 Pension & Benefits Committee Work Plan					
Pension & Benefits Committee Agenda Items P – Planned A/N – As Needed ✓ – Complete	October 2, 2026	January 15, 2027	March 24, 2027	May 28, 2027	NOTES
OPEN SESSION					
Committee Administration					
Committee Orientation	P				
Approve the Committee Work Plan.	P				
Review Progress against Work Plan.	P	P	P	P	
Review and recommend any changes to the Committee’s Terms of Reference.		P		P	
Complete Board and Committee Evaluation Survey.			P		
Review the Results of the Committee’s Self-Evaluation Survey				P	
Review the Annual Report to the Community				P	
PENSION					
Review the Previous Years’ Fees and Expenses				P	
Review and approve the Pension Plan Fund Audited Financial Statements.				P	
Review Carbon Metrics Reporting				P	
Review Summary of Total Fund Investment Performance through the report of the Pension Investment Committee	P	P	P	P	
Review and approve the Statement of Investment Policies and Procedures and Fund Implementation Procedures; Pension Statement SIPP	P				

OVERVIEW OF PENSION PLAN

PIC & P&B: Responsible Investment

- The Board has approved a Responsible Investment Policy
 - Responsible investing actively **incorporates ESG factors into each investment decision** and monitors those decisions
- UN PRI signatory for endowment and pension
- The Board has endorsed carbon footprint reduction targets for endowment and pension
 - Scorecard approach to carbon measurement including: Total Carbon Emissions, Carbon Footprint, and Weighted Average Carbon Intensity
 - Carbon footprint reduction targets, for scope 1 & 2 emissions
 - 50% by 2030, relative to 2018, Carbon Neutral by 2040

Pension Service Providers

- Aon – Actuarial Consultants
- Pension Administration – In house (UW) with Ariel system (provided by Telus Health) with payments provided by CIBC Mellon
- Pension Asset Custodian – CIBC Mellon
- Pension Investment Consultant – Eckler and Investment Managers

Consideration of Pension Plan Changes

Design changes to pension plans are significant undertakings and as a result are infrequent due to the complexity that revisions create for participants and administrators. To ensure the impact of a change is fully understood, a review process is followed:

- Rationale associated with the investigation of a plan design change (e.g. legislative or regulatory change, financial sustainability, employee value proposition, etc.);
- Actuarial analysis to determine the estimated impact on the current service cost;
- A review of administrative impacts and the feasibility of supporting system and process changes, and any related technology, vendor, and administration staffing requirements;
- Financial analysis associated with the implementation effort and ongoing management of a plan design change;
- A review of options (i.e. comparability to pension plans at peer institutions and within the comparator market); and
- Assessment of community involvement to support change management for active, retired, and deferred plan participants.

OVERVIEW OF BENEFIT PLANS

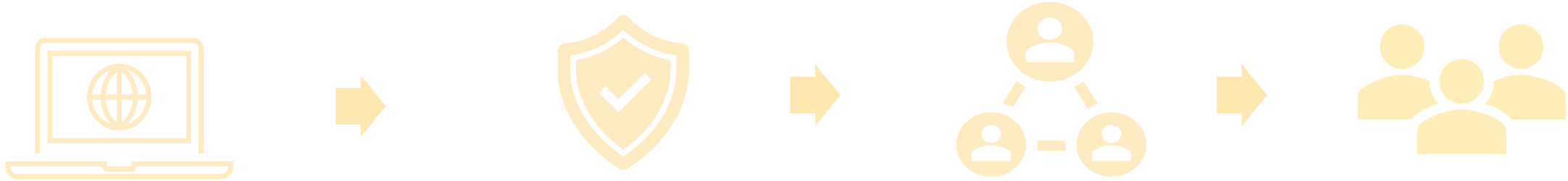
Benefits provided

- Health & Dental Benefits
- Life Insurance
- Long Term Disability
- Employee & Family Assistance Program
- Sick Leave

Benefits Service Providers

- Aon – Benefits Consultants
- Sun Life Financial – Life Insurance (University Health Insurance Plan) and Long Term Disability insurer
- GreenShield – Health & Dental Benefits provider
- Homewood Health – Employee & Family Assistance Program (EFAP) provider
- Sick Leave – In House (UW) with Telus Health for complex disability management case support

Benefit Claim Support Model



Step 1: Self-Service

- GreenShield
 - GSCeverywhere
 - Support Centre
- Human Resources
 - Websites
 - Workday
 - Chatbot

Step 2: Contact GreenShield

- Customer Contact Centre (Email/Phone)
- Travel Assistance Agents if medical emergency while travelling

Step 3: Contact Human Resources

- Tier 1 – HR Coordinators
- Tier 2 – Benefits Administrator
- Tier 3 – Manager/Director level

Step 4: Contact Pension & Benefits Committee

- Contact Committee Secretary with a Copy to Director, Total Rewards

Note: Members of the P&B Committee are welcome to contact the Director, Total Rewards with inquiries or feedback; however, members of the community need to follow the established inquiry support model

SECRETARIAT SUPPORT

Secretariat Website

- Meeting dates, agendas, minutes (open session)
- Terms of Reference, membership
- Informing and Governing Documents
- Policies, Guidelines and Procedures
- Board Manual

UNIVERSITY OF WATERLOO

SECRETARIAT

Welcome to the Secretariat

The Secretariat's mission is to manage and support the University's bicameral governance system consistent with statutory requirements, the University of Waterloo Act, the By-laws and regulations of the Board of Governors and Senate, and good governance practices.

We provide support services for the Board of Governors, the Senate and their Committees and ensure membership is duly constituted and bodies receive materials that support informed decision-making. We ensure that decisions taken by Senate, Board and their committees are available to the university community and provide advice to senior administration and Board leadership so that the process of decision-making is clear, efficient and effective.

We also support the work of faculty, staff and student relations committees which are the primary venues for collegial employee/employer and student relations activities. We maintain the library of institutional policies and support

Our greatest impact happens together

You+Waterloo: Our greatest impact happens together

LET'S BUILD THE FUTURE TOGETHER

BoardEffect Portal

- Integration with single sign on for internal users
- Dual-factor authentication for external users
- Access to meeting books, surveys, events/invitations
- <https://uwaterloo.boardeffect-ca.diligentoneplatform.com/>



Secretariat Support and Main Contacts

- Committee Secretary: Melanie Figueiredo, Governance Officer (m2figueiredo@uwaterloo.ca)
- Secretariat Support for the Committee:
 - Genevieve Gauthier-Chalifour, University Secretary (gen.gauthier-chalifour@uwaterloo.ca)
 - Ben Doadt, Deputy Administrative Officer (bdoadt@uwaterloo.ca)
 - Diana Goncalves, Governance Assistant (d3goncalves@uwaterloo.ca)
- Please RSVP to meetings – for in person meetings please indicate if joining virtually or in person
- Meetings typically have a virtual option

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Questions?

board@uwaterloo.ca

2026-2027 Pension & Benefits Committee Work Plan

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Review Progress against Work Plan.	P	P	P	P	
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Complete Board and Committee Evaluation Survey.			P		
Review the Results of the Committee’s Self-Evaluation Survey				P	
Review the Annual Report to the Community				P	
PENSION					
Review the Previous Years’ Fees and Expenses				P	
Review and approve the Pension Plan Fund Audited Financial Statements.				P	
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Pension & Benefits Committee Agenda Items P – Planned A/N – As Needed ✓ - Complete	October 2, 2026	January 15, 2027	March 24, 2027	May 28, 2027	NOTES
Review Pension Risk Management Dashboard	P	P	P	P	
Approve the Actuarial Valuation Assumptions			P		
Review the results of the Actuarial Valuation, decision on filing			P	P	
Review of RPP Contribution and Protocol Caps		P			
BENEFITS					
Extended Health & Dental Benefits – Indexation of Maxima effective January 1		P			
Retiree Life Insurance – Indexation of Coverage effective January 1		P			
Annual Benefits Utilization Report			P		
Maximum Pension Limits and Caps Adjustments, Based on Average Industrial Wage Increase (AIW)		P			
Cost of Living Adjustments - Pensions in Pay - Deferred Pensions - Pensionable Earnings for Members on LTD			P		
Group Benefits program – Annual Renewal - Life Insurance – Premium Rate - Long Term Disability - Premium Rate - Maximum Insured Salary (Indexation) - Health Care Benefits – ASO Fees/Charges - Health Care Benefits – Budget Rates			P		

For Information**Open Session**

Date of Meeting: October 2, 2026

To: Members, Pension & Benefits Committee

From: Melanie Figueiredo, Governance Officer

RE: **5. Pension**

5.1 Pension Risk Management Dashboard, Q2 2026**Background:**

Linda Byron, Aon, will present the Pension Risk Management Dashboard for Q2 2026, presented for the Committee's information.

Members will recall that this report is provided quarterly to the Committee and is intended to track changes in the funded status of the Pension Plan and quantify risk to which the Pension Plan is exposed.

The Pension Investment Committee reviewed the Pension Risk Management Dashboard at its meeting on September 21, 2026.

Documentation Provided:

- Pension Risk Management Dashboard, Q2 2026

Pension Risk Management Dashboard

University of Waterloo

As of June 30, 2026



About These Materials

This dashboard was prepared for the University of Waterloo to track changes in the funded status of the Pension Plan over successive reporting periods, as well as quantify the amount of risk to which the Pension Plan is exposed. The report presents the funded status and performs the analysis on three bases:

Risk-Free Benchmark Basis – This liability is calculated using best estimate assumptions for retirement, termination and other demographic experience, and discount rate and inflation assumptions determined with reference to the risk-free environment. For this report, the liability has been determined using the real return bond yield plus a 40 basis point credit spread to reflect the additional yield that can be achieved with relatively little additional risk. This liability differs from the solvency calculation in that the demographic assumptions are best estimate and statutory “grow-in” provisions are not included.

Going Concern Basis – This liability is calculated using the going concern assumptions at the most recent valuation. The analysis is performed using the market value of assets with a Provision for Adverse Deviation, as prescribed by the *Pension Benefits Act* (Ontario).

Solvency Basis – This liability is calculated using assumptions determined in accordance with the Canadian Institute of Actuaries Annuity Purchase guidance and Commuted Value standards in effect at each measurement date shown in this report.

This dashboard also contains a reconciliation that compares the going concern liability with the liability calculated using the risk-free benchmark. The difference between the two liabilities represents the amount of return expected to be provided by taking on risk in the investment portfolio. Over successive quarters the tool helps quantify how that risk changes as the underlying interest rates change.

On all bases the following information is shown:

- Current Funded Status and Historical Asset Liability Performance
 - How well funded is the plan?
 - What has been the return on plan assets and liabilities?
- Detailed Asset and Liability Performance Attribution
 - What factors drove the performance of assets and liabilities over the prior period?
 - What is the relative impact of these factors on the assets and liabilities in isolation and in combination?

Highlights

Over the Quarter:

- The fund had a rate of return after fees of 9.2%.
- Nominal risk-free rates decreased over the period.
- Inflation expectations implicit in the underlying bond yields remained broadly unchanged

As a Result:

- The going concern funded position increased from a \$223.3 million surplus to a \$456.9 million surplus over the quarter. This was primarily due to significantly better than expected returns on return seeking assets.
- The risk-free deficit declined from \$303.1 million to \$141.3 million over the quarter primarily due to better than expected returns on return seeking assets leading to an increase in the value of the Plan's assets. This was partially offset by a lower net interest rate which helped to increase the Plan's liabilities.
- The solvency surplus increased from \$672.1 million to \$823.3 million for the same reasons that the risk-free deficit decreased, i.e. primarily due to better than expected returns on return seeking assets.

Highlights (cont'd)

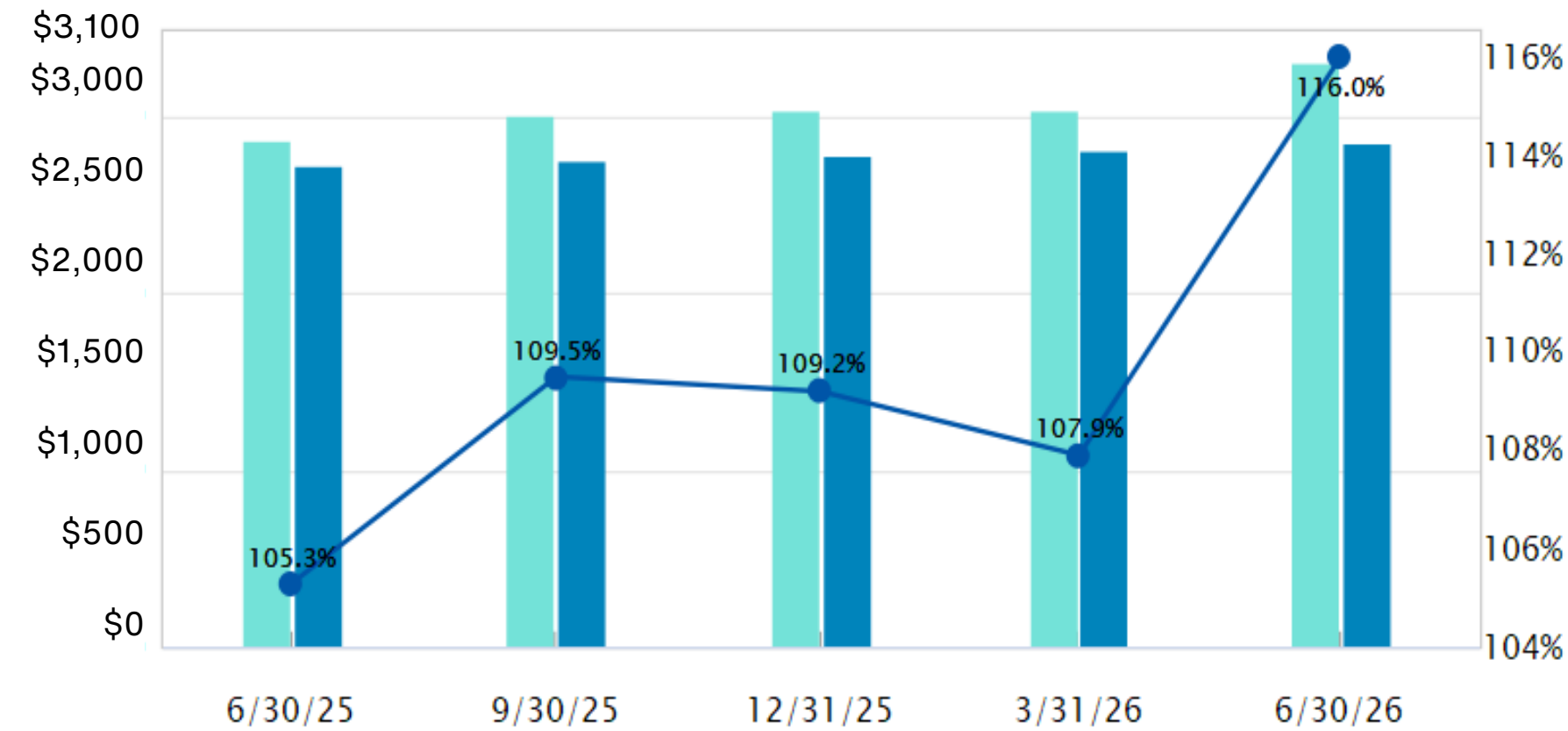
- The estimated June 30, 2026 liabilities are projected based on the final results of the most recently filed actuarial valuation of the Plan as at January 1, 2026.
- The annuity purchase guidance educational note for valuations on or after June 30, 2026 (published as of July 22, 2026) has been reflected in the interest rates used to calculate the June 30, 2026 Solvency liabilities.
- The estimated transfer ratio has not decreased by 10% or more over the period; no Regulation 19 filing is required.
- All figures are in \$1,000,000 (CAD).



Executive Summary – Going Concern

Values in \$1,000,000 (CAD)

Funded Status



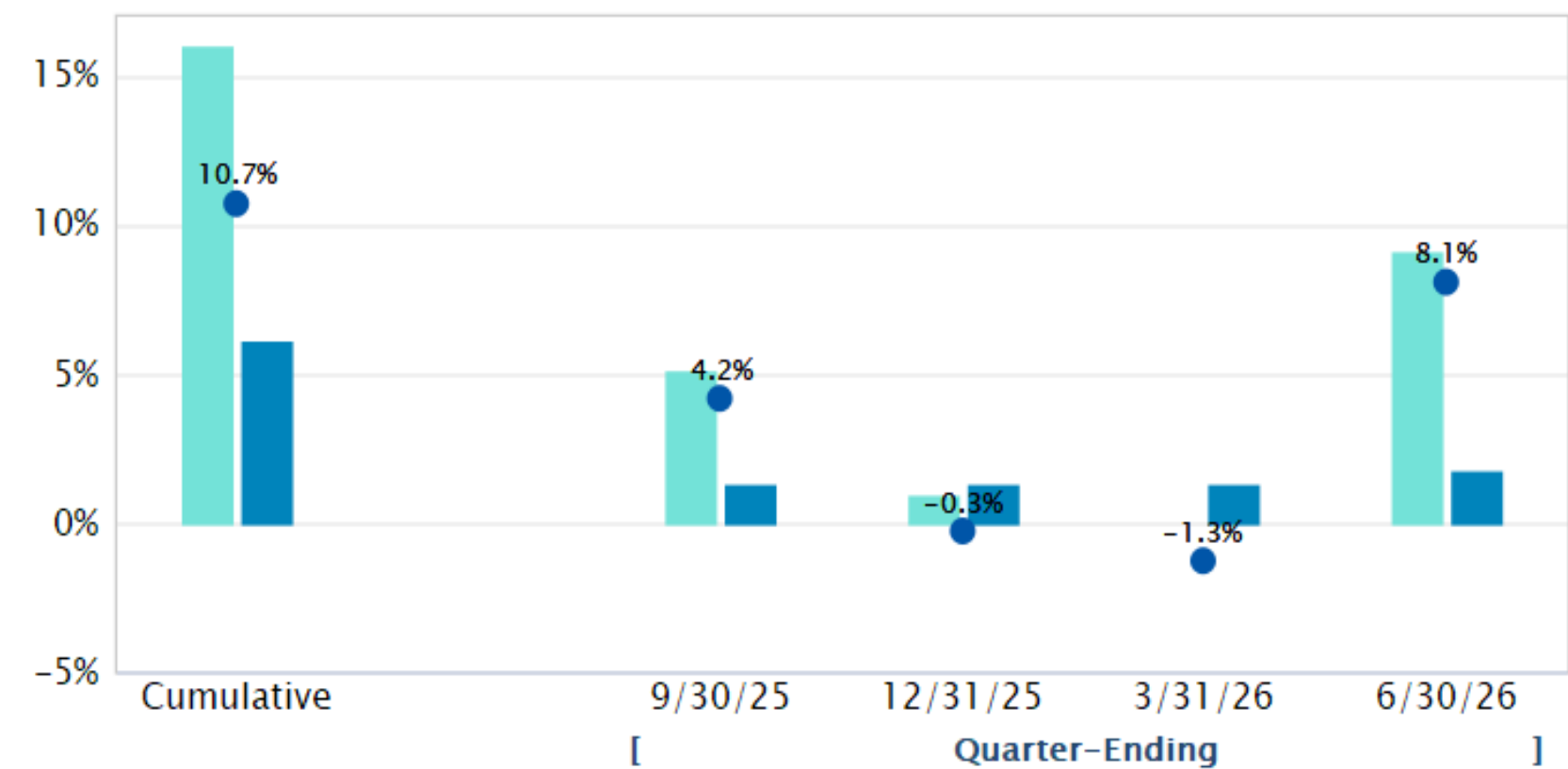
Highlights for the Quarter-Ending 06/30/26

The plan's funded ratio increased over the quarter. This result was overwhelmingly due to better than expected investment returns.

	06/30/25	09/30/25	12/31/25	03/31/26	06/30/26
Market Value of Assets*	\$ 2,865.3	\$ 3,013.9	\$ 3,040.3	\$ 3,036.9	\$ 3,313.0
Going Concern Liability	2,720.1	2,751.3	2,783.4	2,813.6	2,856.1
Surplus/(Deficit)	\$ 145.2	\$ 262.6	\$ 256.9	\$ 223.3	\$ 456.9
Effective Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%
Periodic Contributions*	\$ 30.8	\$ 30.4	\$ 30.4	\$ 29.7	\$ 30.7
Funded Ratio:					
Assets/Going Concern Liability	105.3%	109.5%	109.2%	107.9%	116.0%

* Includes employee and University contributions to end of quarter; excludes investment manager and consulting expenses not yet invoiced

Asset-Liability Return



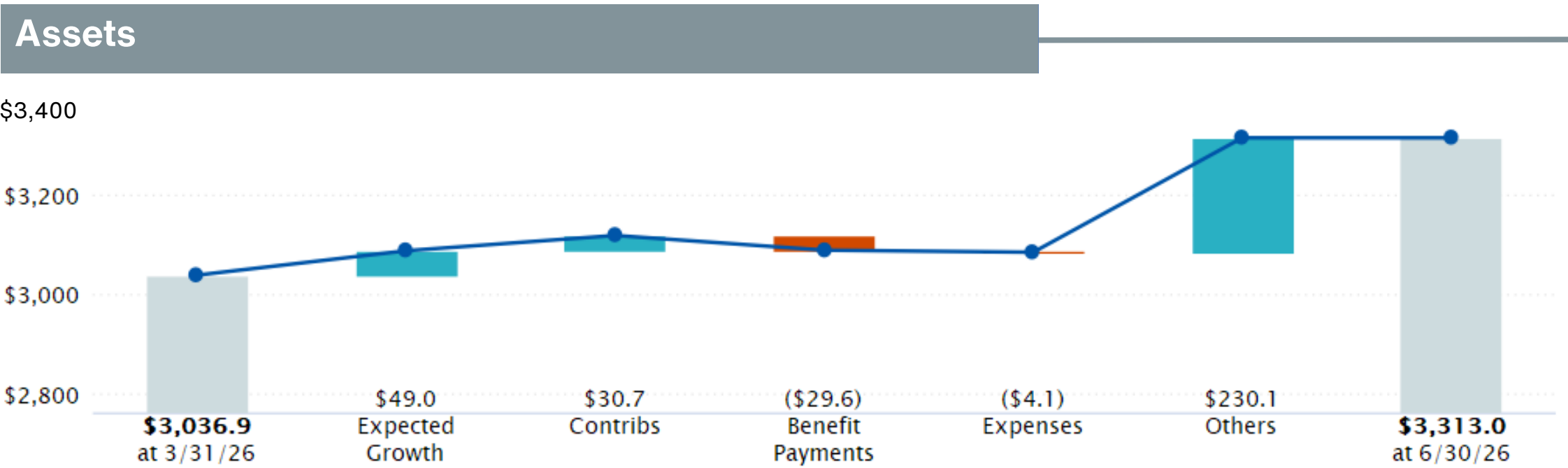
Asset Liability Return for Quarter-Ending 06/30/26

Assets returned 9.2% during the quarter while liabilities returned 1.4%, resulting in a funded status increase of 8.1%.

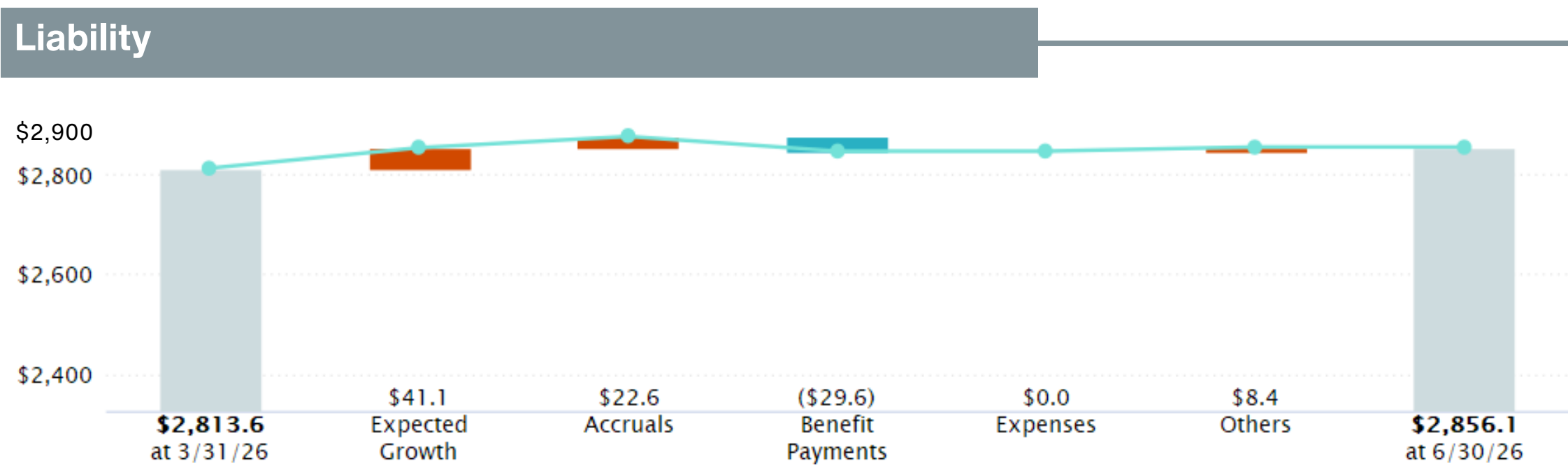
Periodic Return/Change	Cumulative	09/30/25	12/31/25	03/31/26	06/30/26
Market Value of Assets Return	16.1%	5.2%	1.0%	0.0%	9.2%
Going Concern Liability:					
Return	6.0%	1.4%	1.4%	1.4%	1.4%
Funded Ratio Change	10.7%	4.2%	-0.3%	-1.3%	8.1%

Asset-Liability Performance Attribution – Going Concern

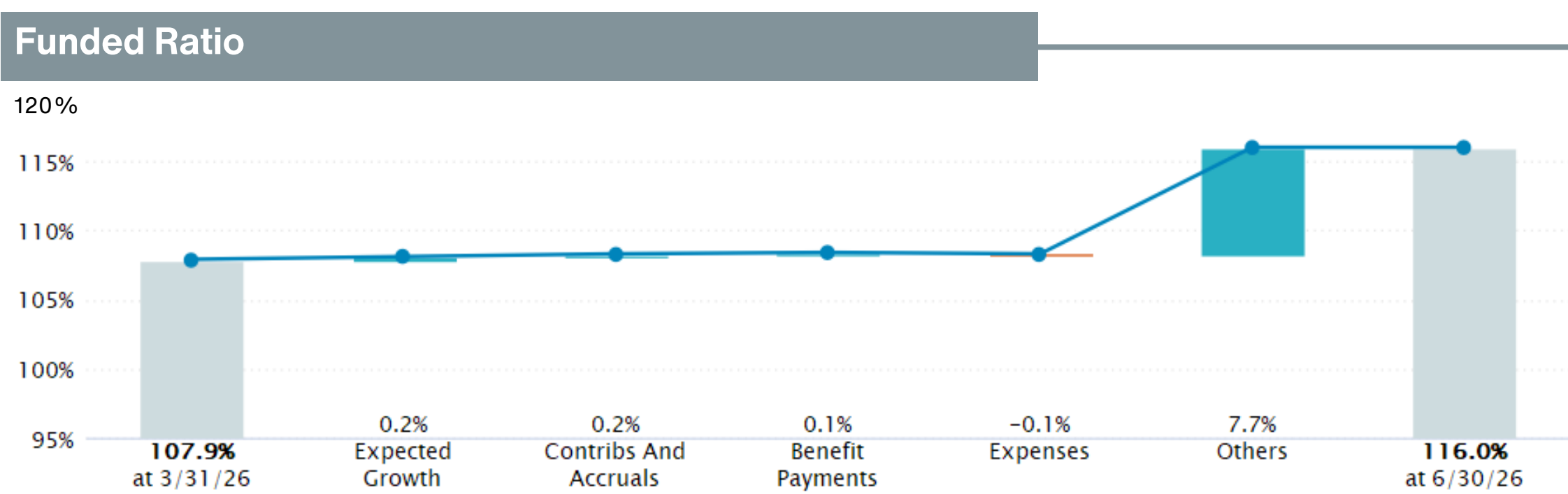
Values in \$1,000,000 (CAD)



- Overall, assets returned 9.2% during this quarter, as opposed to an expected growth assumption of about 1.4% per quarter.
- The University and members made \$30.7 million in contributions during the quarter and the trust paid \$29.6 million in benefits to the participants.
- “Others” represents the difference in the Plan’s asset performance relative to expectation.



- Liabilities were expected to grow by \$41.1 million due to interest cost during the quarter.
- New benefit accruals increased the liability by \$22.6 million during the quarter and paying Plan benefits decreased the liability by \$29.6 million during the quarter.
- “Others” represents the impact of using the updated membership data from the recently filed January 1, 2026 actuarial funding valuation

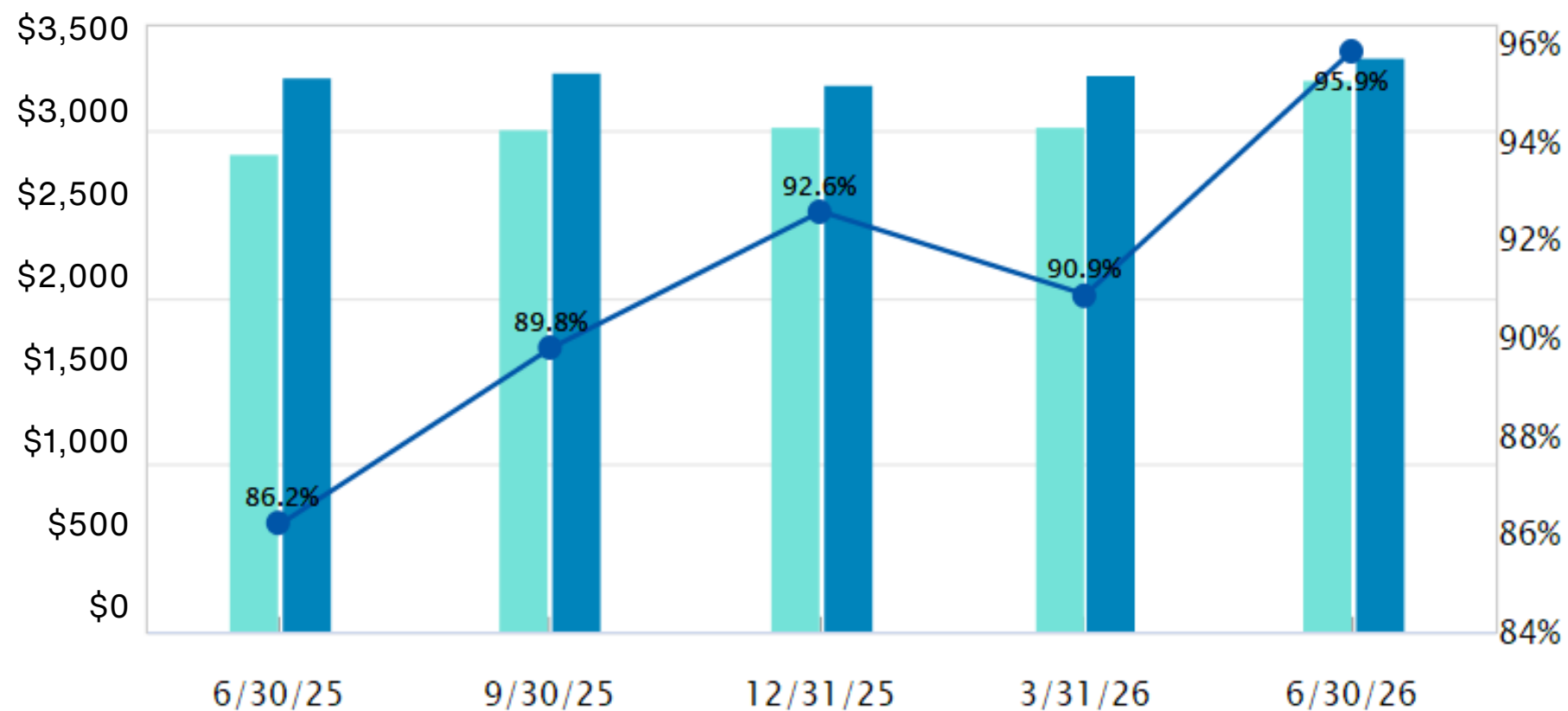


- Contributions exceeded benefit accruals over the quarter, resulting in a net increase of 0.2% in the Plan’s funded ratio.
- “Other” represents the impact of asset performance relative to the liabilities which resulted in an increase in the Plan’s funded ratio of 7.7%.

Executive Summary – Risk Free

Values in \$1,000,000 (CAD)

Funded Status



Highlights for the Quarter-Ending 06/30/26

The plan's funded ratio increased to 95.9% at 06/30/26. This result was primarily due to better than expected investment returns which increased the value of the Plan's assets partially offset by an increase in liabilities caused by a decrease in the risk-free rate.

	06/30/25	09/30/25	12/31/25	03/31/26	06/30/26
Market Value of Assets*	\$ 2,865.3	\$ 3,013.9	\$ 3,040.3	\$ 3,036.9	\$ 3,313.0
Risk-Free Liability	3,324.8	3,356.9	3,283.9	3,340.0	3,454.3
Surplus/(Deficit)	\$ (459.5)	\$ (343.0)	\$ (243.6)	\$ (303.1)	\$ (141.3)

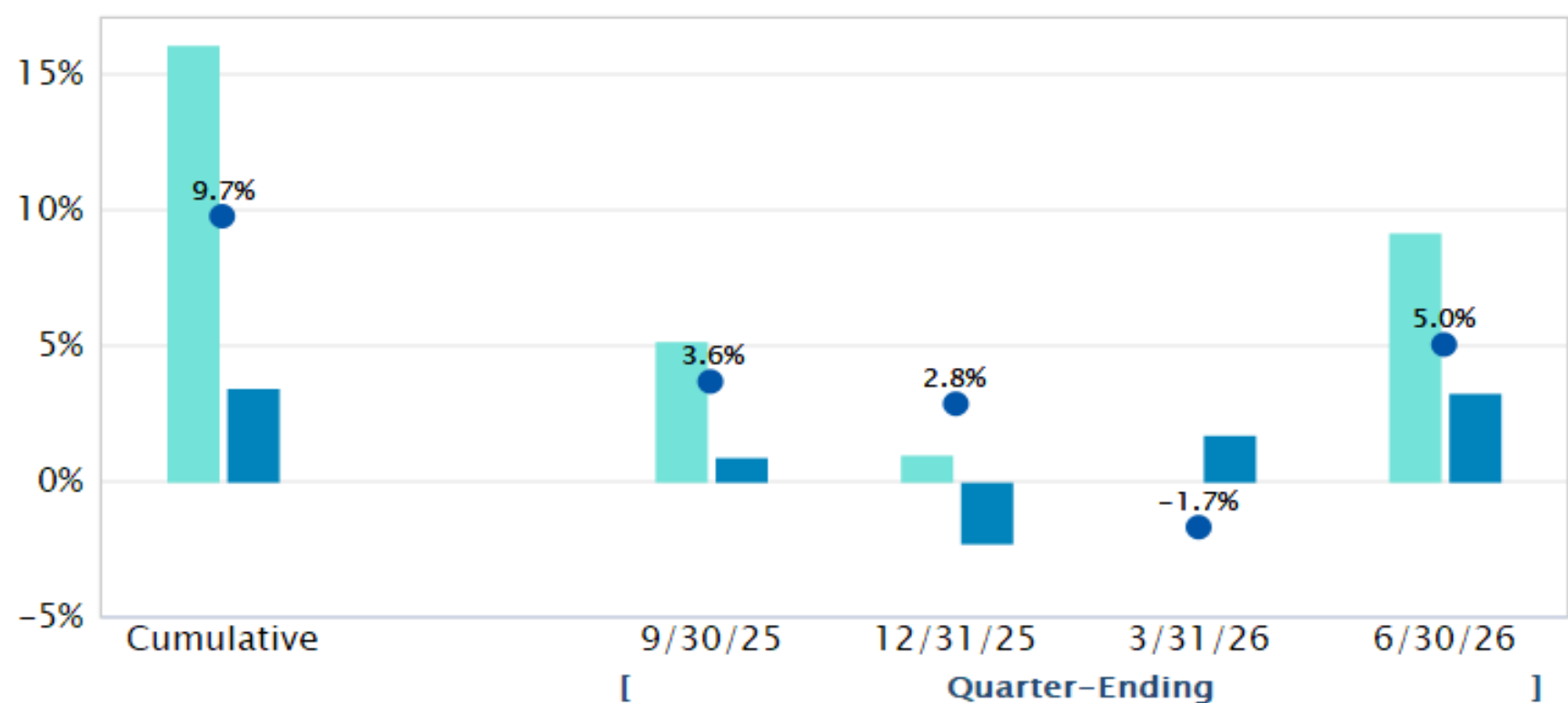
Discount Rate	2.05%	2.06%	2.27%	2.23%	2.11%
Periodic Contributions*	\$ 30.8	\$ 30.4	\$ 30.4	\$ 29.7	\$ 30.7

Funded Ratio:

Assets/Risk-Free Liability	86.2%	89.8%	92.6%	90.9%	95.9%
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* Includes employee and University contributions to end of quarter; excludes investment manager and consulting expenses not yet invoiced

Asset-Liability Return



Asset Liability Return for Quarter-Ending 06/30/26

Assets returned 9.2% during the quarter while liabilities returned 3.3%, resulting in a funded status increase of 5.0%.

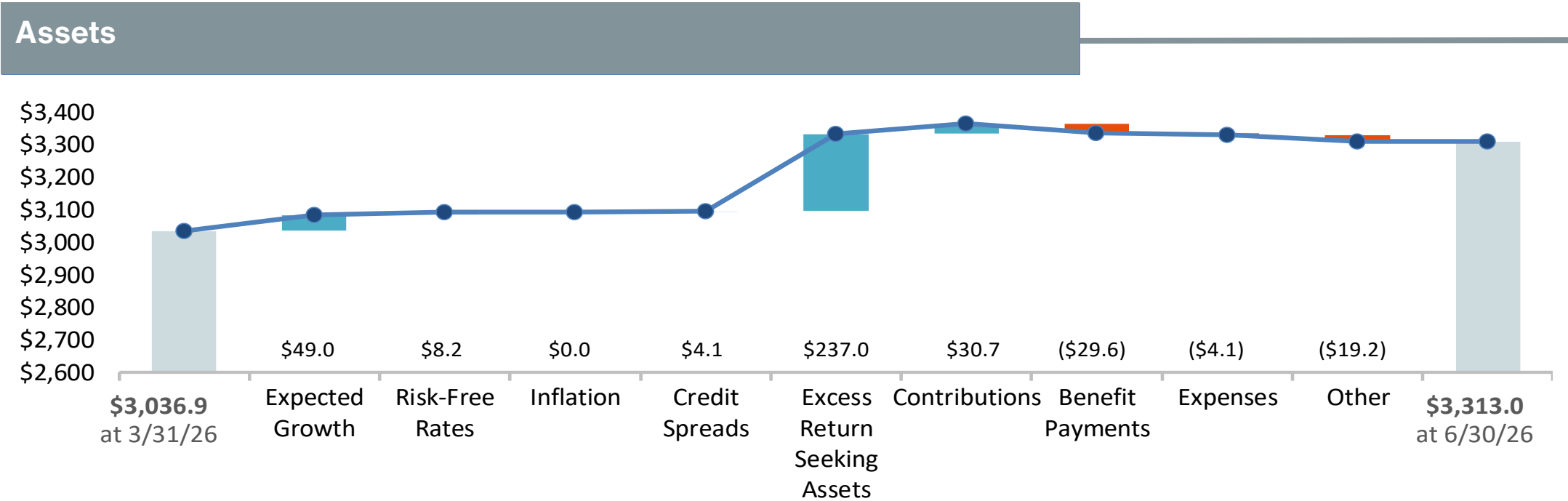
Periodic Return/Change	Cumulative	9/30/25	12/31/25	03/31/26	06/30/26
Market Value of Assets Return	16.1%	5.2%	1.0%	0.0%	9.2%

ABO:

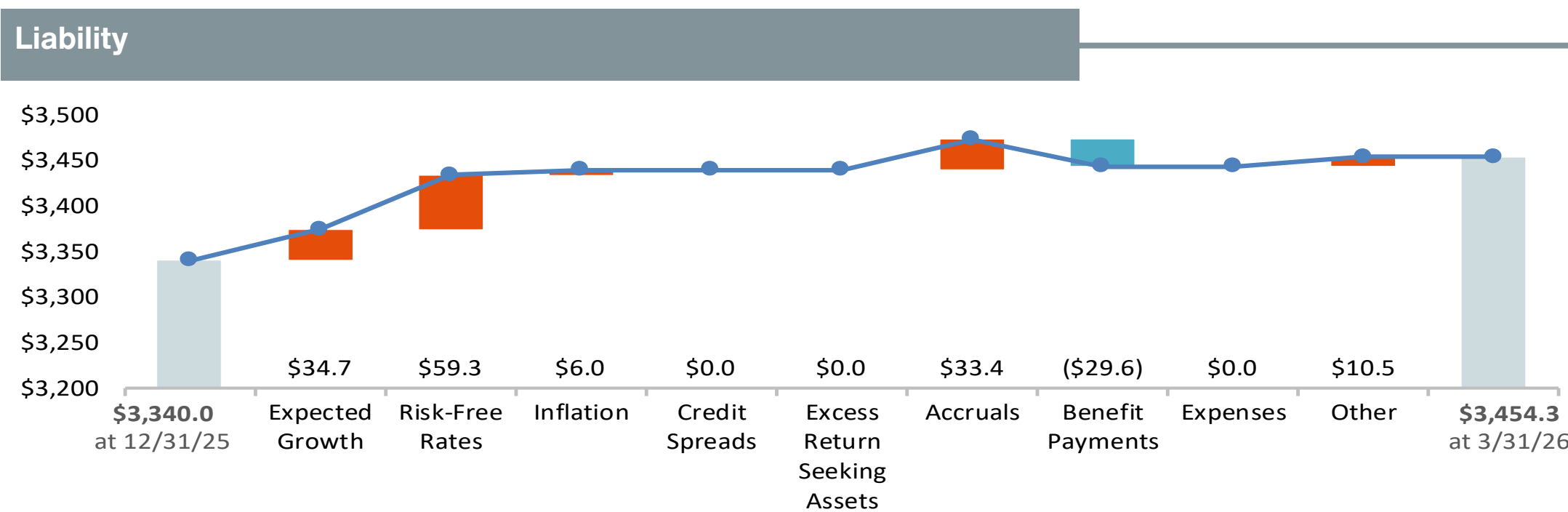
Return	3.5%	0.9%	-2.3%	1.7%	3.3%
Funded Ratio Change	9.9%	3.6%	2.8%	-1.7%	5.0%

Asset-Liability Performance Attribution – Risk Free

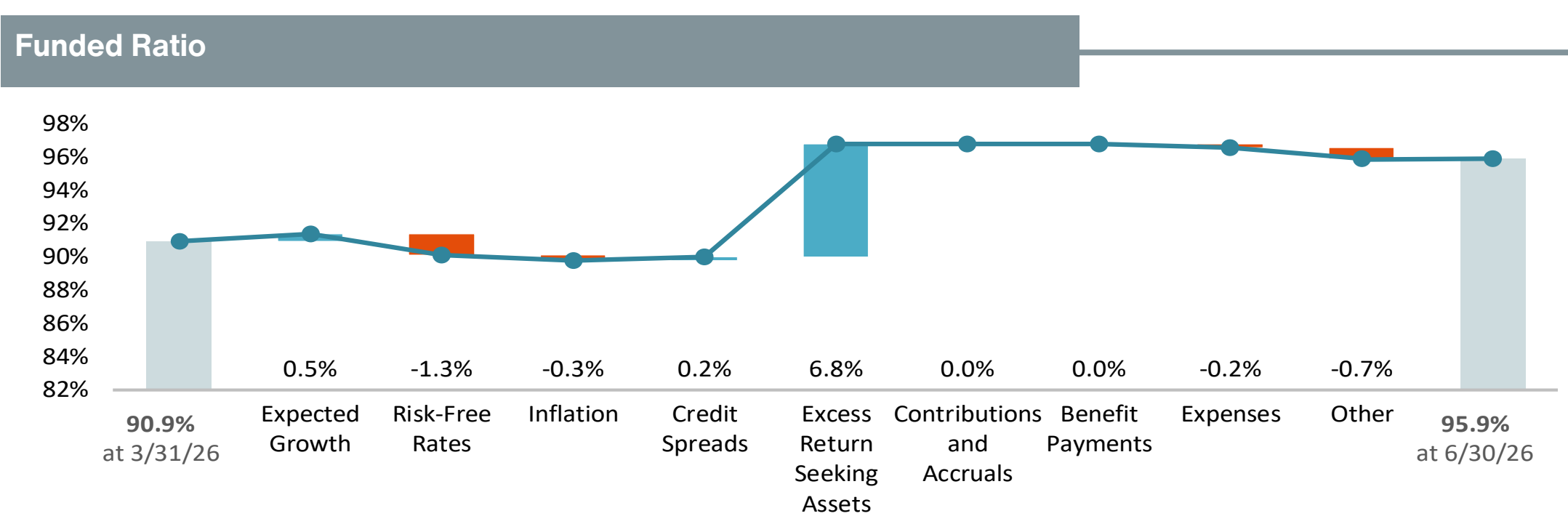
Values in \$1,000,000 (CAD)



- Overall, assets returned 9.2% during the quarter, as opposed to an expected growth assumption of about 1.4% per quarter.
- Return-seeking assets performed better than expected during the quarter, resulting in a gain of \$237.0 million.
- The University and members made \$30.7 million in contributions during the quarter and the trust paid \$29.6 million in benefits to the participants.
- “Other” includes the impact of active management, and differences between benchmark and actual investment allocations.

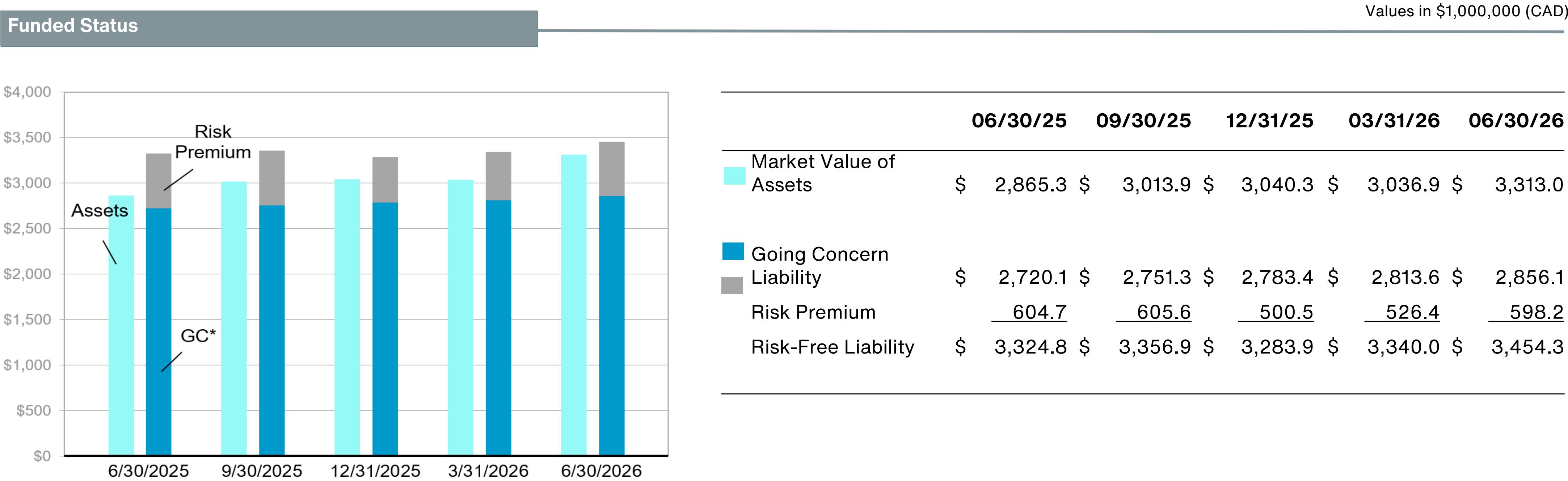


- Liabilities were expected to grow by \$34.7 million due to the interest cost during the quarter.
- Risk-free rates decreased over the period leading to an increase in liabilities of \$59.3 million during the quarter with inflation marginally increasing liabilities too.
- New benefit accruals increased the liability by \$33.4 million during the quarter and paying Plan benefits decreased the liability by \$29.6 million during the quarter.
- “Others” represents the impact of using the updated membership data from the recently filed January 1, 2026 actuarial funding valuation



- The funded ratio was expected to grow by 0.5%.
- The change in risk free rates net of inflation resulted in a decrease in the funded ratio of 1.6%.
- Return-seeking assets were better than expected during the quarter, resulting in an increase of 6.8% in the Plan’s funded ratio during the period.
- The impact of active management, and differences between benchmark and actual investment allocations and the use of new membership data for the valuation resulted in a decrease in the plan’s funded ratio of 0.7%.

Reconciliation of Risk-Free Benchmark and Going Concern Funded Status



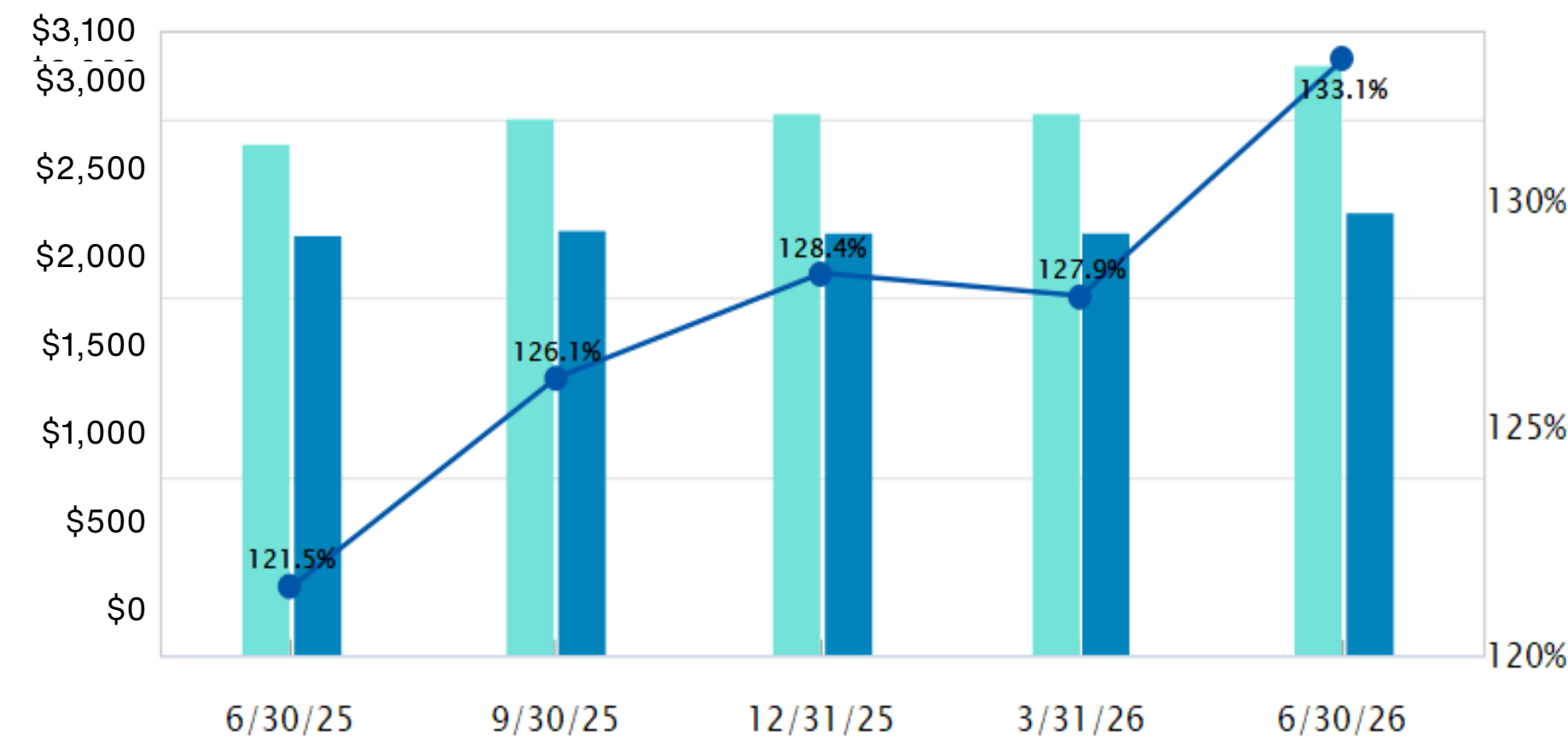
* Going Concern

The difference between the Risk-Free Liability and the Going Concern Liability is a measure of the amount of risk premium on which the Pension Plan funding is based.

Executive Summary – Solvency

Values in \$1,000,000 (CAD)

Funded Status



Highlights for the Quarter-Ending 06/30/26

The plan's solvency ratio increased to 133.1% at 06/30/26. This result was primarily due to better than expected investment returns, partially offset by an increase in liabilities caused by a decrease in risk-free rates and the impact of the new membership data used for the January 1, 2026 actuarial valuation.

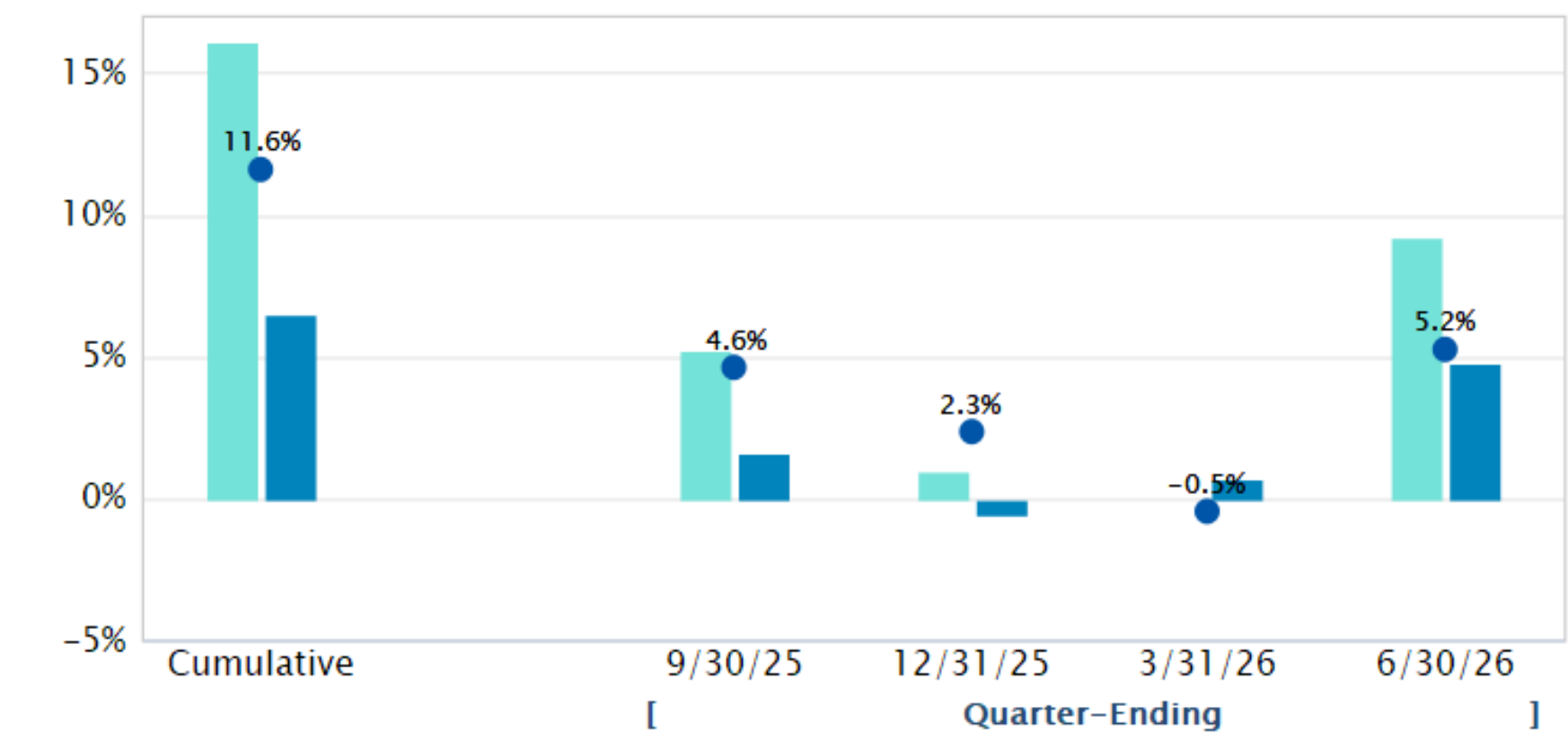
	06/30/25	09/30/25	12/31/25	03/31/26	06/30/26
Market Value of Assets*	\$ 2,865.3	\$ 3,013.9	\$ 3,040.3	\$ 3,036.9	\$ 3,313.0
Solvency Liability	2,358.7	2,378.3	2,351.5	2,364.8	2,489.7
Surplus/(Deficit)	\$ 506.6	\$ 635.6	\$ 688.8	\$ 672.1	\$ 823.3
Effective Interest Rate	4.63%	4.64%	4.81%	4.83%	4.67%
Periodic Contributions*	\$ 30.8	\$ 30.4	\$ 30.4	\$ 29.7	\$ 30.7

Funded Ratio:

Assets/Solvency Liability	121.5%	126.7%	129.3%	128.4%	133.1%
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* Includes employee and University contributions to end of quarter; excludes investment manager and consulting expenses not yet invoiced

Asset-Liability Return



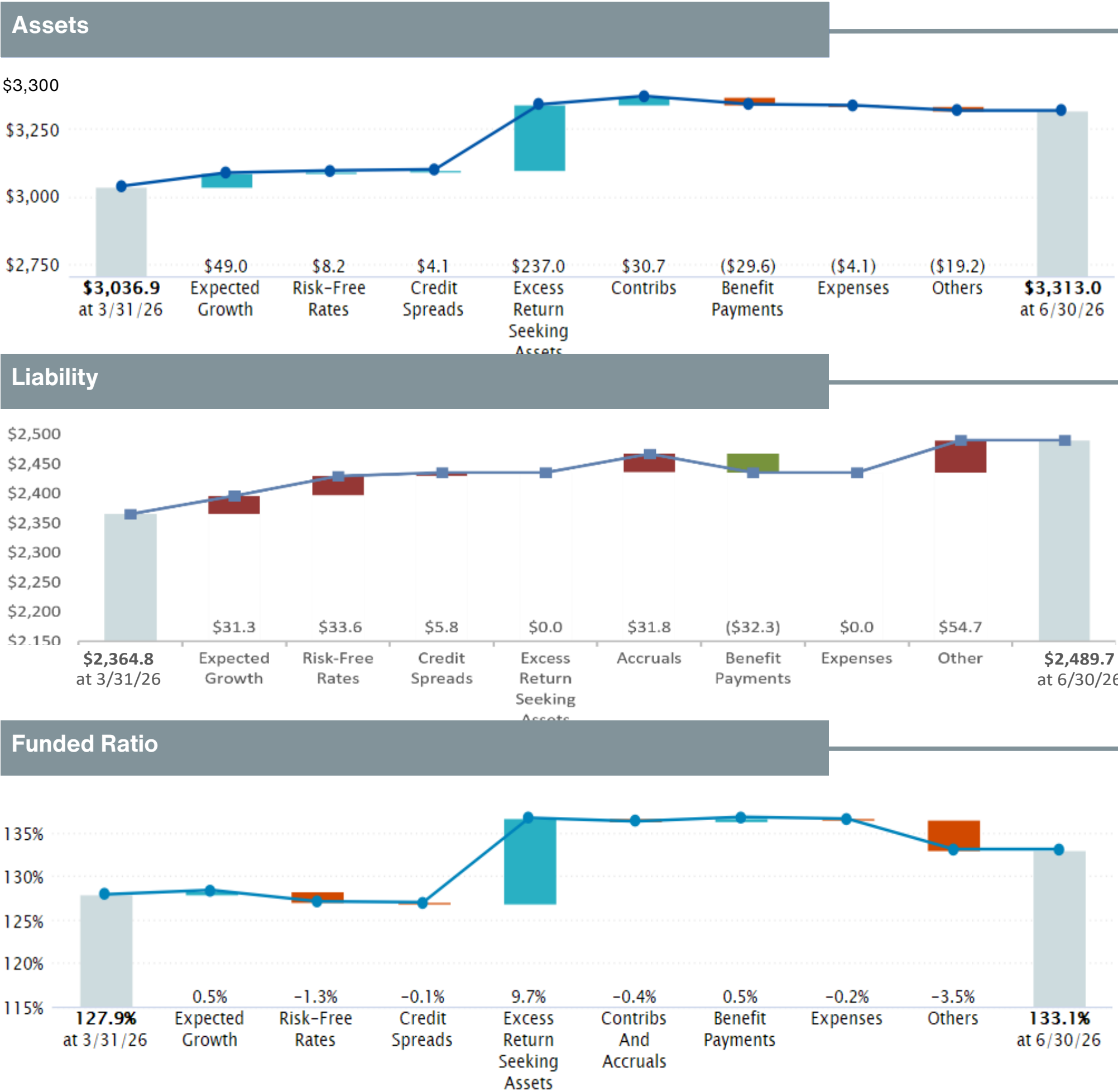
Asset Liability Return for Quarter-Ending 06/30/26

Assets returned 9.2% during the quarter while liabilities returned 4.3%, resulting in a funded status increase of 5.2%.

Periodic Return/Change	Cumulative	09/30/25	12/31/25	03/31/26	06/30/26
Market Value of Assets Return	16.1%	5.2%	1.0%	0.0%	9.2%
Funded Liability:					
Return	5.5%	1.1%	-0.9%	0.9%	4.3%
Solvency Ratio Change	12.6%	5.2%	2.6%	-0.9%	5.2%

Asset-Liability Performance Attribution – Solvency

Values in \$1,000,000 (CAD)



- Overall, assets returned 9.2% during the quarter.
- Return-seeking assets performed better than expected during the quarter, resulting in an increase of \$237.0 million
- The University and members made \$30.7 million in contributions during the quarter and the trust paid \$29.6 million in benefits to the participants.
- “Other” includes the impact of active management, and differences between benchmark and actual investment allocations.
- Liabilities were expected to grow by \$31.3 million due to interest cost during the quarter.
- Risk-free rates decreased over the period leading to an increase in liabilities of \$33.6 million during the quarter.
- New benefit accruals increased the liability by \$31.8 million during the quarter and paying Plan benefits decreased the liability by \$32.3 million during the quarter.
- “Others” represents the impact of using the updated membership data from the recently filed January 1, 2026 actuarial funding valuation
- The funded ratio was expected to grow by 0.5%.
- The difference in exposure to risk-free rates between assets and liabilities combined with changes in credit spreads resulted in a decrease in funded ratio of 1.4%.
- Return-seeking assets performed better than expected during the quarter, increasing the plan’s funded ratio by 9.7% during the period.
- Benefit accruals exceeded contributions during the quarter, resulting in a net decrease of 0.4% in the funded ratio.
- The impact of active management, and differences between benchmark and actual investment allocations and the use of new membership data for the valuation resulted in a decrease in the plan’s funded ratio of 3.5%.

Appendix



Plan Provisions & Membership Data

The Plan provisions and membership data are outlined in the Actuarial Valuation as at January 1, 2026.



Actuarial Methods & Assumptions

Our analysis of the estimated financial position of the Pension Plan is based on the following:

	06/30/25	09/30/25		12/31/25	03/31/26	06/30/26
Going Concern						
Discount Rate	6.00%	6.00%		6.00%	6.00%	6.00%
Inflation	2.00%	2.00%		2.00%	2.00%	2.00%
Salary Increase	4.00%	4.00%		4.00%	4.00%	4.00%
PfAD	10.10%	10.10%		10.10%	10.10%	10.10%
Mortality	CPM2014Public	CPM2014Public		CPM2014Public	CPM2014Public	CPM2014Public
Asset – Interest Rate Sensitivity	1.5	1.5		1.4	1.4	1.3
Liability – Interest Rate Sensitivity	13.4	13.4		13.4	13.4	13.4
Risk-Free Benchmark						
Discount Rate (Net of inflation)	2.05%	2.06%		2.27%	2.23%	2.11%
Liability – Interest Rate Sensitivity	16.3	16.3		16.3	16.3	16.3
Solvency						
Annuity Purchase Interest Rate	4.74%	4.69%		4.90%	4.91%	4.93%
Effective Date of Annuity Purchase Guidance Used	06/30/25	09/30/25		12/31/25	03/31/26	06/30/26
Lump Sum Value Interest Rate (Years 1-10) ¹	3.80%	3.50%		3.70%	3.90%	3.70%
Lump Sum Value Interest Rate (Years 10+) ¹	5.00%	5.10%		5.20%	5.20%	5.00%
Mortality ²	CPM2014	CPM2014		CPM2014	CPM2014	CPM2014
Liability – Interest Rate Sensitivity	12.3	12.3		12.3	12.3	12.1
Underlying Canadian Reference Data						
CANSIM v39054 (7 Year)	3.01%	2.87%		3.11%	3.24%	3.14%
CANSIM v39056 (30 Year Long Term)	3.56%	3.61%		3.85%	3.88%	3.77%
CANSIM v39057 (30 Year Real Return)	1.65%	1.66%		1.87%	1.83%	1.71%
CANSIM v39062 (Over 10 Years)	3.54%	3.54%		3.80%	3.81%	3.73%

¹ Lump Sum Value Interest Rates are based on rates in effect on the first day of the month following quarter end (i.e., January 1st, April 1st, July 1st and October 1st).

² With improvement scale MI-2017 for Going Concern and Risk Free and CPM-B for Solvency.

All other assumptions and methods are the same as those shown in the Actuarial Valuation Results presentation as of January 1, 2025. For the Risk-Free Benchmark basis, all other assumptions and methods are the same as those used for the Going Concern basis.

Actuarial Attestation

This document is intended to provide the University of Waterloo with a summary of the performance of the Pension Plan as of June 30, 2026.

This analysis is intended to assist the University of Waterloo with a review of the associated issues and options, and its use may not be appropriate for other purposes. This analysis has been prepared solely for the benefit of the University of Waterloo. Any further dissemination of this report is not permitted without the prior written consent of Aon.

In conducting the analysis, we have relied on plan design, demographic and financial information provided by other parties, including the plan sponsor. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

Experience different than anticipated could have a material impact on the ultimate costs of the benefits. In addition, changes in plan provisions or applicable laws could have a substantial impact on cost. Actual experience may differ from our modeling assumptions.

Aon
August 2026

Asset Allocation and Benchmarking

Asset Class	06/30/26
Alternatives	
• FTSE EPRA NAREIT DEVELOPED Total Return Index USD	5.48%
• MSCI USA Infrastructure Index	10.12%
Fixed Income	
• CAN FTSE/TMX Long – CAD (CAD)	21.74%
Equities	
• MSCI World Index	52.5%
• S&P TSX	7.32%
Private Debt	
• SPBDAL – S&P/LSTA Leveraged Loan USD (All Loans) (USD)	2.84%
Total	100.0%

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For Information**Open Session**

Date of Meeting: October 2, 2026

To: Members, Pension & Benefits Committee

From: Melanie Figueiredo, Governance Officer

RE: **5. Pension**

5.2 Report of the Pension Investment Committee

Background:

In accordance with the [Terms of Reference for the Committee](#), the Pension Investment Committee is a subcommittee of the Pension & Benefits Committee that is mandated to oversee the investment of the assets of the University of Waterloo Pension Plan .

Additional information about the Committee can be found on the [Secretariat website](#).

Aubrey Basdeo, Chair, Pension Investment Committee (PIC), will provide the Committee with a verbal update regarding the activities of PIC, including the Summary of Total Fund Investment Performance for Q2, 2026.

Key Items:

Key highlights of the investment performance report have been provided below and a more comprehensive verbal update will be provided by the Chair of PIC at the Pension & Benefits Committee meeting.

Investment Performance Report:

An abridged version of the Pension Investment Performance report for Q2, 2026 has been included in the Committee's agenda package and appended to this report.

Key Highlights:

- The Pension Plan returned 9.2 % over the quarter, underperforming the benchmark but ranking above the median of the EcklerDB Pension Client Universe.
- Over the 4-year period ending June 30, 2026, the Pension Plan returned 12.5%, lagging its benchmark by 1.9%. The Pension Plan has underperformed its benchmark over all annualized periods reviewed. However, the Pension Plan has outperformed the CPI + 3.5% target over the 4-year period reviewed ending June 30, 2026.
- The Committee reviewed proposed changes to the Statement of Investment Policies and Procedures (SIPP) and the Fund Implementation Procedures (FIP). Members will be asked to consider proposed changes under agenda item 5.3

Documentation Provided:

- Summary of Total Fund Investment Performance, Q2, 2026



University of Waterloo Pension Plan

Investment Performance Review

Pension & Benefit Committee

Second Quarter 2026

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ECKLER

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Review of Fund Assets	14
Appendix: Footnotes, Definitions, Disclosures	16



Executive Summary

Performance

- The Pension Plan returned 9.2% over the quarter, underperforming the benchmark return but ranking above the median of the Eckler DB Pension Client Universe.
- Over the 4-year period ending June 30, 2026, the Pension Plan returned 12.5%, lagging its benchmark by 1.9%. The Pension Plan has underperformed its benchmark over all annualized periods reviewed. However, the Pension Plan has outperformed the CPI + 3.5% target over the 4-year period reviewed ending June 30, 2026.

SIP&P and Compliance

- The SIP&P was last updated and approved effective November 1, 2024. The SIP&P was reviewed and approved by the Board of Governors effective March 1, 2026. The next annual review is being completed in Q3 2026.
- As of June 30, 2026, CC&L, CBRE, IFM, Mirova, RBC, and TDGIS claimed compliance with the SIP&P.
- As of June 30, 2026, the asset allocation for the Pension Plan was compliant with the SIP&P. No rebalancing is required.

Foreign Equity Structure

- The transfer of assets from Walter Scott to the CC&L Q Global and RBC QUBE Global funds was completed April 29, 2026. CC&L and RBC added 0.7% and 0.8% value-add respectively from inception to June 30th.
- With the Walter Scott replacement completed, the University and Pension Committee may wish to take a deeper review into the Mirova Sustainable Global Equity strategy and the RBC Global Focus strategy.

Real Assets Structure

- We recommend a review of the real assets allocation as a future project. The review will consider the allocation between real estate / infrastructure and Plan's public equity holdings (XRE, BIP.UN and BEP.UN) versus private investment options. This review should be assessed for inclusion in the committee's workplan and be in alignment with the University and committee priorities and resources.

Investment Managers

- A number of personnel updates occurred during the quarter but none raise concern with the underlying managers / strategies.

Sources of Performance (Most Recent Quarter)

Passive Funds:

- The TD Emerald Canadian Equity fund returned 6.9% during the quarter, tracking the S&P/TSX Composite return.
- The TD Emerald Pooled U.S. fund returned 17.1% during the quarter, tracking the S&P 500 (\$C) return.
- The TD All Country World Equity fund returned 17.1% during the quarter, tracking the MSCI ACWI ex-Canada (\$C) return.
- The TD Emerald International Equity Index fund returned 12.6% during the quarter, tracking the MSCI EAFE Index (\$C) return.
- The TD Canadian Long Bond Broad Market Index fund returned 3.5% during the quarter, tracking the FTSE Canada Long Bond Index return.

Active Funds:

- The RBC Global Focus Equity Fund returned 9.4% during the quarter, underperforming the MSCI ACWI Index (\$C) return of 16.8% by 7.4%.
- The CC&L Q Global Equity Fund returned 17.9% during the quarter, outperforming the MSCI ACWI Index (\$C) return of 16.8% by 1.1%.
- The Mirova Global Sustainable Equity Fund returned 11.1% during the quarter, underperforming the MSCI ACWI Index (\$C) return of 16.8% by 5.7%.
- The RBC QUBE Global Equity Fund returned 15.1% during the quarter, underperforming the MSCI World Index (\$C) return of 15.6% by 0.5%.
- The IFM Global Infrastructure Fund returned 4.6% (\$CAD) during the quarter, outperforming its benchmark return of 2.2% by 2.4%.
- The CBRE Global Alpha Real Estate fund returned (\$CAD, as of Q1 2026) 1.4%, underperforming its benchmark return of 3.0% by 1.6%.

Sources of Performance (Most Recent Quarter)

Public Real Assets:

- The iShares S&P/TSX Capped REIT Index ETF returned 11.9% during the quarter, reasonably tracking the benchmark's return of 12.2%.
- Brookfield Infrastructure Partners L.P. (BIP.UN) returned 4.5% during the quarter, outperforming its benchmark return of 4.0% by 0.5%.
- Brookfield Renewable (BEP.UN) returned 9.5% during the quarter, outperforming its benchmark return of 4.0% by 5.5%.

Investment Manager Updates

TDAM

- Michael Augustine, Director, Head of Institutional Investment Solutions, transfers internally from his previous role as Head of Fixed Income.
- Jennifer Hartviksen, Head of Fixed Income, joined the firm.

Eckler Opinion: TDAM's Fixed Income platform has undergone notable leadership changes. We recommend a period of enhanced oversight to monitor the evolving team structure and continued elevated turnover at TDAM.

Total Fees (Estimated as of June 30, 2026)

Manager	Mandate	Market Values as of June 30, 2026	Quarterly Fee (\$)	Quarterly Fee (%)	Annual Fee (%)
TDGIS	Passive Fixed Income and Equities	1,741,440,826	99,447	0.01%	0.02%
RBC/PH&N*	Active Global Equities	161,342,331	296,778	0.18%	0.74%
RBC/PH&N*	Active Global Equities (Quant.)	244,047,374	297,795	0.12%	0.49%
CC&L	Active Global Equities (Quant.)	243,709,906	323,387	0.13%	0.53%
Mirova	Active Global Equities	164,141,589	225,695	0.14%	0.55%
IFM	Global Infrastructure	149,437,001	287,666	0.19%	0.77%
CBRE**	Global Real Estate	105,632,273	118,836	0.11%	0.45%
Northleaf	Private Debt	62,966,707	133,804	0.21%	0.85%
SoundPoint	Private Debt	31,120,565	97,252	0.31%	1.25%
UW	Managed Account	368,117,147	n/a	n/a	n/a
UW	Operating Account	41,018,648	n/a	n/a	n/a
Total		3,312,974,367	1,880,660	0.06%	0.23%

*Actual PH&N fees might be lower than the fees estimated above as UW benefits from an aggregation discount.

**CBRE and Northleaf offer a fee discount to Eckler clients. CBRE's standard fee is 0.50% and Northleaf's is 0.95%.

Performance fees with hurdles and catch-up considerations for IFM, Northleaf, and SoundPoint are not taken into consideration in this table. Performance fees are as follows:

- IFM: 10% over an 8% hurdle rate
- Northleaf: 10% over a 5% hurdle rate
- SoundPoint: 12.5% over a 5% hurdle rate

Note that IFM, CBRE, SoundPoint, Northleaf, and Mirova fees are netted.

Market values exclude amount remaining in the Trilogy account.



Performance Summary

Performance Summary (Net of Fees)

ECKLER

Fund	Net Annualized Rate of Return (%) as of June 30, 2026 and Percentile Rank									
	MRQ		YTD		1 Year		4 Years		10 Years	
Total Fund	9.1	15	9.1	30	15.8	43	12.2	45	7.8	72
Total Fund Benchmark ¹	10.3	1	11.1	7	19.4	15	14.4	15	9.2	26
CPI + 3.5% ²	1.8	100	4.2	92	6.4	94	6.0	100	6.3	98
Value Added (Total Fund Benchmark)	-1.2		-2.0		-3.6		-2.2		-1.4	
Value Added (CPI + 3.5%)	7.3		4.9		9.4		6.2		1.5	
Canadian Equity										
TD Emerald Canadian Equity Index ³	6.9	46	11.1	50	32.8	34	20.0	31	12.7	43
S&P/TSX Composite Index	7.0	46	11.2	50	32.9	34	20.1	30	12.8	43
Value Added	-0.1		-0.1		-0.1		-0.1		-0.1	
Non-Canadian Equities**	14.7	37	11.7	44	20.8	55	---	---	---	---
MSCI ACWI Index (Net - \$C)	16.8	20	15.1	24	28.6	20	21.8	33	13.8	33
Value Added	-2.1		-3.4		-7.8		---		---	
Passive Global Equities										
TD Emerald Pooled U.S. Fund	17.1	37	14.1	39	27.2	39	23.2	41	16.5	37
S&P 500 (\$C)	17.1	37	14.1	39	27.2	37	23.3	40	16.5	35
Value Added	0.0		0.0		0.0		-0.1		0.0	
TD All Country World Equity Index	17.1	19	15.5	22	28.7	19	22.0	30	---	---
MSCI ACWI ex-Canada Index (Net - \$C)	17.1	19	15.3	23	28.5	20	21.8	33	13.8	33
Value Added	0.0		0.2		0.2		0.2		---	
TD Emerald International Equity Index	12.6	48	13.3	58	25.0	56	19.8	49	10.6	64
MSCI EAFE Index (Net - \$C)	12.7	47	13.3	59	25.0	56	19.8	49	10.6	65
Value Added	-0.1		0.0		0.0		0.0		0.0	
Active Global Equities	11.7	61	7.1	67	11.9	85	15.0	83	10.6	87
Global Equity Benchmark ⁶	16.8	20	15.1	24	28.6	20	21.8	33	14.1	30
Value Added	-5.1		-8.0		-16.7		-6.8		-3.5	
RBC QUBE Global Equity	14.9	35	12.9	37	25.0	34	23.5	10	14.5	20
MSCI World Index (Net - \$C)	15.6	30	13.5	35	26.2	32	21.9	31	14.1	29
Value Added	-0.7		-0.6		-1.2		1.6		0.4	
CC&L Q Global Equity	17.7	16	19.7	3	35.1	5	26.0	3	16.5	3
RBC Global Focus Equity ⁴	9.2	82	4.8	84	13.0	76	14.0	91	12.4	45
Mirova Global Sustainable Equity ^{4*}	10.9	67	4.8	85	12.1	83	15.2	78	13.0	35
MSCI ACWI Index (Net - \$C)	16.8	20	15.1	24	28.6	20	21.8	33	13.8	33
Value Added (CC&L Q Global Equity)	0.9		4.6		6.5		4.2		2.7	
Value Added (RBC Global Focus Equity)	-7.6		-10.3		-15.6		-7.8		-1.4	
Value Added (Mirova Global Sustainable Equity)	-5.9		-10.3		-16.5		-6.6		-0.8	

*Beginning Q3 2023, the fees were charged directly to the investment vehicle

**Non-Canadian Equities return is calculated as a weighted average of all non-Canadian equity strategies (passive and active). Track record is limited as Eckler does not have insight to the weights prior to 2023. Please refer to Appendix C for the applicable notes.

Performance Summary (Net of Fees)

ECKLER

Fund	Net Annualized Rate of Return (%) as of June 30, 2026 and Percentile Rank									
	MRQ		YTD		1 Year		4 Years		10 Years	
Fixed Income										
TDAM Canadian Long Bond Broad Market Index	3.5	92	3.4	80	3.3	89	3.5	88	0.9	90
FTSE Canada Long Bond Index	3.4	92	3.4	87	3.2	91	3.4	91	0.9	90
Value Added	0.1		0.0		0.1		0.1		0.0	
Real Estate ⁵										
iShares S&P/TSX Capped REIT Index ETF	11.9	---	13.2	---	13.9	---	5.3	---	4.9	---
S&P/TSX Capped REIT Index	12.2	---	13.0	---	14.6	---	6.0	---	5.4	---
Value Added	-0.3		0.2		-0.7		-0.7		-0.5	
Real Estate ⁵ (Lagged)										
CBRE Global Alpha - Net (\$C)*	1.4	---	1.4	---	0.0	---	1.9	---	5.5	---
CBRE Global Alpha - Net (Local \$)*	0.5	---	0.5	---	0.8	---	-0.4	---	5.1	---
MSCI Global Property Fund Index (\$C)	3.0	---	3.0	---	5.4	---	0.8	---	4.8	---
Value Added (\$C)	-1.6		-1.6		-5.4		1.1		0.7	
Infrastructure ⁵										
IFM Global Infrastructure Fund - Net (\$C)	4.6	---	6.7	---	11.7	---	9.7	---	11.2	---
Canadian CPI +5%	2.2	---	4.9	---	7.9	---	7.7	---	7.9	---
Value Added	2.4		1.8		3.8		2.0		3.3	
Brookfield Infrastructure Partners L.P. (BIP.UN)	4.5	---	11.2	---	19.3	---	6.4	---	13.6	---
Brookfield Renewable (BEP.UN)	9.5	---	35.7	---	49.0	---	8.6	---	---	---
FTSE Developed Core Infrastructure 50/50 Index (\$C)	4.0	---	15.4	---	21.3	---	12.2	---	9.2	---
Value Added (Brookfield Infrastructure Partners L.P. (BIP.UN))	0.5		-4.2		-2.0		-5.8		4.4	
Value Added (Brookfield Renewable (BEP.UN))	5.5		20.3		27.7		-3.6		---	
Private Debt										
SoundPoint U.S. Direct Lending III*,**	2.8	---	2.8	---	7.8	---	---	---	---	---
Northleaf Senior Private Credit (Levered)	4.0	---	5.1	---	8.8	---	12.5	---	---	---
SOFR + 4%	3.6	---	7.5	---	12.4	---	11.2	---	---	---
Value Added (SoundPoint (\$C))	-0.8		-4.7		-4.6		---		---	
Value Added (Northleaf (\$C))	0.4		-2.4		-3.6		1.3		---	

*Returns as of Q1 2026, Q2 2026 returns were not available at the time of this report.
Please refer to Appendix C for the applicable notes.

4-Year Performance Summary (Net of Fees)

ECKLER

Fund	4 Year Rolling Net Annualized Returns as of June 30, 2026			
	2026	2025	2024	2023
Total Fund	12.2	5.6	6.8	4.9
Total Fund Benchmark ¹	14.4	6.9	7.6	5.0
CPI + 3.5% ²	6.0	7.4	7.7	7.3
Value Added (Total Fund Benchmark)	-2.2	-1.3	-0.8	-0.1
Value Added (CPI + 3.5%)	6.2	-1.8	-0.9	-2.4
Canadian Equity				
TD Emerald Canadian Equity Index ³	20.0	10.7	12.3	8.6
S&P/TSX Composite Index	20.1	10.7	12.3	8.6
Value Added	-0.1	0.0	0.0	0.0
Non-Canadian Equities	---	---	---	---
MSCI ACWI Index (Net - \$C)	21.8	10.7	13.2	9.0
Value Added	---	---	---	---
Passive Global Equities				
TD Emerald Pooled U.S. Fund	23.2	14.0	17.1	13.1
S&P 500 (\$C)	23.3	14.0	17.1	13.1
Value Added	-0.1	0.0	0.0	0.0
TD All Country World Equity Index	22.0	---	---	---
MSCI ACWI ex-Canada Index (Net - \$C)	21.8	10.7	13.2	9.1
Value Added	0.2	---	---	---
TD Emerald International Equity Index	19.8	9.1	9.7	5.6
MSCI EAFE Index (Net - \$C)	19.8	9.0	9.7	5.6
Value Added	0.0	0.1	0.0	0.0
Active Global Equities	15.0	7.6	10.8	7.0
Global Equity Benchmark ⁶	21.8	11.1	13.6	9.6
Value Added	-6.8	-3.5	-2.8	-2.6
RBC QUBE Global Equity	23.5	13.2	15.9	10.9
MSCI World Index (Net - \$C)	21.9	11.8	14.3	10.1
Value Added	1.6	1.4	1.6	0.8
CC&L Q Global Equity	26.0	14.1	17.2	11.5
RBC Global Focus Equity ⁴	14.0	5.6	9.7	7.0
Mirova Global Sustainable Equity ^{4*}	15.2	7.3	12.0	11.6
MSCI ACWI Index (Net - \$C)	21.8	10.7	13.2	9.0
Value Added (CC&L Q Global Equity)	4.2	3.4	4.0	2.5
Value Added (RBC Global Focus Equity)	-7.8	-5.1	-3.5	-2.0
Value Added (Mirova Global Sustainable Equity)	-6.6	-3.4	-1.2	2.6

*Beginning Q3 2023, the fees were charged directly to the investment vehicle

Please refer to Appendix C for the applicable notes.

As a component of the Total Fund Benchmark, the MSCI Global Property Fund Index Q2 2026 return is not yet available at the time this report is produced. A 0% return has been assumed.

4-Year Performance Summary (Net of Fees)

ECKLER

Fund	4 Year Rolling Net Annualized Returns as of June 30, 2026			
	2026	2025	2024	2023
Fixed Income				
TDAM Canadian Long Bond Broad Market Index	3.5	-2.8	-5.6	-3.0
FTSE Canada Long Bond Index	3.4	-2.9	-5.6	-3.0
Value Added	0.1	0.1	0.0	0.0
Real Estate⁵				
iShares S&P/TSX Capped REIT Index ETF	5.3	-0.4	3.7	0.8
S&P/TSX Capped REIT Index	6.0	0.2	4.3	1.4
Value Added	-0.7	-0.6	-0.6	-0.6
Real Estate⁵ (Lagged)				
CBRE Global Alpha - Net (\$C)*	1.9	5.3	2.6	6.5
CBRE Global Alpha - Net (Local \$)*	-0.4	3.4	3.8	6.7
MSCI Global Property Fund Index (\$C)	0.8	3.4	1.4	5.2
Value Added (\$C)	1.1	1.9	1.2	1.3
Infrastructure⁵				
IFM Global Infrastructure Fund - Net (\$C)	9.7	9.8	10.4	10.1
Canadian CPI +5%	7.7	9.0	9.3	8.8
Value Added	2.0	0.8	1.1	1.3
Brookfield Infrastructure Partners L.P. (BIP.UN)	6.4	4.2	4.8	14.6
Brookfield Renewable (BEP.UN)	8.6	---	---	---
FTSE Developed Core Infrastructure 50/50 Index (\$C)	12.2	9.3	6.7	3.7
Value Added (Brookfield Infrastructure Partners L.P. (BIP.UN))	-5.8	-5.1	-1.9	10.9
Value Added (Brookfield Renewable (BEP.UN))	-3.6	---	---	---
Private Debt				
SoundPoint U.S. Direct Lending III*,**	---	---	---	---
Northleaf Senior Private Credit (Levered)	12.5	12.3	10.1	6.9
SOFR + 4%	11.2	10.3	6.6	5.8
Value Added (SoundPoint (\$C))	---	---	---	---
Value Added (Northleaf (\$C))	1.3	2.0	3.5	1.1

*Returns as of Q1 2026, Q2 2026 returns were not available at the time of this report.
Please refer to Appendix C for the applicable notes.



Review of Fund Assets

		Canadian Equities	Global Equities	Fixed Income	Real Estate	Infrastructure	Private Debt	Cash & Short-Term	Total
TD Global Investment Solutions		242,250,062	925,722,879	573,467,885					1,741,440,826
	% of Mandate	13.9%	53.2%	32.9%				0.0%	100.0%
	% of Fund	7.3%	27.9%	17.3%				0.0%	52.6%
RBC/PH&N			405,389,705						405,389,705
	% of Mandate		100.0%						100.0%
	% of Fund		12.2%						12.2%
CC&L			243,709,906						243,709,906
	% of Mandate		100.0%						100.0%
	% of Fund		7.4%						7.4%
Mirova			164,141,589						164,141,589
	% of Mandate		100.0%						100.0%
	% of Fund		5.0%						5.0%
IFM						149,437,001			149,437,001
	% of Mandate					100.0%			100.0%
	% of Fund					4.5%			4.5%
CBRE					105,632,273				105,632,273
	% of Mandate				100.0%				100.0%
	% of Fund				3.2%				3.2%
iShares S&P/TSX Capped REIT Index ETF					75,811,892				75,811,892
	% of Mandate				100.0%				100.0%
	% of Fund				2.3%				2.3%
Brookfield Infrastructure Partners L.P. (BIP.UN)						85,372,875			85,372,875
	% of Mandate					100.0%			100.0%
	% of Fund					2.6%			2.6%
Brookfield Renewable (BEP.UN)						100,552,199			100,552,199
	% of Mandate					100.0%			100.0%
	% of Fund					3.0%			3.0%
Northleaf							62,966,707		62,966,707
	% of Mandate						100.0%		100.0%
	% of Fund						1.9%		1.9%
SoundPoint							31,120,565		31,120,565
	% of Mandate						100.0%		100.0%
	% of Fund						0.9%		0.9%
BAs/U.S. and CDN Cash								106,379,543	106,379,543
	% of Mandate							100.0%	100.0%
	% of Fund							3.2%	3.2%
UW Operating								41,028,998	41,028,998
	% of Mandate							100.0%	100.0%
	% of Fund							1.2%	1.2%
Total Fund		242,250,062	1,738,964,078	573,467,885	181,444,166	335,362,074	94,087,273	147,408,540	3,312,984,078
	% of Total Fund - Current Quarter	7.3%	52.5%	17.3%	5.5%	10.1%	2.8%	4.4%	100.0%
	<i>Investment Policy Asset Mix</i>	<i>5.0%</i>	<i>48.0%</i>	<i>20.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>5.0%</i>	<i>2.0%</i>	<i>100.0%</i>
	<i>Current Constraints</i>	<i>0%-10%</i>	<i>40%-55%</i>	<i>15%-30%</i>	<i>10% - 30%</i>		<i>0%-10%</i>	<i>0%-5%</i>	

Notes: All market values shown above are as reported by the CIBC Mellon custodial statements.



Appendix

Footnotes, Definitions and Disclosures

1. Total Fund Benchmark was implemented as a performance objective in February 2022.
 - As of March 1, 2026: 2% FTSE Canada 91-Day T-Bill, 20% FTSE Canada Long Bond Index, 5% S&P/TSX Composite, 48% MSCI ACWI, 5% FTSE Developed Core Infrastructure 50/50, 5% S&P/TSX Capped REIT Index, 5% CPI+5%, 5% MSCI Global Property Fund Index, and 5% SOFR+4%.
 - As of November 1, 2024: 2% FTSE Canada 91-Day T-Bill, 20% FTSE Canada Long Bond Index, 5% S&P/TSX Composite, 48% MSCI ACWI, 5% FTSE Developed Core Infrastructure 50/50, 5% FTSE EPRA/NAREIT Developed (CAD), 5% OECD CPI+5%, 5% MSCI Global Property Fund Index, and 5% SOFR+4%.
 - Prior to November 1, 2024: 2% FTSE TMX Canada 91-Day T-Bill, 25% FTSE TMX Universe Bond, 5% S&P/TSX Composite, 48% MSCI ACWI, 10% FTSE Developed Core Infrastructure 50/50 and 10% FTSE EPRA/NAREIT Developed (CAD).
2. CPI+3.5% benchmark has been implemented since February 2022.
 - As of November 1, 2018: CPI + 3.6%. Benchmark has been implemented retrospectively.
 - From January 1, 2017 to October 31, 2018: CPI + 3.5%
 - From January 1, 2016 to December 31, 2016: CPI + 3.7%
 - From January 1, 2014 to December 31, 2015: CPI + 3.75%
 - Prior to January 1, 2014: CPI + 3.85%
3. TD Emerald Canadian Equity Index added July 2020. Returns prior to these dates are presentative only.
4. In August 2021, RBC Global Focus Equity and Mirova Sustainable Global Equity strategies were added. Returns prior to these dates are representative only.
5. Quartiles not shown due to limited number of comparable funds.
6. Global Equities Benchmark was implemented as a performance objective in February 2022.
 - As of February 2022: 100% MSCI ACWI
 - Prior to February 2022: 100% MSCI World

- Figures in **green** font exceed the relevant benchmark; figures in **red** font fall short of the relevant benchmark.
- Risk/return quadrant refers to the location on a volatility versus return scattergram, where:
 - the upper left or northwest (NW) quadrant represents higher return and lower volatility than the median manager
 - the upper right or northeast (NE) quadrant represents higher return and higher volatility than the median manager
 - The lower left or southwest (SW) quadrant represents lower return and lower volatility than the median manager
 - The lower right or southeast (SE) quadrant represents lower return and higher volatility than the median manager.
- Risk measures are based on 4 years of data.

Alpha (value-added) – is a measure of incremental return that a manager has earned due to non-market factors. A positive alpha indicates that the manager has been able to add value above expectations based on the level of market risk taken.

Information Ratio - is a measure of the value added over an index per unit of active risk. As such, we can view it as a measure of performance “efficiency” (i.e., are we getting enough excess return for the active risk being taken?).

Market Capture Ratio - is a measure of the manager’s performance in up (or down) markets relative to the market itself. A value of 110 suggests the manager performs ten percent better (worse) than the market when the market is up (down) during the selected time period. The return for the market for each quarter is considered an up (down) market if it is greater than or equal to (less than) zero. The ideal position in a market capture chart is toward the upper left or NW corner (higher upside capture – lower downside capture).

Standard Deviation - is a measure of how widely dispersed or tightly bunched a set of returns are around their average return. The higher the standard deviation, the higher the dispersion over time and hence it is used to gauge performance volatility. Generally, equity performance has higher standard deviation than fixed income performance. The ideal position in a risk vs. returns chart is toward the upper left or NW corner (higher return – lower risk or volatility).

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For Decision**Open Session**

Date of Meeting: October 2, 2026

To: Members, Pension & Benefits Committee

From: Melanie Figueiredo, Governance Officer

RE: **5. Pension**

5.3 Annual Review of the Statement of Investment Policies and Procedures (SIPP) and Fund Implementation Procedures (FIP)**Recommendation:**

- a. That, on the recommendation of the Pension Investment Committee, the proposed amendments to the Fund Implementation Procedures ("FIP") be approved, as presented; and
- b. That, on the recommendation of the Pension Investment Committee, the proposed amendments to the Pension's Statement of Investment Policies and Procedures ("SIPP") be recommended by the Pension & Benefits Committee for approval by the Board of Governors.

Background:

In accordance with the [terms of reference](#), the Pension & Benefits Committee is responsible for recommending to the Board of Governors the investment policy for pension assets as described in the Statement of Investment Policy and Procedures (SIPP) and to approve the Fund Implementation Procedures (FIP), both on the recommendation of the Pension Investment Committee.

Sarah Hadley, Chief Financial Officer, will speak to the recommended updates to the SIPP and FIP. Copies of each document with tracked changes for all proposed revisions have been included in the agenda package.

Documentation Provided:

- SIPP and FIP Amendments Briefing Note
- Draft FIP Amendments
- Draft SIPP Amendments

For Decision[Open Session](#)

To: Pension & Benefits Committee
From: Tyler Wendland, Director, Treasury
Sarah Hadley, Chief Financial Officer
Vice President, Administration & Finance

Date of Meeting: October 2, 2026

Agenda Item: **5.3 Annual Review of Pension SIPP and FIP**

Summary

This is the annual review of the Pension's Statement of Investment Policies and Procedures ("SIPP"), and Fund Implementation Procedures ("FIP"). Redline versions of the documents, showing proposed changes are provided.

It is recommended that the changes to the FIP be approved, and that changes to the SIPP be recommended to the Board of Governors and for approval.

Overview and Highlights

Statement of Investment Policies and Procedures

There are no substantial changes proposed for the SIPP, and all changes are administrative in nature. These changes are intended to create consistency with University of Waterloo standard terminology, and improve the flow and readability of the document.

A summary of the changes is as follows:

- clarifying the requirement of the annual SIPP review, aligning it with the roles and responsibilities outlined in the FIP;
- replacing "Fund Manager" with "Investment Manager"; and
- defining rating agencies within the Minimum Quality Requirements section before they are referenced.

Fund Implementation Procedures

Changes proposed for the FIP are intended to align with the administrative changes proposed for the SIPP, to improve the flow and readability of the document, and to include new responsibilities and clarification of existing responsibilities for parties involved in administration of the Pension Plan.

A summary of the key changes is as follows:

- permit the University Finance team to authorize and execute rebalancing transactions should an asset class exceed its permitted range;
- remove duplication between the responsibilities section and the procedural sections that follow;

March 2025

- replace “Fund Manager” with “Investment Manager”;
- expand upon the responsibilities of Performance Measurement Service Providers;
- include reference to the ability of Pension committees to rely on the due diligence of and Finance & Investment Committee work when selecting new Investment Managers;

Other Changes

In addition to the SIPP and FIP changes listed above, which are included in the attached, redlined documents, additional formatting changes have been made to correct inconsistencies within the document. These changes include the use of lists, formatting of lists and the use of punctuation.

The table of contents for each document will also be updated to reflect the appropriate page numbers once changes to the content are approved.

Consultation and Engagement

The Finance team reviewed the SIPP and FIP with Eckler and Aon, to collect their advice on updates.

Financial Impact

N/A

Risk Considerations

Any changes to pension investment policy documents must be considered within the framework of the University’s fiduciary responsibility to pension plan members.

Alignment with Strategy, Vision, Values

N/A

Next Steps and Future Considerations

The next steps are:

- Recommendation of SIPP updates to the Board of Governors for approval.

Documentation Provided

- Pension Statement of Investment Policies and Procedures (redline)
- Pension Fund Implementation Procedures (redline)

Fund Implementation Procedures

University of Waterloo Pension Plan ~~(2011)~~

Registration number: 0310565

Effective: November 1, ~~2024-2026~~

APPROVED on this ~~October 17, 2024~~ [date of approval by Pension & Benefits Committee]

Replaces previous version which was last revised and effective on ~~February~~ November 1, 2024

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Fund Implementation Procedures

This Fund Implementation Procedures (“FIP”) document outlines the monitoring and reporting obligations of Board committees, University staff, and third parties engaged to provide services to the [University of Waterloo Pension Plan \(the “-Plan”\)](#). With respect to the investment of pension assets, this policy is intended to be read together with the Statement of Investment Policies and Procedures (“SIPP”) established for the Plan, as amended from time to time. To the extent there is any conflict in the investment principles and approach as set out in this FIP or the SIPP, the SIPP shall govern.

1) Delegation of Responsibility

The Board of Governors of the University of Waterloo (the “Board”) has established a Pension Investment Committee (“PIC”) to assist in the determination and execution of the Plan’s overall investment philosophy, policies, objectives and strategies for the Plan, ~~a Finance & Investment Committee (F&I) established to provide expert investment advice to PIC,~~ and a Pension & Benefits Committee (“P&B”) to provide oversight of the pension plan (the “Committees”).

The Committees, contracted third party professional firms and University staff will carry out the responsibilities listed below.

a) PIC will:

- i. perform oversight activities as in the PIC Terms of Reference. To the extent there is any conflict this document and the Terms of Reference the Terms of Reference shall govern;
- ii. review [the SIPP and](#) this document annually and recommend any changes to P&B;
- iii. review [Fund Investment](#) Manager performance, total ~~f~~Fund performance and achievement of the total return objective on a quarterly basis;
- iv. make recommendations on the selection of [Fund Investment](#) Managers and investment funds to P&B, ~~consulting with F&I as applicable;~~
- v. approve asset mix changes and investment decisions where the cumulative annual transaction(s) represent less than 20% of market value of the Plan’s total assets at the beginning of the calendar year;
- vi. ~~consult with F&I, prior to making~~ recommendations to P&B, ~~for~~ additional investment decisions which cumulatively impact more than 20% of the market value of Plan’s total assets as measured at the beginning of the calendar year;
- vii. commission asset liability studies at least every 10 years and in cases of significant changes in actuarial assumptions or capital market forecasts,

- consulting with P&B as applicable
- viii. determine when active vs passive management strategies are appropriate
- ix. review Plan liquidity requirements
- x. convene a meeting with P&B in the event of a significant market event or shift to discuss issues and market opportunities; and
- xi. provide quarterly reports to P&B ~~and F&I.~~

b) P&B will:

- ~~xii.i.~~ review the SIPP annually, consulting with PIC, and make recommendations for changes to the Board ~~in the following areas, consulting with PIC with respect to investment philosophy, policies, objectives and strategies for the Plan;~~
- ~~xiii.~~ the content of the SIPP after its annual review and consideration of recommendations from PIC;
- ~~xiv.ii.~~ make recommendation to the Board on the selection of a Custodian/Trustee to hold the pension fund~~Plan's~~ assets;:-

~~b) In addition, the P&B Committee will:~~

- ~~i.iii.~~ approve the content of this FIP in consultation with PIC;
- ~~ii.iv.~~ review the Fund's Plan's Funding Policy & Guideline at least every three (3) years, and approve changes as necessary;
- ~~iii.v.~~ appoint a Consulting Actuary;
- ~~iv.vi.~~ appoint an Investment Consultant;
- ~~v.~~ select Fund Investment Managers and/or investment funds, based on the recommendation from PIC;
- ~~vi.vii.~~ approve asset mix changes and investment decisions where the cumulative annual transaction(s) exceed 20% of the market value of the Plan's total assets at the beginning of the calendar year, based on the recommendation from PIC; and
- ~~vii.viii.~~ review reports ~~from PIC~~ on Fund Investment Manager performance and pension fund performance on at least a quarterly basis, as well as reviewing the outlook of the fund overall; and
- ~~viii.ix.~~ report to Plan members on at least an annual basis.

c) The Fund Investment Managers will:

- i. ~~forward to University staff~~ provide (for review and discussion at PIC) quarterly

- reviews of investment performance ~~and expectations of future returns~~ analysis on various asset classes and proposed investment strategies ~~for the following 12 to 24 months~~;
- ii. manage asset mix and select securities within each asset class, subject to applicable legislation and the philosophy and other constraints set out in the SIPP, this document and the Responsible Investment Policy (RIP);
 - iii. ~~forward to University staff provide (for review and discussion at PIC)~~ quarterly reports describing their ESG analysis, approach and metrics, and periodically forward a climate risk assessment of their portfolio including any scenario analysis;
 - iv. advise ~~University staff (for review and discussion at PIC) immediately~~ of any changes in its senior investment personnel and/or significant changes in the size or mix of assets managed;
 - v. comply with all applicable legislation concerning the investment of the pension fund, including the Pension Benefits Act (Ontario) ("Applicable Laws");
 - vi. maintain compliance with this document as well as the SIPP and RIP, reporting to the University as required; ~~complete and deliver a compliance report (see Appendix A) to University staff and the Fund's Investment Consultant each quarter. The compliance report will indicate whether or not the Fund Manager was in compliance with Applicable Laws, the SIPP and the RIP during the quarter. In the event that the Fund Manager is not in compliance with Applicable Laws, the SIPP and/or the RIP, the Fund Manager is required to immediately advise University staff (for discussion at PIC), detail the nature of the non-compliance and recommend the appropriate course of action to remedy the situation;~~
 - vii. comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute;
 - viii. in managing the Plan assets, the Fund Investment Manager shall at all times exercise the degree of care that a person of ordinary prudence would exercise in dealing with the property of another person and shall use all relevant knowledge and skill which it possesses, or by reason of its profession, ought to possess.
- d) The Consulting Actuary (or his/her delegate approved by P&B) will:
- i. assist in the preparation and subsequent annual reviews of the SIPP and any supplementary documents;
 - ii. comment on any changes in the Plan's benefits, membership or contribution

- flow which may affect how the Plan's assets are invested;
 - iii. assist University staff, the PIC and P&B, as needed, in the implementation of the SIPP and this document;
 - iv. support PIC and P&B on matters related to ~~investment~~-risk management and administration of the Plan; and
 - v. meet with University staff, PIC and P&B as required.
- e) Investment Consultant will:
- i. assist in the preparation and subsequent annual reviews of the SIPP and any supplementary documents;
 - ii. participate in all reviews of ~~the Fund~~-Investment Managers;
 - iii. report quarterly on the performance of the ~~Fund~~-Investment Managers and the Plan;
 - iv. comment on the impact of potential investment opportunities, strategies, and legislative changes which may affect how the Plan's assets are invested;
 - v. monitor the performance of the Plan and the Fund Managers on a regular basis, and contact University staff immediately if there are adverse changes of any kind, which warrant further review and/or discussion with PIC; and
 - vi. meet with University staff, PIC and P&B as required.
- f) Performance Measurement Service Providers will:
- i. provide detailed performance reporting;
 - ~~ii. in the required format including provide~~ ESG integration and scoring reporting; and/or
 - ~~ii.iii. by Fund Managers as well as the provide~~ carbon metrics related to Investment Managers and funds for the total Plan asset portfolio
- g) The Custodian/Trustee will:
- i. fulfill the regular duties required by law of a Custodian/Trustee and perform the specific duties required of the Custodian/Trustee pursuant to agreements entered into from time to time with the University on behalf of the Plan; and
 - ii. provide University staff with monthly portfolio reports of all assets of the Plan and transactions during the period.
- h) ~~The University staff~~Finance team will:
- i. prepare reporting for ~~the PIC and~~ P&B ~~and F&I committees~~ on Plan investment matters and act as resources to these Committees in this regard;

- ii. act as a contact for contracted third party professional firms relating to the investment of the Plan's assets and provide administration and monitoring related to these firms' contracts and deliverables;
- iii. provide cash flow information as necessary ~~or requested by PIC~~;
- iv. make determinations on investment distributions (interest, dividends, capital distributions, etc.) based on cash requirements, authorizing cash payouts or distribution reinvestments as required;
- iv.v. authorize and execute rebalancing transactions in the event that an asset class has exceeded the permitted range established by the SIPP;
- v.vi. monitor ~~Fund~~ -Investment Manager and Plan performance, 's and overall compliance with the SIPP, FIP, and RIP; and
- vi.vii. appoint Performance Measurement Service Providers.

2) Performance Measurement & Monitoring

For purposes of evaluating the performance of the FundInvestment Managers, all rates of return are measured over rolling four-year periods. Return objectives are net of fees and include realized and unrealized capital gains or losses plus income from all sources.

Performance reporting provided by the FundInvestment Managers, and the Investment Consultant will include annualized returns, when available, for at least -5 years, as well as a detailed attribution analysis for the most recent quarter ~~and~~ year-to-date periods.

The Investment Consultant will report on each FundInvestment Manager's performance relative to their peers.

In addition to performance criteria, the following factors will also be monitored and evaluated:

- i. stability of the investment firm (personnel, assets under administration, operational capabilities, etc.);
- ii. investment objective and portfolio composition;
- iii. changes in the investment philosophy used in the investment fund;
- iv. consistency of style or approach;
- v. adherence to investment policy statement; and
- vi. ESG analysis and reporting including climate risk assessment and carbon

metrics.

3) Compliance Reporting by Fund Investment Manager

The Fund Investment Manager is required to complete and deliver a compliance report (Appendix A) to the University staff Finance team and the Plan's investment consultant each quarter. The compliance report will indicate whether or not the Fund Investment Manager was in compliance with Applicable Laws, the SIPP, FIP and the RIP during the quarter.

In the event that an Fund Investment Manager is not in compliance with Applicable Laws, the SIPP, FIP and/or the RIP the Fund Investment Manager is required to immediately advise the University staff Finance team, detailing ing the nature of the non-compliance and recommending ing an appropriate course of action to remedy the situation.

While the guidelines in the SIPP are intended to guide the management of the assets, it is recognized that, where pooled funds are held, there may be instances where there is a conflict between the SIPP and the investment policy of a pooled fund. In that case, the pooled fund policy shall dominate, subject to the compliance reporting procedures outlined in this section. However, the Fund Investment Manager is required to advise the University staff Finance team, in advance, if there are any material discrepancies between the SIPP and the pooled fund's own investment guidelines. In addition, the Fund Investment Manager will ensure that the University staff Finance team have received a copy of the most recent version of the pooled fund policy and of any amendments made to the pooled fund policy.

4) Audit

The Plan's financial reporting for the regulatory authorities shall be audited annually by external auditors appointed by the University.

5) Monitoring of Asset Mix

In order to ensure that the assets of the Plan operate within the minimum and maximum asset mix ranges, as prescribed in the SIPP, ~~PIC shall review~~ the asset mix shall be reviewed at least quarterly. ~~Please refer to the section on Rebalancing Policy.~~

6) Selecting Fund Investment Managers and Funds

~~Should PIC determine that there is a requirement for an additional Fund Manager, PIC will establish a sub-committee to undertake a Fund Manager search.~~ The criteria used for selecting a new Fund Investment Manager or fund will be consistent with the investment and risk philosophy set out in the SIPP. Although

each search process will apply a specific list of considerations, the evaluation criteria shall include:

- i. establishing the relevant performance benchmark;
- ii. performance history;
- iii. quality of the firm and the fund specific investment team;
- iv. quality and consistency of the fund's investment process;
- v. quality and transparency in reporting including valuation methods;
- vi. ESG integration within the investment process and related reporting, including reporting on the Manager's integration of climate related risk factors and disclosure of carbon metrics;
- vii. risk management approach;
- viii. competitiveness of fees; and
- ix. terms of the applicable investment management agreement.

PIC and P&B may rely upon the due diligence of the University's Finance & Investment Committee in making decisions on investment managers.

7) Monitoring ~~Fund~~ Investment Manager Performance

At least quarterly, Investment Managers and funds will be reviewed for University-
~~staff will monitor and review:~~

- i. staff turnover, consistency of style and record of service;
- ii. current economic outlook and investment strategies including ESG approach;
- iii. compliance with the SIPP, FIP and RIP; and
- iv. investment performance of the assets ~~of the Plan in relation to the rate of return expectations outlined in the SIPP.~~

8) Dismissal of an Investment ~~Fund~~ Manager

Reasons for considering the termination of the services of an Investment ~~Fund~~ Manager include, but are not limited to, the following factors:

- i. performance results which are below the stated performance benchmarks;
- ii. changes in the overall structure of the Plan's assets such that the Fund Manager's services are no longer required;
- iii. change in personnel, firm structure or investment philosophy which might

- adversely affect the potential return and/or risk level of the portfolio; and/or
- iv. failure to adhere to the SIPP, FIP or RIP.

9) Rebalancing Policy

~~University staff shall monitor t~~The asset mix and the net cash flow shall be monitored on a quarterly basis. Rebalancing will occur when the market value of an asset class varies from the limits set out in the SIPP, or if any individual ~~Fund~~ Investment Manager's component exceeds a limit set out in the SIPP.

Rebalancing will be generally implemented within two quarters by:

- i. ~~Redirecting~~ redirecting the net cash flows, ~~[administered monthly by University staff and not included in PIC's cumulative 20% asset mix change threshold]~~ and/or
- ii. ~~transfers of cash between portfolios; and/or~~
- ~~iii.~~ ii. liquidating exceedances and directing those to assets below the benchmark taking into account the transaction costs and liquidity of the particular asset class.

Notwithstanding the rebalancing policy, in certain circumstances, ~~PIC may adjust~~ the weight of any asset class may be adjusted within the permitted ranges for the purpose of protecting capital and managing risk.

10) Liability Hedging

~~PIC will determine the type of investment~~ Investment strategies may be, if any, to be implemented to hedge the interest rate and/or inflation sensitive liabilities of the plan.

Appendix A — Fund Investment Manager Compliance Letter

To be completed by fund Investment manager Managers each quarter.

**UNIVERSITY OF
WATERLOO**

_____, 202_

This is to certify that I/we have complied with the *Pension Benefits Act* (Ontario) and all other laws and regulations applicable to the investment of the Pension Plan's assets and adhered to the guidelines contained in the Statement of Investment Policies and Procedures, the Fund Implementation Procedures for the University of Waterloo Pension Plan ~~(2011)~~, and the Responsible Investment Policy as approved by the Board of Governors of the University of Waterloo as well as the investment management agreement in place

Signed _____

On behalf of _____

Date _____

Statement of Investment Policies and Procedures

University of Waterloo Pension Plan
(2011)

Registration number: 0310565

Effective: ~~March~~ November 1, 2026

Replaces previous version which was last revised and effective on ~~November~~ March 1, ~~2024~~ 2026

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Introduction

1) Purpose and Scope of Policy

This Statement of Investment Policies and Procedures (the “Policy”) sets out the investment principles, guidelines and procedures for investing and managing the assets and the associated risks for the University of Waterloo Pension Plan (2011), registration number 0310565, as amended (the “Plan”).

The University of Waterloo (the “University”) was established by an Act of Legislature in the Province of Ontario. The University’s Board of Governors (the “Board”) has established a governance structure to administer the Plan.

The Policy is informed by the requirements of the *Income Tax Act* (Canada) (“ITA”) and the *Pension Benefits Act* (Ontario) (“PBA”), including their respective regulations and all subsequent amendments, and any other applicable federal or provincial law governing the investment of pension funds, including Schedule III to the *Pension Benefits Standards Regulation*, 1985 (Canada) (“PBSA”) (the foregoing are, collectively, the “Applicable Law”).

The Policy is intended to summarize and explain the investment approach but does not supersede the Plan text, resolutions of the Board of Governors, the Applicable Law or the Plan’s Funding Policy & Guideline (the “Governing Documents”). In case of any dispute between this document and the Governing Documents, the Governing Documents shall prevail.

The ~~Policy Pension & Benefits Committee and the Pension Investment Committee~~ shall be reviewed annually, per the procedures outlined in the Plan’s Fund Implementation Procedures, with any amendments being approved by ~~review and either confirm or recommend amendments to this Policy to~~ the Board who may amend this Policy and will direct the University to file any such amendments with the regulator in accordance with the Applicable Law. The University will provide any amended copy of this Policy to the Plan’s Fund Trustee, Investment Managers, investment consultant, ~~and the Plan’s~~ actuary.

2) Overview of the Plan and its Governance

The Plan is a contributory defined benefit plan based upon an individual’s final average salary and years of participation in the Plan prior to retirement. Pensions paid under the Plan are escalated annually by the cost-of-living factor as described in the Governing Documents.

The University is the sponsor and legal administrator of the Plan for the purposes of Applicable Law. The University through its Board is ultimately responsible for all aspects of managing the Plan, including the prudent investment and administration of the assets of the Plan. In accordance with the Governing Documents, the Board

has created committees and subcommittees, delegated to University staff, and appointed external agents, to carry out certain of its responsibilities. University staff are responsible for distributing all pertinent reports and information to the appropriate committees based on their terms of reference as well as communicating with the [Fund-Investment](#) Managers and agents regarding the committees' decisions.

The University will comply with the Governing Documents and will exercise the care, diligence and skill in the administration and investment of the Plan's assets (the "Fund") that a person of ordinary prudence would exercise in dealing with the property of another person. The individuals acting on behalf of the Plan in furtherance of its duty will use all knowledge and skill that they possess or ought to possess in the administration and investment of the Fund.

Investment Principles

3) Plan Objectives

The objective of the Plan is to provide members of the Plan with the retirement benefits prescribed under the terms thereof.

The University established the Plan to provide members with a defined level of retirement income in accordance with the Plan's terms. Further, the intent is to ensure that retirement benefits, and University and member contributions remain reasonable and relatively stable over the life of the Plan while ensuring its sustainability (the Plan's funding practices are detailed in the Funding Policy & Guideline, which establishes a formal framework to achieve the Plan's funding requirements).

To achieve the Plan's goals, its assets will be invested in a prudent and efficient manner. The Plan will strive to maximize long-term real returns on its invested assets subject to an appropriate level of risk.

4) Investment Objectives

Return and risk objectives are established taking into consideration factors, including the nature and sensitivity of the Plan's liabilities; allocation of liabilities between active and retired members; the going concern and solvency positions of the Plan, as calculated and projected by the Plan's actuary; net cash flow position of the Plan and liquidity needs to meet Plan obligations; investment horizon of the Plan; historical and expected capital market returns; volatility of different asset classes; financial implications of Environmental, Social and Governance ("ESG") factors; inflation and interest rate risks; benefits of investment diversification; and the University's risk tolerance with respect to the Fund.

5) Portfolio Return and Risk Objectives

The return objectives of the Fund are:

- i. earn a rate of return, after investment expenses, of CPI¹ + 3.5% over four-year moving periods. This objective is reviewed annually to ensure that it is realistic based on market conditions and consistent with the actuarial discount rate used to calculate the Plan's going concern liabilities; and
- ii. achieve a minimum absolute rate of return, after investment expenses, which exceeds the benchmark return by 0.25% over four-year moving periods.

The risk objective of the Fund is to reduce the frequency and severity of funding deficits.

6) Expected Volatility

The volatility of the Fund's returns is directly related to the asset mix. The Benchmark Portfolio in Section 12 has been constructed with the expected returns and related risks in mind. Provided the Fund's investment structure stays within the permitted ranges for each asset class, the volatility of the Fund's returns should be similar that of the Benchmark Portfolio.

7) Risk Factors

The Plan's investments are subject to the following risk factors:

- i. equity market;
- ii. interest rates (which includes interest rate risk on both liabilities and assets);
- iii. credit;
- iv. liquidity;
- v. inflation;
- vi. currency;
- vii. active manager underperformance;
- viii. governance;
- ix. operational; and

¹ CPI source: Bank of Canada Total CPI

x. regulatory.

The primary method for managing these risks is diversification. The Plan will be diversified by asset class, geography, security (through well-diversified portfolios of bonds, equities and alternatives), [fund-investment](#) manager and investment style.

8) Active and Passive Investments

The investment strategy may employ a mix of active and passive management styles. Active management is adopted where there is a reasonable expectation of adding value relative to the relevant benchmark over the long-term, net of expenses. Passive management is adopted where the prospect of adding value above the relevant benchmark is diminished or for the purpose of managing active risk within asset classes.

9) Liability Hedging

The Fund's investment strategy will consider the sensitivity of the Plan liabilities to interest rate and inflation changes and consider opportunities for hedging those liabilities through its investments.

10) Liquidity

The investment strategy should provide sufficient liquidity to meet the Plan's financial obligations as they come due, while ensuring the Fund does not contain excessive cash or low yielding liquid assets. Provided the liquidity requirements of the Plan are met, the Plan may consider investing a portion of the Fund in illiquid assets, where such investment has the potential of enhanced returns, in part, due to the illiquidity premium.

11) Currency Hedging

Currency movements relative to the Canadian dollar are not expected to have a significant impact over the long term. The Plan policy is to not hedge currency at the total fund level. Over shorter periods, currency movements may increase volatility and currency hedging may be employed by [Fund-Investment](#) Managers where expressly permitted.

12) Asset Mix

The Fund will be invested in a broad range of assets with the goal of meeting or exceeding return expectations and mitigating investment risks. The following benchmark portfolio ("Benchmark Portfolio") is representative of the long-term asset mix policy for the Fund based on the analysis conducted in the asset-liability study.

Assets	Minimum ² %	Maximum ² %	Benchmark Portfolio %	Benchmark
Cash	0	5	2	FTSE Canada 91-Day T-Bill Index
Fixed Income	15	25	20	FTSE Canada Long Bond Index
Total Fixed Income	15	30	22	
Canadian Equity	0	10	5	S&P/TSX Composite
Global Equity	40	55	48	MSCI ACWI (Net) (CAD)
Total Equity	40	65	53	
Listed Infrastructure	0	10	5	FTSE Developed Core Infrastructure 50/50 (CAD)
Direct Infrastructure	0	10	5	CPI ³ +5%
Listed Real Estate	0	10	5	S&P/TSX Capped REIT Index (CAD)
Direct Real Estate	0	10	5	MSCI Global Property Funds Index (CAD)
Total Real Assets	10	30	20	
Private Debt	0	10	5	SOFR + 4%

For the purpose of the total asset mix described above, the [Fund Investment Managers](#)' asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

[At all times, the market value of the individual asset classes will be within the prescribed minimum and maximum aggregate investment limits but may deviate from the benchmark portfolio.](#)

² Minimum and Maximum percentages for "total" asset classes may not be equal to the sum of the minimum and maximum percentages for each sub-category of the asset class. Differences may be included to facilitate risk mitigation efforts within each larger asset class.

³ CPI source: Bank of Canada Total CPI

The Plan's target asset allocation for each investment category listed in subsection 76(12) of Regulation 909 under the Pension Benefits Act (Ontario) is as follows:

Asset Class under Sub-section 76(12) of Regulation 909, under the <i>Pension Benefits Act</i> (Ontario)	Long Term Target Allocation
1. Insured Contracts	0.0%
2. Mutual or pooled funds or segregated funds	0.0%
3. Demand deposits and cash on hand	1.0%
4. Short-term notes and treasury bills	1.0%
5. Term Deposits and guaranteed investment certificates	0.0%
6. Mortgage Loans	0.0%
7. Real Estate	10.0%
8. Real Estate Debentures	0.0%
9. Resource properties	0.0%
10. Venture Capital	0.0%
11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regs	0.0%
12. Employer issued securities	0.0%
13. Canadian stocks other than investments referred to in 1 to 12 above	5.0%
14. Non-Canadian stocks other than investments referred to in 1 to 12 above	48.0%
15. Canadian bonds and debentures other than investments referred to in 1 to 12 above	20.0%
16. Non-Canadian bonds and debentures other than investments referred to in 1 to 12 above	0.0%
17. Investments other than investments referred to in 1 to 16 above ⁴	15.0%

13) Rebalancing

~~At all times, the market value of the individual asset classes will be within the minimum and maximum aggregate investment limits prescribed in Section 12 but may deviate from the benchmark portfolio.~~

~~The Board recognizes that, due to the illiquid nature of the real asset and private debt asset classes, that the target allocation will be invested gradually and held in fixed income and equities during the intervening period.~~

⁴ Refers to the long-term target allocation to Infrastructure and Private Debt

14)13) Responsible Investing

Consistent with its fiduciary duty, when selecting [Fund-Investment](#) Managers or direct investments, the Plan considers criteria that include: the [Fund-Investment](#) Manager's business and staff; historical performance; the integration of environmental, social and governance (ESG) factors, including climate change risks and opportunities, which may have a financial impact on the investments, as well as the [Fund-Investment](#) Manager's Responsible Investing Policy, [or equivalent documents](#). The adoption of sound ESG practices is intended to reduce financial risk over all time periods and offer enhanced long-term value to the Fund. The Plan's ESG practices are further detailed in the University of Waterloo Responsible Investment Policy.

Permitted and Prohibited Investments

15)14) Permitted Investments

In general, and subject to the restrictions in Sections 16 & 17, the [Fund-Investment](#) Manager may invest in any of the following asset classes and in any of the investment instruments listed.

a) Cash and Short-Term Investments

Cash on hand, demand deposits, treasury bills, short-term notes and bankers' acceptances, commercial paper, term deposits and guaranteed investment certificates having a term of less than or equal to one year.

b) Fixed Income

Bonds, debentures, or other debt instruments of corporations, Canadian Governments, Government agencies, or guaranteed by Governments, supranationals, federal real return bonds, mortgage-backed securities, mortgages, asset-backed securities, non-convertible preferred shares, term deposits, guaranteed investment certificates, insurance contracts, private placements and bonds where capital, interest or both are linked to increases in the cost-of-living (i.e., real return bonds).

c) Equities

Common shares, preferred shares, American Depositary Receipts, Global Depositary Receipts, rights, warrants, installment receipts, index units, income trust units (including real estate investment trusts) and securities convertible into common shares.

d) Derivatives

Derivatives are a type of financial contract which can be traded on an exchange or over the counter for which the value is dependent on an underlying asset, group of assets or a benchmark; common derivatives include futures contracts, forwards, options and swaps.

The pooled funds in which the Plan invests may invest directly in derivatives to create synthetic exposures, or for hedging purposes, if their objectives and strategies permit, and if the exposure to derivatives is subject to limits based on the intended use and strategies for derivatives and the risks associated with them. Derivatives may also be used to hedge currency and provide downside protection. Derivatives may not be used for speculative trading or to create a portfolio with leverage. Investment funds that invest in derivatives must comply with all Applicable Law and must be invested and managed in accordance with regulatory derivatives best practices.

e) Infrastructure

Listed, direct or indirect investments in the debt or equity securities of infrastructure entities including the transportation, energy, utilities, telecommunications and social infrastructure sectors.

f) Real Estate

REITs, direct or indirect investments in the debt or equity securities of real property assets including industrial, office, retail, multi-residential, agriculture and timberland properties.

g) Private Debt

Senior and junior debt instruments including secured and unsecured loans, bonds and other related instruments.

h) Pooled Funds

Investments in open-ended or closed-ended pooled funds, or private/limited partnerships, provided that the assets of such funds are permissible investments under this Policy. It is recognized that where pooled funds are held, there may be instances where there is a conflict between this policy and the investment policy of the pooled fund. In that case, the pooled fund policy shall dominate.

The [Fund-Investment manager-Manager](#) shall ensure that the Plan has received a copy of the most recent version of the pooled fund policy.

15) Minimum Quality Requirements

a) Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:'

- i. Morningstar DBRS;
- ii. Standard & Poor's; and
- iii. Moody's Investors Services

a)b) Quality Standards

- i. The minimum quality standard for publicly-traded bonds and debentures is 'BBB' or equivalent as rated by at least one Recognized Bond Rating Agency at the time of purchase. Where an investment in the portfolio is downgraded below a 'BBB' rating, the following steps will be taken:
 - The Fund Investment Manager will notify the Plan of the downgrade at the earliest possible opportunity;
 - Within ten business days of the downgrade, the Fund Investment Manager will advise the Plan in writing of the course of action taken or to be taken by the Fund Investment Manager, and its rationale; and
 - Immediately upon downgrade, the Fund Investment Manager will place the asset on a Watch List subject to monthly review by the Fund Investment Manager with the Plan until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in this policy.
- ii. In cases in which the Recognized Bond Agencies do not agree on the credit rating, the bond will be classified as follows:
 - If two agencies rate a security, use the lower of the two ratings; or
 - If three agencies rate a security, use the middle of the three ratings.
- iii. Private Debt investments that are rated internally by the fund Investment Manager as investment grade and non-investment grade are permitted.

b) Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:'

- i. Morningstar DBRS;
- ii. Standard & Poor's; and
- iii. Moody's Investors Services

17)16) Maximum Quantity Restrictions

a) Total Plan Level

The Plan shall not, directly or indirectly, lend or invest moneys to or in any one person, any associated persons or any affiliated corporations if:

- i. 10% or more of the total market value of the Plan's assets has already been lent or invested, in total, to or in the person, the associated persons or the affiliated corporations; or
- ii. 10% or more of the total market value of the Plan's assets would be lent or invested, in total to or in the person, the associated persons or the affiliated corporations as a result of the loan or investment.

Holdings issued by the Government of Canada and its agencies are exempt from the abovementioned 10% limitations.

The Plan shall not, directly or indirectly, invest moneys in the securities of a corporation to which are attached more than 30% of the votes that may be cast to elect the directors of the corporation.

This section applies to those investments and loans subject to quantitative limit under Section 9(1) of Schedule III to Pension Benefits Standards Regulations, 1985 (Canada).

b) Fixed Income

A maximum of 15% of the market value of the Canadian fixed income securities shall be invested in BBB bonds or debentures.

A maximum of 10% of the market value of the actively managed fixed income portfolio may be invested in debt denominated in US currency issued by the US Government, its agencies and instrumentalities. Fixed Income in any other foreign currency will not be purchased.

c) Equities

No one equity holding shall represent more than 10% of the total market value of the fund-Investment manager portfolio.

18)17) Fund-Investment Manager Compliance

Fund-Investment Managers must be compliant with the Policy, the Fund Implementation Procedures and the Responsible Investment Policy.

The Fund-Investment Managers shall not make investments in asset categories other than those explicitly permitted in the Policy, unless the Plan first consents in writing.

19)18) Securities and Cash Lending

The [Fund-Investment](#) Managers and custodian may participate in securities lending programs for the purpose of generating revenue, subject to the provisions of the Applicable Law.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes, banker's acceptances of Canadian chartered banks, or high quality, liquid equities. The amount of collateral taken for securities lending should reflect OSFI standards and best practices in local markets. This market value relationship must be calculated at least daily.

[Fund-Investment](#) Managers and custodians participating in securities lending will make available the terms and conditions of any securities lending program(s) with the Plan.

20)19) Short Selling

Short selling and/or pair trading are not permitted.

21)20) Borrowing

The Plan shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the PBA and the ITA.

22)21) Monitoring

Compliance with this Policy, together with relevant risk metrics, will be monitored quarterly including:

- i. achievement of the total return objective;
- ii. liquidity requirements;
- iii. asset mix limits;
- iv. credit quality requirements;
- v. single issuer limits; and
- vi. [Fund-Investment](#) Manager Performance and related ESG integration.

General Provisions

23)22) Conflicts of Interest

a) Responsibilities

This standard, which is consistent with the University Policy 69 (Conflict of Interest) applies to the University and the members of the University, as well as to all agents employed by the Plan, in the execution of their responsibilities under the Pension Benefits Act (the “Affected Persons”).

An “agent” is defined to mean a company, organization, association or individual, as well as its employees who are retained to provide specific services with respect to the investment, administration and management of the assets of the Plan.

b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Plan assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Plan.

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom they deal with in the course of performance of his or her duties and responsibilities for the Plan.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the University immediately. The University, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the appropriate committee.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

24)23) Voting Rights

The voting rights acquired through the investments held by the Plan are delegated to the [Fund Investment](#) Managers of the securities. [Fund Investment](#) Managers are expected to exercise all voting rights related to investments held by the Plan in the best interests of the Plan. [Fund Investment](#) Managers shall report their voting activities to the Plan on a quarterly basis documenting how they voted as well as how ESG factors were included in the rationale for the voting decision.

25)24) Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

a) Equities

Average of bid-and-ask prices from two major investment dealers, at least once every month.

b) Fixed Income

Same as for equities.

c) Real Assets and Private Debt

The fair value of infrastructure, real estate and private debt investments is determined by the general partner, or the [pooled Fund-Investment](#) Manager based on industry standards, which may include consideration of previous transaction prices, discounted cash flow, and the valuations of other comparable publicly traded investments. Limited partnerships and pooled funds will be audited annually by a qualified independent third party appointed by the fund's general partner or [Fund-Investment](#) Manager.

26)25) Related Party Transactions

a) The University, on behalf of the Plan, may not enter into a transaction with a related party unless:

- i. the transaction is made for the operation or administration of the Plan under terms and conditions that are not less favourable to the Plan than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party; or
- ii. the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Plan.

For the purposes of this section, only the market value of the combined assets of the Plan shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Plan.

Transactions less than 0.5% of the combined market value of the assets of the Plan are considered nominal.

b) The prohibition to entering into transactions with a related party does not apply to investments if:

- i. in an investment fund in which investors other than the Administrator and its affiliates may invest and that complies with the requirements set out in

Sections 9 and 11 of Schedule III to the PBSA;

- ii. in an unallocated general fund of a person authorized to carry on a life insurance business in Canada;
- iii. in securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;
- iv. in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;
- v. in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace (as that term is defined in the PBSA); and
- vi. that involve the purchase of a contract or agreement in respect of which the return is based on performance of a widely recognized index of a broad class of securities traded at a marketplace (as that term is defined in the PBSA).

c) A “related party” in respect of the Plan means:

- i. a person who is the administrator of the Plan including any officer, director or employee of the administrator. It also includes the [Fund Investment Managers](#) and their employees, a union representing employees of the employer, a member of the Plan, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Plan, where that person is not the administrator of the Plan;
- ii. an officer, director or employee of one of the administrators of the Plan;
- iii. a person responsible for holding or investing the assets of the Plan, or any officer, director or employee thereof;
- iv. an association or union representing employees of the University, or an officer or employee thereof;
- v. a member of the Plan;
- vi. the spouse or child of any person referred to in any of paragraphs (i) to (v);
- vii. an affiliate of the University;
- viii. a corporation that is directly or indirectly controlled by a person referred to

in any of paragraphs (a) to (g); and/or

- ix. an entity in which a person referred to in paragraph (a) or (b), or the spouse or a child of such a person, has a substantial investment.

DRAFT

For Information**Open Session**

Date of Meeting: October 2, 2026

To: Members, Pension & Benefits Committee

From: Melanie Figueiredo, Governance Officer

RE: **6. Other Business**

6.1 Health Care Spending Account (HCSA) Update

Jacinda Reitsma, Vice-President, Finance & Administration, will provide a brief update on implementation and utilization of the health care spending account (HCSA).

Documentation Provided:

- Health Care Spending Account Briefing Note

**Report to the Pension & Benefits Committee
2 October 2026**

FOR INFORMATION

**Health Care Spending Account (HCSA)
From Human Resources**

Background

This report provides the Pension & Benefits Committee with an update on the Health Care Spending Account (HCSA), including the employee groups eligible for the employer paid benefit, the applicable launch dates, and utilization to date.

The HCSA is administered through GreenShield and was launched in phases to align with the applicable employee group arrangements and implementation timelines.

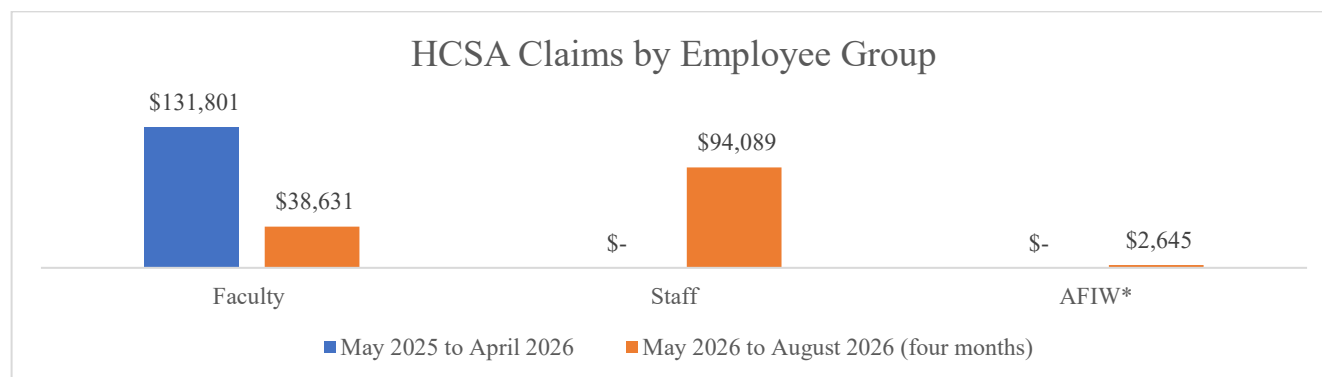
Employee Group	Effective Date	Employee Count as at May 1, 2026	Estimated Annual Cost*
Faculty of the University of Waterloo	May 1, 2025	1,329	\$398,700
Staff of the University of Waterloo	May 1, 2026	3,027	\$908,100
Employees of St. Jerome's University, United College, and Conrad Grebel University College	May 1, 2026	163	\$48,900

**Calculated as \$300 multiplied by employee count*

Eligible employees receive an allocation of \$300 on May 1st. Under the applicable forfeiture rules, unused HCSA credits are carried forward for one (May to April) benefit year; any year one credits that remain at the end of the second benefit year are forfeited. For example, a May 1, 2026 allocation is available for eligible expenses incurred between May 1, 2026 and April 30, 2028, while adhering to the claims submission timelines.

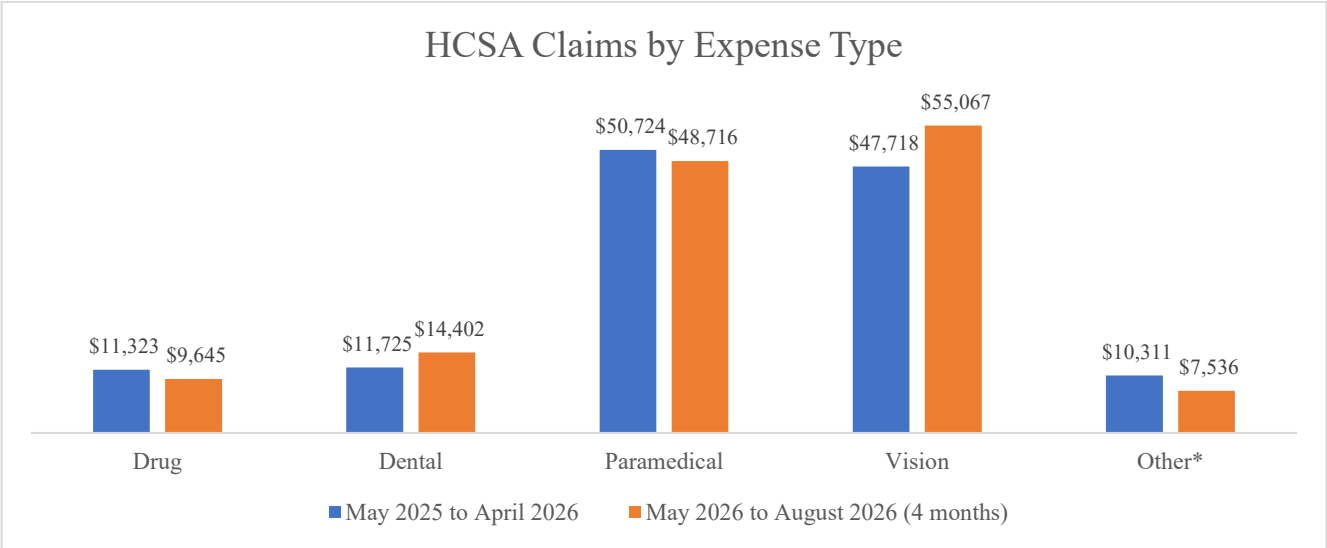
Utilization

A breakdown of the utilization of the HCSA by employee group for the period ending August 31, 2026 is illustrated below:



**AFIW's participating in the HCSA benefit are United College, St. Jerome's, and Conrad Grebel*

A breakdown of the utilization of the HCSA by expense type for the period ending August 31, 2026 is illustrated below:



**Includes accommodation, audio, medical equipment/tests/items, physician services, travel expenses (transport), transplants, IVF treatments, circumcision, attendant care, and health/dental plan premiums*

For the May 2025 to April 2026 benefit year, 586 (approximately 44%) of eligible faculty accessed the HCSA and used 33% of year-one credits. Unused credits were carried forward to the May 2026 to April 2027 benefit year and will be forfeited if they remain unused at the end of that period.

Communication

Communications to date have focused on launching the benefit for newly eligible employees, maintaining accessible information for employees, and reinforcing awareness of the HCSA as a valuable benefit.

An HR webpage was created in 2025, updated in 2026, with general HCSA information and guidance on where employees can find support. A launch email was sent to faculty members in May 2025, and GreenShield delivered an information session that was recorded and remains available through the HR website. In August 2026, email messages were sent to staff to announce the launch of the HCSA and to faculty as a reminder that the benefit exists and remains available. A Daily Bulletin article was also published to further promote awareness and direct employees to the available information.

Human Resources will continue to monitor HCSA utilization and employee awareness as the benefit becomes more established across eligible groups. Additional communications will be considered to remind employees of the availability of the HCSA, applicable claims submission timelines, and forfeiture rules, particularly as key benefit year deadlines approach.

For Information[Open Session](#)

To: Pension & Benefits Committee
From: Jacinda Reitsma, VP Administration and Finance

Pension & Benefits Committee

Date: **October 2, 2026**

Agenda Item: **6.2 Update on exploration of University Pension Plan (UPP)**

Summary

Over the course of the past three years, information about the UPP and updates on exploration of the UPP have been provided to the Pension & Benefits Committee (P&B) and the Pension Investment Committee (PIC). As the University continues the exploration process, regular updates will be provided to the P&B and PIC committees for information.

Overview and Highlights

The following timeline provides an overview of information sharing and exploration activities to date:

2023-2024

- Information sessions about UPP completed at P&B Committee meetings

2024 – early 2025:

- Follow up UPP information sessions completed by Waterloo administration, including HR, Finance, Secretariat's Office, Legal, and Aon
- Review and comparison of available pension products conducted by key subject experts including Human Resources, Finance, Secretariat's Office, Legal and Aon
- UPP confirmed by subject experts as an option for consideration.
- University consulted with current UPP plan members (e.g., other universities who have joined the plan) to gather their feedback on UPP and the conversion process.

April - June 2025:

- Updated and consulted with Dean's Council, President and Vice-President's Group, P&B Committee regarding a UPP exploration.
- University administration facilitated introductory discussions with the leadership of each of the Faculty Association (FAUW), Staff Association (UWSA), CUPE, OPSEU and the Retiree Association

(UWRA), including the relevant members of the P&B Committee and PIC, to introduce the University's interest in exploring the UPP.

- Board information session held including P&B Committee and PIC members to share information about the current pension plan, UPP, and to indicate that exploration would commence.

Nov 2025:

- Launched Preliminary UPP website and sent preliminary email to plan members.

April 2026

- Formed a Pension Communications Advisory Group with representatives from membership groups to advise University administration on pension-related communications to plan members.

June 2026

- The University hosted an information session in for all staff, faculty, and retirees with strong attendance in person and online. The information session was prepared in consultation with the communications advisory group and included a representative from Aon to answer pension specific questions. The session included an open Q&A session for panelists.

The information session also shared some information about the phases of a potential conversion to UPP, as previously shared with the P&B Committee. A conversion would involve a multi-year process governed by Ontario's Pension Benefits Act (PBA) and its regulations. **The University is currently in Phase 1: Exploration.**

PHASE 1: Exploring (12-18 months+)

- Review information about what joining UPP would mean for members pension benefits, and what the process involves.
- Comparison of current plan and UPP plan along with additional information members may request.
- Opportunity to attend information sessions to obtain information and ask questions.

PHASE 2: Member approval (if applicable)

If the University and employee representatives (associations and unions) agree to move forward in the process of joining UPP, a formal member decision-making process begins.

A conversion to the UPP requires a consent process over a 90-day period, where:

- Two thirds of active members of the RPP would need to consent to moving to the UPP (i.e., a positive consent requirement).
- No more than one-third of inactive members (retirees and deferred vested members) and other beneficiaries (e.g., surviving spouses) can object to moving to the UPP (i.e., a negative consent requirement).
- In the consent process phase, each active and inactive member receives a consent notice package relating to the proposed conversion.

PHASE 3: Conversion Activities to UPP (if applicable) (12-18 months)

If members approve:

the University and UPP finalize coordinate required agreements and conversion steps.

- The University submits an application to Ontario's pension regulator, the Financial Services Regulatory Authority (FRSA).
- Following member consent and final regulatory approvals from the FRSA, the University of Waterloo Board of Governors will vote to finalize the conversion, including revoking any official statements or dissolving internal pension committees to close the local governance model.
- With FRSA approval and Board approval, assets and administration can officially transfer to UPP.

Pension Communications Advisory Group

In April 2026, a pension communications advisory group was formed. This advisory group has created a strategic communications plan to outline options for sharing pension-related communications, including UPP, with plan members. The Pension Communications Advisory Group has been established, made up of members from FAUW, UWSA, CUPE, OPSEU and UWRA:

UW Communications: Amanda Connolly, Nick Manning,

Members

OSPEU: Kyle Werth

CUPE: Trevor Askes, Brad Richards

UWSA: Alyssa Kuron, Sarah Landy

FAUW: Diana Skrzydlo, Hans De Sterck

UWRA: Ted Bleaney, Stewart Forrest, Duane Kennedy

The resource team for the Pension Communications Advisory Group includes leaders from Administration, Finance, and HR. Resource members can provide information to the advisory group and can be available for meetings as required.

Resources: Jacinda Reitsma, Sarah Hadley, Lisa Yuhasz, Lee Hornberger, Patti Hancock, Legal and Immigration Services, University Secretary

The advisory group has convened with the communications team twice to prior to the June 2026 information session. The team is meeting again on September 28, 2026 to provide updates on feedback on the information session and next steps for exploration and engagement.

Consultation and Engagement

As part of the exploration process, we will continue to share regular updates with the President / Vice-President Group, P&B and PIC.

The communications team will continue to engage the Pension Communications Advisory Group for feedback as planning progresses.

Next Steps and Future Considerations

The Advisory group is meeting on September 28, 2026 to address feedback from the information session held in June 2026 and to plan for next steps in engagement.

Documentation Provided

None

University of Waterloo
PENSION AND BENEFITS COMMITTEE
Minutes of the
May 28, 2026 Meeting
[in agenda order]

Present: Nasser Abukhdeir, Trevor Askes, Sara Cressman, Teresa Fortney (Chair), Melanie Figueiredo (secretary), Sarah Hadley, Lily Hua, Jacinda Reitsma, Christine Sun, David Taylor, James Thompson, Lisa Yuhasz.

Regrets: Linda Blair, Elizabeth Demers, Tom Duever, Ashley-Ann Morgado.

Resources: Anata Alphonso, Aubrey Basdeo, Matthew Betik, Linday Byron, Ben Doadt, Genevieve Gauthier-Chalifour, Patti Hancock, David Hughes, Sue McGrath, Isabelle Mueller, Jessica Tran, Tyler Wendland.

OPEN SESSION

1. Governance Resources

2. Open Session

3. Agenda and Minutes

3.1. Declarations of Conflict of Interest

No conflicts of interest were declared.

3.2. Approval of Agenda

Askes/Hadley.

That the May 28, 2026 meeting agenda be approved. CARRIED.

3.3. Approval of the October 3, 2025 Minutes

Sun/Askes.

That the minutes of the October 3, 2025 meeting be approved, as amended. CARRIED.

3.4. Business Arising

All matters of business arising were addressed through the balance of agenda items.

4. Pension

4.1. Annual Audit of the Pension Plan Fund and Financial Statements

Sarah Hadley, Chief Financial Officer, provided an overview of the statements. Matthew Betik, External Auditor (KPMG), spoke to the Audit Findings report as included in the agenda package.

Members discussed risk levels outlined in the report and how they are measured.

Thompson/Abukhdeir.

That the Pension & Benefits Committee approve the financial statements for the University of Waterloo Pension Plan as of December 31, 2025. CARRIED.

With leave of the Committee, item 4.3 was taken up prior to item 4.2.

4.3 Actuarial Pension Plan Valuation**

David Hughes, Aon, spoke to the material included in the agenda package.

Members discussed the surplus and its implications; and requested additional information at a future meeting on guidance for the future for additional contributions.

Abukhdeir/Hadley.

That the Pension & Benefits Committee recommend that the Board of Governors approve the filing of the actuarial valuation as of January 1, 2026 for the University of Waterloo Pension Plan with the regulator, as presented. CARRIED.

4.2. Pension Risk Management Dashboard, Q1 2026

Linda Byron, Aon, presented the Pension Risk Management Dashboard for Q1, 2026 as included in the agenda package.

It was requested that the wind-up valuation metric included in the annual plan valuation be included in the dashboard on a quarterly basis.

5. Reports from Sub-Committees

5.1. Report of the Pension Investment Committee

Aubrey Basdeo, Chair of the Pension Investment Committee (PIC), provided a verbal update on the PIC meeting that took place on May 28, prior to the Pension & Benefits Committee meeting.

The Committee discussed investment performance, and requested additional information on risk within the portfolio and how it is quantified at a future meeting.

6. Other Business

6.1. Committee Restructure Update

Genevieve Gauthier-Chalifour, University Secretary, provided an update on the status of the ongoing Board committee review and restructure, noting that discussions on both

the proposed Pension Committee and Benefits Committee were ongoing with employee groups.

Members discussed how the new Benefits Committee would set guiding principles; how retirees would be included; and shared concerns about how delegation from the Board to the Pension Committee was articulated in the proposed terms of reference.

6.2. Report to the Community

Members reviewed the report as included in the agenda package. Members were asked to provide any proposed changes to the report via email to the committee secretary by June 4th. Proposed changes would be circulated to members if received prior to posting.

6.3. University Pension Plan Update

Jacinda Reitsma, Vice-President, Administration and Finance, provided an update on current discussions around the University Pension Plan (UPP), as included in the agenda package.

Members discussed exploration of alternatives to the UPP.

The committee then met in confidential session for the remaining agenda items. The meeting was adjourned at 3:48 p.m.

September 2, 2026

Melanie Figueiredo
Governance Officer

**University of Waterloo
PENSION AND BENEFITS COMMITTEE
Minutes of the May 28, 2026 Meeting
[in agenda order]**

Present: Nasser Abukhdeir, Trevor Askes, Sara Cressman, Teresa Fortney (Chair), Melanie Figueiredo (secretary), Sarah Hadley, Lily Hua, Jacinda Reitsma, Christine Sun, David Taylor, James Thompson, Lisa Yuhasz.

Regrets: Linda Blair, Elizabeth Demers, Tom Duever, Ashley-Ann Morgado.

Confidential Session

8. Agenda and Minutes

8.1. Declarations of Conflicts of Interest.

No conflicts of interest were declared.

8.2. Approval of Minutes of October 3, 2025 Meeting

Askes/Reitsma.

**That the confidential minutes of the October 3, 2026 meeting be approved.
CARRIED.**

8.3. Business Arising

There were no matters of business arising from the minutes.

9. Other Business

9.1. Legal Opinion – University Pension Plan

Members discussed the opinion that was provided at the previous meeting and was not discussed due to time constraints.

9.2. Committee Self-Assessment Results

Members reviewed and discussed the committee self-assessment results.

10. Adjournment

The meeting adjourned at 3:48 p.m.

September 2, 2026

Melanie Figueiredo
Governance Officer