

PENSION & BENEFITS COMMITTEE

TUESDAY, June 11, 2024
2:00 p.m. – 4:00 p.m. EST
NH 3318

[Governing Documents and Resources](#)

TIMING	AGENDA ITEM	PAGE	ACTION
2:50 p.m.	1. Agenda and Minutes a) Declarations of Conflict of Interest b) Approval of Agenda c) Approval of the May 17, 2024 Minutes d) Business Arising	3 3 5 3	Information Decision Decision Information
3:00 p.m.	2. Reports from Sub-Committees a) Report of the Pension Investment Committee [Basdeo] i) Summary of Total Fund Investment Performance, Q1 2024	7 10	Decision Information
3:10 p.m.	3. Benefits a) Health Care Spending Account [Aon]	23	Information
3:40 p.m.	4. Pension a) Carbon Disclosure Report [Wendland]	29	Information
3:55 p.m.	5. Other Business a) Execution Against Work Plan [Willey-Thomas]	38	Information
4:00 p.m.	6. Adjournment		
*to be distributed			

June 7, 2024

Sarah Willey-Thomas
Associate University Secretary

ATTENDANCE

Members: Teresa Fortney (Chair), Linda Blair, Sara Cressman, Melissa Graham, Sarah Hadley, Michelle Hollis, Lily Hua, Jacinda Reitsma, James Rush, David Taylor, James Thompson
Guests: Anata Alphonso, Matt Betik (KPMG), Kayla Blake (KPMG), Linda Byron (Aon), Patricia Hancock, Sue McGrath, Scott Palmer (Aon), Allan Shapira (Aon), Holly Taylor
Regrets: Elizabeth Demers

UPCOMING COMMITTEE MEETINGS

September 13, 2024 Pension & Benefits Committee Meeting

October 11, 2024	Pension & Benefits Committee Meeting
November 15, 2024	Pension & Benefits Committee Meeting
January 17, 2025	Pension & Benefits Committee Meeting
February 14, 2025	Pension & Benefits Committee Meeting
March 21, 2025	Pension & Benefits Committee Meeting

For Decision**Open Session**

Date of Meeting: June 11, 2024

To: Members, Pension & Benefits Committee

From: Sarah Willey-Thomas, Associate University Secretary

RE: **1) Agenda and Minutes**

a) 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.

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

b) Approval of Agenda

Recommendation:
That the June 11, 2024 meeting agenda be approved.

c) Minutes of the May 17, 2024 Meeting

Recommendation:
That the minutes of the May 17, 2024 meeting be approved.

d) Business Arising

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

Documentation Provided:

- May 17, 2024 Meeting Minutes

https://uofwaterloo.sharepoint.com/sites/sec/RDrive Content/Temp/Board and Board Committees/Pension & Benefits/Meetings/2024-25 Meetings/2024-06-11 Meeting/1. Agenda and Minutes/1_Open Session/1 Agenda and Minutes.docx

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the May 17, 2024 Meeting
[in agenda order]

Present: Trevor Askes, Linda Blair, Sara Cressman, Melanie Figueiredo Teresa Fortney (chair), Melissa Graham, Sarah Hadley, Michelle Hollis, Lily Hua, Jacinda Reitsma, James Rush, David Taylor, James Thomson, Sarah Willey-Thomas (Secretary),

Regrets: Elizabeth Demers

Resources/Guests: Matt Betik, Kayla Blake, Linda Byron, Danielle Deveau, Patricia Hancock, Lee Hornberger, Sue McGrath, Allan Shapira, Holly Taylor, Tyler Wendland

OPEN SESSION

1. Agenda and Minutes

a. Welcome to New Members

The Chair provided a welcome to new members and provided a high level overview of the Committee's role, noting a fulsome orientation would be provided in the Fall.

b. Declarations of Conflict of Interest

No conflicts of interest were declared.

c. Approval of Agenda

Graham and Taylor.

That the May 17, 2024 meeting agenda be approved.

CARRIED

d. Approval of the March 22, 2024 Minutes

The minutes were amended to correct the header and items listed under other business.
Hadley and Hollis.

That the minutes of the March 22, 2024 meeting be approved, as amended.

CARRIED

e. Business Arising

It was noted that Eckler's quarterly performance report was added to the Pension & Benefits Committee agenda package for the March 22, 2024 meeting.

2. Pension

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

i) Financial Statements

Tyler Wendland introduced the financial statements, noting reporting requirements and that the statements are focused on Plan assets. The Committee discussed corrections to the note disclosures.

ii) Previous Years' Fees and Expenses

Tyler Wendland presented the schedule.

iii) Audit Results

Matt Betik and Kayla Blake presented the audit results. The Committee discussed meaning of investment level 3 and the calculation of materiality for the audit.
Graham and Blair.

That the Pension & Benefits Committee approve the financial statements for the University of Waterloo Pension Plan as of December 31, 2023, as amended.

CARRIED

Matt Betik and Kayla Blake left the meeting.

b. Pension Risk Management Dashboard

Linda Byron presented the Pension Risk Management Dashboard. The Committee discussed highlighting actuarial valuation as part of the orientation slides; history of the additional measure for the valuation.

c. Pension Investment Performance, Q1 2024

Jacinda Reitsma noted that this item would be presented at the next Committee meeting, after the Pension Investment Committee had an opportunity to review.

d. Actuarial Valuation as at January 1, 2024

The Committee discussed the approach to filing the actuarial valuation, recommendation to the Board, and legal requirements. The Committee discussed the strategy for filing and how statutory special payments differ from other special payments.

Taylor and Blair.

That the Pension & Benefits Committee recommend that the Board of Governors approve the filing of the actuarial valuation as of January 1, 2024 for the University of Waterloo Pension Plan with the regulator, as presented. **CARRIED**

e. Pension Administration Expenses

Sarah Hadley presented the recommendation to have the pension plan reimburse the University for Finance resources doing work on behalf of the pension plan, similar to the approach used for HR resources. The Committee discussed the costs incurred by Human Resources based on audited statements and approach with fixed and variable costing.

Taylor and Thompson.

That the Pension & Benefits Committee approve pension expenses for services provided by the University of Waterloo's Finance Unit, effective May 1, 2024, and that the pension expenses be reported on an annual basis. **CARRIED**

3. Other Business

a. Execution Against Work Plan

The Committee received the work plan for information.

The Committee discussed the Health Care Spending Account as outlined the arbitration award with the University of Waterloo Faculty Association, noting that an informational discussion around the nature of health care spending accounts is planned for the June meeting. The Committee discussed that there are currently ongoing bargaining and salary discussions with different employee groups.

May 14, 2024

Sarah Willey-Thomas
Associate University Secretary

For Information

Confidential Session

Date of Meeting: June 11, 2024

To: Members, Pension & Benefits Committee

From: Sarah Willey-Thomas, Associate University Secretary

RE: **2. Reports from Sub-Committee**

a) 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 an update regarding the activities of PIC, including the Summary of Total Fund Investment Performance for Q1 2024.

Documentation Provided:

- Report of the Pension Investment Committee
- Summary of Total Fund Investment Performance, Q1 2024

https://uofwaterloo.sharepoint.com/sites/sec/RDrive Content/Temp/Board and Board Committees/Pension & Benefits/Meetings/2024-25 Meetings/2024-06-11 Meeting/1. Agenda and Minutes/1_Open Session/2a Report of the Pension Investment Committee.docx

For Information**Open Session**

Date of Meeting: June 11, 2024

To: Members, Pension & Benefits Committee

From: Aubrey Basdeo, Chair, Pension Investment Committee

RE: **Pension Investment Committee - Report from the Chair**

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](#).

Key Items

At its meeting held June 5, 2024, the Pension Investment Committee discussed the following in confidential session:

Quarterly Reports and Dashboards

The Committee received a pension risk management dashboard prepared by Aon, for Q1 of 2024, which is also provided to the Pension & Benefits Committee.

The Committee received an investment performance review prepared by Eckler for Q4 of 2023; the executive summary from this reporting is attached.

Key Highlights:

- The Pension Plan returned 5.7% (gross return) over the quarter, underperforming the benchmark return of 5.8% by 0.1%, ranking in 1st quartile of the Eckler DB Pension Client Universe.
- The Pension Plan has underperformed its benchmark over the 1, 3, 4 and 5-year periods ending March 31, 2024 on a gross return basis.
- The plan invested in the CBRE Global Alpha Real Estate Fund in March 2024 as the previous investment commitment was called.

Carbon Footprint Report

The Committee received a presentation regarding investment carbon analysis and disclosures.

The presentation was made in accordance with recommendations from the Responsible Investing Advisory Group, which were endorsed by the Board of Governors in June 2021.

The carbon metrics scorecard will also be presented to the Pension & Benefits Committee at its June meeting.

Financial Reports

The Committee reviewed the pension's annual actuarial valuation and financial statements, both of which have been presented to the Pension & Benefits Committee at its previous meetings.

Documentation provided:

- Performance Report – Q1, 2024



ECKLER

University of Waterloo Pension Plan

Investment Performance Review

First Quarter 2024

Jason Campbell, CFA, CAIA

Gino Di Censo, CFA, CAIA



Executive Summary

Capsule

Fund Update:

- The Pension Plan returned 5.7% over the quarter, modestly underperforming the benchmark* return of 5.8% by 0.1%, ranking in the first quartile of the Eckler DB Pension Client Universe.
- The Pension Plan has underperformed its benchmark over the 1, 3-, 4- and 5-year periods reviewed ending March 31, 2024 on a gross return basis. The Pension Plan has also underperformed the CPI + 3.5% target over 2-, 3- and 5-year periods reviewed ending March 31, 2024.
- Compared to the Eckler DB Pension Clients Universe, the Total Fund has ranked in the fourth quartile over longer term annualized periods ending March 31, 2024.
- The plan funded the CBRE Global Alpha Real Estate Fund in March 2024.

Market Update:

- During the first quarter, equity markets generated positive returns while bonds were under pressure due to a change in tone from Central banks on concerns over persistent inflation.
- Global markets experienced a broad rally during the quarter driven by economic resilience in corporate earnings, continued excitement surrounding AI and the anticipation of rate cuts in 2024.
- Central Banks have not changed the policy rate this quarter due to sticky inflation. Correspondingly, bond yields has increased. The yield curve remains to be inverted and is a significant indicator of an impending recession.
- Within alternatives, infrastructure, typically benchmarked against CPI + 5%, and real estate generated positive returns.

*Refer to the notes at the back for benchmark information

Capsule

Sources of Performance (over the quarter):

Passive Funds:

- The TD Emerald Canadian Equity fund returned 6.6% during the quarter, tracking the S&P/TSX Composite return.
- The TD Emerald Pooled U.S. fund returned 13.4% during the quarter, underperforming the S&P 500 (\$C) return by 0.1%.
- The TD Emerald International Equity Index fund returned 8.4% during the quarter, underperforming the MSCI EAFE (\$C) return by -0.2%.
- The TD Universe Bond Index fund returned -1.3% during the quarter, underperforming the FTSE Canada Universe Bond (\$C) return by 0.1%.

Active Funds:

- The TD Active Short Term Corporate fund returned 0.9% during the quarter, matching its benchmark's return.
- The RBC Global Focus Equity Fund returned 12.7% during the quarter, outperforming the MSCI ACWI Index (\$C) return of 11.0% by 1.7%.
- The Walter Scott Global Equity Fund returned 10.6% during the quarter, underperforming the MSCI World Index (\$C) return of 11.7% by 1.1%.
- The Mirova Global Sustainable Equity Fund returned 13.9% during the quarter, outperforming its benchmark return of 11.0% by 2.9%.
- The IFM Global Infrastructure Fund returned -0.6% (\$ CAD) during the quarter, underperforming its benchmark return of 4.4% by 5.0%.
- The CBRE Global Alpha Real Estate fund returned (as of Q4 2023) -2.9% underperforming its benchmark return 12.7% by 15.6%.

Public Real Assets:

- The iShares S&P/TSX Capped REIT Index ETF returned -0.6% during the quarter, underperforming its benchmark's return of 1.6% by 2.2%.
- Brookfield Infrastructure Partners L.P. (BIP.UN) returned 2.6% during the quarter, underperforming its benchmark return of 4.4% by 1.8%.
- Brookfield Renewable (BEP.UN) returned -8.1% during the quarter, underperforming its benchmark return of 4.4% by 12.5%.

Capsule

Investment Manager Updates:

- No significant investment manager updates over the quarter.

SIP&P

- The SIP&P was last updated effective April 1, 2023.

Compliance

- IFM, Walter Scott, PH&N, Mirova and TDGIS claimed compliance with the SIP&P in the first quarter of 2024.

Total Fees (Estimated as of March 31, 2024)

Manager	Mandate	Market Value as at March 31, 2024	Quarterly Fee (\$)	Quarterly Fee (%)	Annual Fee (%)
TDAM	Passive Fixed Income and Equitis	\$ 994,002,664	\$ 62,054	0.01%	0.02%
TDAM	Active Fixed Income	\$ 385,292,294	\$ 92,426	0.02%	0.10%
PH&N*	Active Global Equities	\$ 103,533,736	\$ 138,167	0.13%	0.53%
Mirova**	Active Global Equities	\$ 115,588,046	\$ 158,934	0.14%	0.55%
Walter Scott	Active Global Equities	\$ 536,339,418	\$ 707,924	0.13%	0.53%
IFM	Infrastructure	\$ 83,776,234	\$ 161,269	0.19%	0.77%
CBRE***	Global Real Estate	\$ 70,369,000	\$ 79,165	0.11%	0.45%
UW	Managed	\$ 244,277,653	N/A	N/A	N/A
UW	Operating	\$ 12,240,767	N/A	N/A	N/A
Total		\$ 2,545,419,812	\$ 1,399,940	0.05%	0.22%

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

** As of Q3 2023, Mirova's fees is netted in the investment vehicle.

***CBRE offers a 0.05% discount for Eckler clients (aggregation discount). The fund's standard fee is 0.50%.

Note: There are performance fees with hurdles and catch-up considerations for the IFM and CBRE Funds which is not taken into consideration in this table. The fees for IFM and CBRE are netted in the investment vehicle.

Performance Summary

Fund	Market Values as of March 31, 2024	Gross Annualized Rate Of Return (%) as of March 31, 2024 and Percentile Rank													
		MRQ		YTD		1 Year		2 Years		3 Years		4 Years		5 Years	
Total Fund*	\$ 2,545,419,812	5.7	20	5.7	20	11.9	47	5.7	45	5.5	65	8.5	85	6.4	82
Total Fund Benchmark ¹		5.8	15	5.8	15	13.3	24	5.5	55	5.6	63	9.7	74	6.6	77
CPI + 3.5% ²		1.8	100	1.8	100	6.5	100	7.2	12	8.3	5	7.7	93	7.0	67
Value Added (Total Fund Benchmark)		-0.1		-0.1		-1.4		0.2		-0.1		-1.2		-0.2	
Value Added (CPI + 3.5%)		3.9		3.9		5.4		-1.5		-2.8		0.8		-0.6	
Canadian Equities		6.6	60	6.6	60	14.0	44	4.0	71	9.1	78	15.6	98	7.8	99
TD Emerald Canadian Equity Index³	\$ 145,220,068	6.6	60	6.6	60	14.0	44	4.0	71	9.1	78	17.0	74	10.0	60
S&P/TSX Composite Index		6.6	59	6.6	59	14.0	44	4.0	71	9.1	78	17.0	74	10.0	60
Value Added		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
U.S. Equities															
TD Emerald Pooled U.S. Fund	\$ 313,219,847	13.4	65	13.4	65	29.7	63	13.9	58	14.2	44	19.7	53	15.3	46
S&P 500 (\$C)		13.5	64	13.5	64	29.9	61	13.9	58	14.3	41	19.8	46	15.3	42
Value Added		-0.1		-0.1		-0.2		0.0		-0.1		-0.1		0.0	
Global Equities (excluding U.S. and International Passive)	\$ 755,461,200	11.4	47	11.4	47	20.7	50	11.9	34	9.9	31	13.5	85	9.3	81
Global Equity Benchmark ⁶		11.0	51	11.0	51	23.2	32	11.2	41	9.7	35	15.9	42	11.4	46
Value Added		0.4		0.4		-2.5		0.7		0.2		-2.4		-2.1	
Walter Scott Global Equity	\$ 536,339,418	10.6	52	10.6	52	20.3	55	13.1	26	11.1	14	15.3	48	12.2	32
MSCI World Index		11.7	35	11.7	35	25.1	24	12.3	30	11.3	14	17.0	29	12.4	29
Value Added		-1.1		-1.1		-4.8		0.8		-0.2		-1.7		-0.2	
RBC Global Focus Equity⁴	\$ 103,533,735	12.7	28	12.7	28	19.2	69	6.0	100	5.4	82	14.4	65	10.4	65
Mirova Global Sustainable Equity⁴	\$ 115,588,046	13.9	10	13.9	10	23.8	31	12.1	31	9.2	50	16.1	35	14.1	8
MSCI ACWI (Net)		11.0	51	11.0	51	23.2	32	11.2	41	9.6	41	15.8	42	11.2	48
Value Added (RBC Global Focus Equity)		1.7		1.7		-4.0		-5.2		-4.2		-1.4		-0.8	
Value Added (Mirova Global Sustainable Equity)		2.9		2.9		0.6		0.9		-0.4		0.3		2.9	

*Total fund MV includes Cash and Cash Equivalents totaling \$80.8M

Performance Summary

Fund	Market Values as of March 31, 2024	Gross Annualized Rate Of Return (%) as of March 31, 2024 and Percentile Rank													
		MRQ		YTD		1 Year		2 Years		3 Years		4 Years		5 Years	
International Equities															
TD Emerald International Equity Index	\$ 203,474,626	8.4	47	8.4	47	15.2	36	11.0	38	7.4	29	12.1	51	7.6	64
MSCI EAFE (Net)		8.6	46	8.6	46	15.3	35	11.0	38	7.4	29	12.1	51	7.6	64
Value Added		-0.2		-0.2		-0.1		0.0		0.0		0.0		0.0	
Fixed Income															
TD Emerald Canadian Bond Index Fund	\$ 315,332,513	-1.3	96	-1.3	96	2.0	100	0.0	100	-1.6	100	-0.9	100	0.2	100
FTSE Canada Universe Bond		-1.2	94	-1.2	94	2.1	99	0.0	100	-1.5	100	-0.7	100	0.3	100
Value Added		-0.1		-0.1		-0.1		0.0		-0.1		-0.2		-0.1	
TD Emerald Canadian Long Bond Broad Market Pooled Fund Trust	\$ 16,755,608	-3.6	86	-3.6	86	0.8	99	-3.3	96	-4.1	96	-3.2	100	-1.5	100
FTSE Canada Long Bond Index		-3.6	83	-3.6	83	0.8	100	-3.3	96	-4.1	96	-3.1	100	-1.4	100
Value Added		0.0		0.0		0.0		0.0		0.0		-0.1		-0.1	
TD Active Short Term Corporate	\$ 384,869,086	0.9	18	0.9	18	5.6	12	3.3	21	1.0	47	2.3	31	2.2	37
FTSE Canada Short Term Corporate Bond		0.9	18	0.9	18	5.6	12	3.2	23	0.9	50	2.3	31	2.2	36
Value Added		0.0		0.0		0.0		0.1		0.1		0.0		0.0	
Real Estate⁵															
iShares S&P/TSX Capped REIT Index ETF	\$ 63,109,308	-0.6	--	-0.6	--	-2.8	--	-8.3	--	0.9	--	7.1	--	0.5	--
FTSE EPRA Nareit Developed		1.6	--	1.6	--	8.6	--	-3.4	--	2.3	--	6.5	--	1.0	--
Value Added		-2.2		-2.2		-11.4		-4.9		-1.4		0.6		-0.5	
Real Estate⁵ (Lagged)															
CBRE Global Alpha (Net, \$C)*	\$ 70,369,000	-2.9	--	-9.1	--	-9.1	--	-0.7	--	3.0	--	3.4	--	3.1	--
CBRE Global Alpha (Net, Local \$)*		-2.6	--	-5.6	--	-5.6	--	-0.4	--	4.6	--	4.0	--	4.7	--
FTSE EPRA Nareit Developed*		12.7	--	7.9	--	7.9	--	-6.5	--	3.3	--	-0.1	--	3.1	--
Value Added (\$C)		-15.6		-17.0		-17.0		5.8		-0.3		3.5		0.0	
Infrastructure⁵															
IFM Global Infrastructure Fund	\$ 83,776,234	-0.6	--	-0.6	--	4.9	--	8.0	--	10.6	--	10.2	--	9.2	--
Brookfield Infrastructure Partners L.P. (BIP.UN)	\$ 69,715,688	2.6	--	2.6	--	-2.8	--	-8.1	--	1.6	--	10.7	--	9.8	--
Brookfield Renewable (BEP.UN)	\$ 43,289,663	-8.1	--	-8.1	--	-21.9	--	-15.8	--		--		--		--
FTSE Global Core Infrastructure 50/50 Index		4.4	--	4.4	--	4.1	--	2.4	--	6.3	--	7.9	--	4.9	--
Value Added (IFM Global Infrastructure Fund)		-5.0		-5.0		0.8		5.6		4.3		2.3		4.3	
Value Added (Brookfield Infrastructure Partners L.P. (BIP.UN))		-1.8		-1.8		-6.9		-10.5		-4.7		2.8		4.9	
Value Added (Brookfield Renewable (BEP.UN))		-12.5		-12.5		-26.0		-14.8		--		--		--	

*Returns as of Q4 2023, Q1 2024 returns were not available for CBRE at the time of this report.

4-Year Performance and Risk Metrics Summary

Fund	4-Year Rolling Gross Annualized Returns (%) as of March 31,				Risk Analyses (over 4 years)				
	2024	2023	2022	2021	Std. Dev	Risk Return	Info Ratio	UMC	DMC
Total Fund	8.5	5.2	3.8	7.8	9.7	SE	-0.6	92.0	99.7
Total Fund Benchmark ¹	9.7	5.0	4.1	8.6	10.5	SE			
CPI + 3.5% ²	7.7	7.3	7.1	5.7	2.0	SW			
Value Added (Total Fund Benchmark)	-1.2	0.2	-0.3	-0.8					
Value Added (CPI + 3.5%)	0.8	-2.1	-3.3	2.1					
Canadian Equities	15.6	6.3	8.9	4.9	12.0	SW	-0.3	93.1	99.5
TD Emerald Canadian Equity Index	17.0	9.0	12.6	8.0	13.1	SE	N/A	N/A	N/A
S&P/TSX Composite Index	17.0	9.0	12.6	8.0	13.2	SE			
Value Added	0.0	0.0	0.0	0.0					
U.S. Equities									
TD Emerald Pooled U.S. Fund	19.7	12.0	15.5	14.3	14.1	SW	N/A	N/A	N/A
S&P 500 (\$C)	19.8	12.0	15.6	14.4	14.2	NW			
Value Added	-0.1	0.0	-0.1	-0.1					
Global Equities	13.5	6.7	8.5	10.0	14.8	0.0	-0.9	93.6	129.4
Global Equity Benchmark ⁶	15.9	8.6	10.6	11.4	13.7	0.0			
Value Added	-2.4	-1.9	-2.1	-1.4					
Walter Scott Global Equity	15.3	10.2	12.8	14.7	15.0	NE	-0.4	100.6	125.3
MSCI World Index	17.0	9.4	11.2	11.3	13.8	NW			
Value Added	-1.7	0.8	1.6	3.4					
RBC Global Focus Equity	14.4	8.3	12.9	17.7	17.0	SE	-0.2	102.8	126.0
Mirova Global Sustainable Equity*	16.1	11.8	14.2	18.0	17.6	NE	0.1	120.5	148.5
MSCI ACWI Index (Net)	15.8	8.4	10.0	11.1	13.6	NW			
Value Added (RBC Global Focus Equity)	-1.4	-0.1	2.9	6.6					
Value Added (Mirova Global Sustainable Equity)	0.3	3.4	4.2	6.9					

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

Please refer to Appendix A for applicable notes.

4-Year Performance and Risk Metrics Summary

Fund	4-Year Rolling Gross Annualized Returns (%) as of March 31,				Risk Analyses (over 4 years)				
	2024	2023	2022	2021	Std. Dev	Risk Return	Info Ratio	UMC	DMC
International Equities									
TD Emerald International Equity Index	12.1	5.8	4.1	6.6	14.0	SW	N/A	N/A	N/A
MSCI EAFE (Net)	12.1	5.8	4.0	6.6	14.1	SW			
Value Added	0.0	0.0	0.1	0.0					
Fixed Income									
TD Emerald Canadian Bond Index Fund	0.8	0.6	1.8	3.0	5.8	NW	0.6	79.9	59.9
FTSE Canada Universe Bond	-0.9	-0.3	1.5	3.0	8.0	SW	N/A	N/A	N/A
Value Added	-0.7	-0.2	1.6	3.2	8.0	SW			
TD Emerald Canadian Long Bond Broad Market Pooled Fund Trust	-0.2	-0.1	-0.1	-0.2					
FTSE Canada Long Bond Index	-3.2	-2.1	1.5	4.3	15.4	SE	N/A	N/A	N/A
Value Added	-3.1	-2.0	1.6	4.4	15.5	SE			
TD Active Short Term Corporate	-0.1	-0.1	-0.1	-0.1					
FTSE Canada Short Term Corporate Bond	2.3	1.3	2.0	3.0	4.1	NW	0.2	100.1	98.6
Value Added	2.3	1.3	2.1	--	4.0	NW			
Value Added	0.0	0.0	-0.1	--					
Real Estate									
iShares S&P/TSX Capped REIT Index ETF	7.1	1.3	10.1	6.5	16.3	NE	0.1	118.2	117.9
FTSE EPRA Nareit Developed	-0.1	1.9	8.4	3.3	18.0	SE			
Value Added	7.2	-0.6	1.7	3.2					
Real Estate (Lagged)									
CBRE Global Alpha (Net, \$C)*	3.4	6.5	8.4	7.5	6.4	SE			
CBRE Global Alpha (Net, Local \$)*	4.0	7.4	8.9	7.1	4.9	SW			
FTSE EPRA Nareit Developed*	-0.1	1.9	8.4	3.3	18.0	SE			
Value Added (\$C)	3.5	4.6	0.0	4.2					
Infrastructure									
IFM Global Infrastructure Fund	10.2	10.3	10.8	10.9	3.2	NW			
Brookfield Infrastructure Partners L.P. (BIP.UN)	10.7	13.1	20.0	16.1	18.1	NE			
Brookfield Renewable (BEP.UN)	--	--	--	--	--	--			
FTSE Global Core Infrastructure 50/50 Index	7.9	5.1	9.5	6.3	8.6	SW			
Value Added (IFM Global Infrastructure Fund)	2.3	5.2	1.3	4.6					
Value Added (BIP.UN)	2.8	8.0	10.5	9.8					

*Returns as of Q4 2023, Q1 2024 returns were not available for CBRE at the time of this report.

Performance Summary (Net of Fees)

Fund	Net Annualized Rate Of Return (%) as of March 31, 2024 and Percentile Rank						
	MRQ	YTD	1 Year	2 Years	3 Years	4 Years	5 Years
Total Fund	5.6	5.6	11.7	5.5	5.3	8.3	6.2
Total Fund Benchmark ¹	5.8	5.8	13.3	5.5	5.6	9.7	6.6
CPI + 3.5% ²	1.8	1.8	6.5	7.2	8.3	7.7	7.0
Value Added (Total Fund Benchmark)	-0.2	-0.2	-1.6	0.0	-0.3	-1.4	-0.4
Value Added (CPI + 3.5%)	3.8	3.8	5.2	-1.7	-3.0	0.6	-0.8
Canadian Equities	6.6	6.6	14.0	4.0	9.1	15.6	7.8
TD Emerald Canadian Equity Index³	6.6	6.6	14.0	4.0	9.1	17.0	10.0
S&P/TSX Composite Index	6.6	6.6	14.0	4.0	9.1	17.0	10.0
Value Added	0.0	0.0	0.0	0.0	0.0	0.0	0.0
U.S. Equities							
TD Emerald Pooled U.S. Fund	13.4	13.4	29.7	13.9	14.2	19.7	15.3
S&P 500 (\$C)	13.5	13.5	29.9	13.9	14.3	19.8	15.3
Value Added	-0.1	-0.1	-0.2	0.0	-0.1	-0.1	0.0
Global Equities	11.4	11.4	20.6	11.8	9.8	13.4	9.2
Global Equity Benchmark ⁶	11.0	11.0	23.2	11.2	9.7	15.9	11.4
Value Added	0.4	0.4	-2.6	0.6	0.1	-2.5	-2.2
Walter Scott Global Equity	10.5	10.5	19.8	12.6	10.6	14.8	11.7
MSCI World Index	11.7	11.7	25.1	12.3	11.3	17.0	12.4
Value Added	-1.2	-1.2	-5.3	0.3	-0.7	-2.2	-0.7
RBC Global Focus Equity⁴	12.6	12.6	18.7	5.5	4.9	13.9	9.9
Mirova Global Sustainable Equity^{4**}	13.9	13.9	23.5	11.7	8.7	15.6	13.6
MSCI ACWI (Net)	11.0	11.0	23.2	11.2	9.6	15.8	11.2
Value Added (RBC Global Focus Equity)	1.6	1.6	-4.5	-5.7	-4.7	-1.9	-1.3
Value Added (Mirova Global Sustainable Equity)	2.9	2.9	0.1	0.4	-0.9	-0.2	2.4

*Beginning Q3 2023, the fees were charged directly to the investment vehicle
Please refer to Appendix A for applicable notes.

Performance Summary (Net of Fees)

Fund	Net Annualized Rate Of Return (%) as of March 31, 2024 and Percentile Rank						
	MRQ	YTD	1 Year	2 Years	3 Years	4 Years	5 Years
International Equities							
TD Emerald International Equity Index	8.4	8.4	15.2	11.0	7.4	12.1	7.6
MSCI EAFE (Net)	8.6	8.6	15.3	11.0	7.4	12.1	7.6
Value Added	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0
Fixed Income	-0.1	-0.1	3.9	1.7	-0.2	0.8	1.2
TDAM Universe Bond Index	-1.3	-1.3	2.0	0.0	-1.6	-0.9	0.2
FTSE Canada Universe Bond	-1.2	-1.2	2.1	0.0	-1.5	-0.7	0.3
Value Added	-0.1	-0.1	-0.1	0.0	-0.1	-0.2	-0.1
TDAM Canadian Long Bond Broad Market Index	-3.6	-3.6	0.8	-3.3	-4.1	-3.2	-1.5
FTSE Canada Long Bond Index	-3.6	-3.6	0.8	-3.3	-4.1	-3.1	-1.4
Value Added	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
TDAM Active Short Term Corporate	0.9	0.9	5.5	3.2	0.9	2.2	2.1
FTSE Canada Short Term Corporate Bond	0.9	0.9	5.6	3.2	0.9	2.3	2.2
Value Added	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.1
Real Estate⁵ (Lagged)							
CBRE Net (\$C)*	-2.9	-9.1	-9.1	-0.7	3.0	3.4	3.1
CBRE Net (Local \$)*	-2.6	-5.6	-5.6	-0.4	4.6	4.0	4.7
FTSE EPRA Nareit Developed*	12.7	7.9	7.9	-6.5	3.3	-0.1	3.1
Value Added (\$C)	-15.6	-17.0	-17.0	5.8	-0.3	3.5	1.6
Infrastructure⁵							
IFM Global Infrastructure Fund	-0.8	-0.8	4.1	7.2	9.8	9.4	8.4
FTSE Global Core Infrastructure 50/50 Index	4.4	4.4	4.1	2.4	6.3	7.9	4.9
Value Added (IFM Global Infrastructure Fund)	-5.2	-5.2	0.0	4.8	3.5	1.5	3.5

*Returns as of Q4 2023, Q1 2024 returns were not available for CBRE at the time of this report.

4-Year Performance (Net of Fees) and Risk Metrics Summary

Fund	4-Year Rolling Net Annualized Returns (%) as of March 31,				Risk Analyses (over 4 years)				
	2024	2023	2022	2021	Std. Dev	Risk Return	Info Ratio	UMC	DMC
Total Fund	8.3	5.0	3.6	7.6	9.7	SE	-0.6	92.0	99.7
Total Fund Benchmark ¹	9.7	5.0	4.1	8.6	10.5	SE			
CPI + 3.5% ²	7.7	7.3	7.1	5.7	2.0	SW			
Value Added (Total Fund Benchmark)	-1.4	0.0	-0.5	-1.0					
Value Added (CPI + 3.5%)	0.6	-2.3	-3.5	1.9					
Canadian Equities	15.6	6.3	8.9	4.9	12.0	SW	-0.3	93.1	99.5
TD Emerald Canadian Equity Index	17.0	9.0	12.6	8.0	13.1	SE	N/A	N/A	N/A
S&P/TSX Composite Index	17.0	9.0	12.6	8.0	13.2	SE			
Value Added	0.0	0.0	0.0	0.0					
U.S. Equities									
TD Emerald Pooled U.S. Fund	19.7	12.0	15.5	14.3	14.1	SW	N/A	N/A	N/A
S&P 500 (\$C)	19.8	12.0	15.6	14.4	14.2	NW			
Value Added	-0.1	0.0	-0.1	-0.1					
Global Equities	13.4	6.6	8.4	9.9	14.8	0.0	-0.9	93.6	129.4
Global Equity Benchmark ⁶	15.9	8.6	10.6	11.4	13.7	0.0			
Value Added	-2.5	-2.0	-2.2	-1.5					
Walter Scott Global Equity	15.2	10.1	12.7	14.6	15.0	NE	-0.4	100.6	125.3
MSCI World Index	17.0	9.4	11.2	11.3	13.8	NW			
Value Added	-1.8	0.7	1.5	3.3					
RBC Global Focus Equity	14.3	8.2	12.8	17.6	17.0	SE	-0.2	102.8	126.0
Mirova Global Sustainable Equity*	16.0	11.7	14.1	17.9	17.6	NE	0.1	120.5	148.5
MSCI ACWI Index (Net)	15.8	8.4	10.0	11.1	13.6	NW			
Value Added (RBC Global Focus Equity)	-1.5	-0.2	2.8	6.5					
Value Added (Mirova Global Sustainable Equity)	0.2	3.3	4.1	6.8					

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

Please refer to Appendix A for applicable notes.

4-Year Performance (Net of Fees) and Risk Metrics Summary

Fund	4-Year Rolling Net Annualized Returns (%) as of March 31,				Risk Analyses (over 4 years)				
	2024	2023	2022	2021	Std. Dev	Risk Return	Info Ratio	UMC	DMC
International Equities									
TD Emerald International Equity Index	12.1	5.8	4.1	6.6	14.0	SW	N/A	N/A	N/A
MSCI EAFE (Net)	12.1	5.8	4.0	6.6	14.1	SW			
Value Added	0.0	0.0	0.1	0.0					
Fixed Income	0.8	0.6	1.8	3.0	5.8	NW	0.6	79.9	59.9
TDAM Universe Bond Index	-0.9	-0.3	1.5	3.0	8.0	SW	N/A	N/A	N/A
FTSE Canada Universe Bond	-0.7	-0.2	1.6	3.2	8.0	SW			
Value Added	-0.2	-0.1	-0.1	-0.2					
TDAM Canadian Long Bond Broad Market Index	-3.2	-2.1	1.5	4.3	15.4	SW	N/A	N/A	N/A
FTSE Canada Long Bond Index	-3.1	-2.0	1.6	4.4	15.5	SW			
Value Added	-0.1	-0.1	-0.1	-0.1					
TDAM Active Short Term Corporate	2.3	1.3	2.0	3.0	4.1	NE	0.2	100.1	98.6
FTSE Canada Short Term Corporate Bond	2.3	1.3	2.1	--	4.0	NE			
Value Added	0.0	0.0	-0.1	--					
Real Estate (Lagged)									
CBRE Net (\$C)*	3.4	6.5	8.4	7.5	6.4	SE			
CBRE Net (Local \$)*	4.0	7.4	8.9	7.1	4.9	SW			
FTSE EPRA Nareit Developed*	-0.1	1.9	8.4	3.3	18.0	SE			
Value Added (\$C)	3.5	4.6	0.0	4.2					
Infrastructure									
IFM Global Infrastructure Fund	10.0	10.1	10.6	10.7	3.2	NW			
FTSE Global Core Infrastructure 50/50 Index	7.9	5.1	9.5	6.3	8.6	SW			
Value Added (IFM Global Infrastructure Fund)	2.1	5.0	1.1	4.4					

*Returns as of Q4 2023, Q1 2024 returns were not available for CBRE at the time of this report.

For Information**Open Session**

Date of Meeting: June 11, 2024

To: Members, Pension & Benefits Committee

From: Sarah Willey-Thomas, Associate University Secretary

RE: **3. Benefits**

a) Health Care Spending Account

Aon will present an informational slide deck, HCSA 101, regarding the features of a Health Care Spending Account.

Documentation Provided:

- HCSA 101 Slide Deck

https://uofwaterloo.sharepoint.com/sites/sec/RDrive Content/Temp/Board and Board Committees/Pension & Benefits/Meetings/2024-25 Meetings/2024-06-11 Meeting/1. Agenda and Minutes/1_Open Session/3a Health Care Spending Account.docx

AON

University of Waterloo

HCSA 101

For Pension & Benefits Committee Meeting
June 11, 2024



What is an HCSA?

HCSA = Health Care Spending Account

- An HCSA is an individual flexible spending account that employees can use to obtain reimbursement for medical expenses that would otherwise have been an out-of-pocket expense
- An HCSA can be used to pay [Health and Dental expenses](#) (that are eligible under a Private Health Services Plan) for the member or the member's eligible dependents, including but not limited to:
 - Prescribed over-the-counter and other medications not included in the existing extended health benefit's drug formulary;
 - Paramedical practitioners (e.g. psychologist, chiropractor, acupuncturist);
 - Vision care (e.g. prescription eyeglasses, contact lenses, laser eye surgery);
 - Dental services;
 - Home renovations (when medically required);
 - Cosmetic surgery

How Does an HCSA Work?

- Eligible plan members would receive an individual HCSA allocation at the beginning of each period (i.e. plan year)
- Balances would be tracked by GreenShield based on the program details put forth by the University of Waterloo
- Plan members would submit eligible claims directly to GreenShield for reimbursement (similar to Extended Health and Dental coverage today)
- A member's HCSA balance would be forfeited if unused within a required period of time
 - Typically a member would have two plan years
- The University would reimburse claims paid by GreenShield on a monthly basis

Financial Implications of an HCSA

- Budgeting for an HCSA account is relatively straightforward:
 - Example: If a \$300 HCSA account was provided to 1,500 plan members, the annual cost to the University of Waterloo would be roughly $\$300 * 1,500 = \$450,000$
- HCSA adjudication attracts administrative fees from GreenShield as well as applicable taxes
 - Admin fees and applicable taxes are not charged against the member's balance
- The fees/taxes are usually offset (or more than offset) by member forfeitures
 - Forfeitures result from amounts that go unused by plan members, either due to:
 - Low claims volumes
 - Lack of education on how to use the benefit, or
 - Mid-year termination

Why Provide an HCSA?

1. Introduces a level of flexibility into the program
 - Allows members to use the allocated amounts in whichever way best suits them
2. Addresses gaps in the University of Waterloo's existing Extended Health and Dental programs
3. Tax-effective compensation
 - Employee perspective: amounts allocated/used from an HCSA are not taxed to the member (outside of QC)

For Information**Open Session**

Date of Meeting: June 11, 2024

To: Members, Pension & Benefits Committee

From: Sarah Willey-Thomas, Associate University Secretary

RE: **4. Pension**

a) Carbon Disclosure Report

Sarah Hadley, Chief Financial Officer, will present the annual Carbon Disclosure Report to the Committee.

The Board of Governors endorsed recommendations of the Responsible Investing Advisory Group at its meeting on June 1, 2021. The Carbon Disclosure Report is one of the recommendations contemplated in the report of the Responsible Investing Advisory Group.

Documentation Provided:

- Carbon Disclosure Report Slide Deck

https://uofwaterloo.sharepoint.com/sites/sec/RDrive Content/Temp/Board and Board Committees/Pension & Benefits/Meetings/2024-25 Meetings/2024-06-11 Meeting/1. Agenda and Minutes/1_Open Session/4a Carbon Disclosure Report.docx

PENSION INVESTMENT CARBON ANALYSIS & DISCLOSURES

As at December 31, 2023



Responsible Investing Advisory Group

In June 2021, the Board of Governors endorsed recommendations from the Responsible Investing Advisory Group related to the Pension and Endowment investments. These recommendations included:

- Adopt a scorecard approach to carbon measurement including: Total Carbon Emissions, Carbon Footprint, and Weighted Average Carbon Intensity
 - Equity measurements for 2021
 - Full Portfolio for 2023 (includes Fixed Income & Real Assets)
- Carbon footprint reduction targets, for scope 1 & 2 emissions
 - 50% by 2030, relative to 2018
 - Carbon Neutral by 2040
- Recommendations formalized in Responsible Investment Policy, approved by Board in April 2022

Carbon Measurement Process

The University has contracted with MSCI to provide the following services:

- MSCI index data (used for benchmarking)
- Access to ESG Manager portal and carbon data¹

¹MSCI carbon data is based on reported carbon from individual companies, or is estimated using a proprietary carbon emissions estimation model. MSCI carbon assessments and estimates are generated semi-annually; however due to timing differences and fiscal year cycles, carbon data could lag up to two years.

Carbon Measurements

- Total Carbon Emissions
 - The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO_{2e}

- Carbon Footprint
 - Total carbon emissions for a portfolio, normalized by the market value of the portfolio, expressed in tons CO_{2e} / \$M USD invested

- Weighted Average Carbon Intensity
 - The portfolio's exposure to carbon-intensive companies, expressed in tons CO_{2e} / \$M USD revenue

Formula
$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$$

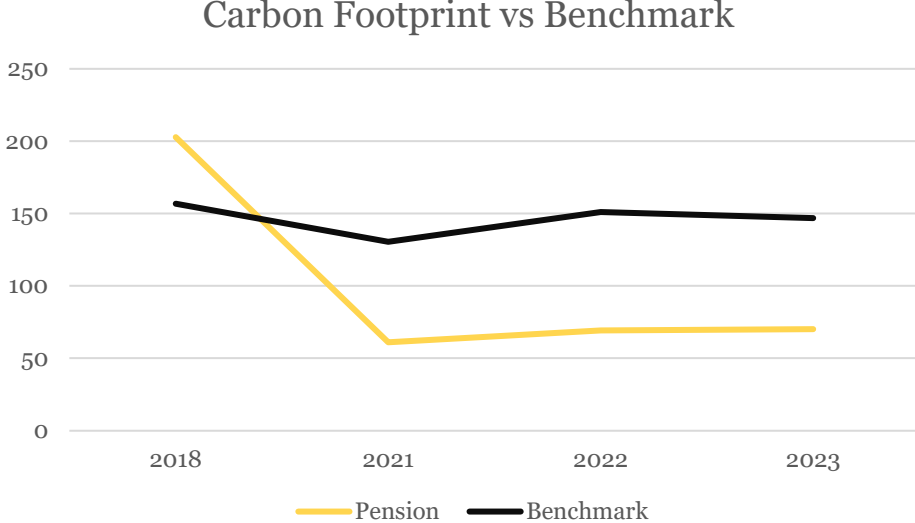
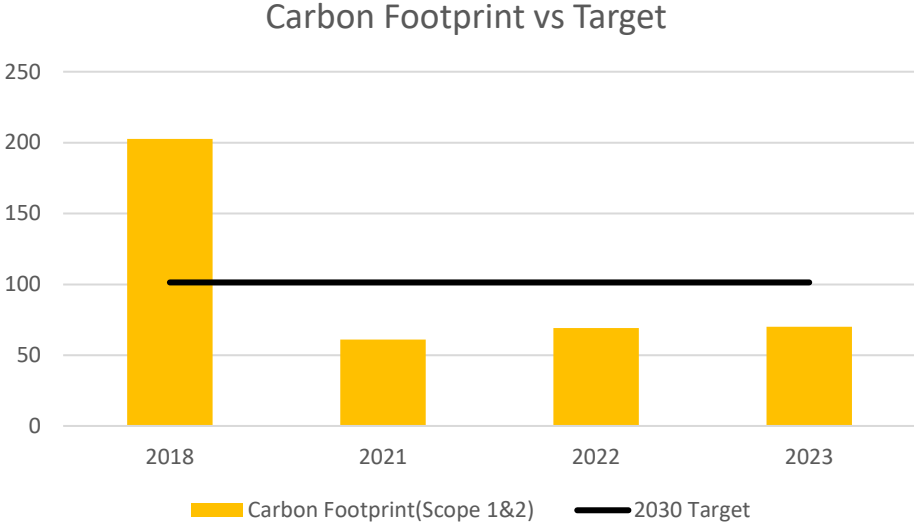
Formula
$$\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (\$M)}}$$

Formula
$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$$



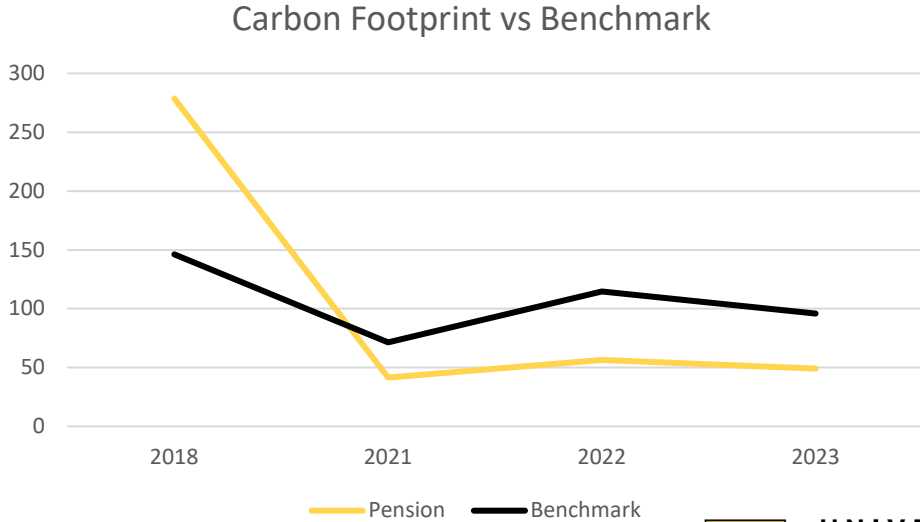
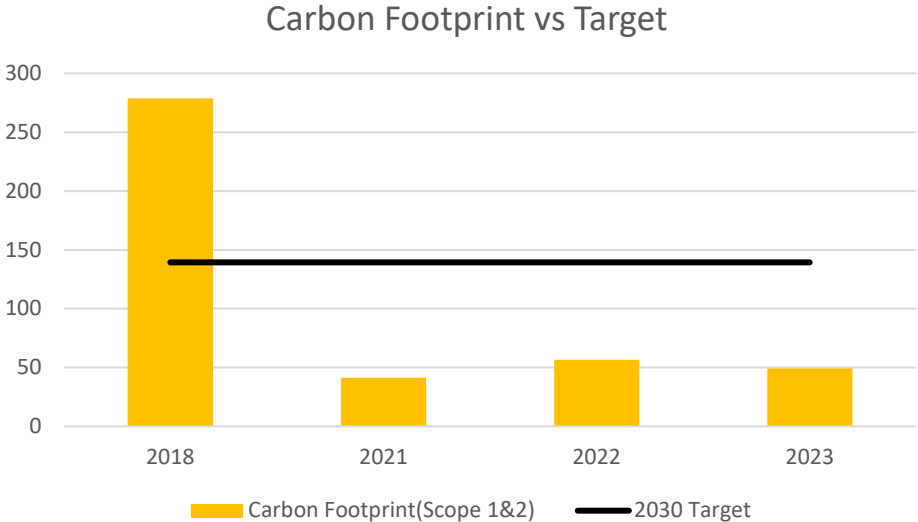
Pension Full Portfolio - Scorecard

Carbon Measure	Total Carbon Emissions	Carbon Footprint	Weighted Average Carbon Intensity	Coverage	Market Value (CAD)
2018 Full Portfolio	221,711	202.7	317.3	64.1%	\$1,321,110,707
2018 Benchmark	171,397	156.7	257.5	69.8%	
2023 Full Portfolio	118,307	70.0	100.9	85.1%	\$2,239,143,876
2023 Benchmark	210,916	146.7	227.3	78.5%	



Pension Equity Portfolio - Scorecard

Carbon Measure	Total Carbon Emissions	Carbon Footprint	Weighted Average Carbon Intensity	Coverage	Equity Market Value (CAD)
2018 Equity Portfolio	123,798	278.8	239.8	96.1%	\$678,893,451
2018 Benchmark	69,878	146.2	255.8	93.5%	
2023 Equity Portfolio	46,672	49.2	106.9	99.8%	\$1,257,169,110
2023 Benchmark	90,832	95.9	137.7	99.2%	



Scorecard Considerations

- This is the first scorecard for the full investment portfolio.
- Carbon Footprint for Pension investments has achieved the 2030 target of a 50% reduction from 2018 (current footprint is 65.5% below 2018)
- COVID-19 impacts to carbon emissions are becoming more minimal.
- Fixed Income coverage is low (<55%), impacting overall portfolio metrics.

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For Information**Open Session**

Date of Meeting: June 11, 2024

To: Members, Pension & Benefits Committee

From: Sarah Willey-Thomas, Associate University Secretary

RE: **5) Other Business**

a) Execution Against Work Plan

Sarah Willey-Thomas will provide an overview of the Committee Work Plan.

Members will recall that the work plan is an iterative document which is supplied for the Committee's information and reference at each Committee meeting.

Documentation Provided:

- 2024/25 Pension & Benefits Committee Work Plan

2024-2025 Pension & Benefits Committee Work

Pension & Benefits Committee Agenda Items · expected *as needed/available	May 17, 2024	June 11, 2024	September 13, 2024	October 11, 2024	November 15, 2024	January 17, 2025	February 14, 2025	March 21, 2025
	OPEN SESSION							
Execution against Audit Committee Work Plan	I	I	I	I	I	I	I	I
Minutes of the Previous Meeting	D	D	D	D	D	D	D	D
GOVERNANCE								
Previous Years' Fees and Expenses	I							
Annual Audit of the Pension Plan Fund Financial Statements	I							
Carbon Metrics Reporting	I							
Summary of Total Fund Investment Performance		I	I		I		I	
Statement of Investment Policies and Procedure and Fund Implementation Procedures; Pension Statement SIPP					I/D			
Pension Risk Management Dashboard (Quarterly)	I		I		I		I	
Approval of Actuarial Valuation Assumptions						I		
RPP Actuarial Valuation, decision on filing								D
Review of RPP Contribution and Protocol Caps					I/D			
BENEFITS								
Extended Health & Dental Benefits - Indexation of Maxima effective January 1					D			
Retiree Life Insurance - Indexation of Coverage effective January 1					D			
Annual Benefits Utilization Report					I			
Maximum Pension Limits and Caps Adjustments, Based on Average Industrial Wage Increase (AIW)					I			
Cost of Living Adjustments <ul style="list-style-type: none"> • Pensions in Pay • Deferred Pensions • Pensionable Earnings for Members on LTD 								D
Group Benefits program - Annual Renewal <ul style="list-style-type: none"> • Life Insurance - Premium Rate • Long Term Disability • Premium Rate • Maximum Insured Salary (Indexation) • Health Care Benefits - ASO Fees/Charges • Health Care Benefits - Budget Rates 					D			

2024-2025 Pension & Benefits Committee Work

Pension & Benefits Committee Agenda Items · expected *as needed/available	May 17, 2024	June 11, 2024	September 13, 2024	October 11, 2024	November 15, 2024	January 17, 2025	February 14, 2025	March 21, 2025
GOVERNANCE								
Review of Committee Terms of Reference		I						
Annual Report to the Community							I	
Annual Committee Self-Assessment								I
Committee Planning								I
CONFIDENTIAL SESSION								
Minutes of the Previous Meeting	D	D	D	D	D	D	D	D
Other Business	I	I	I	I	I	I	I	I
IN CAMERA SESSION								
Minutes of the Previous Meeting	D	D	D	D	D	D	D	D
Other Business	I	I	I	I	I	I	I	I

For more information:
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