



SUBJECT	UBC IMANT Investment Report
SUBMITTED TO	Finance Committee
MEETING DATE	March 22, 2022
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For information only - No action requested
LEAD EXECUTIVE	Peter Smailes, Vice-President Finance & Operations
SUPPORTED BY	Dawn Jia, President & CEO, UBC IMANT Graham Sheppard, UBC IMANT

EXECUTIVE SUMMARY

The purpose of this briefing is to update the Finance Committee on the performance of the University's investment assets for the quarter ending December 31, 2021.

The update contains information on the following funds:

- UBC Main Endowment Pool
- UBC Staff Pension Plan
- UBC Working Capital Fund
- UBC Faculty Pension Plan Supplemental Arrangement

In September 2021, the Board of Governors approved a recommendation to merge the Sustainable Future Pool into the Main Endowment Pool. The assets held in the Sustainable Future Pool were transferred into the Main Endowment Pool in January and remain invested in the same funds.

The attached presentation contains an update on capital market developments, portfolio asset growth, performance over various investment periods and an update on UBC IMANT's Responsible Investing activities.

Updates for the quarter ended December 31, 2021:

- Capital market returns remain strong over a one-year period, led by strong performance of public and private equity. Fixed income market returns continue to be negative over the one-year period as a result of rising market interest rates. High rates of inflation across developed economies are underlying expectations for interest rates to rise further in 2022.
- Assets under management across the University's investment portfolios have increased over the past one-year period, supported by strong investment returns.
- UBC IMANT continues to implement the Responsible Investment Strategy approved by the Board, enhancing our integration of Environmental, Social and Governance factors into our investment process and making new investments in sustainable investment strategies aligned with the University's carbon reduction goals. During the quarter, UBC IMANT approved two new investment managers with ESG focused strategies with commitments totalling over \$70 million.

PRESENTATIONS

1. Q4 Investment Report

UBC IMANT Investment Report

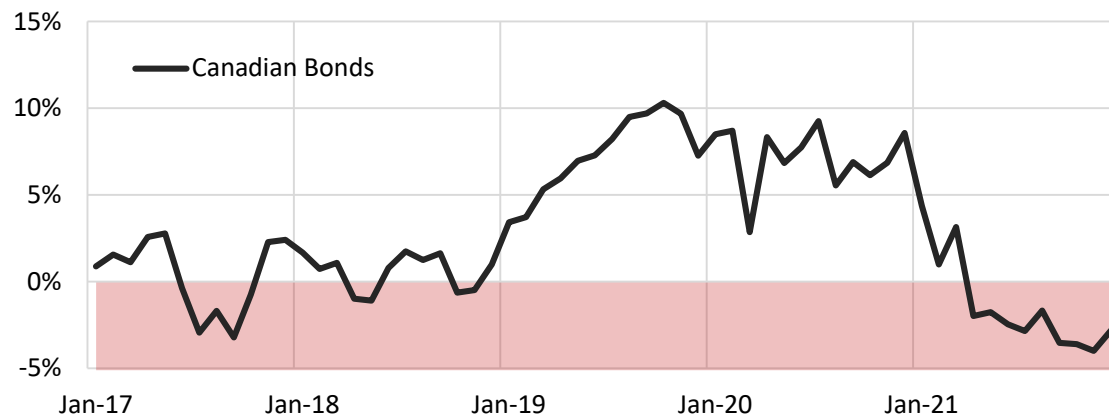
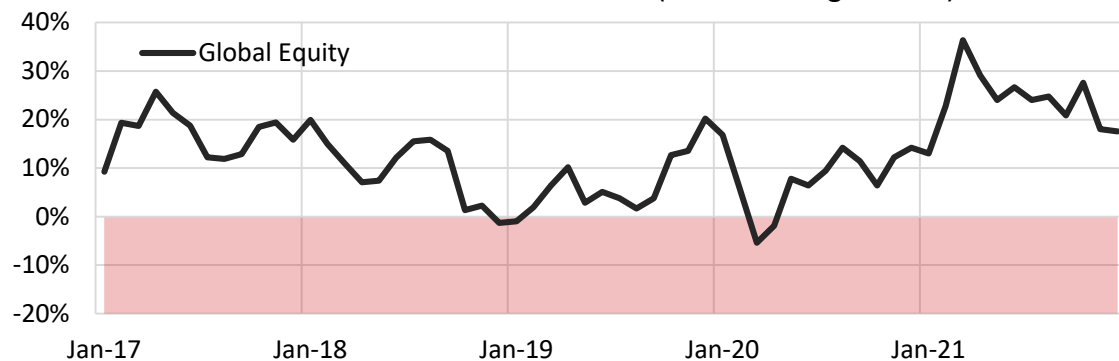
March 22, 2022

**Dawn Jia, President & CEO
UBC Investment Management Trust**



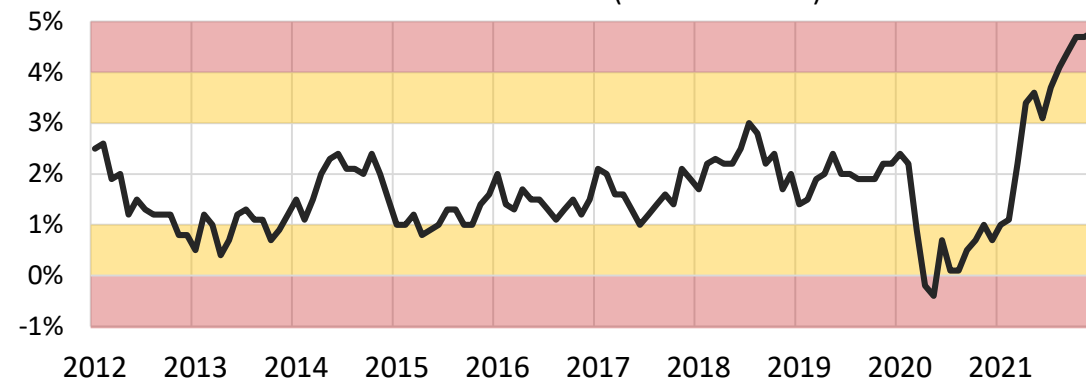
Investment Market Summary

Investment Market Returns (1-Year Rolling Periods)

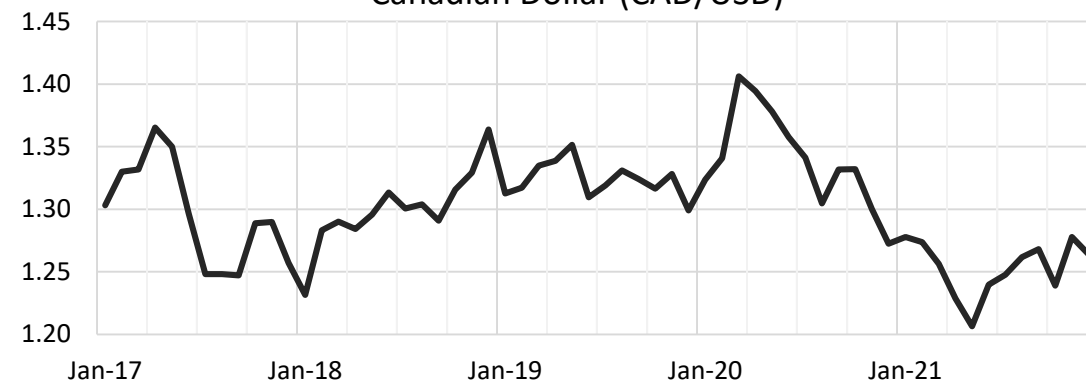


- Global developed equity market returns remain very strong over a one-year period. Emerging markets equities have been more subdued.
- Fixed income returns were positive in Q4 but remain negative over the one-year period due to rising market interest rates that are persisting into 2022.

Canadian Inflation (Year-over-Year)



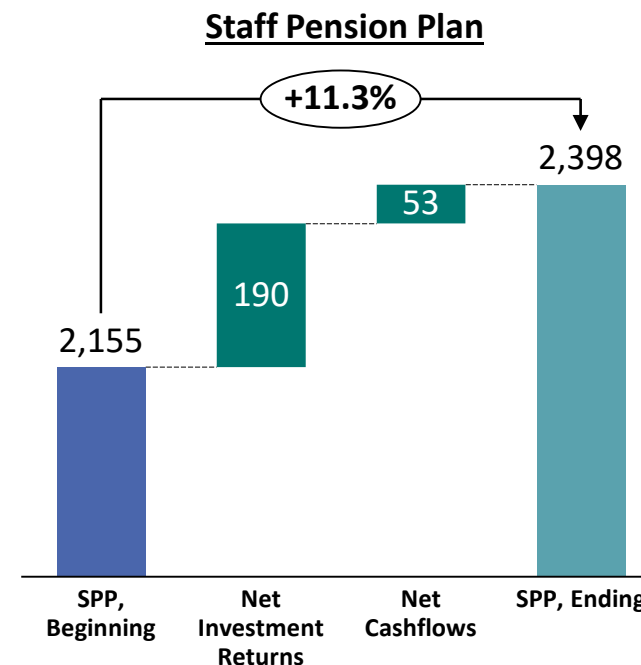
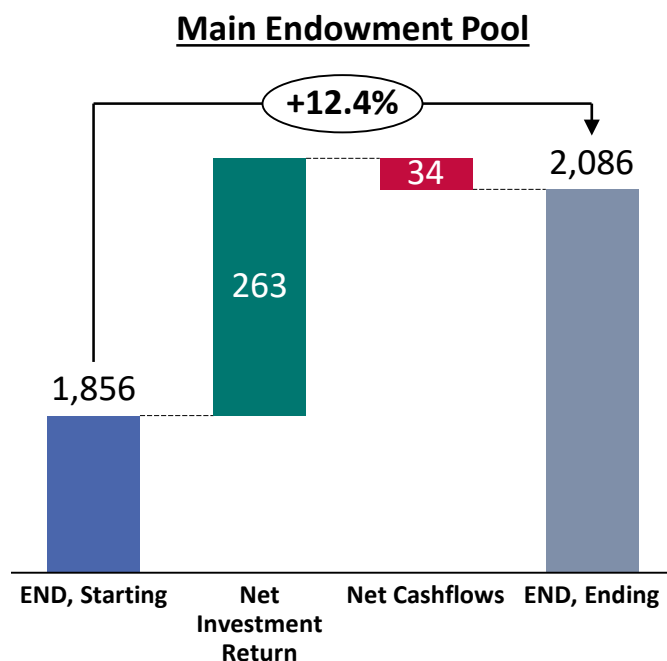
Canadian Dollar (CAD/USD)



- Canadian inflation has pushed higher again in recent months, reaching its highest level since 1991. High inflation is driving expectations that policy interest rates will increase this year.
- The Canadian dollar has been moderately depreciating through the second half of 2021 following strong appreciation in 2020.

Annual Growth of AUM (as of December 31, 2021)

AUM growth in SPP was driven both by investment returns and net cash inflows, while Endowment showed even stronger growth through investment returns, despite having net cash outflows.

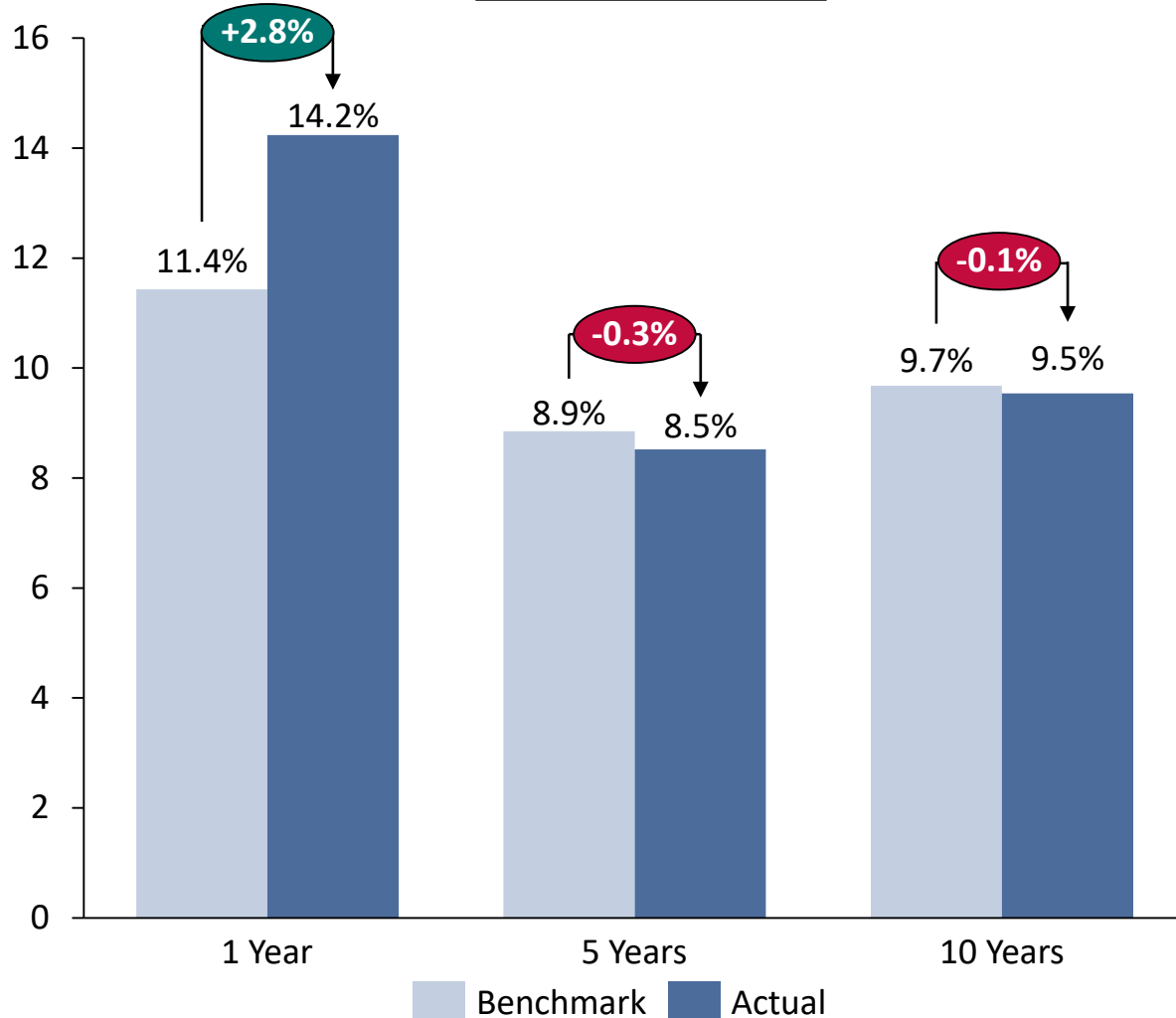


Pool	Opening Balance (\$M)	Closing Balance	% Change
Endowment Fund	1,856	2,086	+12.4%
Staff Pension Plan	2,155	2,398	+11.3%
Working Capital Fund	854	971	+13.7%
Supplemental Arrangement	119	132	+10.7%

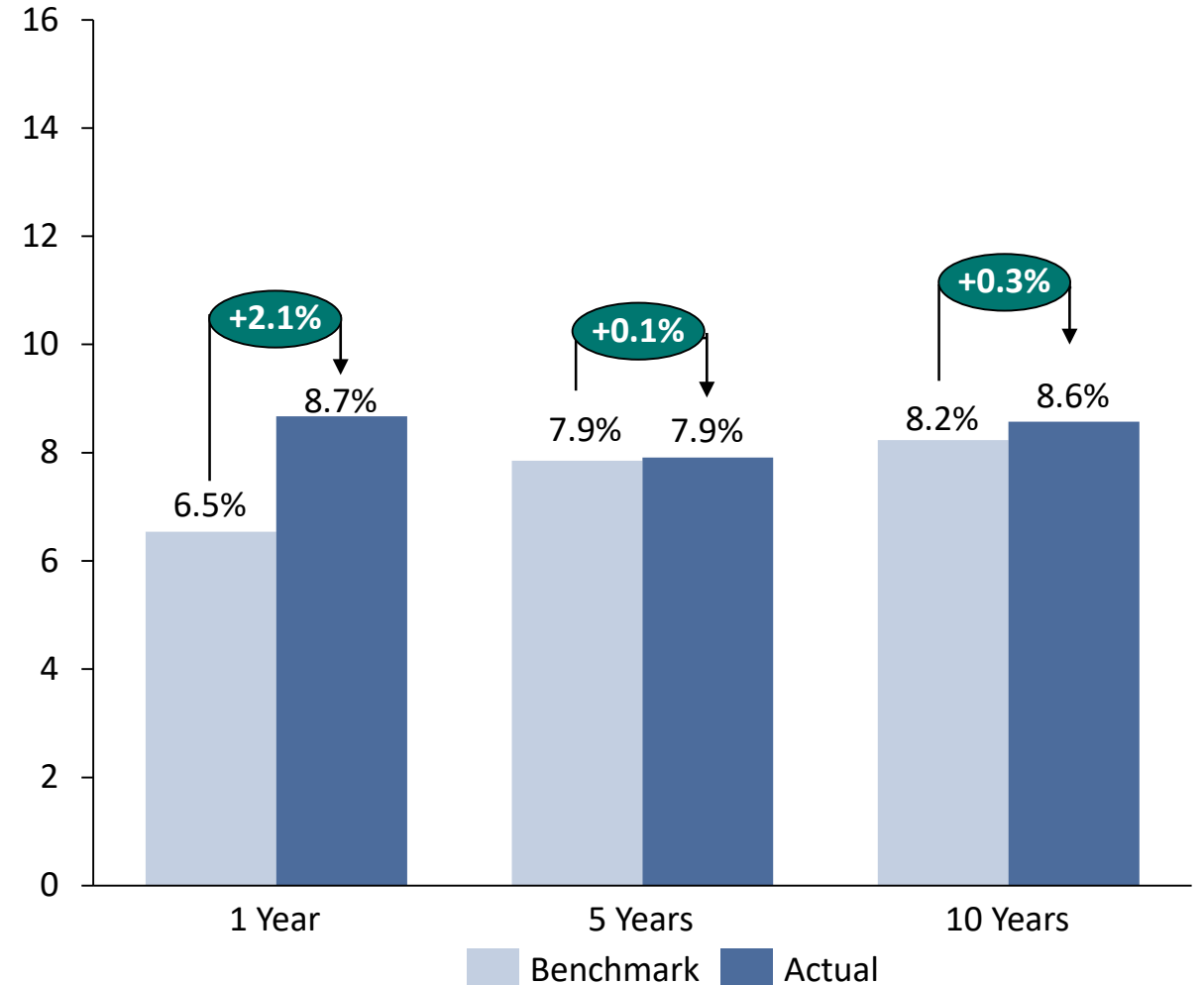
Performance Summary (as of December 31, 2021)

Both portfolios have generated strong outperformance versus the benchmark over the past year. Longer term, the Main Endowment portfolio return has been higher than SPP but both remain in line with their benchmark performance.

Main Endowment Pool



Staff Pension Plan



Main Endowment – Fund Summary

Market Value **\$2,086 M**

Asset Mix Summary

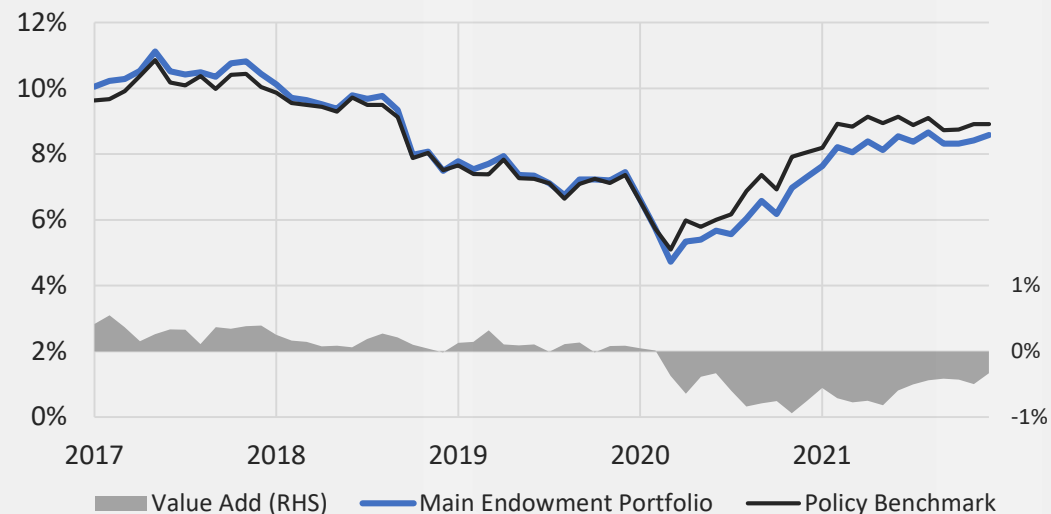
Asset Class	Current Mix	Policy Mix	Overweight/ Underweight
Cash & Cash Equivalents	0.9%	2.0%	-1.1%
Public Bonds	6.7%	8.5%	-1.8%
Private Debt & Mortgages	6.0%	5.0%	1.0%
UBC Debenture	4.5%	4.5%	0.0%
Total Fixed Income	18.2%	20.0%	-1.9%
Canadian Equities	8.4%	10.0%	-1.6%
Global Equities	20.6%	15.0%	5.6%
Global Small Cap Equities	4.9%	5.0%	-0.1%
Emerging Equities	10.8%	10.0%	0.8%
Total Public Equity	44.7%	40.0%	4.7%
Private Equity	8.0%	10.0%	-2.0%
Real Estate	9.0%	10.0%	-1.0%
Infrastructure Equity	12.2%	12.5%	-0.4%
Absolute Return Strategies	7.6%	7.5%	0.1%
Total Alternatives	36.8%	40.0%	-3.2%
Multi Asset	0.3%	0.0%	0.3%

Investment Performance (December 31, 2021)

	Quarter	1-Year	5-Years	10-Years
Required Return	1.92%	9.66%	7.04%	6.15%
Actual Returns*	3.07%	14.24%	8.52%	9.54%
Inv. Policy Benchmark	2.55%	11.43%	8.85%	9.68%
Value Added	0.51%	2.81%	-0.33%	-0.14%

* Net of investment management fees.

Investment Performance vs. Policy Benchmark
5-year rolling return



Staff Pension Plan – Fund Summary

Market Value **\$2,398 M**

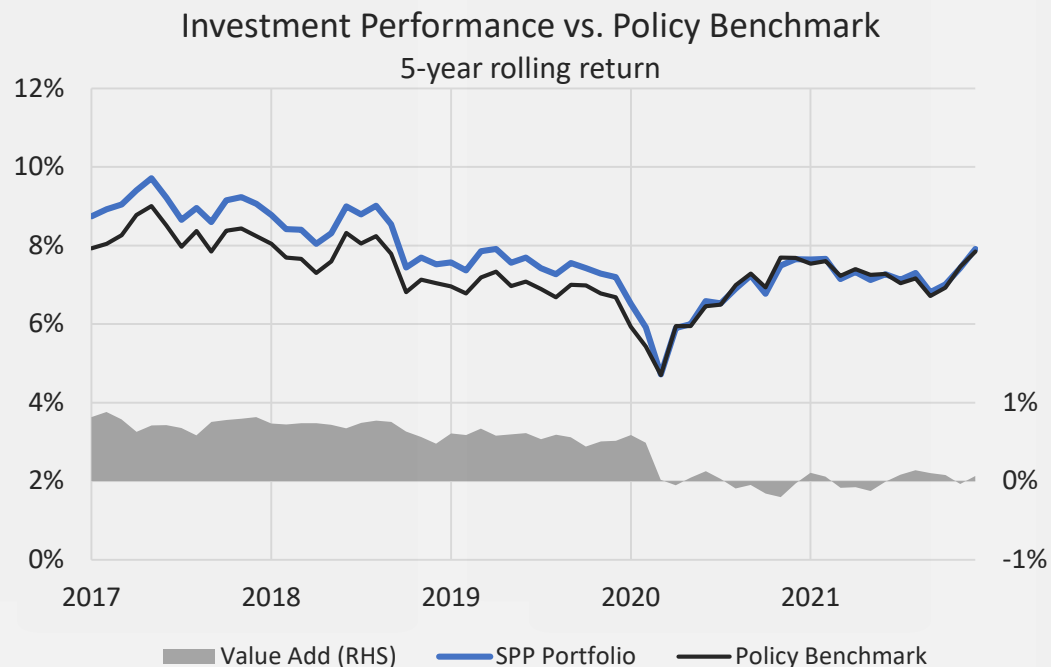
Asset Mix Summary

Asset Class	Current Mix	Policy Mix	Overweight/ Underweight
Cash & Cash Equivalents	1.3%	1.0%	0.3%
Public Long Term Bonds	21.4%	19.0%	2.4%
Mortgages	5.0%	5.0%	0.0%
Infrastructure Debt	9.2%	10.0%	-0.9%
Private Debt	3.9%	7.5%	-3.6%
Total Fixed Income	40.7%	42.5%	-1.8%
Canadian Equities	7.4%	7.5%	-0.1%
Global Equities	18.5%	15.0%	3.5%
Emerging Equities	7.3%	7.5%	-0.2%
Total Public Equity	33.2%	30.0%	3.2%
Private Equity	3.7%	5.0%	-1.3%
Real Estate	11.1%	10.0%	1.1%
Infrastructure Equity	11.4%	12.5%	-1.2%
Total Alternatives	26.1%	27.5%	-1.4%

Investment Performance (December 31, 2021)

	Quarter	1-Year	5-Years	10-Years
Discount Rate	6.00%	6.00%	5.85%	6.09%
Actual Returns*	3.97%	8.67%	7.91%	8.57%
Inv. Policy Benchmark	3.35%	6.54%	7.85%	8.23%
Value Added	0.62%	2.14%	0.06%	0.34%

* Net of investment management fees.



Working Capital Fund – Summary

Market Value **\$971M**

Asset Mix Summary

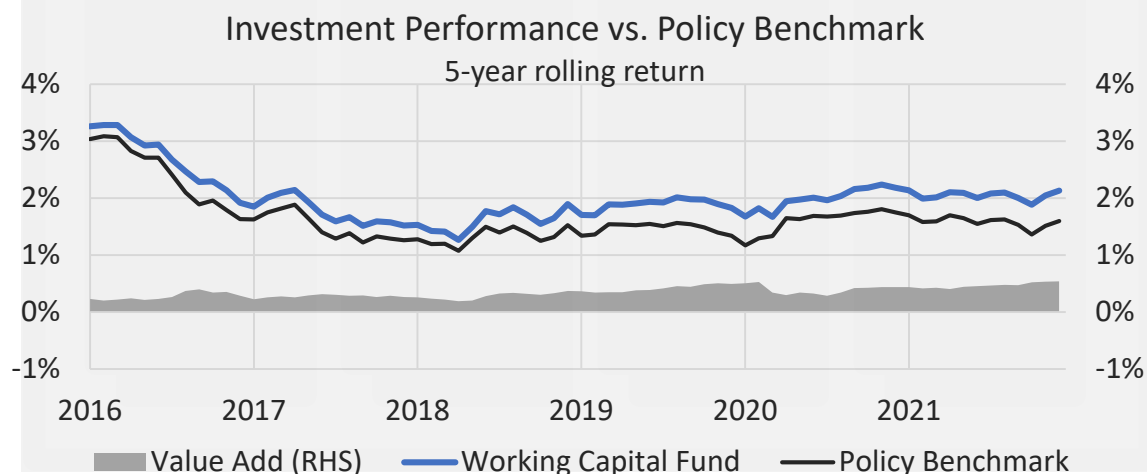
Asset Class	Current Mix	Target Mix ¹	Overweight/Underweight
Money Market	20.6%	10.0%	10.6%
Short Term Bond & Mortgage	53.9%	55.0%	-1.1%
Mortgages	25.5%	35.0%	-9.5%

¹ Note: The Working Capital Fund SIPP contains the following constraints: 10% minimum allocation to Money Market; 40% maximum exposure to Mortgages

Investment Performance (December 31, 2021)

	Quarter	1-Year	5-Year	10-Year
Actual Returns*	0.07%	0.37%	2.13%	2.03%
Inv. Policy Benchmark	-0.42%	-0.78%	1.60%	1.61%
Value Added	0.49%	1.14%	0.54%	0.42%

* Net of investment management fees.



Supplemental Arrangement – Summary

Market Value **\$132M**

Asset Mix Summary

Asset Class	Current Mix	Policy Mix	Overweight/Underweight
Fixed Income	40.1%	40.0%	0.1%
Equities	54.7%	50.0%	4.7%
Real Estate	5.2%	10.0%	-4.8%

Investment Performance (December 31, 2021)

	Quarter	1-Year	5-Year	10-Year
Actual Returns*	5.22%	11.48%	8.35%	8.66%
Inv. Policy Benchmark	5.11%	11.37%	8.53%	8.74%
Value Added	0.11%	0.11%	-0.18%	-0.08%

* Net of Sun Life administration and investment management fees.

Appendix

Responsible Investing – Quarterly Activity

Climate Measurement & Reporting

- Continue to measure and make progress against our main climate-related priority metrics (as of 09/30/21):
 - **Carbon Footprint:** currently down 51% against 2019 baseline
 - **Carbon Intensity:** currently down 28% against 2019 baseline

ESG Integration

- Designed and implemented a standardized framework to assess the ESG integration and residual ESG-related risk of all UBC IMANT's investment managers. This review will occur on an annual basis and enhances UBC IMANT's ability to identify areas to engage and influence Managers on ESG matters.
- UBC IMANT invested \$40M CDN in Generation Investment Management's global equity strategy. The strategy seeks to outperform public markets over the long term by investing in companies that provide goods and services consistent with a net zero, equitable healthy and safe society. Generation is a leader among global investment managers in the adoption of ESG investing strategies.

Leadership

- UBC IMANT spoke at a Roundtable event in November focused on managing climate risk at the Institutional Connect "Portfolio Innovation and Resilience Forum"
- UBC IMANT was invited to speak at the Canadian Association of Alternative Strategies & Assets on the active management environment alongside other top Canadian pension funds

Relentless Focus and Measurable Action on key pillars of the Responsible Investing Strategy