



SUBJECT	UBC Staff Pension Plan Annual Report and Audited Financial Statements 2021
SUBMITTED TO	Finance Committee
MEETING DATE	September 20, 2022
SESSION	Recommended session criteria from Board Meetings Policy:
CLASSIFICATION	OPEN
REQUEST	For information only - No action requested
LEAD EXECUTIVE	Marcia Buchholz, Vice-President Human Resources
SUPPORTED BY	Karamjeet Heer, Interim Vice-President Finance Derrick Johnstone, Executive Director, Pensions

PRIOR SUBMISSIONS

The UBC Staff Pension Plan Board provides Audited Financial Statements annually to the Finance Committee, most recently in [September 2021](#).

EXECUTIVE SUMMARY

Annual Report

As part of its regular duties, the UBC Staff Pension Plan Board (“Pension Board”) provides summary reports to the Finance Committee of the UBC Board of Governors on key developments.

Management Updates

Orla Cousineau, Executive Director, Pensions, has retired from the Pension Administration Office after seven years leading the organization. Derrick Johnstone has been hired as the new Executive Director and joined the Pension Administration Office in July 2022.

Funded Position of the Plan

The last triennial actuarial valuation for the UBC Staff Pension Plan (the “Plan”) was conducted as at December 31, 2019. Under the Pension Benefits Standards Act BC a new valuation report to determine the funded position of the Plan is required as at December 31, 2022. The Pension Board has issued a Request for Proposal for actuarial services. An actuarial consulting firm will be engaged in the fall to conduct the next valuation report and to provide ongoing actuarial consulting services to the Plan.

The Pension Board continues to monitor the Plan’s funded position and investment returns. The Plan’s actuary prepares quarterly reports for the Pension Board estimating the funded position of the Plan. The most recent report was for March 31, 2022 and estimated that the Plan’s funded ratio was 141.3% on a Going Concern basis. Year to date investment return as at March 31, 2022 was negative 3.5%.

Member Communications

The Pension Administration Office reopened to in-person meetings at the end of February. The Annual Pension Fair was again held as a virtual presentation in early June. The presentation slides and recorded session (included as supplemental materials to this briefing) were posted on the Staff Pension Plan’s website.

The Staff Pension Plan’s 2021 Annual Report (Appendix 1) was posted on the Staff Pension Plan’s website.

Audited Financial Statements 2021

UBC, acting through the Board of Governors and senior management, is the sponsor and administrator of the UBC Staff Pension Plan. Each year under the *Pension Benefits Standards Act BC*, audited financial statements must be filed with the BC Financial Services Authority.

The Financial Statements of the UBC Staff Pension Plan (Appendix 2) for the year ending December 31, 2021 received an unqualified audit opinion from Deloitte LLP. The Financial Statements were provided to the Board Secretary and filed with the Superintendent of Pensions for British Columbia in June 2022.

APPENDICES

1. Staff Pension Plan Annual Report 2021
2. UBC Staff Pension Plan Financial Statements for the year ending December 31, 2021

SUPPLEMENTAL MATERIAL

1. Annual Pension Fair – Presentation



THE UNIVERSITY OF BRITISH COLUMBIA

STAFF PENSION PLAN

Annual Report 2021



Celebrating
50
Years



Looking back, it's always been

about looking forward:

A sustainable target benefit pension plan

We are pleased to present the 2021 Annual Report for the UBC Staff Pension Plan (also known as “SPP” or “the Plan”). The SPP was established on January 1, 1972, and 2021 marked its 50th year of operation. We are pleased to acknowledge this significant achievement in this year’s annual report. The purpose of the SPP has always been to provide stable and secure lifetime retirement pensions. As we look back on our history, it’s clear our journey has been forward thinking. We have always been focused on enhancing benefit security and the long-term sustainability of the SPP, while ensuring the Plan

is equitable for all members. The next section highlights some of the key milestones for the SPP as a target benefit plan.

In 2021, the Plan’s investment portfolio earned 8.5% net of operating and investment fees, performing well above the one-year policy benchmark return of 6.5%. The SPP assets grew to \$2.4 billion as of December 31. Given the current pandemic and recent world events, we will continue to closely monitor the Plan’s funded position and investment returns.

MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

Responsible investing continues to be a key area of focus for the SPP Board, and we have made significant progress in our responsible investing journey. The Plan's Responsible Investing Policy was integrated into the Plan's Statement of Investment Policies and Procedures and approved by the UBC Board of Governors in 2021. This confirms the SPP Board's commitment to the integration of Environmental, Social, and Governance factors into the decision making process for the SPP's investments.

Jerry Chen, AVP UBC Human Resources, was appointed by the UBC Board of Governors to join the SPP Board on January 1, 2022. Joanna Carson's term ended in December 2021. We would like to thank Joanna for her contributions and service on the SPP Board. The next election for two positions on the SPP Board is planned for fall 2022.

Our Plan membership grew by 5% in 2021. Plan enrolments are at a steady level and the number of members starting a pension is similar to pre-pandemic numbers. Even though it was the second year of the pandemic, we were pleased to see many members still engaging with us to learn about the SPP and their pension benefits. We continued to offer *Understanding your Staff Pension Plan* workshops online throughout the year, as well as the SPP New Member Information Session in April, and the SPP Update Presentation in June. For the foreseeable future, we will continue to provide online workshops, presentations and meetings as a flexible and convenient option for our members.

In late 2021, the UBC Pension Administration Office reopened after a 19-month closure due to the COVID-19 pandemic. Our Member Services team is available through email, phone, and in person.

In closing, we would like to thank all those who have been with us on this incredible journey over the last five decades. From all the Board members, UBC colleagues, Plan advisors and consultants to our phenomenal team at the UBC Pension Administration Office. Many have worked over the years to help make the SPP what it is today — many people who care about the long-term future of the SPP.



Barry Gros

Independent Chair,
SPP Board

Orla Cousineau

Executive Director,
Pensions



Celebrating 50 Years

1992

The Pension Administration Office (PAO) is established in the basement of the Old Administration Building. The office started with six staff who worked on the SPP. One of them is Margaret Leathley, and she still works for the SPP today.

1997

The first SPP website is created.

2000

The SPP has 1,000 pensioners!

2003

UBC Investment Management Trust Inc. (UBC IMANT), a wholly owned subsidiary of UBC, is created. Through a manager-of-manager approach, UBC IMANT implements the investment strategies and policies outlined in the Plan's Statement of Investment Policies and Procedures.

2006

myPension tool launched

myPension is a secure member website, available 24/7, where members can view their pension and beneficiary information, use pension calculators, and access their annual statements.

1972

UBC Staff Pension Plan established

The UBC Staff Pension Plan, or SPP, replaces prior pension plans at UBC. 1,105 members from these prior plans join the SPP. Of these members who joined the SPP on January 1, 1972, 174 are currently pensioners in 2022.

1999

Benefits/Funding Policy created

The Benefits/Funding Policy is a key component of the SPP's Funding Policy and Target Benefit Plan design. Its purpose is to assess the long-term sustainability of the Plan and ensure benefits are set at a level that is supportable over the long term.

2005

UBC Okanagan established

85 employees at the UBC Okanagan campus join the SPP

2009

Plan Rules change

These changes improve the Plan benefits, make the Plan rules more equitable for all members, and improve the long-term security of benefits.

2013

Benefits/Funding Policy created

CUPE 116 hourly employees become eligible to join the SPP. More staff are now eligible to benefit from SPP membership.



2012

The SPP has 10,000 members!

January

Cost-of-Living Adjustment changes

This is the first year that the Cost-of-Living adjustment (COLA), or post-retirement indexing, is reduced to 50% of inflation (Consumer Price Index). The SPP pays pensioners a lifetime pension that may be increased through COLA on an annual basis if the plan funding is able to afford it. The SPP uses COLA adjustments as a lever to keep the Plan sustainable over the long term.

2015

Northern Trust is appointed as the Plan's new custodian. As the Plan's custodian, Northern Trust holds the Plan's funds in trust as well as administers pension payments to SPP pensioners.

2016

The SPP goes green and transitions its member newsletter and communications online. This helps to reduce costs, which means more money stays in the pension fund.

August

B.C. pension regulator confirms that SPP is and has always been a Target Benefit Plan since its inception. See the November 2016 *SPP Update* newsletter for details.

2019

A newsletter for SPP pensioners is created called the *SPP Pensioner*. This newsletter is distributed once a year with pensioner annual statements.



2017

UBC increases the employer contributions into the SPP. More money is going into the SPP to help fund the overall pension fund.

2020

March

The COVID-19 pandemic begins, and the PAO evolves its member services to meet the needs of SPP members and to respond to the changing environment created by the pandemic. Workshops and meetings are now offered online, and will continue to be offered as a flexible and convenient option for members.

April

Enrolment in the SPP becomes mandatory upon eligibility.

This change assists staff in saving for their retirement by ensuring they do not miss out on valuable pensionable service under the SPP. The more pensionable service a staff member has, the greater their pension will be.

July

SPP becomes a signatory to the United Nations Principles for Responsible Investment.

As a signatory, the SPP is committed to responsible investing and joins a global community seeking to build a more sustainable financial system.

December

The SPP Board adopts its first Responsible Investing Policy.



2022

January

The SPP turns 50!

The Plan has grown to almost 16,500 members and has \$2.4 billion in assets.





Our Pension Promise

The UBC Staff Pension Plan is a Target Benefit Plan. A key feature of the Plan's design is the pension promise and its funding policy. As both employee and employer contributions to the Plan are fixed, the Plan's funding policy states that the basic pension benefit and Cost-of-Living Adjustments are subject to the Plan's ability to pay. Benefits are adjusted depending on whether the Plan is over-or underfunded.

Our Members:

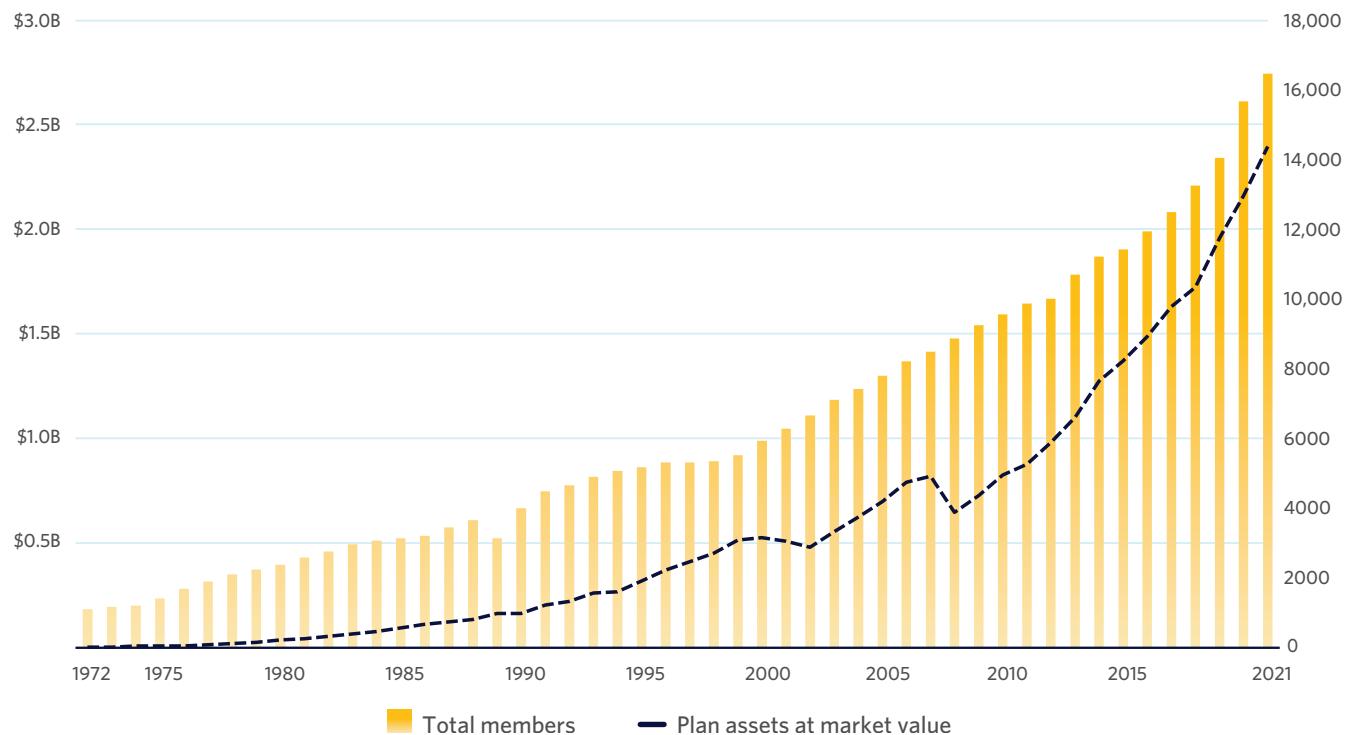
At the Heart of What We Do

At the heart of the UBC SPP is its members. When the pension fund began 50 years ago, we started with 1,105 members and today we have just under 16,500 members. Our membership includes staff who are currently working at UBC, those who have left UBC but have not yet made a decision about their pension benefits, and those who are receiving a pension.

The SPP membership is dynamic and constantly changing - there are always staff joining and leaving the Plan. Contributions made by active members go toward funding the overall pension fund. These funds, along with investment returns, provide pension benefits for Plan members.

The purpose of the UBC SPP has always been to provide stable lifetime retirement pensions. Today, there are just over 3,100 pensioners who are receiving a pension that is paid for their lifetime (and the lifetime of their spouse).

Total Membership vs. Plan Assets



OUR MEMBERS

We are committed to helping our members understand how their pension plan works and the benefits of having a pension from the UBC SPP. Over the years, we have evolved our member experience and communications to best serve the needs of our membership. There are a variety of ways that members are able to learn about their pension benefits from our website, presentations and videos, to workshops and one-on-one meetings that are held in person and online.



In 2021, we held:



12 Understanding your Staff Pension Plan workshops



New Member Information Session in April



Annual Update Presentation in June



178 Retirement Information Sessions

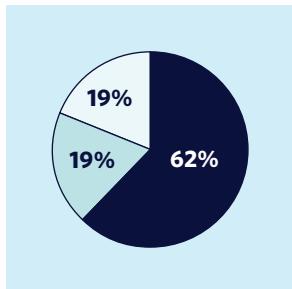


1 Get Educated Seminar

All workshops and presentations were online in 2021.

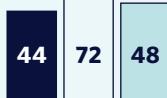
► Register for a workshop at staff.pensions.ubc.ca/workshops

Membership Highlights



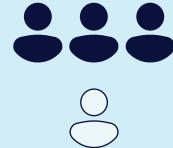
Total membership 16,462

- Active members: 10,246 (62%)
- Pensioners: 3,148 (19%)
- Deferred members: 3,068 (19%)



Average Age of Members

- Active members: 44
- Pensioners: 72
- Deferred members: 48



Ratio of active members to pensioners:

3 active members to every 1 pensioner



Longest Paid Pension

43 years



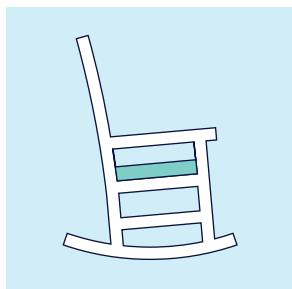
106 Pensioners over the age of 90

Our oldest Pensioner is 105 years old



Average age of members starting a pension in 2021:

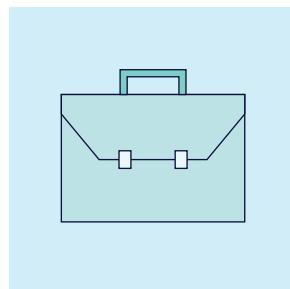
64



214 members started a pension in 2021



1,488 enrolments in 2021



15.5 average years of service for members starting a pension in 2021

Plan & Financial Highlights

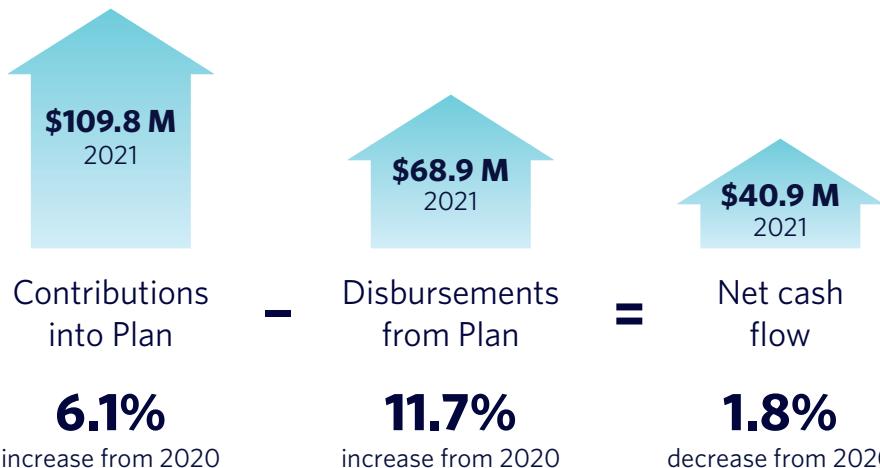
Total pensions paid in 2021:

\$47 Million

Average annual pension paid in 2021:

\$15,494

Contributions versus Disbursements from the Plan and Net Cash Flow



Unaudited Market value of the Plan at year end:

\$2.4 Billion

**Net rate of return
(net of investment and operating fees)**

Total contributions by members in 2021

\$45.0 M

Total contributions by UBC and related employers in 2021

\$64.8 M



Investment Performance

Investment Highlights

- The UBC Staff Pension Plan's investment portfolio earned **8.5%** net of operating and investment fees in 2021. This level of investment return was well above the policy benchmark return of **6.5%** over the same period. The Plan's investment portfolio continues to perform in line with the policy benchmark over longer time horizons.
- The Plan's assets increased to **\$2.4 billion** as of December 31, 2021, up from \$2.16 billion at December 31, 2020. The growth in assets was driven by strong investment returns and positive net cash flows into the Plan.
- Capital market returns were strong through 2021 as the global economy continued to recover from the widespread COVID-19 related lockdowns in 2020. Equity markets experienced particularly robust gains as corporate earnings rebounded and consumer spending in developed markets increased, while real assets such as infrastructure and real estate also benefited from the gradual return of pre-pandemic activity. The increase in economic activity and rising inflation led to a rise in interest rates that had a negative impact on fixed income returns.

- The Plan holds a diversified portfolio of public and private market investments, designed to grow with the Plan's liabilities over time. The portfolio generated a strong overall return in 2021, with detailed returns across asset classes as follows:
- The public equity portfolio gained **18.1%**, strongly beating its benchmark return of **15.4%** driven by manager outperformance across most public equity strategies. The Plan's Canadian equity portfolio increased by **27.7%** while the global equity portfolio returned **21.5%**. Performance in the Emerging Markets portfolio was relatively subdued, generating a return of **1.4%**.
- The fixed income portfolio, which includes investments in long-term bonds, infrastructure debt, mortgages and private debt, suffered a loss of **-2.9%** in 2021. Fixed income returns were negatively impacted by the global increase in interest rates which came in response to rising inflation.
- The Plan's alternative investments, which include real estate, infrastructure equity and private equity generated a strong aggregate return of **15.6%** in 2021.



INVESTMENT PERFORMANCE

1-Year Returns



Governance Overview

The UBC Board of Governors is responsible for overall management of the Plan and has delegated to the SPP Board various responsibilities including day-to-day administration and recommending an investment policy for the UBC Board of Governors Finance Committee's approval.

The Plan is invested to provide stable lifetime retirement pensions in accordance with the Statement of Policies and Procedures (SIPP) approved by the SPP Board and UBC Board of Governors Finance Committee. The SIPP outlines the investment strategy and overall framework for managing plan assets, which UBC IMANT is responsible for implementing.

UBC IMANT follows a manager-of-managers approach by hiring top tier investment management talent from around the world to manage strategies in accordance with the Plan's long-term asset mix. The performance of each investment manager is measured against a benchmark with the goal of meeting or exceeding those returns, after fees, over time. In addition, the total Plan's investment performance is evaluated using the weighted average rate of return of the market indices from those asset classes.

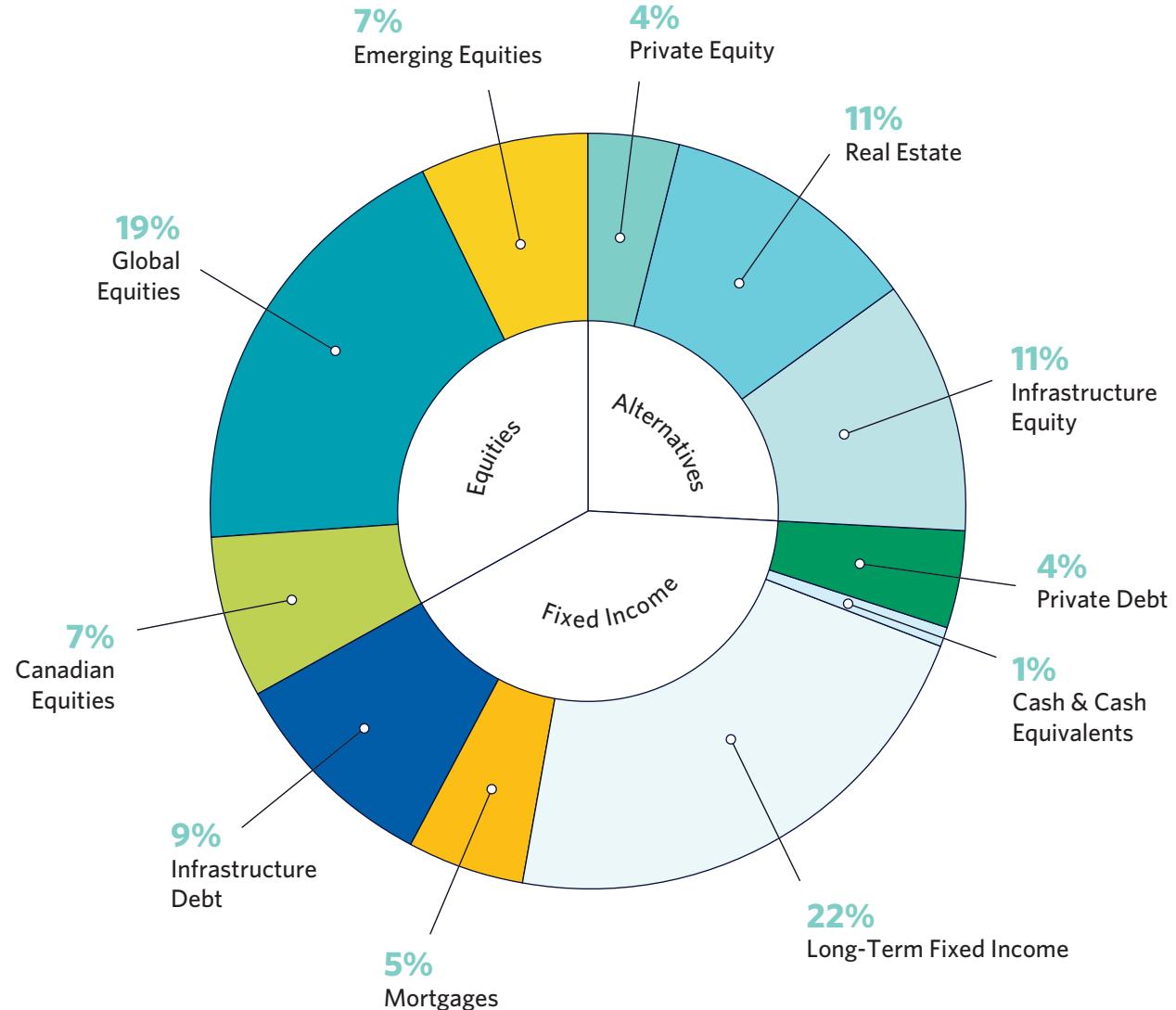
Investment Strategy

The Plan's long-term asset mix policy includes allocations to fixed income, equities and real assets, such as infrastructure equity and real estate. In fixed income, the largest allocation is to long-term bonds, which provides diversification benefits to the portfolio. Fixed income investments also include private debt which offers a higher yield than long term bonds and is less sensitive to changes in interest rates. Allocations to public equities and real asset investments are expected to generate higher long term returns than fixed income investments but may lead to higher volatility. Real assets such as infrastructure and real estate provide steady cash flows that are well suited to meet the long-term financial objectives of the Plan. These assets are also held to provide inflation protection and insulate the Plan from the volatility typically observed in public markets.

During 2021, UBC IMANT continued to transition the Plan's portfolio towards the strategic asset mix that became effective in 2019. UBC IMANT continues to concentrate on sourcing private asset investment opportunities for the Plan and has made additional commitments to private debt, private equity, real estate and infrastructure funds in 2021. UBC IMANT also undertook a restructuring of the Plan's equity portfolio, including new investment managers that are expected to generate stronger performance compared to the equity portfolio benchmarks.

Staff Pension Plan Asset Mix

AS OF DECEMBER 31 2021



Responsible

Investing

Responsible investing plays an important role in the management of the SPP pension fund and in keeping the Plan sustainable for the long term. In 2021, the SPP's Responsible Investing Policy was integrated into the Plan's Statement of Investment Policies and Procedures and was approved by the UBC Board of Governors. This document outlines how the Plan's funds are to be managed and invested.

Our Responsible Investing Policy confirms the SPP Board's commitment to the integration of Environmental, Social and Governance (ESG) factors into the investment decision making process. The policy will evolve in the coming months and years.

The SPP Board, working closely with UBC IMANT, has made significant progress over the past two years in managing the ESG related risks, including climate change, to the SPP. In 2021, UBC IMANT reviewed and evaluated all the external investment managers they have selected to invest the SPP portfolio. The initial ESG scorecard developed by UBC IMANT tracks the implementation of responsible investing practices at the asset and manager level, measuring progress and strengthening governance and accountability. The ESG assessments will be reviewed and updated annually, and it evaluates the level of integration and residual risk of ESG and climate change for each of the external investment managers. The measurement of climate change risk is an evolving area that will be a focus for 2022.

The SPP Board is committed to communicating openly and transparently about our responsible investment activities as they evolve. At least annually, we will provide our members with information and updates on our approach to responsible investing in the annual report and newsletters, and on the Plan website.

Our Journey So Far



Governance & Risk Management

Governance and risk management are important elements to ensuring we are able to deliver our pension promise and to provide our members with secure and stable lifetime retirement pensions.

Strong Governance Model

The UBC Staff Pension Plan follows a governance model outlined in the Plan's Terms of Reference and Governance Policy. These policies outline the various duties and responsibilities delegated to the SPP Board by the UBC Board of Governors. The SPP Board meets several times a year to review and discuss topics such as the Plan administration, operations, governance and investments, and works closely with the University and the Plan's advisors to ensure the Plan is sustainable for the long term. Part of our governance model includes completing a Governance Report under the Terms of Reference, which is presented to the UBC Board of Governors on an annual basis.

The SPP Board is also responsible for monitoring the Plan's compliance (administration, funding and investment) with the terms of the Plan, and the various regulatory bodies. The last actuarial valuation confirms that the SPP is in compliance with regulatory requirements for target benefit plans.

Proactive Risk Management

The SPP Board is focused on proactive risk management through regular monitoring. Every quarter, each risk is categorized as either high, medium or low, with a rating of high triggering a discussion by the SPP Board. In 2021, there were no risks with a high rating.

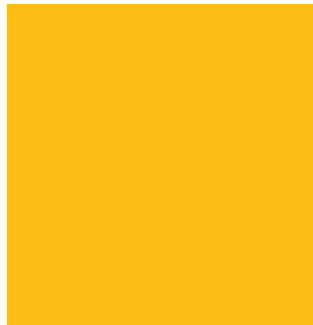
Risks are monitored through various means such as:

- The Risk Dashboard and Register
- The Benefits/Funding Test
- Longevity Analysis
- Asset Liability studies
- Annual Governance Report to the UBC Board of Governors

There are seven risk categories that are monitored by the SPP Board.

- | | |
|---|-----------------------------|
|  | Investment |
|  | Funding |
|  | Operational |
|  | Legal/Regulatory |
|  | Governance |
|  | Member Communication |
|  | Strategic |

Although the SPP Board is only required to determine the Plan's funding status every three years through an actuarial valuation, the funding risk is monitored on a more frequent basis through quarterly funding updates from the Plan's actuary. In addition, the SPP Board receives an annual longevity analysis. This analysis now incorporates the potential impact that the pandemic may have on the SPP.



Accessing

Your Pension

Information

Online

myPension is a secure website where members can view their personal pension information, beneficiaries, annual pension adjustment and service accruals as well as run their own pension estimates to better understand pension income for retirement planning. They can also update their communication preferences for their annual member statement. *myPension* is available 24/7.

For details on how to access and use ***myPension***, visit staff.pensions.ubc.ca/mypension

Did you know?

Subscribing to an electronic annual statement is not only kinder to the environment, but it also keeps more money in the pension plan as it reduces costs.

Members can opt out of paper statements by signing into *myPension* at staff.pensions.ubc.ca/mypension and selecting the Communication Preferences tab within *myPension* to change their preference.

Who We Are

Pension Board

The SPP Board comprises eight board members (four elected by the membership and four appointed by the UBC Board of Governors) and an independent non-voting chair.

Appointed Independent Non-Voting Chair		Current Term
Barry Gros	Retired actuary	January 1, 2022 to December 31, 2023
Appointed Board Members		Current Term
Jerry Chen	AVP Human Resources, UBC	January 1, 2022 to December 31, 2025
Kamila Giesbrecht	Executive Director, Investments, UBC Faculty Pension Plan	January 1, 2021 to December 31, 2024
Yale Loh	Treasurer, UBC	March 4, 2019 to December 31, 2022
Laura O'Neill	B.C. General Employees' Union	January 1, 2020 to December 31, 2023
Elected Board Members		Current Term
Lia Cosco	Deferred Member (formerly Director, HR and Operations, Peter A. Allard School of Law, UBC)	January 1, 2021 to December 31, 2024
Shannon Dunn	Director, Business Operations, UBC Okanagan	January 1, 2019 to December 31, 2022
Paul Kwon	Finance Manager, UBC Hiring Solutions	January 1, 2021 to December 31, 2024
Christie Stephenson	Executive Director, Peter P. Dhillon Centre for Business Ethics, UBC Sauder School of Business	January 1, 2019 to December 31, 2022

UBC Pension Administration Office Management and Staff

The UBC Pension Administration Office provides day-to-day administration of the SPP including member services and communications.

Orla Cousineau	Executive Director, Pensions	Louise Mah	Pension Clerk
Debbie Wilson	Director, Pensions	Maricres De Leon	Pension Plan Accountant
Margaret Leathley	Pension Administrator	GV Fragante	Systems Analyst
Anna Ha	Pension Analyst	Helena Huynh	Systems Analyst
Betty Jay	Member Services	Kathy Pang	Communications Manager
Carol Brodie	Member Services	Chelsey Maher	Communications Coordinator
Carol Liao	Member Services	Sarah Halvorson	Office Administrator
Pravin Khan	Member Services	Megha Gupta	Administrative Assistant

PHOTOS ARE COURTESY PAUL H. JOSEPH / UBC BRAND & MARKETING / UBC PENSION ADMINISTRATION OFFICE / OWEN YIN

**Fund financial statements of
The University of British Columbia
Staff Pension Plan**

December 31, 2021

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of changes in net assets available for benefits	4
Notes to the financial statements	5-18

Independent Auditor's Report

To the Pension Board of
The University of British Columbia Staff Pension Plan

Opinion

We have audited the fund financial statements of the University of British Columbia Staff Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2021, and the statement of changes in net assets available for benefits for the year then ended, and notes to the fund financial statements, including a summary of significant accounting policies (collectively referred to as the "fund financial statements").

In our opinion, the accompanying fund financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2021, and the changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 38(i)(c) of the regulations to the Pension Benefits Standards Act S.B.C. 2012 and Bulletin PENS 18-003 issued by the BC Financial Services Authority ("BCFSA") in April 2018 (the "Financial Reporting Framework").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Fund Financial Statements* section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the fund financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the fund financial statements, which describes the basis of accounting. The fund financial statements are prepared to assist the Pension Board of the Plan to meet regulations of Section 38(i)(c) of the Pension Benefit Standards Act S.B.C 2012 and Bulletin PENS 18-003 issued by BCFSA in April 2018. As a result, the fund financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those Charged with Governance for the Fund Financial Statements

Management is responsible for the preparation and fair presentation of the fund financial statements in accordance with the Financial Reporting Framework, and for such internal control as management determines is necessary to enable the preparation of the fund financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the fund financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University of British Columbia either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Fund Financial Statements

Our objectives are to obtain reasonable assurance about whether the fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these fund financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the fund financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the fund financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the fund financial statements, including the disclosures, and whether the fund financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
June 22, 2022
Vancouver, British Columbia

The University of British Columbia Staff Pension Plan

Statement of financial position

As at December 31, 2021

(Expressed in thousands of dollars)

	Notes	2021 \$	2020 \$
Assets			
Investments	4		
Fixed income			
Cash and cash equivalents		7,749	10,482
Derivative investments, net		2,419	983
Long term fixed income		512,030	524,488
Private debt		94,041	37,718
Infrastructure debt		216,974	211,894
Mortgages		120,294	118,643
Equities			
Canadian equities		177,782	163,334
Foreign equities		444,252	379,175
Emerging market equities		174,211	170,682
Alternative investments			
Private equities		93,193	73,238
Infrastructure equities		276,921	226,790
Real estate		279,412	206,762
Hedge funds		153	155
		2,399,431	2,124,344
Cash	4	26,095	13,052
Receivable from manager		—	25,216
		2,425,526	2,162,612
Contributions receivable			
University of British Columbia		547	228
Members		365	175
		912	403
		2,426,438	2,163,015
Liabilities			
Benefits payable		187	118
Accounts payable and accrued liabilities		3,663	2,686
		3,850	2,804
Net assets available for benefits		2,422,588	2,160,211

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Pension Board



, Chair



, Board Member

The University of British Columbia Staff Pension Plan
Statement of changes in net assets available for benefits
Year ended December 31, 2021
(Expressed in thousands of dollars)

	Notes	2021 \$	2020 \$
Increase in net assets			
University's required contributions		64,794	61,005
Members' required contributions		44,981	42,409
Transfers from other plans for buyback		35	50
		109,810	103,464
Investment income	5	68,073	61,707
Change in fair value of investments	6	154,327	99,071
		332,210	264,242
Decrease in net assets			
Payments to or on behalf of members			
Retirement benefits to members and beneficiaries		47,293	45,037
Members' accounts transferred or refunded		7,259	5,539
Death benefits		1,647	919
		56,199	51,495
Operations			
Administrative expenses	7	1,837	1,949
Investment			
Consulting fees		107	52
Management fees	8	11,690	9,423
		69,833	62,919
Increase in net assets available for benefits		262,377	201,323
Net assets available for benefits, beginning of year		2,160,211	1,958,888
Net assets available for benefits, end of year		2,422,588	2,160,211

The accompanying notes are an integral part of the financial statements.

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

1. Description of plan

The following description of the University of British Columbia Staff Pension Plan (the "Plan") is a summary only. For more complete information, reference should be made to the Plan text, which is available from the University of British Columbia's Pension Administration Office (the "University" or the "Sponsor"). The Plan is registered under the Pension Benefits Standards Act of British Columbia (registration no. 85439). As a registered pension plan under the Income Tax Act of Canada, the Plan is exempt from taxation.

(a) General

The Plan is a target benefit pension plan with fixed member and employer contributions. The Plan provides that benefits may be adjusted depending on the Plan's funded status. The Plan is open to eligible full-time, certain part-time monthly-paid and hourly-paid staff.

(b) Funding policy

The Plan text requires members to make contributions of 6.5% of basic salary and the University to make contributions of 9.4% of basic salary.

(c) Benefits

Pension benefits are calculated using the following formula:

For service earned to June 30, 2009, 2% times the average of the member's three best years' of pensionable earnings multiplied by such pensionable service less a Canada Pension Plan benefit offset equal to 0.7% of the lesser of best average pensionable earnings and average YMPE multiplied by such pensionable service. For service earned beginning July 1, 2009 onwards, the benefit is a flat 1.8% of the best average pensionable earnings multiplied by such pensionable service. Calculated benefits in excess of Canada Revenue Agency's allowable eligible maximum benefit are paid in accordance with a Supplemental Retirement Arrangement ("SRA"), if the member is eligible. The SRA is a separate non-registered pension plan. Cost of living increases are calculated each year based on the Consumer Price Index for Canada and added to pension benefits, subject to the Plan's ability to pay.

Termination benefits are payable on termination of employment and death benefits are paid in the event of death prior to retirement.

2. Basis of accounting

These financial statements present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Sponsor and Plan members. The financial statements have been prepared in accordance with the accounting policies set out in note 3 to comply with the financial reporting provisions of Section 38(i)(c) of the regulations to the Pension Benefits Standards Act S.B.C. 2012 and Bulletin PENS 18-003 issued by the BC Financial Services Authority ("BCFSA") in April 2018 (the "Financial Reporting Framework").

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

2. Basis of accounting (continued)

The basis of accounting used in these financial statements differs materially from Canadian accounting standards for pension plans because it excludes the pension obligation of the Plan. The bulletin issued by BCFSA confirms that the BCFSA permits audited financial statements to be prepared without disclosing the pension obligation. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet the Plan's pension obligations.

The accounting policies adopted in the preparation of these financial statements have been prepared on the basis of Part IV of the CPA Canada Handbook, Canadian accounting standards for pension plans (the "Handbook"), except for the exclusion of the pension obligation as noted above.

The Plan has adopted Canadian accounting standards for private enterprises in connection with any balances or transactions outside of the scope of Part IV of the Handbook.

3. Significant accounting policies

(a) Use of estimates

The preparation of fund financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of increases and decreases in net assets available for benefits for the reporting period. The most significant estimates relate to the estimated fair values of level 3 investments, as described in note 3(b). Actual results could differ from those estimates.

(b) Investments

Investments are recorded on a settlement date basis and at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values for investments are determined using the following methods:

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash or money market securities issued by government or government-guaranteed entities, high-grade corporates and asset backed commercial paper that mature within the next 12 months.

(ii) Derivative investments

Derivative investments consist of foreign currency forward contracts and are based on the quoted market closing forward rates.

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued)

(b) Investments (continued)

(iii) Bonds and equities

Publicly traded bond and equity investments are held through pooled funds and separately managed accounts. Pooled fund net asset values are reported in their respective financial statements and are generally based on the quoted market price of the underlying investments. Publicly traded bonds and equity securities held in separately managed accounts are valued based on quoted market prices.

(iv) Private debt

Private debt instruments are held through investment trusts and limited partnerships consisting primarily of assets that are senior in the capital structure. The fair value of private debt funds is generally based on the net asset values reported in their respective financial statements. Managers adopt either a discounted cash flow methodology that discounts projected interest payments and principal repayments by an appropriate discount rate that includes a market risk premium or a held-to-maturity approach which values investments at par and/or amortized cost, adjusted for the amortization or accretion of purchase discounts or premiums over time.

(v) Infrastructure debt

Private infrastructure debt investments are held through limited partnerships. The fair values of private infrastructure debt funds are based on the net asset values reported on their respective financial statements. Fair values of underlying private debt instruments are based on discounting future cash flows using a discount rate equal to the risk-free rate plus an appropriate risk premium. Publicly traded infrastructure bonds are held through a separately managed account and valuations are based on quoted market prices.

(vi) Infrastructure equity

Infrastructure equity investments are held in trust or through limited partnerships and in a pooled fund investing in publicly traded infrastructure equities. The fair values of infrastructure equity funds are based on the net asset values reported in their respective financial statements and/or valuation report. Fair values of the underlying assets are based on external managers or external appraiser valuations of the underlying infrastructure assets. Valuation methodologies include but are not limited to the discounted cash flow approach, the income approach or recent market transactions.

(vii) Mortgages

Mortgage investments are held in pooled mortgage funds consisting primarily of first mortgages of commercial properties across Canada. Pooled fund net asset values are reported in their respective financial statements. Fair values of the underlying mortgages are based on discounting future cash flows using a discount rate equal to the risk-free rate plus an appropriate risk premium.

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

3. Significant accounting policies (continued)

(b) Investments (continued)

(viii) Private equities

Private equity investments are held through limited partnership units investing in private equity assets. The fair value of limited partnership units are based on net asset values reported in their respective financial statements. Fair values of the underlying assets are based on valuation methods which include, but are not limited to, the market approach (i.e., observable valuation measures for comparable companies) and the income approach (i.e., discounted cash flow model) with consideration for factors such as expected liquidation value, leverage, and economic conditions.

(ix) Real estate

Real estate investments are held through limited partnerships and publicly traded real estate investment trusts (REITs). The fair values of real estate funds are based on the net asset values reported in their respective financial statements. Fair values of the underlying real estate assets are based on the external manager or third-party appraisals of the real estate properties. Publicly traded REITs are valued based on quoted market prices.

(c) Revenue recognition

Adjustments to investments due to the fluctuation of fair values are reflected as part of the change in fair value of investments in the statement of changes in net assets available for benefits. Realized gains and losses are calculated based on the average cost of the investments. Investment income is recognized as follows:

- (i) Interest income is recognized in the period earned.
- (ii) Dividend income is recognized on the ex-dividend date.
- (iii) Income from investments in trusts and limited partnerships is recognized on an accrual basis when earned.
- (iv) Pooled fund income is recognized on the date of distribution by the funds.

(d) Members' benefits transferred or refunded

Members' benefits transferred or refunded are recognized as a decrease in net assets on an accrual basis.

(e) Foreign currency translation

Transactions denominated in foreign currencies are translated at the rates of exchange at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Unrealized exchange gains or losses on foreign currency are included in the change in fair value of investments.

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

4. Investments

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash or securities primarily issued by either Canadian chartered banks or the Bank of Canada and mature at various dates in the next fiscal year.

(b) Fair value measurements – Hierarchy disclosure

Part IV of the Handbook establishes a three-tier hierarchy as a framework for disclosing fair values based on inputs used to value the Plan's investments. The hierarchy of inputs is summarized below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following is a summary of the inputs used as of December 31, 2021 in valuing the Plan's cash, investments, and derivative financial instruments:

	Quoted prices in active markets for identical assets (Level 1)	Significant other inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$	\$	\$	\$
Cash and cash equivalents	26,095	7,749	-	33,844
Derivative investments, net	-	2,419	-	2,419
Long Term Fixed Income	-	512,030	-	512,030
Private Debt	-	-	94,041	94,041
Infrastructure Debt	-	80,413	136,561	216,974
Mortgages	-	-	120,294	120,294
Canadian Equities	83,998	93,784	-	177,782
Foreign Equities	-	444,252	-	444,252
Emerging Market Equities	-	173,993	218	174,211
Private Equities	-	-	93,193	93,193
Infrastructure Equity	-	73,847	203,074	276,921
Real Estate	66,855	-	212,557	279,412
Hedge Funds	-	-	153	153
	176,948	1,388,487	860,091	2,425,526

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

4. Investments (continued)

(b) Fair value measurements – Hierarchy disclosure (continued)

The following is a summary of the inputs used as of December 31, 2020 in valuing the Plan's cash, investments, and derivative financial instruments:

	Quoted prices in active markets for identical assets (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
Cash and cash equivalents	13,052	10,482	-	23,534
Derivative investments, net	-	983	-	983
Long term fixed income	-	524,488	-	524,488
Private debt	-	-	37,718	37,718
Infrastructure debt	-	64,357	147,537	211,894
Mortgages	-	16,969	101,674	118,643
Canadian equities	78,590	84,744	-	163,334
Foreign equities	-	379,175	-	379,175
Emerging market equities	-	170,458	224	170,682
Private equities	-	-	73,238	73,238
Infras - M19	-	50,972	175,818	226,790
Real estate	14,624	-	192,138	206,762
Hedge funds	-	-	155	155
	106,266	1,302,628	728,502	2,137,396

The University of British Columbia Staff Pension Plan
Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

4. Investments (continued)

(b) Fair value measurements – Hierarchy disclosure (continued)

The following table provides the changes during the year ended December 31, 2021 for financial instruments for which Level 3 inputs were used in determining fair value:

	Private debt	Infrastructure debt	Mortgages	Emerging market equities	Private equities	Infrastructure equity	Real estate	Hedge funds	Total
Balance, January 1, 2021	37,718	147,537	101,674	224	73,238	175,818	192,138	155	728,502
Purchases	111,560	1,266	199	—	19,731	109,764	56,102	—	298,622
Sales	(63,963)	(9,974)	(67)	(3)	(21,479)	(173,171)	(71,447)	—	(340,104)
Realized gains/(losses)					8,558	11,831	14,832	—	45,916
Net transfers into and/or out of Level 3	—	—	—	—	—	—	—	—	—
Expenses	(11)	(454)	(199)	—	(827)	(1,273)	(1,285)	—	(4,049)
Change in unrealized appreciation/depreciation	7,981	(8,118)	15,052	(3)	13,972	80,105	22,217	(2)	131,204
Balance, December 31, 2021	94,041	136,561	120,294	218	93,193	203,074	212,557	153	860,091

The following table provides the changes during the year ended December 31, 2020 for financial instruments for which Level 3 inputs were used in determining fair value:

	Private debt	Infrastructure debt	Mortgages	Emerging market equities	Private equities	Infrastructure equity	Real estate	Hedge funds	Total
Balance, January 1, 2020	7,645	127,880	96,139	247	62,243	200,458	179,436	168	674,216
Purchases	41,352	18,936	190	—	7,585	14,283	24,475	—	106,821
Sales	(7,225)	(9,413)	—	(33)	(4,582)	(14,454)	(10,277)	(4)	(45,988)
Realized gains/(losses)					4	3,797	12,388	6,413	33,017
Net transfers into and/or out of Level 3	742	3,616	—	—	—	—	—	—	—
Expenses	(82)	—	(190)	—	(1,435)	(840)	(1,257)	—	(15,607)
Change in unrealized appreciation/depreciation	(1)	(481)	—	—	—	—	—	—	(4,204)
Balance, December 31, 2020	(4,713)	4,324	1,919	6	5,630	(36,050)	8,906	225	(19,753)
	37,718	147,537	101,674	224	73,238	175,818	192,138	155	728,502

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

4. Investments (continued)

(b) Fair value measurements – Hierarchy disclosure (continued)

The total Level 3 investment unrealized and realized gains (losses) recognized during the year was \$177,120 (\$2,343 in 2020). There were no transfers between Level 1 and Level 2 during the years ended December 31, 2021 or 2020.

(c) Geographical allocation

The composition of the entire portfolio of investments, by country or region, is summarized as follows:

	2021 %	2020 %
Canada	55	60
United States	20	18
United Kingdom	3	2
Europe	9	9
Asia	10	9
Other	3	2
	100	100

5. Investment income

	2021	2020
	\$	\$
Interest Income	4,862	5,716
Dividend Income	14,582	12,340
Real Estate Income	13,947	3,996
Infrastructure Income	19,818	19,370
Pooled Fund distributions		
Bonds	12,066	14,580
Equities	2,798	5,705
	68,073	61,707

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

6. Change in fair value of investments

	2021 \$	2020 \$
Realized gains on investments	228,970	43,928
Change in unrealized gains (losses) on investments	(74,643)	55,143
	154,327	99,071

7. Administrative expenses

	2021 \$	2020 \$
Salaries and administrative costs	1,373	1,370
Actuarial services	67	217
Custodian	231	221
Other	121	97
Audit	45	44
	1,837	1,949

8. Related party

The Plan reimburses UBC Investment Management Trust Inc. ("UBC IMANT"), an entity wholly owned by the Sponsor, for its proportionate share of UBC IMANT's operating costs. Costs for the year ended December 31, 2021, which are included in management fees, totaled \$1,697 (\$1,439 in 2020).

9. Commitments

(a) Investments

In addition to investments already made in the following asset classes, the Plan is committed to invest the following amounts as at December 31:

	2021 €	2020 €	2021 US\$	2020 US\$	2021 Cdn\$	2020 Cdn\$
Private debt	—	—	66,919	12,780	9,157	48,397
Infrastructure debt	—	—	—	—	2,992	4,102
Private equities	5,546	7,713	37,394	14,468	—	—
Infrastructure equity	49,764	525	21,325	2,600	—	946
Real estate	—	—	18,947	18,309	1,645	5,058
	55,310	8,238	144,585	48,157	13,794	58,503

As at December 31, 2021, the total commitment in Canadian dollars was \$275,876 (\$132,696 in 2020).

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

9. Commitments (continued)

(b) Leases

The Plan has an operating lease with a wholly owned subsidiary of the University for office premises with an expiry date of October 31, 2022. As of December 31, 2021, the future minimum lease payments are as follows:

	\$
2022	<u>62</u>
	<u>62</u>

10. Financial instruments

The fair values of the Plan's cash, contributions receivable, benefits payable and accounts payable are considered by management to approximate their carrying values due to the short-term nature of these financial instruments.

The Plan's investments are recognized at fair value in accordance with the significant accounting policy disclosed in Note 3(b).

11. Risk management

The Plan's investment activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. As a pension plan, the Plan is fundamentally concerned with the management of risk. The Plan's overall risk management program seeks to maximize the returns derived for the level of risk to which the Plan is exposed and seeks to minimize potential adverse effects on the Plan's financial performance. The risk exposure is set to achieve the overall liability requirements of the Plan design.

The assets of the Plan are managed by a wholly-owned subsidiary of the University, UBC IMANT. The Plan employs a Statement of Investment Policies and Procedures (the "Policy") to identify, assess, manage and monitor financial risks. The Policy provides asset mix ranges and limitations on the quality and concentration of investments the Plan is to hold. The Board of the Plan (the "Pension Board") formulates the Plan's policy asset mix and the terms in the Policy document, which it recommends to the UBC Board of Governors for approval. The day-to-day management and adherence to the Policy is the responsibility of the staff of UBC IMANT. UBC IMANT employs 51 investment managers (41 in 2020) across 71 mandates (60 in 2020).

The Pension Board oversees the management of the Plan with a focus on effective plan design, governance, investment policy, financing, administration and legal compliance. UBC IMANT staff monitors the investment performance of the Plan, including asset class and manager performance against specified benchmarks and reports regularly to the Pension Board on overall performance and compliance with the Policy.

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

11. Risk management (continued)

A majority of the Plan's assets are invested in pooled funds. Pooled funds provide a more cost effective means of achieving diversification within selected asset classes. The manager of each pooled investment fund is governed by the manager's own investment policy for the pooled fund. UBC IMANT staff are responsible for ensuring that the detailed investment policy statement setting out the investment constraints for the managers of segregated accounts is prepared and agreed to by the managers.

(a) Price risk

The Plan is exposed to price risk. This arises from investments held by the Plan for which prices in the future are uncertain. The value of the various holdings in the funds may move up or down, sometimes rapidly. The Plan manages price risk by allocating its assets across a number of different investment managers with different mandates and investment styles. Different types of investments have historically reflected higher levels of risk, as measured by their volatility of returns.

Given the overall target asset class holdings of the Plan, management expects most annual returns to be within a +/-9% (2020 - +/-9%) range of an expected long-term return of roughly +6% (2020 - +6%) (i.e., results ranging from -3% to +15%). This is based on AON's capital market assumptions as of December 31, 2021. While there may be some changes to the expected return from year to year of the individual asset classes, these changes should not be significant at the overall Plan level as the expected returns and volatilities are based on long-term results. The range of expected annual returns is based on the following asset class volatility figures:

	2021	2020
Cash and cash equivalents	+/- 1.7%	+/-1.1%
Long term fixed income	+/- 9.0%	+/-11.8%
Private debt	+/- 17.6%	+/-15.8%
Infrastructure debt	+/- 7.1%	+/-8.7%
Mortgages	+/- 4.1%	+/-2.8%
Canadian equities	+/- 19.9%	+/-16.5%
Foreign equities	+/- 15.8%	+/-14.5%
Emerging market equities	+/- 26.7%	+/-23.4%
Private equities	+/- 29.5%	+/-22.1%
Infrastructure equity	+/- 11.5%	+/-19.1%
Real estate	+/- 13.3%	+/-15.5%

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

11. Risk management (continued)

(a) Price risk (continued)

	Market Value at December 31, 2021	Percentage of investments	Market Value at December 31, 2020	Percentage of investments
	\$		\$	
Cash and cash equivalents	7,749	1%	10,482	1%
Long Term fixed income	512,030	21%	524,488	25%
Private debt	94,041	4%	37,718	2%
Infrastructure debt	216,974	9%	211,894	10%
Mortgages	120,294	5%	118,643	5%
Canadian equities	177,782	7%	163,334	7%
Foreign equities	444,252	19%	379,175	18%
Emerging market equities	174,211	7%	170,682	8%
Private equities	93,193	4%	73,238	3%
Infrastructure equity	276,921	11%	226,790	11%
Real estate	279,412	12%	206,762	10%
Hedge funds	153	0%	155	0%
	2,397,012	100%	2,123,361	100%

Based on the estimated range of volatility by asset class this would equate to the following dollar amounts, with all other variables held constant:

	Potential change in price 2021	Impact on overall Plan's net assets	Potential change in price 2020	Impact on overall Plan's net assets
	\$		\$	
Cash and cash equivalents	+/- 1.7%	132	+/- 1.1%	115
Long Term fixed income	+/- 9.0%	46,083	+/- 11.8%	61,890
Private debt	+/- 17.6%	16,551	+/- 15.8%	5,959
Infrastructure debt	+/- 7.1%	15,405	+/- 8.7%	18,435
Mortgages	+/- 4.1%	4,932	+/- 2.8%	3,322
Canadian equities	+/- 19.9%	35,379	+/- 16.5%	26,950
Foreign equities	+/- 15.8%	70,192	+/- 14.5%	54,980
Emerging market equities	+/- 26.7%	46,514	+/- 23.4%	39,940
Private equities	+/- 29.5%	27,492	+/- 22.1%	16,186
Infrastructure equity	+/- 11.5%	31,846	+/- 19.1%	43,317
Real estate	+/- 13.3%	37,162	+/- 15.5%	32,048

(b) Interest rate risk

The Plan is subject to interest rate risk. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Rising interest rates cause a decrease in bond prices. Duration is the most common measure of this risk and quantifies the effect of changes in bond prices due to a change in interest rates. The bond portfolio has an average duration of roughly 13 years (14 years in 2020). Therefore, if long-term interest rates increased by 1%, the bond portfolio would fall in value by approximately 13% (14% in 2020). The impact on the value of the Plan's investments from an increase in interest rates will be partially or fully mitigated by the decrease in the value of the Plan's pension obligation.

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

11. Risk management (continued)

(c) Foreign currency risk

Foreign currency risk is the risk that the value of non-Canadian investments, denominated in other than Canadian dollars, will increase or decrease because of changes in foreign currency exchange rates. The Plan has significant investments denominated in foreign currencies across a majority of the asset classes including U.S. and international equities, real estate, infrastructure and hedge funds. The Plan's investment policy includes a benchmark target requirement to hedge 100% exposure in non-Canadian private real estate, infrastructure and private debt. In addition to direct hedging by some of the investment managers, the Plan retains an external manager to implement a rolling monthly foreign currency forward program to achieve the 100% hedging target. This program includes hedging of U.S. dollar, Euro, Australian Dollar, and Pound Sterling investments. As of December 31, 2021, roughly 45% (40% in 2020) of the Plan's assets were invested outside of Canada, and 40% (35% in 2020) of this exposure was hedged. U.S. dollar exposure accounts for 20% (18% in 2020) of the non-Canadian investment while Europe, Australasia, and Far East ("EAFE") currencies account for 25% (22% in 2020) of the exposure. A 10% strengthening/weakening of the Canadian dollar versus the U.S. dollar at December 31, 2021 would have decreased/increased the U.S. dollar exposure by roughly \$48,389 (\$38,473 in 2020). This amount would be reduced by non-Canadian real estate and infrastructure investments hedged through the currency hedging program. This assumes that all other variables remain constant.

(d) Credit risk

Credit risk is the risk of financial loss to the Plan if a counterparty to a financial instrument fails to meet its contractual obligations. The Plan's cash and cash equivalents, derivative instruments, long term fixed income, private debt, infrastructure debt, mortgages, and contributions receivable are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value of \$980,514 (\$942,879 in 2020). The Plan manages the risk by limiting the credit exposure allowed by the investment managers. The investment policies of the various bond managers provide limits to the credit exposure and/or set a minimum overall average portfolio quality allowed by each manager. The Plan also invests in derivative strategies to replicate equity index exposure and to hedge foreign currency exposure. Counterparties for these investments are restricted to a minimum credit rating of "A" or "A2".

The overall credit ratings as a percentage of the total bonds and mortgages as of December 31, 2021, held in the Plan are as follows:

	2021 %	2020 %
AAA	6	7
AA	32	33
A	20	22
BBB	9	11
Mortgages	4	5
Unrated	29	22
	100	100

The University of British Columbia Staff Pension Plan

Notes to the financial statements

December 31, 2021

(Expressed in thousands of dollars)

11. Risk management (continued)

(e) Liquidity risk

Liquidity risk for the Plan refers to the likelihood of any potential loss from a large percentage of requests for redemptions by Plan members. If all members with a deferred pension entitlement under age 55 had requested a transfer of their termination benefit on December 31, 2021, this would represent approximately 4.0% (4.0% in 2020) of the Plan's assets.

All of the Plan's benefits payable and accounts payable and accrued liabilities presented on the statements of financial position are due within one year.

Most of the Plan's assets are invested in large, pooled funds of which the Plan is just one of many parties invested in these pooled funds, which provides a high degree of liquidity. The Plan's managers typically invest in equities and bonds that are very marketable and that have a high degree of liquidity should they need to be sold in a relatively short timeframe.

Liquidity risk for the investment program refers to the risk that the Plan may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The investments are exposed to monthly settlement of foreign currency forward contracts as well as capital calls related to the private close-ended fund investments. The sources of funding for these settlements are from the liquid portion of the Plan, the public market securities, as well as distributions from private fund investments..

Private fund investments have more restrictive liquidity constraints than public securities and may require continuing investment commitments. Infrastructure, real estate and private equity investments are mostly made through limited partnerships which invest over four to five year periods typically with contractual 7-12 year terms. Distributions are at the investment manager's discretion. For hedge fund investments, redemptions are on a quarterly or semi-annual basis and require 90 days' notice.

12. Capital management

The Plan defines its capital as the net assets available for benefits. The Plan's objectives when managing capital are to safeguard its ability to continue as a going concern, so that the Plan can provide the basic benefit to the Plan members and indexing subject to the Plan's ability to pay.

The Plan manages the capital structure and makes adjustments to it through implementation of the Statement of Investment Policies and Procedures that affects the earnings of the Plan and through the benefits/funding policy that affects the benefits paid. The Plan is not subject to externally imposed capital requirements.

The UBC Board of Governors is ultimately responsible for monitoring and evaluating the Plan's investment performance on a regular basis.



2022 UPDATE FOR THE UBC STAFF PENSION PLAN

**ORLA COUSINEAU, EXECUTIVE DIRECTOR, PENSIONS
JUNE 2022**



Celebrating
50
years

Agenda

- Celebrating 50 Years
- Membership and Financial Highlights
- Investments
- Annual Statement
- Key Takeaways
- Keeping Informed
- Member Services
- Questions



Celebrating 50 Years

- The Plan turned 50 on January 1, 2022
- Our journey has been forward thinking and focused on:
 - Enhancing benefit security
 - Long-term sustainability of the Plan
 - Ensuring the Plan is equitable for all members
- Read about the Plan's key milestones in the 2021 Annual Report available on the Plan website



Membership Highlights

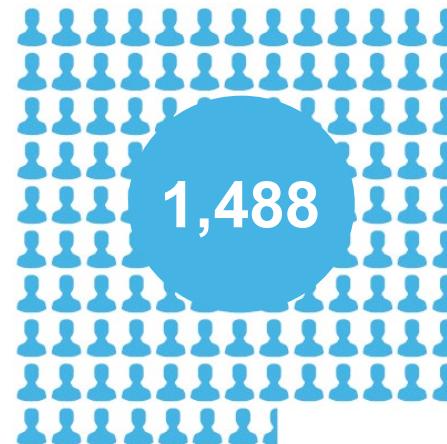


Ratio of active to retired members



3 active members to every
1 retired member

New enrolments in 2021



Financial Highlights

Total Plan
Assets
\$2.4 B

Total
Pensions
Paid in 2021
\$47 M

Contributions
into the Plan
\$110 M

\$45 M Employee Contributions
\$65 M Employer Contributions

↑ 7%
Increase from 2020

Financial Highlights



**Sustainable
Pension Plan**

Target Benefit Pension Plan

- Contribution rates are fixed
- Basic pension and indexing subject to Plan's ability to pay



Well-Funded

Valuation – December 31, 2019

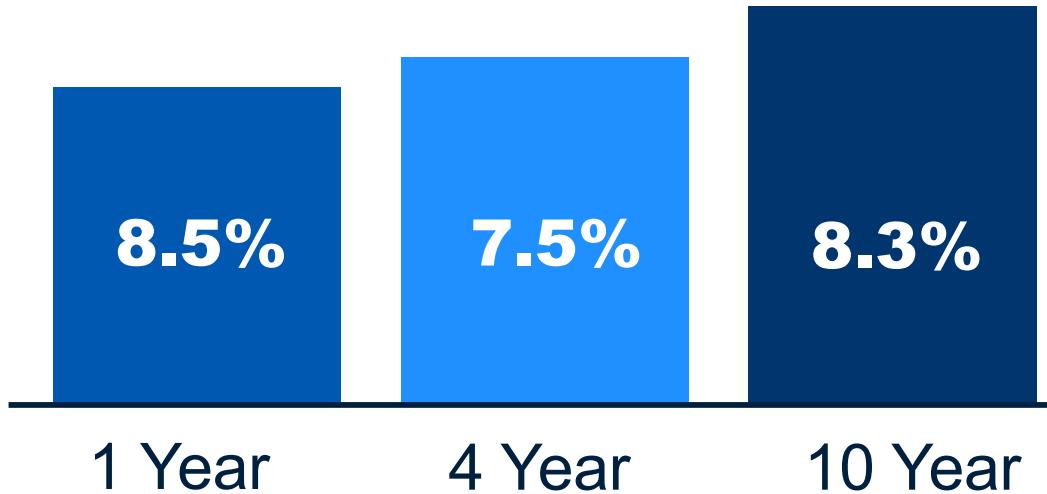
Next valuation will occur on December 31, 2022



**50% Indexing
Continues**

Plan's Benefits / Funding Test
22.6% Safety Margin

Investment Performance – Net Rate of Return



(net of investment and operating fees)

Investments

- *Statement of Investment Policies and Procedures* (SIPP) developed by SPP Pension Board and approved by Board of Governors outlines the investment strategy
- UBC IMANT uses a manager-of-managers approach to invest the pension fund
- Selects the appropriate strategies and external managers to implement the asset mix in the SIPP
- Target benefit nature of the Plan is key
- Invested for the long term to generate sufficient returns to maintain pensions and indexing



Investments

- Broadly diversified portfolio designed to reduce investment risk during times of market volatility and to keep the Plan sustainable
- Portfolio is a mix of public and private investments
- Generated a strong total return in 2021
- SPP continues to be well-funded

SPP Asset Mix as at December 31, 2021

Asset Class	Actual	Long-Term Policy
Cash & Cash Equivalents	1.2%	1.0%
Long-Term Fixed Income	21.4%	19.0%
Infrastructure Debt	9.2%	10.0%
Mortgages	5.0%	5.0%
Private Debt	3.9%	7.5%
TOTAL FIXED INCOME	40.7%	42.5%
Canadian Equities	7.4%	7.5%
Global Equities	18.5%	15.0%
Emerging Equities	7.3%	7.5%
TOTAL EQUITIES	33.2%	30.0%
Private Equity	3.7%	5.0%
Real Estate	11.1%	10.0%
Infrastructure Equity	11.3%	12.5%
TOTAL ALTERNATIVES	26.1%	27.5%



Responsible Investing

- Responsible investing is an important factor in keeping the Plan sustainable for the long-term
- Objective is to manage financial risks and improve returns
- Climate change and other Environmental, Social and Governance (ESG) factors are part of UBC IMANT's investment process
- SPP Board monitors UBC IMANT's investment performance and ESG activities

Signatory of:



Responsible Investing: Our Journey So Far

**July
2020**

SPP joins the United Nations Principles for Responsible Investing, a leading organization promoting responsible investing principles

**December
2020**

Responsible Investing Policy established

**December
2021**

ESG scoring framework and assessment of all the SPP external investment managers. Scoring will be updated on an annual basis.



**February
2020**

- Responsible Investing education sessions for the SPP Board

**September
2020**

Began regular measurement of SPP Portfolio Carbon Emission

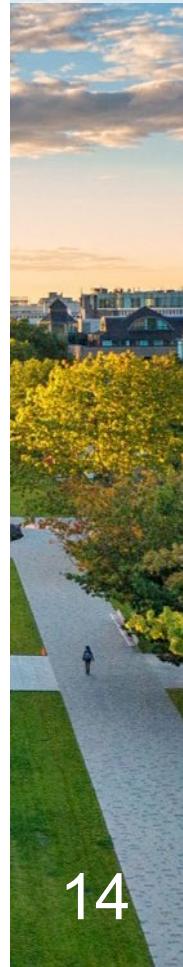
**April
2021**

- Began disclosing public equity holdings on UBC IMANT's website
- Guidelines established outlining UBC IMANT's approach to engagement of and influence on the SPP's external investment managers



Responsible Investing

- Board is committed to responsible investing, including climate change related risk
- UBC IMANT has embraced a holistic approach
 - Active ownership and careful manager selection
- Have measured the carbon footprint of the SPP portfolio
- Climate change risk will be a focus for 2022
- Will be open and transparent about our responsible investing activities



Annual Pension Statement

- If you were an active or deferred member of the Plan on December 31, 2021, you should have received your statement
- Pension shown is based on pensionable earnings and service at December 31, 2021
- The pension amount is before taxes have been deducted
- The pension represents the amount you would receive starting at age 65 if you left UBC on December 31, 2021
- If you have a spouse, the amount shown is based on a pension that continues to your spouse on your death



myPension

- Secure website where you can view your personal pension information
- For retirement planning, use myPension to run your own pension estimate. The estimate will include pensionable service after December 31, 2021 to the date you choose as your retirement date



Guide to understanding your Annual Pension Statement

SPP 2021 ANNUAL STATEMENT GUIDE

THE UNIVERSITY OF BRITISH COLUMBIA

ANNUAL STATEMENT FOR ACTIVE MEMBERS
From January 1, 2021 to December 31, 2021

(sample) JANE SMITH
(sample) 1234 Roadside Avenue
(sample) Vancouver, BC A1A 1A1

UBC ID: 1234567
Member Date of Birth: May 20, 1980
Spouse Date of Birth: June 10, 1975
Plan Entry Date: August 1, 2018
Earliest Retirement: December 1, 2035
Normal Retirement: December 1, 2045
Latest Retirement: December 1, 2051

Contributions & Pensionable Service

Your Contributions			Pensionable Service		
Total as at January 1, 2021	Made during 2021	Interest Earned during 2021	Total as at December 31, 2021	Accrued during 2021	Total as at December 31, 2021
\$20,974.09	\$8,657.98	\$177.95	\$29,810.02	11.00 months	3.33 years

Your contributions are **NOT USED** to determine your pension. Your lifetime pension is based on a formula that uses your three-year highest average salary and years of pensionable service.

Pension Benefits

When you leave UBC, you are entitled to one of the following:

- A monthly lifetime pension commencing any time between age 55 and age 71*
- A contribution refund OR the commuted value of your accrued pension, whichever is greater at the time of calculation (some or all funds may be Locked-In)**

* This option is only available if the value of your benefit is more than the minimum prescribed by the BC Pension Benefits Standards Act regulations.

** Please note that this option is not available once you turn **age 55**, unless at your retirement date you qualify for a small benefit. All lump sum payments are subject to BC Pension Benefits Standards Act regulations and you may be required to transfer a portion or the entire amount into a Locked In Retirement Account (LIRA), which must be used to provide retirement income.

As at December 31, 2021, you have accrued a Joint & Survivor monthly pension of **\$648.87** at age 65. This pension is payable for your lifetime, and on your death, continues to your spouse for their lifetime.

If you have a former spouse who has a right to a share of your pension, the information on this statement includes your former spouse's share. Therefore, your actual pension benefits are less than those shown above.

Beneficiary

If you have a spouse, your primary beneficiary may only be your spouse. For a definition of spouse, please visit our website. Our records indicate that **JOHN SMITH** is recorded as your spouse.

Should you wish to change or add a beneficiary, you must do this in Workday. For more information and a link to the Workday Knowledge base article on how to change beneficiaries, please visit our website at staff.pensions.ubc.ca/life-events/designating-your-beneficiary.

Page 1 of 2



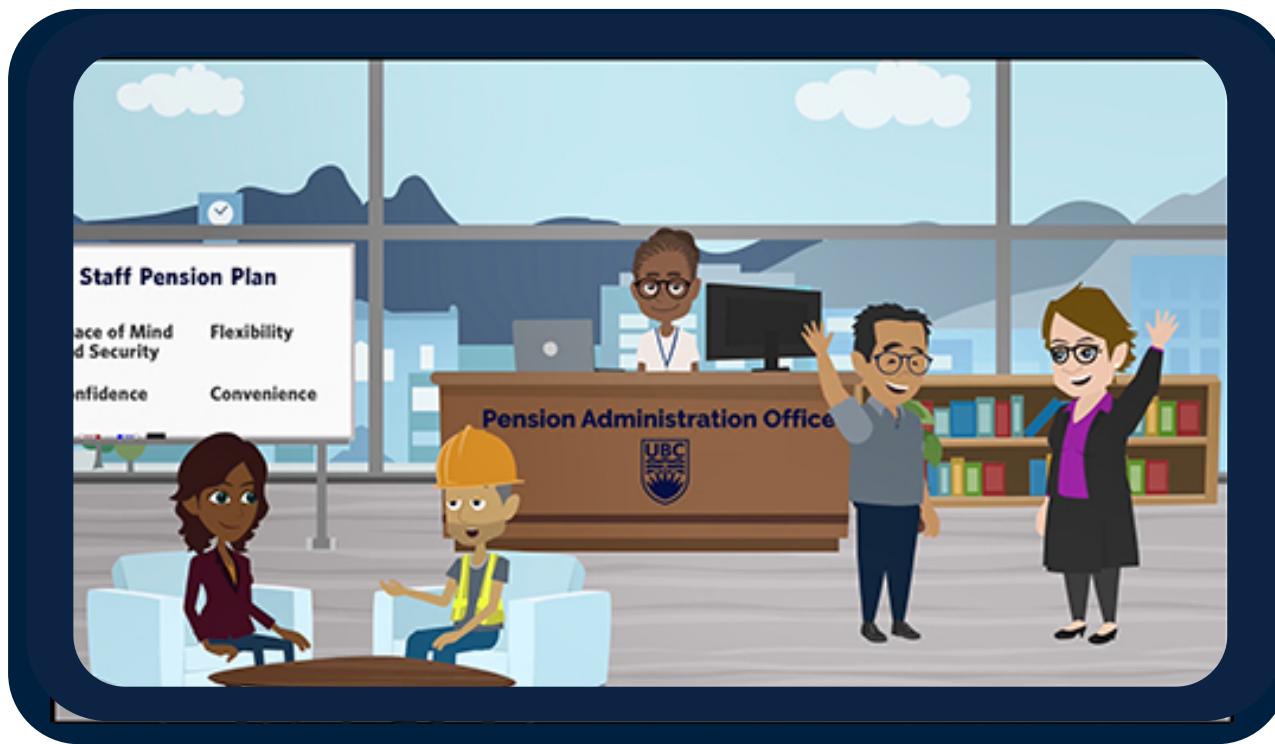
Key Takeaways

- Plan is well-funded and remained resilient through the last 2 years
- Our commitment to you
 - To manage the Plan for long term
 - Keep basic pension secure and provide the indexing the Plan can afford
- Peace of mind that your pension is in good hands



Keeping Informed

- Annual pension statement
- *SPP Update* and *SPP Pensioner* newsletters



Keeping Informed

- Annual Report
- SPP website: staff.pensions.ubc.ca
- Understanding your Staff Pension Plan Workshops
- Retirement Information Sessions
- Get Educated Sessions
- myPension - my.pensions.ubc.ca



Member Services

Our goal is to make it easy to work with us and for you to receive the support you need

- Member Services team is available Monday to Friday, 8:30 am to 4:30 pm
- Dedicated Member Services representative to assist you based on the first letter of your last name
- Contact information at **staff.pensions.ubc.ca** under **Contact Us > Contact Member Services**

We continue to offer members the choice of in person or virtual



Questions?

To ask questions:

- Click on the Q&A icon at the bottom of your screen in Zoom
- Type in your question



**THANK YOU FOR ATTENDING
OUR 2022 UPDATE FOR THE
UBC STAFF PENSION PLAN**

