



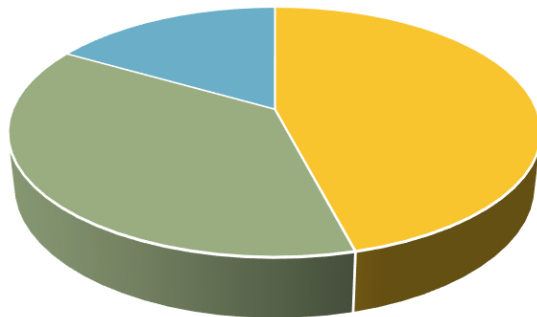
University of Regina Non-Academic Pension Plan
Defined Benefit (DB)
2023 Annual Report to Members

Plan Overview

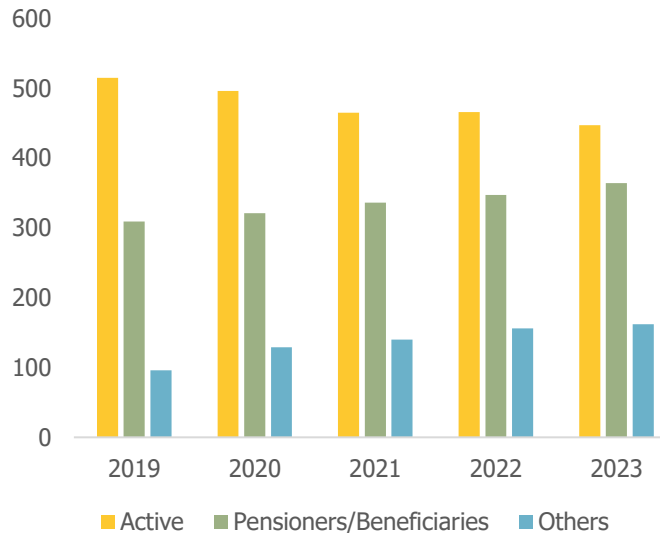
The Non-Academic Pension Plan was established on July 1, 1952. The plan is a defined benefit (DB) plan. At retirement, your pension benefit is calculated using a formula based on your salary history and years of service at retirement. The Plan also allows the transfer of entitlements out of the Plan for members that are not eligible for retirement or upon death.

Plan Membership

The membership profile at December 31, 2023, along with the membership movement over the past five years, has been illustrated below.



- 447 Active
- 364 Pensioners/Beneficiaries
- 162 Others (ie. Terminated but haven't moved funds, moved to APT etc)



Pension Contributions

2023	Pensionable Earnings
Employee	8.75%
Employer	8.75%*
Total combined fixed contribution rate	17.5%

**In addition to the fixed contribution rates above, the Board of Governors approved maintaining special contributions of 0.85% until the next valuation is filed.*

Pension Benefit

The Plan provides for early retirement once any of the following provisions have been attained:

- Age 55 (an early retirement reduction may apply) or
- Combined age and service equaling 80 or
- 30 years of service.

Pension benefits are paid to you monthly for the rest of your lifetime. You will have the option to add a longer guarantee period (i.e.15 years), spousal survivor options, as well as integration options with the Canada Pension Plan (if applicable) at retirement. Your annual pension benefit is based on:

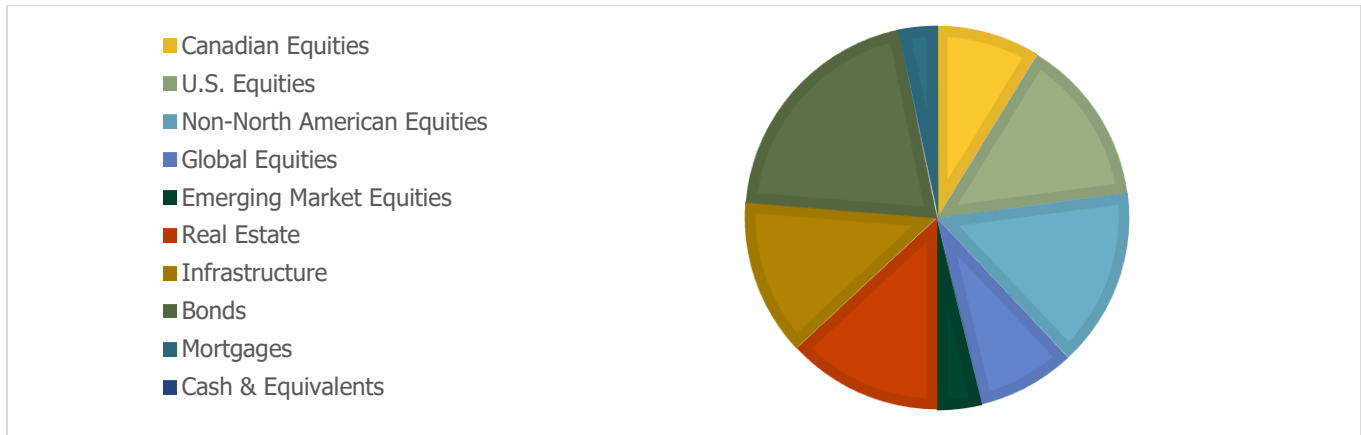
A = 2.00% of your best consecutive three year average earnings x your years of pensionable service prior to 2011;
 +
 B = 1.75% of your best consecutive three year average earnings x your years of pensionable service from 2011-2013;
 +
 C = 1.50% of your best consecutive five year average earnings x your years of pensionable service after 2013.

Pension Plan Assets at December 31, 2023

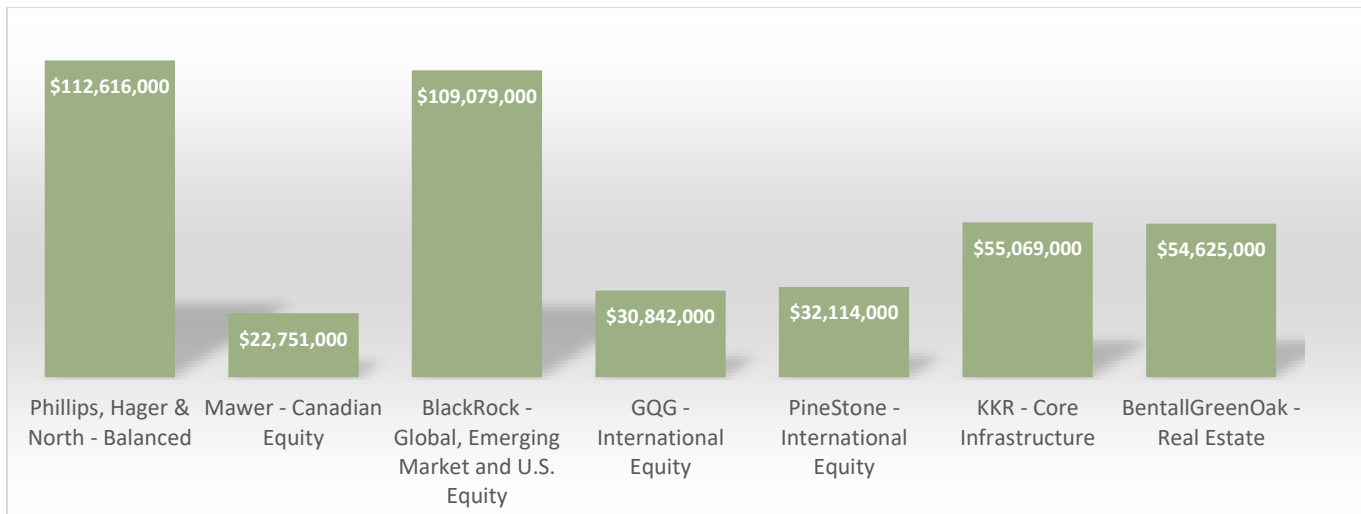
Market Value

The market value of the **Non-Academic Pension Plan** assets at the end of 2023 totalled approximately **\$125.3 million**. For investment purposes, the assets of the Non-Academic Pension Plan are combined with those of the Academic & Administrative Pension Plan (defined benefit component). The single fund is called the **Master Trust Fund**. The market value of the Master Trust was approximately **\$417.1 million** at December 31, 2023.

Asset Mix of the Master Trust at December 31, 2023



Distribution of Master Trust Assets by Investment Manager at December 31, 2023



The Markets

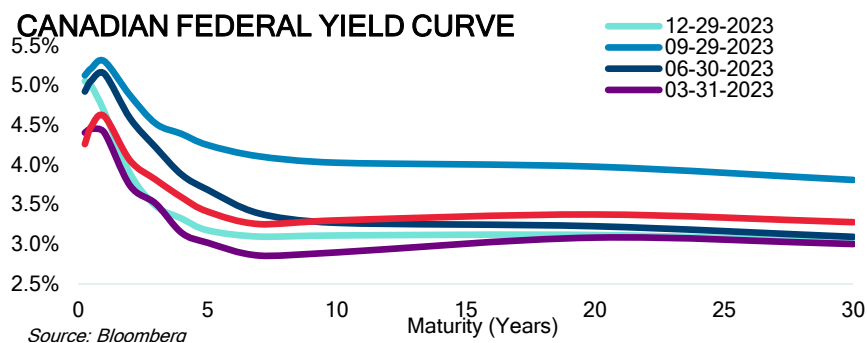
After a difficult 2022, global markets rebounded in 2023. A major reason for the resurgence was monetary policy pauses by the major central banks and increasing expectations of rate cuts in 2024. Another important factor was the strong leadership of a handful of U.S. technology stocks that have been boosted by the Artificial Intelligence theme. Heading into 2024, the likelihood of recession, the trajectory of inflation, and the extent of rates cuts will be the key focus areas for the markets.

Equities

Global equities generated strongly positive returns over the last twelve months with the MSCI All Country World Index up 18.9%. Returns were driven by a small number of stocks branded the “Magnificent 7”. These seven stocks, Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms and Tesla, accounted for 39% of the total MSCI ACW Index return in 2023, driven by Artificial Intelligence themes. U.S. Equities were the strongest region in the year, returning 26.3% in local currency terms, or 22.9% in Canadian dollar terms. Domestic markets also did well, with the S&P/TSX Composite returning 11.8%. As in the U.S., Information Technology was the strongest sector, returning 69%, with results driven by one single stock, Shopify, which returned 119% in the year, accounting for 20% of the Index return.

Fixed Income

Bond yields ended 2023 near the same level they started, with the yield for the FTSE Canada Universe Bond Index falling from 4.28% at the end of 2022 to 3.94% at the end of 2023. However, it was a volatile year for bonds as yields moved meaningfully throughout the year, as see in the chart below. Yield shifts during the year reflected the market’s view on interest rate expectations and monetary policy. After raising rates three times in the first half of the year, the Bank of Canada held rates steady at 5% citing growing evidence that past rate hikes are having their intended effect on the economy and inflation. Overall, the FTSE Canada Universe Bond Index returned 6.7% in 2023.



Canadian Real Estate

The Canadian commercial real estate market posted a 0.0% return (MSCI/REAL PAC Annual Property Index) in 2023. With the MSCI/REALpac Canada Quarterly Property Fund Index returning a weaker -2.0% return in the year. Rising capitalization rates and headwinds in office properties, along with macro-economic uncertainty drove negative returns in the real estate market.

Global Infrastructure

The Global infrastructure market posted a 1.7% return (DJ Brookfield Global Infrastructure Index) in 2023. High inflation and higher than normal interest rates were themes for the year, leading to difficult market conditions for Infrastructure investors.

Investment Performance

A number of performance objectives are set out for the pension plan. The primary objective for the Fund is to earn a rate of return that exceeds, net of fees, the rate of return earned on a benchmark portfolio.

The investment managers appointed by the Board are directed to achieve a satisfactory long-term real rate of return through a diversified portfolio within their mandate, consistent with acceptable risks and prudent management.

The minimum inflation adjusted annualized real rate of return required to meet pension objectives is 3.75% over longer time periods (10 years or more).

Over ten years, the Master Trust Fund had mixed results versus its investment objectives:

- Achieved a Total Fund real return of 4.1% versus the 3.75% objective;
- Did not exceed the Total Fund benchmark of 6.7% on a net of fees basis (approx. 6.4% net of fee return);

The four-year and ten-year volatility for the Master Trust Fund continues to be materially lower than that of traditional balanced funds.

Investment Performance	2023	Last 4 Years	Last 10 Years
Master Trust Gross Return	9.8%	5.8%	6.7%
Benchmark Return	10.5%	5.5%	6.7%
Master Trust Value Added	-0.7%	0.3%	0.0%
Inflation	3.4%	3.8%	2.6%
Real Return	6.4%	2.0%	4.1%

Gross Return: the total rate of return before the deduction of any fees, commissions, or expenses.

Benchmark Return: A standard against which the performance of an investment can be measured.

Real Return: the total rate of return after accounting for inflation.

Pension Plan Expenses

Plan expenses for 2023 were \$543,637 or 0.4474% of the average market value of the assets within the Master Trust attributed to the Non-Academic Pension Plan. The plan is charged for expenses related to actuarial and consulting services, administration, investment manager fees and asset servicing fees.

Actuarial Valuation

The plan last filed an actuarial valuation report with the regulators at **December 31, 2021**.

Going-Concern Position of the Plan

The going-concern valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan will continue on into the future indefinitely.

	2021	2019
Actuarial Value of Assets	\$121,209,000	\$108,972,000
Actuarial Value of Liabilities	\$124,418,000	\$114,021,000
Surplus/(Deficit)	(\$3,209,000)	(\$5,049,000)
Funded Ratio	0.97	0.96

Solvency Position of the Plan

The solvency valuation examines whether the Plan would be in a deficit or surplus position if it were closed (hypothetical wind-up) as of the valuation date. The Plan has been classified as a “Specified Plan” and is not required to fund solvency deficiencies.

	2021	2019
Actuarial Value of Assets	\$132,679,000	\$115,256,000
Actuarial Value of Liabilities	\$174,060,000	\$174,128,000
Surplus/(Deficit)	(\$41,381,000)	(\$58,872,000)
Solvency Ratio	0.74	0.63

Transfer Deficiency Requirements

As the Plan has a solvency ratio of 74%, pension regulations require that 26% of the funds transferred out of the Plan be held back. The amount of the money being held back is known as the transfer deficiency. The transfer deficiency is required to be paid out at the end of 5 years following the initial date of payout, or sooner if a subsequent valuation reveals a solvency surplus.

Plan Amendment

There were no plan amendments in 2023.

Governance Structure

The Board of Governors is the Plan’s legal administrator and as such accepts the associated fiduciary responsibilities associated with the Plan.

The Board delegates the majority of the governance duties associated with the pension plan to University administration and the Non-Academic Benefits Committee (NABC), both of which report on a regular basis back to the Board through the Human Resources and Finance & Facilities Committees.

Non-Academic Benefits Committee (NABC)

The NABC is a Board of Governors appointed Committee. Its mandate is to advise the Board on pension and benefit related matters. The NABC consists of three members recommended by CUPE 5791, one retired member and four University representatives. At **December 31, 2023**, the NABC consisted of the following members.

Shane Belter, Facilities Management, CUPE 5791	Carmon Perrin, Information Services
Dean Biesenthal, Human Resources (Chair)	Lamont Stradeski, Financial Services
Jim Carlson (Retired)	<i>Temple Maurer, Human Resources (Recording Secretary)</i>
Dianne Ford, Executive Offices	

Meetings of the Committee

The Joint Pension Investment Committee (JPIC), which is made up of members of the NABC and the Academic and Administrative Benefits Committee (AABC), oversees all investment aspects related to the assets of the Master Trust Fund.

The Committees rely on the expertise of numerous consultants and investment managers in their oversight role. The NABC met on 11 occasions (including JPIC) throughout 2023. The key activities have been outlined in the following table.

➤ Reviewed the Quarterly Pension Investment Performance and Investment Manager Evaluation Reports for the Master Trust Fund	➤ Recommended Global Quality Growth (GQG) and PineStone replace BlackRock after participating in a non-North American Equity manager search
➤ Approved the 2022 Pension Plan Expenses	➤ Approved the 2024 Budget and Work Plan
➤ Recommended the Replacement of the custodian from CIBC Mellon to Northern Trust	➤ Reviewed and Recommended the 2023 Statement of Investment Policies and Goals (SIP&G)
➤ Reviewed the Financial Position of the Plan at December 31, 2022	

Other Agents of the Plan

Actuaries and Pension Consultants	Jacob Schwartz & David Larsen, Aon
Performance Measurement Consultants	Erin Achtemichuk & Don Olsen, Aon
Asset Servicing Provider (Custodian)	The Northern Trust Company, Canada

The primary purpose of this report is to:

- Provide plan members an overview of the Plan at December 31, 2023
- Review Master Trust investments and investment performance in 2023
- Report on the 2023 activities of the Non-Academic Benefits Committee (NABC)

Please contact the Pension and Benefits unit in Human Resources or any member of the NABC if you have any questions about the items covered in this report.

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The information provided in this report is designed to give you an overview of the Non-Academic Pension Plan at December 31, 2023. Full details contained in the legal plan documents as well as applicable legislation will govern in all cases.