

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Annual Report and Financial Statements

For the Year Ended December 31, 2023

**THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

	<u>PAGE</u>
Board of Trustees	1
Board Executive and Board Committees	2
Report of the Chair	3
Operations Committee Report	4
Defined Benefit Committee Report	5
Defined Contribution Committee Report	7
Report of the Treasurer	9
Responsibility for Financial Reporting	15
Actuary's Opinion	16
Independent Auditor's Report	17
<u>Financial Statements</u>	
Statement of Financial Position	Statement I 20
Statement of Changes in Net Assets Available for Benefits	Statement II 21
Statement of Changes in Obligations for Pension Benefits	Statement III 22
Summary of Investments	Schedule A 23
Statement of Financial Position by Segment	Schedule B 24
Statement of Changes in Net Assets Available for Benefits by Segment	Schedule C 25
Notes to the Financial Statements	26

BOARD OF TRUSTEES

For the Association of Employees Supporting Education Services (AESES):

Joan Duesterdiek is a Telecom Analyst

Lorne Hilton is the Labour Relations Officer for AESES and has extensive experience and training in both Pension and Benefits Administration

For the International Union of Operating Engineers (IUOE):

Brian Schlag is a Facilities Coordinator

For the University:

Navinder Basra is the Vice-President, Finance & Administration

Colin Morrison is the General Counsel

Carrie Homeniuk is the Associate Vice-President, Human Resources

For the University of Winnipeg Excluded Employees:

Bryan Ward is the Director, HR Operations

For the University of Winnipeg Faculty Association (UWFA & UWFA-Collegiate):

Andrew Bendor-Samuel is the Director, Math & Science Tutoring Centre

Debbie Mortimer is an Instructor in Business & Administration

James Townsend is a Professor in Economics

For the University of Winnipeg Retirees Association (UWRA):

Mary Anne Walls is a retired Manager of Campus Health and Wellness

Murray Wiegand is a retired Biology Professor

External Trustees:

Greg Gillis, FSA, FCIA, CFA, CFP® at Lawton Partners

Sheila Wilson-Kowal, CFA, Portfolio Manager, Director of Equity Research with Cardinal Capital Investment.

Ron Youngson is a retired Director of Group Retirement for ONYX Financial Group, responsible for all phases of new case establishment, including plan design, investment menu selection, member communication and education.

BOARD EXECUTIVE AND BOARD COMMITTEES

Board Executive:

- Lorne Hilton (Chair)
- Colin Morrison (Vice-Chair)
- Navinder Basra (Treasurer)
- Andrew Bendor-Samuel (Secretary)

Defined Contribution Committee:

- Andrew Bendor-Samuel (Chair)
- Bryan Ward
- Debbie Mortimer
- Ron Youngson
- Colin Morrison
- James Townsend
- Murray Wiegand
- Brian Schlag
- Lorne Hilton

Operations Committee:

- Bryan Ward (Chair)
- Mary Anne Walls
- Lorne Hilton
- Andrew Bendor-Samuel
- Navinder Basra
- Carrie Homeniuk

Defined Benefit Committee:

- Navinder Basra (Chair)
- Lorne Hilton
- James Townsend
- Colin Morrison
- Ron Youngson
- Sheila Wilson-Kowal
- Murray Wiegand
- Joan Duesterdiek
- Greg Gillis

Board of Trustees Code of Conduct

1. *Act in good faith and in the best interest of Plan beneficiaries*
2. *Act with prudence and reasonable care*
3. *Act with skill, competence and diligence*
4. *Maintain independence and objectivity and avoid conflict of interest*
5. *Abide by all applicable laws, rules and regulations including the terms of the Plan*
6. *Deal fairly, objectively and impartially with all beneficiaries*
7. *Take actions that are consistent with the established mission of the Plan*
8. *Review on a regular basis the efficiency and effectiveness of the Plan's success in meeting its goals*
9. *Maintain confidentiality of Plan and beneficiary information*
10. *Communicate with beneficiaries and supervisory authorities in a timely, accurate and transparent manner*
11. *Maintain clarity and respect in the relationship between the stakeholders and the Trustees*

REPORT OF THE CHAIR

It is hard to believe that it has been another year behind us. In my first year as Chair there has been a steady stream of things to focus on and learn in my role. Fortunately, outgoing Chair Ron Youngson and his predecessors have turned over the keys to a well-oiled pension process. I would like to personally thank Ron for his work as Chair and his continuing contributions to our pension committee.

Fortunately, most of the greater impacts from Covid have subsided over the past year. In lieu of those challenges, financial markets and the world economy continued to be under pressure from uncertainty, persistent elevated inflation, excessive government spending and a continued rise in conflict around the globe.

The Defined Benefit portion of the plan had a recovery year and our fund earned 10.25% in 2023. The latest member reconciliation from Eckler stated that the market value as at December 31, 2023 is \$121,474,092.20. Unfortunately, the latest 4-year average returns were not sufficient to grant an excess interest increase for existing pensioners this past year.

As the Defined Benefit plan continues to mature, we also see a steady decline in the number of active members participating in the plan (currently 58 as of December 31, 2023) as they convert to pension payments or move their funds outside of the plan. Although these changes continue, the work for the board remains unchanged. Navinder Basra as Chair of the Defined Benefits committee coordinated the significant amount of work with our investment partners, actuarial representatives (Eckler) & financial advisors (AON) were carried out effectively throughout the past year.

On the Defined Contribution portion of the fund the DC committee continues to fine tune relations with our provider Desjardins. Leading the plan and organizing this process is Andrew Bendor-Samuel, Chair of the DC committee. His tireless work is appreciated. As of December 31, 2023, the fund held \$131,790,225 in assets for plan members.

Also, this past year Marni Yasumatsu moved on from the University and would like to thank her for the work she did on the Operations Committee. I also thank Bryan Ward for taking on the role of Operations Committee Chair.

Finally, I would also like to thank both Claire Hince and Bryan Ward for the work they do daily to care for plan members, support our committee and ensure that our plan is administered efficiently and carefully throughout the year.

Lorne Hilton (Chair)

OPERATIONS COMMITTEE REPORT

The Operations Committee of the Board of Trustees serves the Board in three main areas: it acts as an annual audit committee, the Governance Committee for the Board of Trustees, and it is responsible for Trustee education. The Committee reviews the services provided to the Pension Plan on a regular basis to ensure they are of a high quality and reasonable cost. Where indicated, the Committee undertakes the work necessary to improve the governance of the Plan.

Audit - The Committee reviewed the annual audit report with the auditors and recommended the report to the Board. The Committee also reviewed the budget for the administration of the Plan before recommending it to the Board for approval. The Committee regularly reviews the financial statements of the Plan and monitors budgetary expenditures quarterly.

Governance - The Committee is responsible for ensuring that the governance practices of the Plan are regularly evaluated against industry best practice guidelines as outlined by the Canadian Association of Pension Supervisory Authorities (CAPSA). The Committee maintains a Calendar of Deliverables, outlining responsibilities for each of the DB, DC and Operations Committees, which is reviewed quarterly to ensure compliance. In addition, the Committee monitors Trustee appointments and replaced 3 departing Trustees in 2023.

The Committee also continues to use the Civic Web document portal for the storage of current and archival Board materials including meeting minutes and supporting documentation from the Board and its committees. This resource continued to be essential during 2023 as we continued to conduct all our Board and committee meetings virtually. We have also started investigating the use of Teams for file storage, having switched from Zoom to Teams for most meetings.

Education - The Operations Committee encourages and promotes Trustee education. Since 2016, the Committee has dedicated time at each Board meeting for Trustees who attend workshops and conferences to present on the important issues and developments in pensions and trust law.

Conclusion - Finally, on behalf of the members of the Operations Committee, we wish to thank the following Trustees who left the Board and the various Board Committees:

- Rosalie Harms, representing the UWRA; and
- Mark Betcher, representing Excluded Employees; and
- Marni Yasumatsu, representing the University.

The Committee welcomed the following Trustees to the Board in 2023:

- Debbie Mortimer, Representing UWFA; and
- Bryan Ward, Representing Excluded Employees; and
- Gina Schiak, then Carrie Homeniuk, representing the University.

Bryan Ward (Chair)

DEFINED BENEFIT COMMITTEE REPORT

The year 2023 was a great year for balanced portfolios. The major share indices recorded double digit gains, due to inflation starting to subside, central banks pausing their monetary policy tightening with a hint of rate cuts in 2024 and a resilient economy dispelling fears of a recession. Due to growth in the market, net assets of the Plan as of December 31, 2023, increased by \$3.8m to \$121.6m, up from \$117.8m as of December 31, 2022. The market gains caused the deficiency in the net assets available for benefits over the actuarially calculated obligations to decrease to \$10.0 million as of December 31, 2023, down from \$16.7 million as of December 31, 2022.

The DB Committee continuously monitors the performance of our investment managers with the assistance of our external consultant, AON, from whom we receive quarterly statistical data on market performance and performance of our managers. In addition, AON provides analyses and recommendations.

Benchmarks are established for each component of the fund, along with the total fund, to allow assessment of managers' performances. The Total Fund tracked its benchmark, value was added through an overweight position in Global Equity, though was offset by the underperformance CSSB Real Estate. Total Fund results relative to long term (four-year) objectives.

1. Improve the DB Plan's funded status on a going-concern basis –**Not Achieved**
2. Meet or exceed Total Fund Benchmark, net of fees–**Not Achieved**.
3. Achieve value added objectives in each active mandate –**Achieved**.

The cash in the portfolio as of December 31, was \$1.016 million, in-line with the reserve target of \$1.0million.

The Board approved the new Statement of Investment Policies and Procedures (SIPP) with an effective date of November 1, 2023. The approved SIP included a repositioning of the asset mix which required a rebalancing of assets between mandates.

The CAPSA Self- Assessment Questionnaire, which is a pension industry best-practices governance tool for use by Boards of Trustees was completed in February 2023.

The committee received the actuarial valuation of the fund as of 31 December 2022. The going concern funded status ratio decreased to 87.9% from 92.9% for the previous year, mainly due to the deterioration in the 2022 market value of assets. The solvency ratio increased to 89.3% from 81.8% for the previous year, as a result of that improvement, as the ratio of the plan is more than 85%, the annual actuarial valuations are no longer required.

The DB committee along with AON have had ongoing discussions, on the various implications of changing demographics of the plan. These include the potential consequences of alternative de-risking strategies of the plan and the implications to the future granting of Cost-of-Living Adjustments (COLAs) to pensions in the future.

The actuary, Eckler advised the four-year geometric average rate of return, net of investment and administrative expenses, on the market value of the fund for the period ending December 31, 2023, is 4.42%. Since that return is not in excess of the minimum required 6.0% return for the automatic granting of a COLA, there will be no COLA provided effective July 1, 2024.

Navinder Basra (Chair)

DEFINED CONTRIBUTION COMMITTEE REPORT

The Defined Contribution (DC) Committee continued its due diligence reviews the operation of the DC portion of the University of Winnipeg's Trusteed Pension Plan. We review quarterly updates from our service provider, Desjardins Financial Services, as well as those from ONYX Financial Group, who provide member education, including retirement advice. We also meet annually with our DC Consultant, Eckler, to provide an external evaluation of Desjardins' services.

The markets continued the climb that started late in 2022. All of the funds available in the line-up saw positive returns in 2023. Returns from each fund vary depending on the investment strategy used by the fund managers. Part of our quarterly reviews from Desjardins include how the funds in the line-up are doing relative to similar options and flag any concerns. All of our funds are performing near their expected benchmarks, allowing for variations due to management style.

If you have never logged in to your Desjardins account, or it has been in a while, consider logging in to check the information that is available. As always, you can check your balances, transfer between funds, adjust your contribution amounts for your RRSP and TFSA accounts, if you have them. You can also find your annual and semi-annual statements from the last 18 months. Completing your investor profile and setting up the 'On Target Retirement' allows you to track how your savings are working towards your retirement goal. The 360° Portrait page, found under the My Account tab, has been updated significantly in the last while. Lots of information about your holdings in particular.

A reminder that a Member's spouse or Common-Law partner is able to open their own RRSP and TFSA accounts through Desjardins. A Spousal RRSP account is also available. These accounts allow a Member's spouse or common law partner to invest in the same list of funds available to DC Plan members, with the same lower fees as Members. This can provide substantial savings. The less money taken out to pay fees, the more that remains in your account earning returns. Transferring funds from other institutions is also possible.

On a related note, if you have a little bit of money, either a lump or a regular contribution, that you are interested in putting aside for retirement, or perhaps a larger purchase in the future, and you are not sure what to do, leave it in the bank, use an RRSP/TFSA/Spousal RRSP, you can always contact ONYX Financial Group for their advice. Information on how to contact ONYX is available on page three of your 2023 Desjardins Annual Statement.

Finally, there are two items that the DC Committee is looking at implementing in the near future:

- 1) We will be sending out some short questionnaires to our Plan Members. The goal is to have a question or two arrive in your inbox occasionally. We are hoping to get some feedback from Members about the services you are using and how they are working for you.

- 2) Finally, there has been a lot of work preparing for a new offering for DC Plan Members that will be rolled out in the Fall of 2024. This is a project that the DC Committee, and myself in particular, have been working on for quite some time. We are all excited about what is coming, so keep your eyes in your mailboxes for joint messages from Desjardins and the University of Winnipeg.

Andrew Bendor-Samuel (Chair)

REPORT OF THE TREASURER

Overview

This report provides a summary of the financial performance of the University of Winnipeg (the “University”) Trusteed Pension Plan (the “Plan”) for the year ended December 31, 2023, including:

- A brief description of the Plan
- Summary of changes in membership
- Discussion of the change in asset values

The Plan

The Plan has two distinct components: The Defined Benefit (“DB”) component, which is closed to new members, and the Defined Contribution (“DC”) component, established January 1, 2001, which all new employees join on their date of employment.

The DB component is intended to provide members with a monthly pension upon retirement. The annual pension payable to a member is calculated using a prescribed formula that considers:

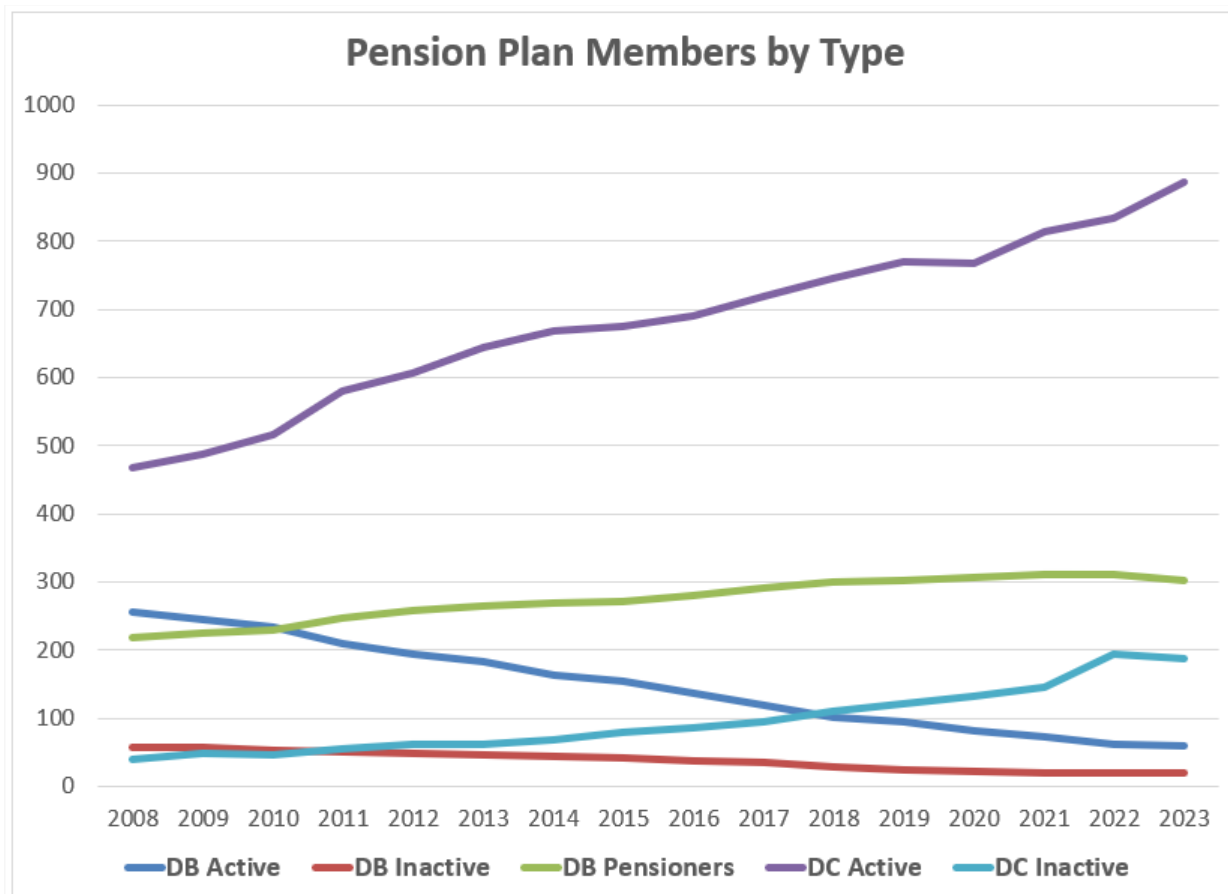
- Years of credited service
- Annual average pensionable salary (less a percentage of the member’s Canada Pension Plan average earnings)

According to current Plan provisions, the pension formula is subject to a Plan benefit maximum of \$1,722.22 per year of credited service. Retirement options include a choice of monthly pension from a variety of payment options, or a transfer of the commuted value to a LIRA (locked-in retirement account) or a LIF (life income fund). The DB component is funded by member and University contributions and investment earnings.

The DC component is intended to provide members with a pension benefit upon retirement that is based on contributions made by the member and the University into a range of investment choices provided through Desjardins Insurance (“Desjardins”). The combination of the contributions and investment earnings provide members with a lump sum value that can be transferred into another registered retirement investment vehicle, or invested through Desjardins to provide a monthly pension.

For additional information relating to the Plan, please visit <http://www.uwinnipeg.ca/hr/benefits/pension.html>.

The following graph shows the change in membership over time, broken down by member type. An inactive member is a DB or DC member who has left the University but has not yet settled their pension benefit.



Financial Results

The 2023 financial statements were prepared in accordance with Canadian accounting standards for pension plans for the accounting policies related to the investment portfolio and the pension obligations.

2023 was a great year for investors. The major share indices recorded double digit gains during the year due to inflation starting to subside, central banks holding interest rates steady and a resilient economy. Bonds also performed well ending two consecutive down years. Due to the growth in the market, net assets of the Plan as at December 31, 2023 increased by \$23.2 million to \$253.3 million, up from \$230.1 million as at December 31, 2022. In the DB component of the Plan, the market gains caused the deficiency of net assets available for benefits over the actuarially calculated obligations to decrease to \$10.0 million as at December 31, 2023 down from \$16.7 million as at December 31, 2022.

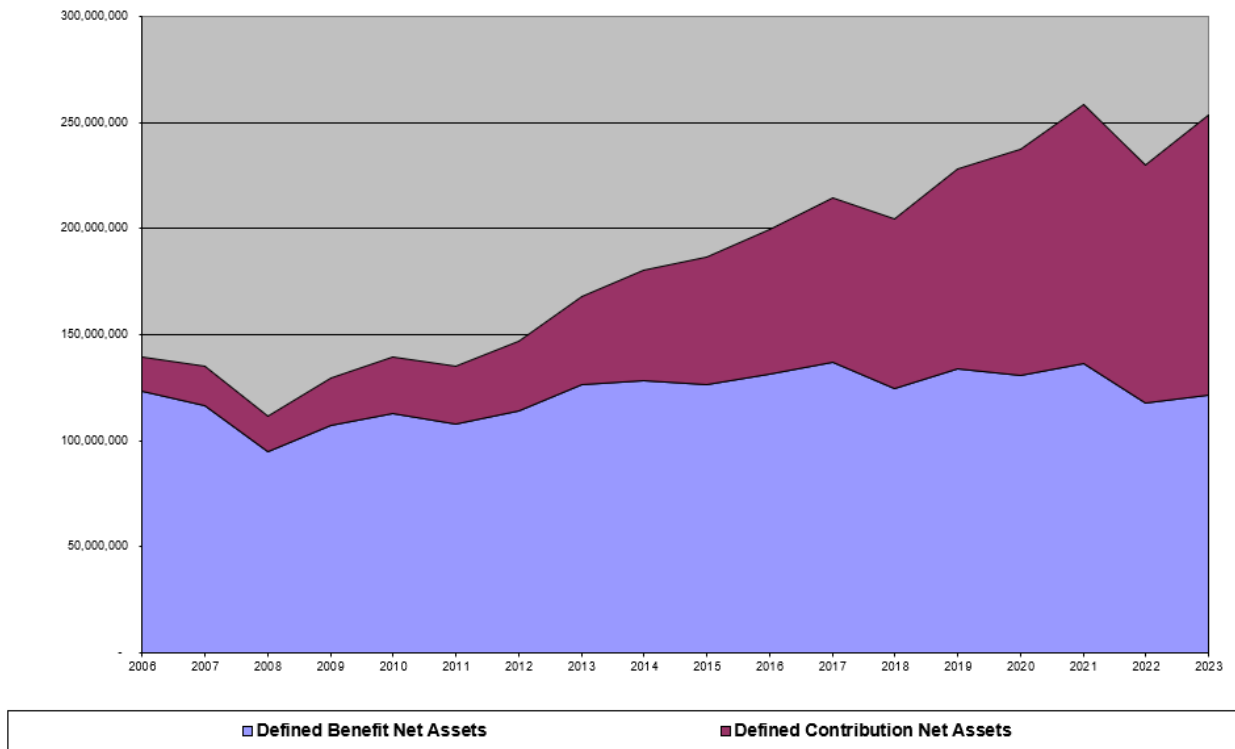
The net return on investments for the year ended December 31, 2023 on the DB component of the Plan, based on market value and net of expenses, was 10.3% as compared to a 7.1% net negative return on investments for the year ended December 31, 2022. According to the smoothing calculation, which is a geometric average of returns over a four-year period ended December 31, 2023, the average return on the fund was 4.4% as compared to 4.6% for the four-year period ended December 31, 2022.

This smoothing method of calculating the return on the DB component of the Plan is used to determine whether a cost of living increase is payable to pensioners. For a cost of living increase to be payable, the smoothed rate of return earned by the DB fund must be greater than 6%. Since the smoothed rate for 2023 was less than 6%, there will be no cost of living increase effective July 1, 2024. The plan has not provided a cost of living increase in the last four years.

Overall the net return on investments for 2023 on the DC component of the Plan was positive however the return by member will vary depending on the investment funds selected.

The following graph provides an overview of the change in the Plan’s net assets.

Net Assets Available for Benefits 2006 - 2023



Valuation

In accordance with the Pension Benefits Act of Manitoba, an actuarial valuation of the DB component of the Plan is required at least every three years. Valuations may be required more frequently depending on the financial position of the DB fund. In prior years the DB fund was under 85% funded on a solvency basis therefore annual valuations were required. The December 31, 2022 valuation completed during 2023 calculated the solvency ratio to be 89.3% therefore the next actuarial valuation is required no later than December 31, 2025.

The DB fund's unfunded liability position worsened as at December 31, 2022 compared to December 31, 2021 due to the decline in the market value of assets in 2022 therefore the University's going concern special payment for 2023 increased by \$0.6 million from \$0.9 million in 2022 to \$1.5 million in 2023.

It is important to note that the unfunded actuarial liability in the Plan does not impact the benefits that the DB members are accruing or are receiving, but it does affect the amounts that the University is required to pay into the Plan to fund those benefits.

More information on the valuation is available on the Trustees website under Documents & Forms at: <http://www.uwinnipeg.ca/hr/benefits/pension-trustees.html>

Contributions, Benefit Payments, and Plan Expenses

Active members and the University make regular contributions to the DB and DC components based on the contribution formulas set out in the Plan.

The University was also required to make additional contributions of \$1.9 million to the DB component of the Plan in 2023. These required contributions include \$1.5 million in special funding payments to address the going-concern actuarial valuation deficiency for 2022 (as described above), and \$0.4 million to fund a current service shortfall and DB fund expenses. These additional contributions will continue to be required on an annual basis until the DB fund's unfunded liability position is eliminated.

The attached financial statements are prepared to assist Plan members and other financial statement users in reviewing the activities of the Plan for the year. The financial statements do not report on the funding requirements of the Plan. This information is provided in the actuarial report on the DB Component of the Plan.

The Plan's 2023 Financial Statements received an unqualified audit opinion from KPMG, an independent audit firm appointed by the Board of Trustees.

The following table summarizes the non-investment related transactions of the Plan.

	Years Ended December 31,				
	2019	2020	2021	2022	2023
<u>Contributions</u>					
DB Member	507,821	444,419	381,217	348,346	309,928
DB University	3,957,924	3,953,762	3,433,873	1,859,853	2,296,645
DC Member	3,534,966	3,659,535	3,768,539	4,122,909	4,187,496
DC University	3,604,358	3,712,600	3,835,981	4,196,292	4,313,657
Total Contributions	<u>11,605,069</u>	<u>11,770,316</u>	<u>11,419,610</u>	<u>10,527,400</u>	<u>11,107,726</u>
<u>Distributions</u>					
DB Pensioners	9,710,896	9,970,734	10,100,498	10,236,051	10,150,636
DB Refunds & Transfers	1,143,720	3,942,099	1,135,309	1,500,870	321,169
DC Refunds & Transfers	6,561,163	4,224,010	5,561,668	4,625,363	4,000,458
DB Investment Manager Fees	439,426	361,951	240,778	212,085	163,894
DB Actuarial Fees	73,548	52,974	55,207	38,115	61,530
DB Custodial Fees	31,835	49,741	64,656	64,034	56,696
DB Administration Fees	28,645	29,036	35,279	31,434	25,938
DB Other Expenses	160,870	56,953	73,786	52,319	78,694
Total Distributions	<u>18,150,103</u>	<u>18,687,498</u>	<u>17,267,181</u>	<u>16,760,271</u>	<u>14,859,015</u>

DB member contributions have been declining over the past five years due to a decrease in active members as a result of the DB Plan being closed and existing members retiring. DB University contributions increased by \$0.4 million mainly due to an increase in the University's going concern special payment. DB refunds and transfers were \$1.2 million lower than last year due to a decrease in the amount that retired members transferred out of the DB component of the Plan in the year. Actuarial fees increased over the prior year due to additional work performed by the actuary. Other expenses increased over the prior year due to timing of when DC Plan costs are recovered by the DB Plan.

DC Fund Asset Mix

The DC component of the Plan is a member directed investment plan administered through Desjardins.

The following table summarizes the percentage of assets invested in each fund offered by the Plan as at December 31, 2023.

Fund Name	% of Fair Value
BG American Equity	0.7%
DFS BlackRock Cnd Equity Index	0.8%
DFS BlackRock MSCI EAFE Equity Index	0.7%
DFS BlackRock Univ Bond Index	0.2%
DFS BlackRock US Equity Index	0.6%
DFS BlackRock US Equity Index (Reg)	2.4%
DGAM Money Market	2.1%
Fidelity ClearPath Inst. 2020	4.8%
Fidelity ClearPath Inst. 2025	13.7%
Fidelity ClearPath Inst. 2030	13.5%
Fidelity ClearPath Inst. 2035	19.4%
Fidelity ClearPath Inst. 2040	15.9%
Fidelity ClearPath Inst. 2045	11.7%
Fidelity ClearPath Inst. 2050	6.4%
Fidelity ClearPath Inst. 2055	2.4%
Fidelity ClearPath Inst. 2060	0.7%
Fidelity ClearPath Inst. Income	0.3%
Jarislowsky Fraser Cnd Equity	1.3%
Mawer International Equity	0.8%
PH&N Core Plus Bond Fund	0.4%
SocieTerra Equity	1.0%
SocieTerra Fixed Income	0.2%

Navinder Basra, BA, CPFA, CPA, CMA
Treasurer, University of Winnipeg Trusteed Pension Plan

April 22, 2024

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg contracted by the Trusteed Board of The University of Winnipeg Trusteed Pension Plan are responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Board of Trustees.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

(Original signed by Navinder Basra)

Navinder Basra, BA, CPFA, CPA, CMA
Vice-President Finance & Administration

(Original signed by Kathy Vlaming)

Kathy Vlaming, CPA, CA
Interim Comptroller

June 10, 2024

Andrew Kulyk, FSA, FCIA

Actuary's Opinion

Eckler Ltd. had been retained by The Board of Trustees of the University of Winnipeg Trusteed Pension Plan Trust to perform an actuarial valuation of the assets and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the "Plan") as at December 31, 2022 and adapted that valuation for inclusion in the Plan's financial statements. Eckler Ltd. has prepared an extrapolation of the results of that valuation to December 31, 2023 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

- (a) the membership data on which the valuation is based are sufficient and reliable,
- (b) the assumptions are appropriate, and
- (c) the methods employed in the valuation are appropriate.

This report has been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

June 10, 2024

Date

(Original signed by Andrew Kulyk)

Andrew Kulyk,
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries



KPMG LLP
1900 - 360 Main Street
Winnipeg MB
R3C 3Z3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The University of Winnipeg Trusteed Pension Plan

Opinion

We have audited the financial statements of The University of Winnipeg Trusteed Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2023, the statements of changes in net assets available for benefits and changes in obligations for pension benefits for the year then ended, and notes, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2023, and the changes in its net assets available for benefits and changes in its obligations for pension benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.



The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 management 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Signed "**KPMG LLP**"

Chartered Professional Accountants

Winnipeg, Canada

June 10, 2024

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

STATEMENT OF FINANCIAL POSITION

(see Schedule B)

	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 1,066,586	\$ 1,559,497
Accounts receivable	18,210	-
Contributions receivable:		
Members	23,461	24,104
University	185,420	-
Investment income receivable	36,567	32,225
Investments (Schedule A)	<u>252,161,165</u>	<u>228,961,890</u>
	<u>253,491,409</u>	<u>230,577,716</u>
Liabilities		
Accounts payable and accrued liabilities	107,742	112,827
Contributions overpayment:		
University	-	241,667
Due to The University of Winnipeg	<u>44,639</u>	<u>98,555</u>
	<u>152,381</u>	<u>453,049</u>
Net assets available for benefits	253,339,028	230,124,667
Obligation for pension benefits	<u>263,312,016</u>	<u>246,778,552</u>
Net pension deficit	<u>\$ (9,972,988)</u>	<u>\$ (16,653,885)</u>

Continuity of operations [Note 2(a)(ii)]

On behalf of the Board of Trustees:

(Original signed by Lorne Hilton) Chair

(Original signed by Colin Morrison) Vice-Chair

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

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(see Schedule C)

	Year Ended December 31, 2023	Year Ended December 31, 2022
Increase (decrease) in net assets		
Contributions (Note 6)		
Members' required	\$ 4,497,424	\$ 4,471,255
University's current service	5,062,302	5,108,145
University's special payments	1,548,000	948,000
Transfers from other plans	104	118,224
	<u>11,107,830</u>	<u>10,645,624</u>
Net return on investments		
Investment income	6,442,176	5,449,804
Change in fair value of investments:		
Net change in unrealized gain (loss) on investments	18,403,052	(29,102,111)
Net realized gain on investments	2,120,318	1,070,860
	<u>26,965,546</u>	<u>(22,581,447)</u>
Payments to or on behalf of members		
Retirement benefit payments	(10,150,636)	(10,236,051)
Termination benefit payments	(4,321,627)	(6,126,233)
	<u>(14,472,263)</u>	<u>(16,362,284)</u>
Administrative expenses		
Investment management fees	(163,894)	(212,085)
Actuarial fees	(61,530)	(38,115)
Administrative fees	(25,938)	(31,434)
Custodial fees	(56,696)	(64,034)
Audit fees	(24,343)	(26,383)
Other expenses	(54,351)	(25,936)
	<u>(386,752)</u>	<u>(397,987)</u>
Net increase (decrease) in net assets	23,214,361	(28,696,094)
Net assets available for benefits, beginning of year	<u>230,124,667</u>	<u>258,820,761</u>
Net assets available for benefits, end of year	<u>\$ 253,339,028</u>	<u>\$ 230,124,667</u>

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

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF CHANGES IN OBLIGATIONS FOR PENSION BENEFITS

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Defined Benefit Segment	Defined Contribution Segment	Total	Defined Benefit Segment	Defined Contribution Segment	Total
Obligations for pension benefits, beginning of year	\$ 134,406,000	\$ 112,372,552	\$ 246,778,552	\$ 144,030,000	\$ 122,214,517	\$ 266,244,517
Interest accrued on benefits	6,481,000	-	6,481,000	6,378,000	-	6,378,000
Net investment return (loss)	-	14,898,665	14,898,665	-	(13,654,027)	(13,654,027)
Experience (gain) loss	(669,000)	-	(669,000)	359,000	-	359,000
Contributions and transfers in	-	8,501,257	8,501,257	-	8,437,425	8,437,425
Benefits accrued	891,000	-	891,000	968,000	-	968,000
Benefits paid, refunds and transfers	(10,472,000)	(4,000,458)	(14,472,458)	(11,737,000)	(4,625,363)	(16,362,363)
Actuarial (gain) loss	903,000	-	903,000	(5,592,000)	-	(5,592,000)
Obligations for pension benefits, end of year	\$ 131,540,000	\$ 131,772,016	\$ 263,312,016	\$ 134,406,000	\$ 112,372,552	\$ 246,778,552

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

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN SUMMARY OF INVESTMENTS

	December 31, 2023			December 31, 2022		
	Fair Value	Cost	% of Fair Value	Fair Value	Cost	% of Fair Value
Defined benefit:						
Fixed income	\$ 43,294,880	\$ 43,442,882	36.0	\$ 52,545,251	\$ 55,247,158	45.1
Canadian equities	22,568,998	19,765,174	18.7	18,132,219	16,585,288	15.5
U.S. equities	31,502,050	28,070,933	26.2	23,505,554	24,423,620	20.2
International equities	12,222,181	10,890,974	10.2	9,902,722	10,289,497	8.5
Real estate	10,642,331	5,711,059	8.8	12,257,809	6,316,637	10.5
Short-term	140,500	140,500	0.1	245,783	245,783	0.2
	<u>120,370,940</u>	<u>108,021,522</u>	100.0	<u>116,589,338</u>	<u>113,107,983</u>	100.0
Defined contribution	<u>131,790,225</u>	<u>140,430,882</u>		<u>112,372,552</u>	<u>130,548,221</u>	
Total investments	<u>\$252,161,165</u>	<u>\$248,452,404</u>		<u>\$228,961,890</u>	<u>\$243,656,204</u>	

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

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF FINANCIAL POSITION BY SEGMENT

As at December 31, 2023

	Defined Benefit Segment	Defined Contribution Segment	Total
Assets			
Cash and cash equivalents	\$ 1,066,586	\$ -	\$ 1,066,586
Accounts receivable	18,210	-	18,210
Contributions receivable:			
Members	23,461	-	23,461
University	185,420	-	185,420
Investment income receivable	36,567	-	36,567
Investments (Schedule A)	<u>120,370,940</u>	<u>131,790,225</u>	<u>252,161,165</u>
	<u>121,701,184</u>	<u>131,790,225</u>	<u>253,491,409</u>
Liabilities			
Accounts payable and accrued liabilities	89,533	18,209	107,742
Due to The University of Winnipeg	<u>44,639</u>	<u>-</u>	<u>44,639</u>
	<u>134,172</u>	<u>18,209</u>	<u>152,381</u>
Net assets available for benefits	121,567,012	131,772,016	253,339,028
Obligations for pension benefits	<u>131,540,000</u>	<u>131,772,016</u>	<u>263,312,016</u>
Net pension deficit	<u>\$ (9,972,988)</u>	<u>\$ -</u>	<u>\$ (9,972,988)</u>

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

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY SEGMENT

For the year ended December 31, 2023

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in net assets			
Contributions (Note 6)			
Members' required	\$ 309,928	\$ 4,187,496	\$ 4,497,424
University's current service	748,645	4,313,657	5,062,302
University's special payments	1,548,000	-	1,548,000
Transfers from other plans	-	104	104
	<u>2,606,573</u>	<u>8,501,257</u>	<u>11,107,830</u>
Net return on investments			
Investment income	3,121,125	3,321,051	6,442,176
Change in fair value of investments:			
Net change in unrealized gain on investments	8,868,039	9,535,013	18,403,052
Net realized gain on investments	77,717	2,042,601	2,120,318
	<u>12,066,881</u>	<u>14,898,665</u>	<u>26,965,546</u>
Payments to or on behalf of members			
Retirement benefit payments	(10,150,636)	-	(10,150,636)
Termination benefit payments	(321,169)	(4,000,458)	(4,321,627)
	<u>(10,471,805)</u>	<u>(4,000,458)</u>	<u>(14,472,263)</u>
Administrative expenses			
Investment management fees	(163,894)	-	(163,894)
Actuarial fees	(61,530)	-	(61,530)
Administrative fees	(25,938)	-	(25,938)
Custodial fees	(56,696)	-	(56,696)
Audit fees	(24,343)	-	(24,343)
Other expenses	(54,351)	-	(54,351)
	<u>(386,752)</u>	<u>-</u>	<u>(386,752)</u>
Net increase in net assets	3,814,897	19,399,464	23,214,361
Net assets available for benefits, beginning of year	<u>117,752,115</u>	<u>112,372,552</u>	<u>230,124,667</u>
Net assets available for benefits, end of year	<u>\$ 121,567,012</u>	<u>\$ 131,772,016</u>	<u>\$ 253,339,028</u>

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

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. Description of the trustee pension plan

The following description of the University of Winnipeg Trusteed Pension Plan (the "Plan") is a summary only. For more complete information, reference should be made to the Plan Agreement, Trust Agreement and Transition Agreement.

The Plan was established as a contributory defined benefit pension plan on September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds were transferred to a trust fund and professional investment counselors were retained. Eligible Plan members at December 31, 2000, were given the option to remain in the defined benefit segment of the Plan or convert their accrued benefits to the newly formed defined contribution segment of the Plan. All new employees hired after that date are required to become members of the defined contribution segment of the Plan. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914).

On July 7, 2008 responsibility for plan administration was transferred to a Board of Trustees. The Board which includes representatives from stakeholder groups is responsible for all decisions related to the plan, except plan amendments which would cause an increase in cost to any stakeholder.

Prior to the transfer of responsibilities, a pension committee oversaw the administration of the Plan, monitored the investments with the assistance and advice of the investment committee, and made policy recommendations to the Board of Regents of the University of Winnipeg (the "University").

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan and those who are members of the Teachers' Retirement Allowances Fund. All employees join the Plan on their date of employment. Under the Plan, contributions are made by plan members and by the University (see Note 6 for funding policy).

The annual pension payable to a defined benefit member on retirement is based on the member's highest five year average earnings of their last 15 years of employment and years of credited service, subject to the Plan's maximum.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. Significant accounting policies

(a) (i) Basis of presentation

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity. Only the net assets of the Plan and obligations to the members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

(ii) Continuity of operations

In accordance with the Pension Benefits Act, an actuarial valuation is required at least every three years. An actuarial valuation of the defined benefit segment of the Plan was completed as at December 31, 2022.

The actuarial valuation at December 31, 2022 reported that the defined benefit segment of the Plan had a solvency deficiency of \$7,265,000 at that date.

The University would normally be required under the Pension Benefits Act to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements.

A full actuarial valuation of the Plan as at December 31, 2022 was completed in 2023. This valuation established a going concern unfunded liability of \$16,277,000 with annual special payments of \$1,548,000 required to amortize the deficiency over 15 years starting January 1, 2023. The next actuarial valuation of the Plan is required no later than December 31, 2025 and would be completed during 2026.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. Significant accounting policies (continued):

(b) Investments

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is recorded in the Statement of Changes in Net Assets Available for Benefits in the line item entitled "Net change in unrealized gain (loss) on investments".

Fair value of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using comparable securities.

Real estate investments are valued at the most recent appraisals or external manager's valuations of the underlying properties.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

(c) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on priority of the inputs to the valuation techniques used to measure fair value, into three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.
- Level 2: Fair value is based on quoted prices for similar assets and liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation of other means.
- Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Plan's assumptions about what the market participants would use in pricing assets or liabilities.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. Significant accounting policies (continued)

(d) Net realized gain on investments

The net realized gain on investments is the difference between proceeds received and the average cost of investments sold.

(e) Investment income

Investment income, which is recorded on the accrual basis, includes interest, dividends and pooled fund distributions.

(f) Foreign currency translation

The fair values of foreign currency denominated investments recorded in the Statement of Financial Position are translated into Canadian dollars at the year end rates of exchange. Gains and losses arising from translations are recorded in the Statement of Changes in Net Assets Available for Benefits in the line entitled "Net change in unrealized gain (loss) on investments".

Foreign currency denominated transactions, as well as cost amounts included in Schedule A Summary of Investments, are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(g) Transaction costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Actual transaction costs incurred are expensed and recorded in the Statement of Changes in Net Assts Available for Benefits in the line item entitled "Net realized gain on investments".

(h) Use of estimates

The preparation of 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 as well as the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) Fair value of other financial assets and financial liabilities

The carrying values of all other financial assets and liabilities approximate their fair market values due to the short term nature of these amounts.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. Summary of investments

Schedule A Summary of Investments represents the total investments of the defined benefit segment and defined contribution segment of the Plan held by the custodians. In respect to the defined benefit segment of the Plan, external investment managers invest the Plan assets pursuant to the approved investment policy. The members of the defined contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Plan.

4. Risk management

The Plan's investment activities are exposed to market risk, credit risk and liquidity risk. Market risk is comprised of interest rate risk, foreign currency risk and other price risk.

Defined Benefit Segment

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates.

The Plan's exposure to interest rate risk is concentrated in its investments in bonds, debentures, short-term notes and deposits. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored by the Board of Trustees. As at December 31, 2023, if the prevailing interest rates increased or decreased by 100 basis points, with all other variables held constant, the Plan's net assets would have decreased or increased by approximately \$4,029,739 (\$5,064,114 as at December 31, 2022). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

(ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments.

The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Board of Trustees.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. Risk management (continued)

The Plan's exposure to foreign currencies as a percentage of total defined benefit investments:

As at December 31, 2023	Actual Currency Exposure	% of Investments
Canadian dollar	\$ 74,697,034	62.0
U.S. dollar	33,451,726	27.8
Euro	4,071,048	3.4
Japanese yen	2,729,093	2.3
British pound sterling	1,753,126	1.5
Swiss franc	1,201,885	1.0
Other currencies	2,467,028	2.0
	\$ 120,370,940	100.0

As at December 31, 2022	Actual Currency Exposure	% of Investments
Canadian dollar	\$ 81,880,508	70.2
U.S. dollar	24,806,108	21.3
Euro	3,167,071	2.7
Japanese yen	2,166,761	1.9
British pound sterling	1,509,118	1.3
Swiss franc	1,000,310	0.9
Other currencies	2,059,462	1.7
	\$ 116,589,338	100.0

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. Risk management (continued)

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 10% in relationship to all foreign currencies, with all other variables held constant, the Plan's net assets would have decreased or increased by approximately \$4,567,391 (\$3,470,883 as at December 31, 2022).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored by the Board of Trustees. As at December 31, 2023, if equity prices had increased or decreased by 10%, with all other variables held constant, the Plan's net assets would have increased or decreased by approximately \$6,629,323 (\$5,154,050 as at December 31, 2022).

(b) Credit risk

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The breakdown of the Plan's fixed income portfolio (at fair value) by credit ratings from various rating agencies is presented below:

Credit Rating	December 31, 2023	December 31, 2022
AAA	\$ 9,175,337	\$ 12,398,223
AA	18,109,274	21,057,633
A	8,849,443	11,562,976
BBB	7,160,826	7,526,419
Total	\$ 43,294,880	\$ 52,545,251

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. Risk management (continued)

(c) Liquidity risk

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale.

Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the fair value by the earliest contractual maturity of the Plan's fixed income investments:

Maturity Date	December 31, 2023	December 31, 2022
Less than 1 year	\$ 372,900	\$ 338,567
1 - 5 years	10,510,491	11,080,523
Greater than 5 years	32,411,489	41,126,161
Total	\$ 43,294,880	\$ 52,545,251

Defined Contribution Segment

Investment allocation for the defined contribution segment of the Plan is directed by individual plan members to a series of investment funds. The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks is concentrated in its investment holdings and is managed by the respective fund managers. The risk management process for each fund manager includes the monitoring of compliance to the fund's investment policies and objectives. It is the responsibility of each fund manager to manage the potential effects of these financial risks on the fund's performance by regularly monitoring the fund's positions, market events and making adjustments to the fund as necessary to diversify investment portfolios within the constraints of the investment guidelines. The following is a list of the potential risks individual funds may be exposed to:

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

4. Risk management (continued)

Fund Name	Fair Value 2023	Fair Value 2022	Interest Rate Risk	Foreign Currency Risk	Other Price Risk	Credit Risk	Liquidity Risk
BG American Equity	\$ 940,985	\$ 883,189		X	X		
Daily Interest Savings	-	214	X				
DFS BlackRock Cdn Equity Index	1,106,760	984,001		X	X		X
DFS BlackRock MSCI EAFE Equity Index	915,288	774,986		X	X		X
DFS BlackRock Univ Bond Index	265,590	218,037	X	X	X	X	X
DFS BlackRock US Equity Index	822,634	627,808		X	X		X
DFS BlackRock US Equity Index (Reg)	3,206,371	2,412,102		X	X		X
DGAM Money Market	2,733,891	2,152,968	X			X	
Fidelity ClearPath Inst. 2020	6,292,250	5,965,505	X	X	X	X	X
Fidelity ClearPath Inst. 2025	18,118,935	17,181,546	X	X	X	X	X
Fidelity ClearPath Inst. 2030	17,824,267	15,316,305	X	X	X	X	X
Fidelity ClearPath Inst. 2035	25,370,817	21,099,073	X	X	X	X	X
Fidelity ClearPath Inst. 2040	20,849,356	17,870,952	X	X	X	X	X
Fidelity ClearPath Inst. 2045	15,370,660	12,695,608	X	X	X	X	X
Fidelity ClearPath Inst. 2050	8,476,825	6,470,988	X	X	X	X	X
Fidelity ClearPath Inst. 2055	3,191,514	2,284,512	X	X	X	X	X
Fidelity ClearPath Inst. 2060	967,461	605,050	X	X	X	X	X
Fidelity ClearPath Inst. Income	413,629	660,223	X	X	X	X	X
Jarislowsky Fraser Cdn Equity	1,718,251	1,389,875			X		
Mawer International Equity	1,075,066	952,686		X	X		X
PH&N Core Plus Bond Fund	509,163	236,272	X	X	X	X	X
SocieTerra Equity	1,323,451	1,336,597		X	X		
SocieTerra Fixed Income	297,061	254,055	X	X	X	X	X
	\$ 131,790,225	\$ 112,372,552					

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

5. Obligation for pension benefits

(a) Defined benefit obligation

The actuarial present value of accrued pension benefits under the defined benefit segment was determined using the projected unit credit actuarial method and using assumptions recommended by the actuary and approved by the Board of Trustees. An actuarial valuation of the Plan was prepared, effective December 31, 2022 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by Eckler Ltd. to December 31, 2023. The extrapolation of the actuarial present value of the pension benefits as at December 31, 2022 and the principal components of changes in actuarial present values during the year are provided in the Statement of Changes in Obligations for Pension Benefits.

The actuarial gain in 2023 was measured as the impact of changes in membership, including the impact of salary changes, between the previous actuarial valuation as at December 31, 2021 and the actuarial valuation as at December 31, 2022.

The Plan provides that a pension increase in respect of a year is effective July 1 of the following year and is equal to the excess of the four year geometric average rate of return of the fund, in excess of 6%, subject to a maximum of the increase in the Consumer Price Index in that year. The four-year geometric average rate of return for the periods ending December 31, 2022 and 2023 was less than 6%; therefore, no pension increase in respect of 2022 and 2023 will be provided to retirees.

The value of net assets available for benefits was:

	December 31, 2023	December 31, 2022
Fair value of net assets	\$ 121,567,012	\$ 117,752,115

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

5. Obligation for pension benefits (continued)

The economic assumptions used in determining the actuarial value of accrued benefits were changed for the extrapolation to December 31, 2023 and were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

	December 31, 2023	December 31, 2022
Rate of return on investments	5.05%	5.00%
Post-retirement pension increases	0.65%	0.50%
Rate of salary increase *	3.0% per year, plus merit, if applicable	3.0% per year, plus merit, if applicable

* Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 3.00% per year for all members. Salaries for academic plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase Over Next 5 Years	Average Annual Increase to Age 65
40	2.3%	1.9%
45	2.1%	1.8%
50	1.9%	1.7%
55	1.7%	1.7%
60	1.6%	1.6%

(b) Defined contribution obligation

The obligation for pension benefits under the defined contribution segment will always be equal to the net assets in the members' account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

6. Funding policy

The University's regular contribution to the defined benefit segment is 9.0% of contributory earnings less an adjustment for the Canada Pension Plan. The University's contribution to the defined contribution segment is 6.2% of contributory earnings. The Plan defines maximum contributory earnings for both defined benefit and defined contribution members. For members receiving long-term disability benefits, the University pays the member's regular contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the Pension Benefits Act of Manitoba.

7. Fair value disclosure

The Plan's investments have been categorized based upon a fair value hierarchy as described in Note 2(c). The following table presents the classification of the Plan's investments measured at fair value. There have been no transfers between levels during 2022 and 2023.

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 43,294,880	\$ -	\$ 43,294,880
Canadian equities	22,568,998	-	-	22,568,998
U.S. equities	31,502,050	-	-	31,502,050
International equities	12,222,181	-	-	12,222,181
Real estate	-	-	10,642,331	10,642,331
Short-term	-	140,500	-	140,500
Defined contribution	-	131,790,225	-	131,790,225
	\$ 66,293,229	\$ 175,225,605	\$ 10,642,331	\$ 252,161,165

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Fixed income	\$ -	\$ 52,545,251	\$ -	\$ 52,545,251
Canadian equities	18,132,219	-	-	18,132,219
U.S. equities	23,505,554	-	-	23,505,554
International equities	9,902,722	-	-	9,902,722
Real estate	-	-	12,257,809	12,257,809
Short-term	-	245,783	-	245,783
Defined contribution	-	112,372,552	-	112,372,552
	\$ 51,540,495	\$ 165,163,586	\$ 12,257,809	\$ 228,961,890

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

7. Fair value disclosure (continued)

The following table summarizes the changes in fair value of the Plan's real estate investments classified as Level 3:

	2023	2022
Balance as at January 1	\$ 12,257,809	\$ 13,335,230
Disposals	(1,200,000)	(2,100,000)
Realized gain	594,422	958,917
Change in unrealized gain	(1,009,900)	63,662
Balance as at December 31	\$ 10,642,331	\$ 12,257,809

8. Capital disclosures

The Plan's objective in managing capital is to preserve the net assets available for pension benefits for its membership. The Board of Trustees is responsible for all aspects of the operation and administration of the Plan. Managing capital takes into account capital requirements provided in the terms of the respective components of the Plan and applicable legislation within the Manitoba Pension Benefits Act and the Income Tax Act.

The Plan's capital is comprised of the net assets available for benefits. The Plan's risks are defined in Note 4 as well as the Board of Trustees risk management strategies. A trust company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. In regards to the defined contribution component of the Plan, all members make their own investment decisions.

The Statement of Changes in Net Assets Available for Benefits sets out the net asset balances at the beginning and the end of the year.