



# Financial Statements

University of Victoria  
Combination Pension Plan

December 31, 2022

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liquidate the University of Victoria Combination Pension Plan or to cease operations, or has no realistic alternative but to do so.



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# University of Victoria Combination Pension Plan Statement of Changes in Net Assets Available for Benefits

Year Ended December 31 (expressed in \$000's)      ▽      2022      ▽      2021

**Changes in net assets**



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# University of Victoria Combination Pension Plan Notes to the Financial Statements

December 31, 2022

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# University of Victoria Combination Pension Plan Notes to the Financial Statements

December 31, 2022

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# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

December 31, 2022

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1. **Description of plan** (continued)

(i) **Income taxes**

The Plan is a registered pension plan as defined in the Income Tax Act (Canada) and is not subject to income taxes, but is subject to indirect taxes including British Columbia

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# University of Victoria Combination Pension Plan Notes to the Financial Statements

December 31, 2022

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## 3. Summary of significant accounting policies (continued)

# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

December 31, 2022

### 4. Investments (fair value)

Except for the assets of the DRBA, the assets of the Plan are pooled for investment purposes with the assets of the University of Victoria Money Purchase Pension Plan. At December 31, 2022, 92.83% (2021: 93.03%) of the assets held in the Balanced Fund were in respect of the University of Victoria Combination Pension Plan

The Plan's investments are recorded at fair value or at amounts that approximate fair value. Fair value is the amount at which the investment could be exchanged in a current financial transaction between willing parties. The investments are categorized according to a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs that are not observable for the asset or liability.

The Plan's proportionate share of investments in each fund, categorized according to the fair value hierarchy, is as follows:

(Expressed in \$000's)	2022		2021	
	Balanced Fund	DRBA	Total	Total
Short-term notes - Level 1 \$	1,315	1,017	\$ 2,332	\$ 14,749
Short-term notes - Level 2	1,505	-	1,505	2,605
Canadian bonds - Level 1	421,903	65,191	487,094	472,081
Canadian equities - Level 1	124,208	82,061	206,269	254,206
Canadian equities - Level 2	132,921	-	132,921	169,867
Foreign equities - Level 2	405,690	136,492	542,182	661,478
Real estate - Level 3	142,911	33,438	176,349	145,188
	\$ 1,230,453	\$ 318,199	\$ 1,548,652	\$ 1,720,174
Fair value hierarchy				
Level 1	\$ 547,426	\$ 148,269	\$ 695,695	\$ 741,036
Level 2	540,116	136,492	676,608	833,950
Level 3	142,911	33,438	176,349	145,188
	\$ 1,230,453	\$ 318,199	\$ 1,548,652	\$ 1,720,174

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# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

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### 4. Investments (fair value) (continued)

The following table summarizes the changes in the fair value of the Plan's financial instruments classified as level 3 investments, this includes the hedges that were entered into within the scope of the real estate program which houses all level 3 investments:

(Expressed in \$000's)

Balanced

Fund:4

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# University of Victoria Combination Pension Plan Notes to the Financial Statements

December 31, 2022

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## 5. Net return on investments

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# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

December 31, 2022

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### 7. Net assets available for benefits

The net assets available for benefits as at December 31 are allocated as follows:

	\$ 6 6	
(Expressed in \$000's)	2022	2021
Combined contribution accounts ("CCA")	\$ 540,807	\$ 614,143
Variable benefit accounts ("VBA")	471,835	544,260
Additional voluntary contribution accounts ("AVC")	20,235	24,817
Internal variable annuity account ("IVAA")	201,778	199,789
	<b>1,234,655</b>	1,383,009
Defined retirement benefit account ("DRBA")	318,122	341,207
	<b>\$ 1,552,777</b>	\$ 1,724,216

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# University of Victoria Combination Pension Plan Notes to the Financial Statements

December 31, 2022

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## 11. Defined retirement benefit account (“DRBA”)

The DRBA is a.0149P. A Canadi14 (i)3.2 (dtMCID)

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# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

December 31, 2022

### 12. Risk management (continued)

by the investment managers, the requirement for diversification of investments within each asset class and credit quality constraints on fixed income instruments. Other price risk can be measured in terms of volatility, the standard deviation of change in the value of a financial instrument within a specific time horizon.

	<b>Volatility %</b>
Short-term holdings	+/- 1.5
Bonds and mortgages	+/- 5.4
Canadian equities	+/- 19.5
Foreign equities	+/- 16.1
Real estate	+/- 10.8

### Market risk (continued)

<b>Benchmark for investments</b>	<b>% change</b>	<b>Net impact on market value</b>	
		Balanced Fund	Defined Retirement Benefit Fund
FTSE TMX Canada 91-day Treasury Bill Index	+/- 1.5	\$42	\$15
FTSE TMX Canada Universe Bond Index	+/- 5.4	22,783	3,520
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# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

December 31, 2022

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### 12. Risk management (continued)

Credit risk relates to the possibility that a loss may occur from failure of a fixed income security issuer to meet its debt obligations. At December 31, 2022, the maximum risk exposure for this type of investment is \$424.7 million (2021: \$409.9 million) in the Balanced Fund and \$66.2 million (2021: \$79.5 million) in the Defined Retirement Benefit Fund.

The Plan limits credit risk by investing only in short term debt rated R1 or higher and other debt rated BBB or higher, as rated by the Dominion Bond Rating Service or equivalent. Debt rated below BBB is only permitted in the case of a high yield bond fund which has been specifically approved for investment by the Board of Pension Trustees.

The following shows the percentage of bond holdings in the portfolio by credit rating.

Rating	Balanced Fund	Defined Retirement Benefit Fund
AAA	21.7%	21.7%
AA	31.4%	31.4%
A	20.4%	20.4%
BBB	18.8%	18.8%
BB and below	6.5%	6.5%
Unrated	1.2%	1.2%

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### 13. Capital disclosures

The purpose of the Plan is to provide pension benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Plan with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments.

In accordance with regulatory requirements, the Board of Pension Trustees has established a Statement of Investment Policies and Procedures ("SIP&P") which sets out the investment principles, guidelines and monitoring procedures that are appropriate to the needs and objectives of the Plan. The SIP&P sets out benchmarks and asset allocation ranges that are intended to best secure the obligations for pension benefits and result in reasonable risk-adjusted return on investment. Individual investment decisions are delegated to investment managers subject to the constraints of the SIP&P and individual manager mandates. As required, the Board of Pension Trustees reviews the SIP&P and manager structure at least annually, and makes such changes to the SIP&P and/or mandates as it deems necessary. With the assistance of an outside consultant, the Board of Pension Trustees and the Pension Services regularly monitor the asset mix of each manager and fund to ensure compliance with the SIP&P and mandates.

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# University of Victoria Combination Pension Plan

## Notes to the Financial Statements

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The benchmark and ranges for the funds are as follows:

	Balanced Fund		DRBA	
	Benchmark	Range	Benchmark	Range
Cash and equivalents	0%	0-21%	0%	0-20%
Canadian bonds	36%	20-46%	20%	15-25%
Canadian equities	22%	14-27%	25%	15-35%
Foreign equities	32%	20-40%	45%	40-50%
Real estate	10%	5-15%	10%	5-15%

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