



Financial Statements

University of Victoria Money
Purchase Pension Plan

December 31, 2022



Independent Auditor's Report

To the Trustees of the University of Victoria Money Purchase Pension Plan

Grant Thornton LLP

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

Those charged with governance are responsible for overseeing the University of Victoria Money Purchase Pension 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 these 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:

**University of Victoria Money Purchase Pension Plan
Statement of Changes in Net Assets Available for Benefits**

University of Victoria Money Purchase Pension Plan Notes to the Financial Statements

December 31, 2022

1. Description of plan

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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 hedges that were entered into within the scope of the real estate program which houses all the level 3 investments:

(Expressed in \$000's)	2022	2021
Beginning balance	\$ 9,433	\$ 7,640
Purchases	3,248	1,890
Sales	(2,431)	(1,314)
Realized and unrealized gains	789	1,217
Ending balance	\$ 11,039	\$ 9,433

Short-term notes consist of Canadian money market securities maturing in 12 months or less and include treasury bills and guaranteed investment certificates. Canadian bonds consist of government and corporate bonds and debentures. Equities consist of publicly traded shares. Real estate investments consists of diversified Canadian and Global income-producing properties. Investments may be segregated or consist of units of pooled investment portfolios of the investment managers.

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7. Net assets available for benefits

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

(Expressed in \$000's)	<u>2022</u>	<u>2021</u>
Money purchase contribution accounts ("MPCA")	\$ 69,499	\$ 75,209
Additional voluntary contribution accounts ("AVC")	3,244	4,096
Variable benefit accounts ("VBA")	<u>22,627</u>	<u>24,337</u>
	<u>\$ 95,370</u>	<u>\$ 103,642</u>

8. Money purchase contribution accounts ("MPCA")

Each member of the Plan who is not a pensioner has a MPCA, which is reported annually to the member. MPCAs are invested in the Balanced Fund.

9. Variable benefit accounts ("VBA")

Each member of the plan in receipt of a variable benefit pension has a VBA. VBAs are invested in the Balanced Fund.

10. Additional voluntary contribution accounts ("AVC")

Additional voluntary contribution accounts are divided into restricted voluntary accounts ("RVA") and unrestricted voluntary accounts ("UVA"). Transfers from other pension plans that have restrictions imposed by the exporting plans are placed in RVA. Contributions made by members on a voluntary basis and transfers that are unrestricted are placed in UVA. All RVA and UVA are invested in the Balanced Fund as follows:

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11. Risk management

The Plan's investments are recorded at fair value. Other financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values. Fair values of investments are exposed to market risk, liquidity risk and credit risk.

Market risk

Market risk is comprised of currency risk, interest rate risk, and other price risk.

Currency risk: Currency risk relates to the possibility that the investments will change in value due to future fluctuations in US, Euro and other international foreign exchange rates. For example, a 5% strengthening (weakening) of the Canadian dollar against foreign currencies at December 31, 2022 would have decreased (increased) investments held in foreign currencies by approximately \$1.6 million (2021: \$1.9 million).

Currency risk associated with foreign equities may be hedged at the discretion of the manager, BC Investment Management Corporation, in order to protect the value of foreign equity investments from the impact of an appreciating Canadian dollar (relative to the foreign currency).

The Fixed Income Manager may purchase US Treasury Bonds, provided the foreign currency exposure is hedged through the purchase of currency contracts.

Interest rate risk: Intereurrency c41 Td [(ca)-8 (e)-68.1 (e r)414 clue ofger ere.

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