THE UNIVERSITY OF MANITOBA PENSION PLAN (1993)

Independent Auditor's Report and Financial Statements
for the year ended December 31, 2022

Pension Office

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THE UNIVERSITY OF MANITOBA PENSION PLAN (1993)

RESPONSIBILITY FOR FINANCIAL REPORTING

The Pension Committee of The University of Manitoba Pension Plan (1993) (Pension Committee) administers the Pension Plan in accordance with *The Pension Benefits Act* of the Province of Manitoba and with provision of the *Income Tax Act* (Canada). The Pension Committee's responsibilities as administrator, includes the integrity, objectivity and preparation of the accompanying financial statements and notes. The financial statements are prepared by management in accordance with Canadian accounting standards for pension plans. The financial statements have been approved by the Pension Committee.

The Pension Committee and management maintain a system of internal control to provide a reasonable assurance that the books and records from which the financial statements are derived, are complete, accurate and properly reflect all transactions. Independent custodians prepare records of all investment transactions.

KPMG has examined the financial statements and expressed a written opinion.

Cheryl A. Britton	Bernard Gold
Financial and Investment Analyst	Director, Pension Office

June 1, 2023
Winnipeg, Manitoba

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Pension Committee of The University of Manitoba Pension Plan (1993)
To the Board of Governors of The University of Manitoba

Opinion

We have audited the financial statements of The University of Manitoba Pension Plan (1993) (the "Entity"), which comprise the statement of financial position as at December 31, 2022, the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including 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 Entity as at December 31, 2022, and its changes in net assets available for benefits and its changes in pension obligations 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 Entity in accordance with the ethical requirements that 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.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 1, 2023

The University of Manitoba Pension Plan (1993)

Statement of Financial Position
As at December 31, 2022

(in thousands of dollars)	**2022**	2021
Assets		
Investments (Note 3)	**$ 1,326,585**	$ 1,451,155
Contribution Receivable		
Member	**2**	1
Employer	**440**	419
Accrued Income Receivable	**871**	1,638
Total Assets	**1,327,898**	1,453,213
Liabilities		
Accounts Payable	**1,804**	1,522
Total Liabilities	**1,804**	1,522
Net Assets Available for Benefits	**1,326,094**	1,451,691
Pension Obligations (Note 2e)	**1,339,915**	1,390,637
Plan (Deficit) Surplus	**$ (13,821)**	$ 61,054

(The accompanying Notes form an integral part of these financial statements)

The University of Manitoba Pension Plan (1993)

Statement of Changes in Net Assets Available for Benefits
For the year ended December 31, 2022

(in thousands of dollars)	Member Regular	Member Voluntary	Employer Regular	Pension Guarantee Excess Funding	Pensioner Account	Pensioner Solvency Account	**2022 Total**	2021 Total
Increases in Assets								
Contributions	$ 30,901	$ -	$ 30,901	$ -	$ -	$ -	**$ 61,802**	$ 55,426
Transfers	-	692	-	-	-	-	**692**	749
Special payment for unfunded liability (Note 11)	-	-	-	-	-	156	**156**	156
Current service funding (Note 11)	-	-	-	5,285	-	-	**5,285**	4,590
Investment income (Note 7)	10,045	171	10,046	543	8,799	2,108	**31,712**	28,333
Current period change in fair value of investments (Note 8)	-	-	-	-	-	-	**-**	130,572
Total Increase in Assets	40,946	863	40,947	5,828	8,799	2,264	**99,647**	219,826
Decrease in Assets								
Current period change in fair value of investments (Note 8)	36,685	624	36,685	1,981	32,135	7,700	**115,810**	-
Retirement benefits	20,283	789	20,284	5,509	37,880	-	**84,745**	89,570
Refunds and transfers	6,618	367	6,618	255	-	-	**13,858**	10,738
Benefits on death	1,676	-	1,676	830	6	-	**4,188**	2,955
Administrative expenses (Note 10)	2,104	36	2,105	114	1,843	441	**6,643**	6,593
Total Decrease in Assets	67,366	1,816	67,368	8,689	71,864	8,141	**225,244**	109,856
Intra Plan Transfers								
To Pensioner Account (Note 6)	(9,826)	(360)	(9,826)	(3,591)	23,603	-	**-**	-
Net Increase/(Decrease) for the Year	(36,246)	(1,313)	(36,247)	(6,452)	(39,462)	(5,877)	**(125,597)**	109,970
Net Assets Available for Benefits at the Beginning of the Year	461,856	7,622	461,864	25,417	398,545	96,387	**1,451,691**	1,341,721
Net Assets Available for Benefits at the End of the Year	$ 425,610	$ 6,309	$ 425,617	$ 18,965	$ 359,083	$ 90,510	**$ 1,326,094**	$ 1,451,691

(The accompanying Notes form an integral part of these financial statements)

The University of Manitoba Pension Plan (1993)

Statement of Changes in Pension Obligations
For the year ended December 31, 2022

(in thousands of dollars)	**2022**	2021
Actuarial present value of pension obligations (accrued pension benefits) at beginning of year	**$1,390,637**	$1,349,144
Interest accrued on benefits	**(43,137)**	114,266
Benefits accrued	**67,101**	61,917
Benefits paid	**(102,791)**	(103,263)
Experience losses (gains)	**41,057**	(16,478)
Assumption changes (gains)	**(12,952)**	(14,949)
Actuarial present value of pension obligations (accrued pension benefits) at end of year	**$1,339,915**	$1,390,637

(The accompanying Notes form an integral part of these financial statements)

THE UNIVERSITY OF MANITOBA PENSION PLAN (1993)

Notes to the Financial Statements
For the year ended December 31, 2022

(in thousands of dollars unless otherwise noted)

1. Description of Plan

General

The University of Manitoba Pension Plan (1993) (the "Plan") is a trusteed plan administered in accordance with *The Pension Benefits Act* of the Province of Manitoba (the "PBA") and with provisions of the *Income Tax Act* (Canada).

The Pension Committee of the Plan is the Administrator. The University of Manitoba (the "University") is the Plan sponsor. CIBC Mellon Trust Company has been appointed trustee and custodian in accordance with the terms of a Trust Agreement between the Pension Committee and CIBC Mellon Trust Company.

The following description of the Plan is a summary only. For more complete information, reference should be made to the plan document.

Eligibility

Staff members of the University other than those eligible for membership in The University of Manitoba GFT Pension Plan (1986) are eligible for membership in the Plan.

Funding

The Plan members contribute at the rate of 9.0% of salary less an adjustment for the Canada Pension Plan. The University matches these contributions.

If an actuarial valuation reveals a deficiency in the fund, the PBA requires that the University make additional contributions to fund the deficiency. These special payments are highlighted in Note 11.

Retirement Benefits

At retirement, the Plan provides that the member's Contribution Account and University Contribution Account are applied to establish retirement income known as a plan annuity. This annuity is determined using a pension factor established by the actuary and is paid from the Plan. The Plan provides that if the defined benefit pension based on a formula involving the member's years of service and highest average earnings exceeds the plan annuity, the difference (known as a supplementary pension) is paid from the Plan. The Plan provides for retirement benefits paid from the Plan to be increased using an excess interest approach, provided such increase can be afforded by the Plan as confirmed by the actuary.

Survivor Benefits

In the event of the death of a member who is receiving a plan annuity, the amounts payable, if any, shall be paid in accordance with the form of the retirement benefits selected. If the recipient of the death benefit is not the eligible spouse and the benefit consists of the remaining payments under a guarantee period, the recipient may elect either to receive the remaining payments on a monthly basis or to receive an actuarially equivalent lump sum benefit.

Termination Benefits

The Plan provides for full and immediate vesting on termination of employment subject to the provisions of the PBA.

Pre-retirement Death Benefits

The benefit on death prior to retirement is the accumulated values of a member's Contribution Account and the member's University Contribution Account, including any supplementary pension for members who are eligible to retire.

2. Significant Accounting Policies

a) Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans (Part IV of the CPA Canada Handbook). The Plan has adopted accounting standards for Private Enterprises (Part II of the CPA Canada Handbook) for all accounting policies that do not relate to the valuation of the investment portfolio or pension obligations.

These financial statements do not reflect an individual plan member's benefit security.

b) Financial Instruments

The financial instruments of the Plan consist of investments, contribution receivable, accrued income receivable and accounts payable which includes benefits payable.

The Plan recognizes and derecognizes all financial assets and liabilities in accordance with Financial Instruments, Section 3856 (Part II of the CPA Canada Handbook).

All investment assets and liabilities are measured at fair value based on International Financial Reporting Standards, IFRS 13, Fair Value Measurements (Part I of the CPA Canada Handbook).

Initially, all financial assets and liabilities are recorded at fair value on the Statement of Financial Position. Subsequent measurement is determined by the classification of each financial asset and liability. Investment assets and liabilities are measured at fair value with the change in fair value recognized in the Statement of Changes in Net Assets Available for Benefits. Financial instruments classified as accrued income receivable, contribution receivable and accounts payable are measured at amortized cost.

Fair values of investments are determined as follows:

Fixed Income

(i) Short-term investments are recorded at cost which approximates fair value.
(ii) The pooled mortgage funds are valued by the external fund managers.
(iii) Bonds and debentures are valued by an independent securities valuation company.

Equity

(i) Publicly traded securities are recorded at year end market prices.
(ii) The pooled equity funds are valued by the external fund managers.

Real Estate

(i) The pooled real estate funds are valued by the external fund managers.

Infrastructure

(i) Infrastructure investments are valued at estimated fair value as determined by the external fund manager.

c) Foreign Currency Translation

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year end and the resulting change is included in the change in fair value of investments. Revenue and expense transactions are translated at the exchange rates prevailing on the dates of the transactions and are included in investment income or the change in fair value of investments (realized gains or losses) or administrative expenses at the translated amounts.

d) Allocation of Income/Loss to Individual Plan Members

Investment income/loss is determined and allocated to individual member accounts monthly. Investment income/loss for a month consists of dividend and interest income, realized gains or losses on the sale of investments and unrealized investment gains or losses. Expenses as defined in the service agreement are deducted before the allocation is made. Net investment income/loss is distributed prorata to all member accounts based on the member's account balance at the beginning of the month.

e) Pension Obligations

The Plan is a hybrid pension plan that includes defined benefit and defined contribution components.

The pension obligations of a defined benefit pension plan are the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on service.

f) Use of Estimates

In preparing these financial statements, estimates and assumptions have been used that primarily affect the reported values of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the period. Actual results could differ from those estimates.

(in thousands of dollars unless otherwise noted)

3. Investments

As at December 31	2022	2021
Cash and short-term investments	$ 105,849	$ 34,094
Canadian equities	236,417	265,038
Foreign equities	498,107	565,398
Bonds and debentures	115,574	292,342
Mortgages	135,998	145,256
Real Estate	157,874	149,027
Infrastructure	76,766	-
Total	$1,326,585	$1,451,155

Cash and short-term investments at December 31, 2022, include an infrastructure capital call of $70 million that was executed on January 3, 2023.

4. Risk Management

Fair values of investments are exposed to market risk, credit risk and liquidity risk.

The Plan's exposures across all risk parameters including market, credit and liquidity remained within all risk limits set out in the Plan's Statement of Investment Policies and Procedures, except as reported by the individual investment managers.

a) Market risk

Market risk consists of other price risk, interest rate risk and foreign currency risk.

i) Other price risk

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

To mitigate the impact of other price risk, the Plan invests in a diversified portfolio of investments based on an approved Statement of Investment Policies and Procedures. Asset class diversification reduces risk. Within each asset class, risk is managed by quality constraints on investments, restrictions on investments in private placements and investment style diversification. The Plan's target asset allocation reflects a risk/return trade-off which was assessed by the Pension Committee on the basis of long-term prospects in the capital market taking into account the Plan's benefits, liabilities and financial situation with consideration given to all factors that may affect funding, solvency and the ability of the Plan to meet its financial obligations.

(in thousands of dollars unless otherwise noted)

The Plan's target asset allocation, based on fair value, is shown below:

Fixed Income	23.50%	
Cash Account		2.00%
Universe Bonds		10.75%
Mortgages		10.75%
Equities	56.50%	
Canadian		18.00%
United States		19.50%
EAFE		19.00%
Alternatives	20.00%	
Real Estate		10.00%
Infrastructure		10.00%

ii) Interest rate risk

Interest rate risk refers to the effect on the fair value of assets and liabilities due to fluctuations in interest rates. The value of the Plan's bond portfolio assets are directly affected by changes in nominal and real interest rates. A 100 basis point decrease (increase) in interest rates, assuming all other variables held constant, would result in an increase (decrease) in the bond portfolio fair value by approximately $9.2 million (2021 - $23.4 million).

The established investment policies for the bond mandates have guidelines on concentration, duration, and distribution which are designed to partially mitigate the risks of interest rate volatility.

(in thousands of dollars unless otherwise noted)

A 100 basis point decrease (increase) in interest rates, assuming all other variables held constant, would result in an increase (decrease) in the fair value of the combined pooled mortgage and real estate portfolios by approximately $3.6 million (2021 - $4.1 million).

Pension liabilities are exposed to fluctuations in long-term interest rates as well as expectations in salary escalation. A decrease (increase) in interest rates would increase (decrease) the pension liabilities.

iii) Foreign currency risk

Foreign currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. Hedging foreign currency exposure may be employed where foreign currency impacts may overwhelm specific asset class returns.

The Plan's exposure in cash and investments to foreign currencies reported in Canadian dollars is shown below:

	December 31, 2022	
Currency Exposure		
Canadian Dollar	$ 752,490	56.7%
US Dollar	355,323	26.8%
Euro	69,677	5.2%
British Pound Sterling	43,192	3.2%
Japanese Yen	36,616	2.8%
Swiss Franc	26,217	2.0%
Danish Krone	11,686	0.9%
Hong Kong Dollar	6,050	0.4%
Swedish Krona	3,670	0.3%
New Taiwan Dollar	3,439	0.3%
Other currencies	18,225	1.4%
Total	$1,326,585	100.0%

(in thousands of dollars unless otherwise noted)

	December 31, 2021	
Currency Exposure		
Canadian Dollar	$ 891,588	61.4%
US Dollar	302,605	20.9%
Euro	77,239	5.3%
British Pound Sterling	42,430	2.9%
Japanese Yen	41,567	2.9%
Swiss Franc	41,023	2.8%
Hong Kong Dollar	10,758	0.7%
Danish Krone	8,222	0.6%
Swedish Krona	8,194	0.6%
New Taiwan Dollar	6,430	0.4%
South Korean Won	3,722	0.3%
Other currencies	17,377	1.2%
Total	$1,451,155	100.0%

A 10% decrease (increase) in the value of the Canadian dollar in relation to all other foreign currencies, with all other variables held constant, would result in an unrealized investment gain (loss) of approximately $57.4 million (2021 - $55.9 million).

b) Credit risk

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Plan. Credit risk is limited by dealing with counterparties that are considered to be of high quality relative to their obligations, by obtaining collateral where appropriate, through investment diversification and by setting and monitoring compliance with portfolio guidelines as set in the Statement of Investment Policies and Procedures.

At December 31, 2022, the Plan's maximum credit risk exposure relates to bonds and debentures, short-term investments and cash totaling $221.4 million (2021 - $326.4 million), contribution receivable of $0.4 million (2021 - $0.4 million) and accrued income receivable of $0.9 million (2021 - $1.6 million) totaling $222.7 million (2021 - $328.4 million).

The Statement of Investment Policies and Procedures establishes limits for ownership of any investment and acceptable credit ratings. In the case of bonds, no more than 20% of the bond securities shall have a credit rating of BBB or lower by DBRS Morningstar or the equivalent rating by another recognized agency.

(in thousands of dollars unless otherwise noted)

The breakdown of the bond investment portfolio by credit rating from various rating agencies is presented below:

	December 31, 2022		December 31, 2021	
Credit Rating				
AAA	$ 40,682	35.2%	$ 89,164	30.5%
AA	36,868	31.9%	113,137	38.7%
A	17,336	15.0%	37,712	12.9%
BBB and lower	20,688	17.9%	52,329	17.9%
Total	$115,574	100.0%	$292,342	100.0%

The pooled funds are exposed to credit risk when they hold mortgages, debt securities and sales agreements. The companies of the pooled funds monitor this credit risk.

c) **Liquidity risk**

Liquidity risk is the risk of being unable to generate sufficient cash, or its equivalent, in a timely and cost-effective manner to meet contractual obligations as they come due. The Plan is exposed to liquidity risk through its responsibility to pay benefits on a timely basis and fund their outstanding investment contractual obligations. The established investment policies mitigate liquidity risk by holding various income producing assets and limiting exposure to non-liquid asset classes.

(in thousands of dollars unless otherwise noted)

The term to maturity and the related fair value of bond investments are as follows:

	December 31, 2022	December 31, 2021
Term to Maturity		
Less than one year	$ -	$ -
One to five years	41,225	115,534
Over five years	74,349	176,808
Total	$115,574	$292,342

5. Valuation of Financial Instruments at Fair Value

The Plan measures the fair value of investments using the following fair value hierarchy that reflects the significant inputs used in making the measurements:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Market turbulence dominated the economic landscape in 2022. Market uncertainty continued due to lingering pandemic and related shutdowns, rising interest rates and record inflation, and continued geopolitical conflict. Despite the continued uncertainty as to the outcome and ultimate effects of these events, the Plan has fully maintained its valuation governance processes relying on its professional resources (i.e. investment consultant, plan actuary, and investment managers) in providing their best estimate of the impact of these events on the valuation of its investments, as of the date of these financial statements. The Plan continues to monitor and assess the investments through performance reporting by the Plan’s investment consultant and investment managers.

(in thousands of dollars unless otherwise noted)

The tables below analyze investments, measured at fair value at year end, by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2022

Fair Value Hierarchy	Level 1	Level 2	Level 3	Total
Cash	$ 1,199	$ -	$ -	$ 1,199
Short-term investments	3,228	101,422	-	104,650
Canadian equities	2,026	234,391	-	236,417
Foreign equities	180,529	317,578	-	498,107
Bonds and debentures	-	115,574	-	115,574
Mortgages	-	135,998	-	135,998
Real estate	-	157,874	-	157,874
Infrastructure	-	-	76,766	76,766
Total	$ 186,982	$1,062,837	$ 76,766	$1,326,585

December 31, 2021

Fair Value Hierarchy	Level 1	Level 2	Total
Cash	$ 1,529	$ -	$ 1,529
Short-term investments	-	32,565	32,565
Canadian equities	1,983	263,055	265,038
Foreign equities	193,832	371,566	565,398
Bonds and debentures	-	292,342	292,342
Mortgages	-	145,256	145,256
Real estate	-	149,027	149,027
Total	$ 197,344	$1,253,811	$1,451,155

For the year ended December 31, 2022, there was a transfer from level 2 to level 3. This transfer was due to moving assets from the bond portfolio to fund an infrastructure capital call. For the year ended December 31, 2021, there were no transfers between level 1 and level 2.

(in thousands of dollars unless otherwise noted)

The following table presents a reconciliation of investments measured at fair value using unobservable inputs (Level 3):

Infrastructure		2022
Balance Beginning of Year	$	-
Purchase		70,821
Sales		-
Transfers in (out)		(506)
Income distributions*		684
Fees		(178)
Unrealized gains		5,945
Balance End of Year	$	76,766

*Income distributions include realized foreign exchange gains.

6. Pensioner Account

At retirement, the members of this Plan have the option of leaving their funds within the Plan. If the member selects this option, their total account is transferred from their member and University accounts to the Pensioner Account.

Effective December 1, 2008 the mortality basis changed significantly. This change was based on the recommendations from a mortality study based on the Plan's mortality experience. As a result, an amendment was made subdividing the Pensioner Account allocations between Plan Pensions for pre-December 1, 2008 and post-November 30, 2008 retirements.

7. Investment Income

The allocation to individual plan members is described in Note 2d. The following table represents the investment income for the Plan:

	2022	2021
Interest	$ 12,519	$ 11,613
Dividend	18,512	16,720
Partnership income distributions	681	-
Total Investment Income	$ 31,712	$ 28,333

(in thousands of dollars unless otherwise noted)

8. Current Period Change in Fair Value of Investments

The allocation to individual plan members is described in Note 2d. The following table represents the realized and unrealized gains and losses for the Plan:

	2022	2021
Net realized (losses) gains on the sale of investments	$ (7,649)	$ 43,107
Net unrealized investment (losses) gains	(108,161)	87,465
Total Current Period Change in Fair Value of Investments	$(115,810)	$ 130,572

9. Administration Services

The Administration charge to the Plan represents the cost to operate the Plan administratively. The University, as employer and the Plan sponsor, covers some of the costs of operating the Plan, either directly or indirectly such as staff dedicated to the pension office, office space, office equipment and supplies and computer systems support.

10. Administrative Expenses

The allocation to individual plan members is described in Note 2d. The following table represents the administrative expenses for the Plan:

	2022	2021
Investment manager	$ 5,059	$ 4,929
University of Manitoba administration services	919	896
Investment custody services	174	174
Consulting services	159	291
Actuarial services	106	73
Member communication	60	41
Audit services	37	34
Legal services	25	49
Transaction costs	18	15
Committee education	8	11
Other expenses	78	80
Total Expenses	$ 6,643	$ 6,593

(in thousands of dollars unless otherwise noted)

11. Employer Special Payments

In accordance with the Plan document, the University is responsible to fund the Plan by matching members' contributions and to make any additional special payments required under the PBA. Based on the results of the Plan's Valuation report, as at December 31, 2019, the University was required to fund two types of special payments: the going concern deficit payments of $156 thousand (2021 - $156 thousand) and the current service cost (cost of benefits that arise in the period to the next valuation date) of $5.3 million (2021 - $4.6 million).

12. Capital Disclosures

In the context of the Plan, capital is defined as the net assets available for pension benefits. Externally imposed capital requirements relate to the administration of the Plan in accordance with the terms of the Plan, the PBA and the provisions of the *Income Tax Act* (Canada). The Pension Committee, as the Administrator of the Plan, has developed appropriate risk management strategies, as described in Note 4, to preserve the net assets available for pension benefits. The Plan has complied with externally imposed capital requirements during the year.

13. Actuarial Valuation

An extrapolation to December 31, 2022, of the 2019 actuarial valuation for financial reporting purposes was completed by Eckler Ltd., a firm of consulting actuaries.

In this extrapolation, the accrued pension obligation is the sum of the defined contribution account balances at fair value and the actuarial present value of defined benefits (pensions in pay and future supplementary pensions). The actuarial present value of defined benefits is based on a number of assumptions about future events including interest rates, rate of salary increases, mortality, retirement rates and termination rates. The major assumptions used in determining the actuarial present value of pension benefits for the defined benefit component of the Plan are:

	2022	2021
	(rates are per year)	(rates are per year)
Net investment earnings[1]	6.35%	6.05%
Discount rate[2]	5.50%	5.50%

(in thousands of dollars unless otherwise noted)

Future base rate[3]	4.00%	3.50%
Future commuted values[4]	4.30%	3.70%
Salary increases		
- Academic group	2.5% in 2020 and 2021, 12.5% in 2022, 2.25% in 2023 and 2024 and 2.5% thereafter	2.5% in 2020 and thereafter
- Support group	1.0% in 2020, 0.75% in 2021, 1.0% in 2022, 1.25% in 2023, 1.5% in 2024, 1.75% in 2025 and 2.5% thereafter	1.0% in 2020 and 2.5% thereafter
Increases for "salary-related" amounts[5]	2.50%	2.50%
Merit increases[6]	Age-related scale for academics and support	Age-related scale for academics, 0.5% to age 65, 0% thereafter for support
Mortality[7]	CPM2014Publ with age-related adjustments, projected generationally from 2014 using Scale CPM-B	CPM2014Publ with age-related adjustments, projected generationally from 2014 using Scale CPM-B

1. Defined contribution account balances plus future contributions to those accounts are assumed to increase at this net rate of return on investments.
2. Defined benefits are discounted at this rate, except that benefits for pensioners who retired on or after December 1, 2008 are discounted at the lesser of the discount rate

and the base rate in effect at retirement.

3. The future base rate together with the mortality table is used to determine the plan annuity provided by the defined contribution account balances for future retirements.
4. The commuted value rate is used to calculate the lump sum payable upon a member electing to transfer their benefit out of the plan.
5. Other “salary-related” amounts include yearly maximum pensionable earnings (YMPE), maximum contributions and maximum benefits.
6. In addition to salary increases, salaries for academic and support members are assumed to increase for reasons of promotion and merit at rates that vary by age based on a new study completed in 2022.
7. The mortality assumption reflects the results of a mortality study undertaken in 2015 based on the Plan’s experience for the years 2000-2014.

Following the strike in the Fall of 2021, the University of Manitoba and UMFA agreed to go to binding arbitration in respect of salary increases. The results of the arbitration, including new collective agreements are now known and been ratified. The effect of the arbitration on plan liabilities beyond has been incorporated in our extrapolation.

An actuarial valuation, for funding purposes, effective December 31, 2019, was completed in 2020 by Eckler Ltd. and filed with regulators. This valuation disclosed a going concern deficiency of $1.607 million, which is scheduled to be funded by the University over a period not longer than 15 years. The going concern special payment in 2022, 2021 and 2020 was $156 thousand (Note 11). Pension legislation requires that a funding valuation with an effective date no later than December 31, 2022, be filed in 2023.

14. Future Commitments

Infrastructure investments are made on the basis of an initial commitment of a defined dollar amount, which is then called for and advanced by the Plan in future years. As of December 31, 2022, the Plan had outstanding commitments of CAD $70 million. This capital call was executed in January 2023 (Note 3).

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15. Investments Greater Than 2%

Based on the legislative requirements of Section 3.29 of the Pension Benefits Regulations, the following is a list of individual investments held by the Plan where the fair value is greater than two percent of the fair value of all the investments of the Plan:

Pooled Funds	
TD Emerald Canadian Equity Index	$125,266
Burgundy International (EAFE) Equity Fund	118,020
Mawer International Equity Pooled Fund	115,416
PH&N RBC QUBE Low Volatility Canadian Equity Fund	109,125
TD Emerald Pooled U.S. Fund	84,142
TD Greystone Real Estate Fund	81,362
Canada Life (GWL) Canadian Real Estate Investment Fund #1	76,512
TD Greystone Mortgage Fund	73,003
Canada Life (GWL) Mortgage Investment Fund #1	62,995
Limited Partnerships	
Brookfield Super-Core Infrastructure Partners (CAN)	$ 76,766
Demand Deposits and Cash on hand*	
CIBC Mellon Cash Sweep	$ 97,680

* Includes cash call required for an infrastructure capital call to execute on January 3, 2023.