

Financial Statements of

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC
STAFF

And Independent Auditor's Report thereon

Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Academic Staff Pension Board of the University of Western Ontario

Opinion

We have audited the financial statements of the University of Western Ontario Pension Plan for Members of the Academic Staff (the Plan), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of changes in net assets available for benefits 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 as at end of December 31, 2023, and the changes in net assets available for benefits for the year then ended in accordance with the 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.



Page 2

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 based on the financial statements.



PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Statement of Financial Position


December 31, 2023, with comparative figures

	2023	2022
Assets		
Investments	1,234,567	1,123,456
Accounts receivable	123,456	109,876
Prepaid expenses	45,678	32,109
Other assets	78,901	65,432
Liabilities		
Accounts payable	98,765	87,654
Accrued liabilities	210,987	198,765
Other liabilities	32,109	21,098
Net assets	1,082,345	965,432

See accompanying notes to financial statements.

On behalf of the Academic Staff Pension Board:

Chair



Pension Board Secretariat



THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements

Year ended December 31, 2023

1. Description of plan:

These financial statements present the activity of The University of Western Ontario Pension Plan for Members of the Academic Staff (the "Plan")

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Description of plan (continued):

Contributions are invested by the Plan, at the option of the employee, into units of segregated funds and other investments. The investment policies of the Plan are determined jointly by the Academic and Administrative Staff Pension Boards. The Plan consists of the following investments:

- Guaranteed Daily Interest Account
- Money Market Segregated Fund
- Balanced Income Fund
- Balanced Growth Fund
- Diversified Bond Segregated Fund
- Canadian Bond Segregated Fund
- Long Term Bond Segregated Fund
- Diversified Equity Segregated Fund
- Canadian Equity Segregated Fund
- U.S. Equity Hedged Segregated Fund
- U.S. Equity Unhedged Segregated Fund
- Non-North American Equity Segregated Fund
- Socially Responsible Global Equity Segregated Fund
- Islamic Global Equity Segregated Fund

The Balanced Income Fund and the Balanced Growth Fund are portfolios that hold units of the Diversified Bond Segregated Fund and Diversified Equity Segregated Fund. They were established in September, 2001.

Each segregated fund consists of a portfolio of securities that is held and managed by Sun Life or managed by an investment management firm for Sun Life. Each segregated fund is invested subject to the requirements of applicable federal and provincial legislation in securities appropriate to the segregated fund (bonds, stocks, short-term securities, mortgages, pooled fund trust units, mutual fund trust units and similar instruments, etc.) to reflect contributions directed to the segregated fund.

Plan units are redeemed at net asset value per unit at the close of business day in which the request for redemption is made by the member. The redemption amount is paid within 7 business days following the request.

The contributions of each member are credited to an individual account in the members' name and accumulated together with pro-rata net investment earnings. This account is fully vested and payable to the member on termination of employment, or to the members' beneficiary on death.

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Description of plan (continued):

Members can choose at any time, the proportion of his or her personal account which is to be invested in any of the active segregated funds. The net asset value of a segregated fund as at any particular time on a valuation date is the value as at such time of all assets of that segregated fund minus all of the liabilities of that segregated fund as at such time (the "Net Asset Value").

2. Basis of presentation:

(a) Basis of presentation:

The Plan is part of a group annuity policy issued by Sun Life Assurance to The University of Western Ontario, to fund The University of Western Ontario Pension Plan for Members of the Academic Staff bearing registration number 0358747.

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 policies.

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(c) Fair value measurement (continued):

In determining fair value, the Plan has adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook - Accounting. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then fair value is established using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price at the date of initial recognition.

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Investments and investment income:

(a) The fair value of the assets of the Plan are invested as follows:

	2023	2022
Cash equivalents:		
Guaranteed Daily Interest Account	\$ 21,126,712	\$ 13,405,218
Segregated funds:		
Short term:		
Money Market Segregated Fund	20,715,931	29,050,242
Balanced funds:		
Balanced Growth Fund	238,528,303	203,287,438
Balanced Income Fund	30,896,929	31,711,963
Bonds:		
Diversified Bond Segregated Fund	74,789,952	74,218,843
Canadian Bond Segregated Fund	10,166,034	8,335,491
Long Term Bond Segregated Fund	11,305,699	9,051,635
Equities:		
Diversified Equity Segregated Fund	213,024,853	204,710,097
Canadian Equity Segregated Fund	50,718,853	46,924,843
U.S. Equity Hedged Segregated Fund	30,149,116	25,964,230
U.S. Equity Unhedged Segregated Fund	44,109,641	37,543,766
Non-North American Equity Segregated Fund	19,814,545	16,944,872
Socially Responsible Global Equity Segregated Fund	17,686,692	14,239,105
Islamic Global Equity Segregated Fund	648,206	-
	\$783,681,466	\$715,387,743

(b) The investment income (loss) of the Plan consists of the following:

	2023	2022
Interest	\$ 4,448,855	\$ 3,119,327
Distributions and dividends	27,706,238	18,975,885
Net realized and change in unrealized gains (losses) of investments	55,196,213	(103,293,542)
	\$ 87,351,306	\$ (81,198,330)

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Contributions:

Contributions received by the Plan were as follows:

2023	Regular	Voluntary	Total
Members	\$ 12,208,730	\$ 3,767,646	\$ 15,976,376
Employer	23,593,043	-	23,593,043
	\$ 35,801,773	\$ 3,767,646	\$ 39,569,419
2022	Regular	Voluntary	Total
Members	\$ 11,477,093	\$ 3,660,177	\$ 15,137,270
Employer	22,693,719	-	22,693,719
	\$ 34,170,812	\$ 3,660,177	\$ 37,830,989

7. Benefit payments:

	2023	2022
Termination benefit payments	\$ 59,730,469	\$ 62,758,732
Death benefit payments	794,313	812,537
Annuity purchases	238,591	214,254
Other withdrawals	127,340	100,529
	\$ 60,890,713	\$ 63,886,052

8. Fund managers' fees:

Fund managers' fees include any fees paid by the custodian to the various fund managers and may include transaction costs that are not separately identifiable. Fund managers' fees are netted against the unit value of the segregated funds, and accordingly are not presented separately on the statement of changes in net assets available for benefits.

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Financial instruments:

(a) Fair values:

The fair values of investments are as described in note 3(c) and disclosed in note 4(a). The fair values of other financial assets and liabilities, being accrued liabilities, approximate the carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs for assets and liabilities that are not based on observable market data.

All of the Plan's investments have been classified as Level 2.

THE UNIVERSITY OF WESTERN ONTARIO
PENSION PLAN FOR MEMBERS OF THE ACADEMIC STAFF
Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Financial instruments (continued):

(b) Associated risks (continued):

(ii) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Certain segregated funds held by the Plan invest in financial instruments and enter into transactions denominated in currencies other than the Canadian dollar. Consequently, the Plan is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse affect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than Canadian dollars. The Plan's overall currency positions and exposures are monitored on a regular basis by the Administrator.

(iii) Interest rate risk:

A portion of the Plan's segregated funds hold investments that are interest bearing and as a result, the Plan is subject to a certain level of interest rate risk. In general, bond returns are sensitive to changes in the level of interest rates, with longer term bonds being more sensitive to interest rate changes than shorter term bonds.

(iv) Liquidity risk:

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. The Plan maintains an investment policy, as approved by the Administrator, which contains investment options across various markets which help to ensure the Plan is able to liquidate investments to meet its obligations.

(v) Credit risk:

Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations. The Plan's most significant exposure to credit risk is through its cash equivalents and its segregated fund investments which invest in debt securities. The Plan mitigates this risk by investing mostly with credit-worthy counter parties and in pooled funds holding debt securities with an investment grade credit rating. One pooled fund is able to invest in non-investment grade securities, however, the Plan requires the average portfolio quality to be a minimum of A. Since the Guaranteed Daily Interest Account is not a segregated fund, but is held in the general accounts of Sun Life, the risk regarding the return of principal and interest is related to the risk of Sun Life itself, although Canadian Life and Health Insurance Compensation Corporation (Assuris) covers this risk up to \$100,000 per investor.