Financial Statements of

# THE UNIVERSITY OF WESTERN ONTARIO

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF

And Independent Auditor's Report thereon

Year ended December 31, 2022



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#### INDEPENDENT AUDITOR'S REPORT

To the Administrative 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 Administrative Staff (the Plan), which comprise:

the statement of financial position as at December 31, 2022

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 December 31, 2022, and its changes in net assets available for 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.



Page 2

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



#### Page 3

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.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 10, 2023

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

December 31, 2022, with comparative information for 2021

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2022, with comparative information for 2021

		2022		2021
Investment income (loss) (note 4(b))	\$	(58,492,307)	\$	65,861,912
Increase in net assets:				
Contributions (note 6)		30,479,766		28,571,944
Transfers in to plan		1,204,822		1,487,247
		31,684,588		30,059,191
Decrease in net assets:				
Benefit payments (note 7)		(42,586,414)		(42,260,138)
Administrative costs recovered by the University (note 9)		(329,512)		(312,546)
		(42,915,926)		(42,572,684)
Net increase (decrease) for the year	\$	(69,723,645)	\$	53,348,419
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Allocation of net increase (decrease) for the year:				
Members' accounts	\$	(69,495,148)	\$	53,399,922
General account (note 10)		(228,497)		(51,503)
	\$	(69,723,645)	\$	53,348,419
Not assets available for box of the box incidence of viscous				
Net assets available for benefits, beginning of year: Members' accounts	\$	592,827,095	\$	539,427,173
General account (note 10)	Ψ	228,497	Ψ	280,000
		,		
	\$	593,055,592	\$	539,707,173
Net assets available for benefits, end of year:				
Members' accounts	\$	523,331,947	\$	592,827,095
General account (note 10)	Ψ	-	Ψ	228,497
, ,				, -
	\$	523,331,947	\$	593,055,592

See accompanying notes to financial statements.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements

Year ended December 31, 2022

### 1. Description of plan:

These financial statements present the activity of The University of Western Ontario Pension Plan for Members of the Administrative Staff (the "Plan"). The following description of the Plan is a summary only. For more complete information, reference should be made to the Pension Plan Document and Group Annuity Policy Number 99059-G.

The Plan is a contributory defined contribution plan for members of the Administrative staff of The University of Western Ontario (the "University") and other participating employers. The Plan is sponsored by the University and the legal plan Administrator is the Administrative Staff Pension Board (the "Pension Board"). The Pension Board is independent of the University and is responsible for selecting the Plan's custodian, investment managers, auditors and professional advisors.

Under the terms of the Plan, members, the University and other participating employers contribute to the Plan. Upon retirement, death or termination of employment, an employee's total accumulated entitlement is equal to the amounts he or she has contributed and those that have been contributed on his or her behalf plus the pro

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

## 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 Administrative and Academic Staff Pension B

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

#### 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 standards for private enterprises ("ASPE") in Part II of the CPA Canada Handbook - Accounting.

These financial statements have been prepared by management and present the information of the Plan as a separate financial reporting entity independent of the University and plan members. These financial statements meet the accounting requirements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario) since they have primarily been prepared for filing with Financial Services Regulatory Authority of Ontario ("FSRA").

For the defined contribution pension plan, benefits are determined by the employer's and employee's contributions and the performance of the Plan. Actuarial valuations are not required as the pension obligation equals the applicable net assets available for benefits allocated to member accounts.

A statement of changes in pension obligations has not been provided, since the change in the pension obligation for member's accounts is equal to the change in net assets available for benefits for that year.

#### (b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for investments which are measured at fair value through the statement of changes in net assets available for benefits.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

#### 3. Significant accounting policies:

#### (a) Revenue:

Interest earned, net realized gains (losses) and changes in unrealized gains (losses) of investments within the segregated funds, are recorded on an accrual basis. Dividends are recorded as income, within the segregated funds, on the date the dividend is declared. Investment income is allocated daily among the members' accounts under the assumption that all interfund transfers of assets occurred at the business day end following the request for transfer. All contributions from the University and the members are reflected in the year in which they are due. Transfers into the Plan are allocated to members' records effective the end of the business day in which the transfer is received by the record keeper.

#### (b) Financial assets and financial liabilities:

Investment transactions are recorded on the trade date of the transactions, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits when incurred.

The assets are exposed to market, interest rate, exchange rate and liquidity risks.

The Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected as the change in unrealized gains (losses) of investments. Net realized gains (losses) on sales of investments is the difference between the proceeds received and the average cost of the investment. Net realized gains (losses) and changes in unrealized gains (losses) of investments are not separately disclosed in investment income because the cost information is not readily available from the Plan's trustee.

All other financial assets and liabilities, being accrued liabilities, are measured at amortized cost.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

#### 3. Significant accounting policies (continued):

#### (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.

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, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis overis not

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PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

#### 3. Significant accounting policies (continued):

### (c) Fair value measurement (continued):

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the net realized and changes in unrealized gains (losses) of investments. Fair values are determined as follows:

- (i) Units in segregated funds are valued based on published unit values supplied by the segregated fund administrator, which represents the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.
- (ii) Cash equivalents maturing within a year are stated at cost, which together with accrued interest approximates fair value given the short-term nature of these investments.

#### (d) Foreign currency translation:

These financial statements are presented in Canadian dollars, which is the Plan's functional currency. Transactions in foreign currencies are accounted for using the exchange rates in effect at the transaction date. At year end, investments in foreign currencies are accounted for at the rates of exchange in effect at year end and the resulting unrealized gains or losses are included in changes in unrealized gains (losses) of investments.

#### (e) Capital risk management:

The capital of the Plan is represented by the net assets available for benefits. The capital is managed individually by the participating members of the Plan, via the segregated fund investments outlined in note 1. The members manage their individual account balance by monitoring the asset allocation among the offered investments for their individual risk tolerances, time horizons and expectations for investment returns.

The benefits an employee receives at retirement or on termination are not predetermined. Income distribution or benefits are based on the assets within the member individual retirement plan account at the time they retire. Under this Plan, the member determines which investments his/her contributions, along with the contributions of the University, are invested in from a selection of investment options available within the Plan. This allows the member to create a portfolio suited to his/her own investment goals and tolerance for risk. The amount of money an individual employee has in the Plan account at retirement is based on the amount of contributions made over the years and the earnings these investments have made.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

#### 3. Significant accounting policies (continued):

### (e) Capital risk management (continued):

Increases in net assets of the Plan are a direct result of investment income generated by investments held in the Plan and contributions into the Plan by members and by the University.

The net assets of the Plan are invested in accordance with the Statement of Investment Policies and Procedures (the "SIPP") for the Pension Plans for Members of the Administrative Staff, which is reviewed annually by the Pension Board. The SIPP was amended in November 2021 to update for changes in services provided by the Sponsor and modifications to investment options. The SIPP enables the engagement of knowledgeable investment managers who are charged with the responsibility of investing the segregated funds available to the members, in accordance with the approved SIPP. Comprehensive reviews relating to the Plan are conducted at meetings of the Pension Board, which includes measurement of returns, comparison of returns to appropriate benchmarks, evaluation of investment managers, and contribution and allocation decisions of members, and returns and risk analysis.

Although there are no regulatory requirements relating to the level of net assets and/or funding to be maintained by the Plan, the Plan is required to file financial statements with FSRA in connection with the requirements of the Plan. There is no change in the way capital is managed this year.

#### (f) Related party transactions:

Related party transactions with the University, in the form of employer contributions and administrative cost recoveries, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties. A segregated fund may not invest in any securities that constitute "related party" investments as defined under the Pension Benefits Standards Regulation unless such investment is nominal or immaterial to the segregated fund and Plan based upon a 1% of market value of asset threshold.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

### 3. Significant accounting policies (continued):

### (g) Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual amounts could differ from these estimates.

#### (h) Income taxes:

The Plan is governed by the Pension Benefits Act (Ontario). As a registered pension plan under the Income Tax Act, Canada, the Plan is not liable for any income taxes.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Investments and investment income:

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

## Individually significant investments:

The following information is provided in respect of individual investments in the Plan with a fair value in excess of 1% of the fair value of the Plan as at December 31, 2022, as required by the Pension Benefits Act (Ontario).

The Plan consists of investments as described in note 1 and as disclosed in note 4(a). Within these investments are units of pooled funds and some investments in individual securities.

Fund operator	Nature of investments	Fair value		
AB Core Plus Advanced Bond	Fixed income	\$ 41,743,919		
BlackRock Canada Universe Bond Index, Class D	Fixed Income	28,991,835		
233365 Ontario Inc - Romspen Mortgage Investment Fund	Fixed Income	21,772,239		
AB SICAV LUX - Global Plus Fixed Income Portfolio, Class S CAD H	Fixed Income	28,030,547		
BG Fundamental Canadian Equity Fund, Class I	Equities	44,580,323		
CC&L Group Canadian Q Growth	Equities	44,267,220		
AB Canada International Value Equity (Cap-Weighted, Unhedged) Fund	Equities	20,652,228		
Arrowstreet Capital LP Global Small Cap I	Equities	14,095,789		
BlackRock CDN MSCI ACWI Ex Canada Index	Equities	27,934,267		
BlackRock CDN US Equity Index Non-Tax D CC&L Q Emerging Markets Equity Fd	Equities Equities	27,447,957 14,760,397		
Fidelity Glb Lw Vol Eq Instl Trust (IP)	Equities	28,697,652		
Fiera Capital Oakmark Global Pooled Fund A	Equities	35,075,468		
MFS International Equity II Fund	Equities	20,115,130		
T. Rowe Price Global 0 0 102(o 0 m432.06 0 30) <b>[TJ[</b> T.)-8ot.5,934809.400 00i0				
Markets Leaders Pooled Fund Equities	14,490,649			

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

#### 6. Contributions:

Contributions received by the Plan were as follows:

2022				
	Regula	ar	Voluntary	Total
Members	\$ 9,242,97	7 \$	2,896,977	\$ 12,139,954
Employer	18,339,81	2	-	18,339,812
	\$ 27,582,78	9 \$	2,896,977	\$ 30,479,766
2021				
	Regula	ar	Voluntary	Total
Members	\$ 8,515,50	7 \$	2,830,261	\$ 11,345,768
Employer	17,226,17	6	-	17,226,176
	\$ 25,741,68	3 \$	2,830,261	\$ 28,571,944

#### 7. Benefit payments:

	2022	2021
Termination benefit payments Death benefit payments Other withdrawals	\$ 40,595,819 1,150,331 840,264	\$ 40,567,852 1,362,120 330,166
	\$ 42,586,414	\$ 42,260,138

### 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.

PENSION PLAN FOR MEMBERS OF THE ADMINISTRATIVE STAFF Notes to Financial Statements (continued)

Year ended December 31, 2022

## 11. Financial instruments (continued):

(b) Associated risks:

Most of the Plan is made up of the defined contribution component, where members direct the investment decisions for the assets in their accounts. As a result, the Plan does not