

Communiqué

Summer 2019



First Quarter 2019 Returns

The UAPP Fund experienced a gain of 6.52% in the first quarter of 2019.

Summary of Investments as at March 31, 2019

Total Market Value \$5,115.5 Million

Market Value and Asset Mix	31-Mar-19		31-Dec-18	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	13.5	0.3	17.8	0.4
Universe Bonds & Mortgages	842.8	16.5	840.4	17.5
Real Return Bonds	354.4	6.9	336.5	7.0
Long Bonds	568.1	11.1	531.6	11.1
Total Cash & Fixed Income	1,778.8	34.8	1,726.3	35.9
Canadian Equities	613.8	12.0	544.4	11.3
Global Equities	1,891.3	37.0	1,762.8	36.7
Total Equities	2,505.1	49.0	2,307.2	48.0
Real Estate	425.9	8.3	424.9	8.8
Infrastructure & Private Equity	320.0	6.3	263.8	5.5
Timberland & Other Alternatives	85.6	1.7	85.8	1.8
Total Alternative Investments	831.6	16.3	774.5	16.1
Total Investments	5,115.5	100.0	4,808.0	100.0

Note: The numbers in the columns may not add up exactly due to rounding

Investment Performance of the Fund	Quarter ending 31-Mar-19	One Year ending 31-Mar-19	Four Year ending 31-Mar-19
Cash and Short-term	0.5	1.9	1.2
<i>FTSE Canada 91-Day T-Bill Index</i>	<i>0.4</i>	<i>1.5</i>	<i>0.8</i>
Fixed Income	4.8	6.0	2.6
<i>Fixed Income Investments Indices</i>	<i>5.0</i>	<i>5.7</i>	<i>2.5</i>
Canadian Equity	12.3	6.2	5.0
<i>S&P/TSX Capped Composite Index</i>	<i>13.3</i>	<i>8.1</i>	<i>5.1</i>
Global Equity	8.6	3.3	8.4
<i>MSCI World & Emerging Markets Indices</i>	<i>9.6</i>	<i>5.7</i>	<i>8.0</i>
Real Estate	0.3	10.8	7.6
<i>IPD Large Institutional All Property Index</i>	<i>0.3</i>	<i>6.5</i>	<i>6.9</i>
Alternative Investments	0.1	10.2	8.5
<i>Alternative Investments Indices</i>	<i>1.1</i>	<i>6.9</i>	<i>7.2</i>
Total Investment Return	6.5	5.4	6.4
<i>Policy Benchmark Return</i>	<i>7.6</i>	<i>6.3</i>	<i>5.7</i>

2018 Member Statements Available

The 2018 member statements have now been uploaded to the Retirement Planner at www.uapp.ca for active members and mailed for retired members. Please call the UAPP Administration Centre at 1.866.709.2092 if you need any help accessing your statement.

Systems Security

The operations of the Universities Academic Pension Plan (UAPP) rely on numerous computer systems to operate effectively and efficiently and the Board of Trustees view system security very seriously. Unauthorized access and cyberattacks on these systems could cause significant operational disruptions, financial losses, and reputational damage. The most critical systems that UAPP relies upon are those systems maintained by our service providers: our administrator, our investment managers, our custodians, and our payment issuer. The system maintained by the Trustees' Office is critical to the operations and records of the Board of Trustees, Board Committees, and the Trustees' Office itself.

All organizations are concerned today about the security of their systems. The fees charged by our service providers depend upon their ability to provide the contracted services. As a result, they have committed significant resources to the security and protection of their computer systems.

The Retirement Planner, which is maintained by the plan's administrator and is accessible to all active UAPP members, is held in a system separate from other file servers which allows significant restrictions and limitations to access. User IDs and unique passwords are required to access the system and members are encouraged to secure their login credentials.

Systems defense recognizes that effective information security requires a balanced focus on a layered defense in three primary elements: people, technology, and operations. The appropriate balance between these three elements and within each element is determined using a risk-based approach. Continuous improvement recognizes that the cyber-security landscape and threats faced are rapidly evolving and require fast, appropriate, and effective adaptation of processes and procedures.

Security policies and controls are aligned with international standards which include human resource security, operations security, incident management, business continuity management, and compliance.

Security of the systems includes the use of firewalls, network-based intrusion detection systems, and intrusion prevention systems. Vulnerability assessments and systems penetration tests are performed on a regular basis both internally and externally. Assessment results are reviewed, investigated, and tracked for security anomalies, suspicious activity, and vulnerabilities. Anti-virus software is installed on all servers that support access to networks, and office automation and virus signatures are updated regularly.

Cyberattacks have become more common and range from minor irritants to stolen data to lack of system access. Attacks against organizations are increasing with new and more complex tactics emerging. Organizations must utilize security protocols that change as methods attackers use evolve.

Key Cyber Security Terms

- **Business Email Compromise:**
 - a form of cybercrime which uses email fraud to attack an organization with the goal of achieving a specific negative impact outcome. Examples include invoice scams and spoof attacks designed to gather data for other criminal activities.
- **Malware:**
 - any malicious software in the form of a program or file that is harmful to a computer user. Types of malware can include computer viruses, worms, Trojan horses, and spyware.
- **Phishing:**
 - the fraudulent attempt to obtain sensitive information such as usernames, passwords, and payment details by disguising oneself as a trustworthy entity through electronic communication. Typically carried out by email spoofing, it often directs the target to enter personal information at a fake website which matches the look and feel of the legitimate site.

Frequently Asked Questions

When can I retire?

The earliest you can retire is on your 55th birthday. The latest you can retire is December 31 of the year in which you reach age 69. You can retire at any time in between though your pension may be reduced for early retirement. Once you reach the end of the year in which you attain age 69, you must begin to receive your pension from the plan even if you continue to work. You can contribute to UAPP for up to 35 years. After that, you can continue working but will not accrue additional service. Your earnings after reaching 35 years of service will be taken into account when calculating your highest average salary. The Retirement Planner on our website will provide you with information on the value of your pension at different retirement dates.

What are my pension options?

Your pension will be paid for your entire lifetime. If there is a guarantee period on your pension, residual payments could be paid to your beneficiary if you die before the period expires. If you are married at retirement, your pension will continue to your spouse upon your death unless your spouse signs a waiver and you elect a pension that is paid for only your lifetime. For more detailed information about your pension options, please refer to the Pension Options Information Sheets or the Member Handbook, both on our website, www.uapp.ca.

What do I need to do to retire?

Your first step in retirement is to inform your employer of your intention to retire. This should be done as early as possible. You will need copies of birth certificates for you and your spouse and your marriage certificate (if applicable). Your employer will then submit your final data and other documentation to the UAPP Administration Centre who will prepare your retirement options. When you receive your retirement package from the UAPP Administration Centre, please review it carefully as you need to be sure that you understand your options. Once your pension begins, you cannot change the pension option. Help is available toll-free through the Call Centre at 1.866.709.2092 if you have questions when choosing your option. Some forms will need to be completed and returned to the UAPP Administration Centre, including the designation of a beneficiary and your banking information for direct deposit.

If you have divorced or separated from a spouse while a member of UAPP, your pension could be split in accordance with the terms of a Matrimonial Property Order (MPO) because a pension is considered an asset of the marriage. It is important that any MPO is filed with our office.

What if I leave the plan before I reach age 55?

If you leave the plan before your 55th birthday, you generally have two options:

1. You can elect to commence a pension at any time on or after your 55th birthday.
2. You can elect to transfer your pension benefits out of the plan.

Once a payment is made, you cannot change your pension option. Please see the Leaving The Plan Before Retirement section of the Member Handbook, available in the Publications section of our website, www.uapp.ca.

Feature on UAPP Website

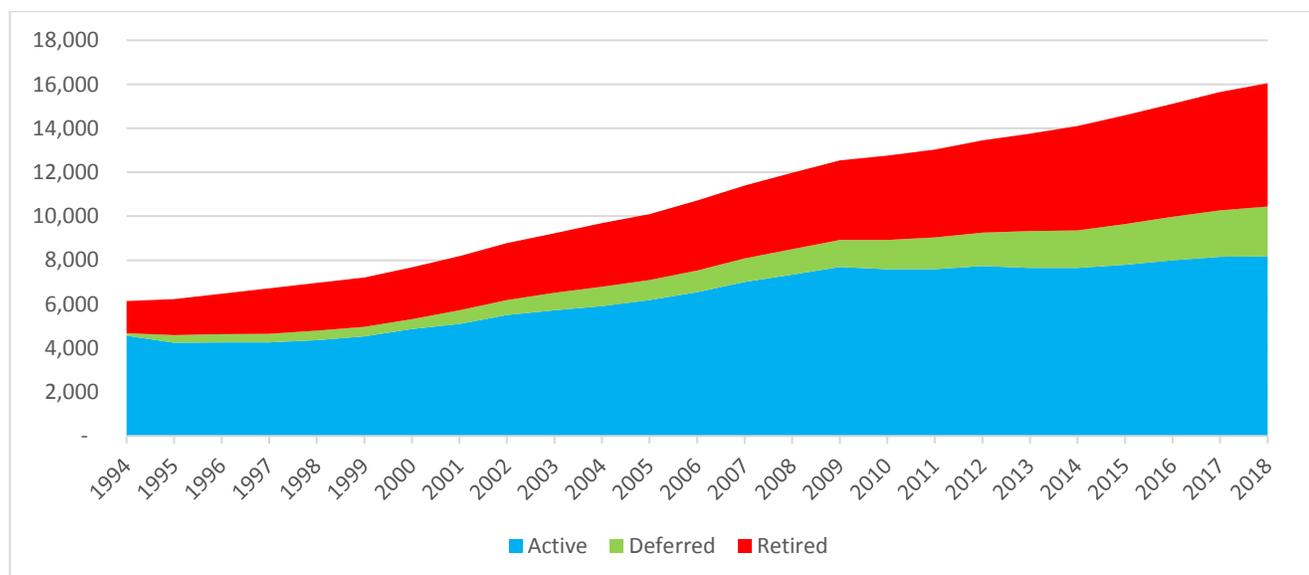
The Funding Policy for the UAPP is found at www.uapp.ca/publications/funding-policy/. The purpose of the Funding Policy is to outline principles that will guide the Board of Trustees of the UAPP and its actuary in managing the financial position and funding requirements of the Plan.

The Policy outlines the funding objectives of the Board, the key risks facing the plan and the tools available for the Board's management of those risks, the actuarial methods and assumptions to be used in funding the plan, and the plan's strategy for utilization of any funding excess. The primary funding objectives of the Board include ensuring the provision of all pension benefits to members and beneficiaries, stable contribution rates, and intergenerational equity. The Funding Policy is managed together with the Statement of Investment Policies and Goals through an integrated approach to meet the plan's objectives.

A review of the Funding Policy is undertaken at least annually with amendments made as needed.

Membership Totals

The total number of members with benefits in the UAPP has more than doubled since 2000 with significant growth seen in the inactive membership groups. Active members are those who make contributions and continue to accrue pensions in the plan, deferred members are those who have terminated employment but have not withdrawn their funds nor commenced their pensions, and retired members are members who are receiving a pension from the UAPP.





Questions About Your Pension or the Retirement Planner?

Call the UAPP Administration Centre toll-free at 1.866.709.2092.

New to the UAPP?

We encourage you to spend some time reviewing our website, www.uapp.ca. You will find lots of information in the “Publications” section, including our Member Handbook and a New Member Basics Information Sheet. Questions about UAPP can be directed to the UAPP Trustees’ Office at 780.415.8868.

Thinking About Retirement?

You can run an unlimited number of estimates on the Retirement Planner, adjusting for important details like retirement dates and future salary adjustments. Also, read the Information Sheet “Preparing for Retirement”, available at www.uapp.ca under “Publications”.

Keep Your Address and Beneficiary Information Updated

If you leave employment and leave your funds with the UAPP, it will be important to ensure the UAPP has your most up-to-date address and beneficiary information. Use the UAPP Designation of Spouse and Non-Spouse Beneficiary form, available at www.uapp.ca under “Forms”. Doing so will help expedite any required payment to your beneficiaries. Make sure your family and your executor know you are entitled to a benefit from the UAPP.



Comments?

If you recently used the services of any group (the UAPP Administration Centre, CIBC Mellon, the Human Resources Department at your institution, or the UAPP Trustees’ Office) on a matter related to the UAPP and would like to comment on the service you received, please feel free to write to us at board@uapp.ca. Other contact information is available on our website, www.uapp.ca, under “Contact Us”.



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