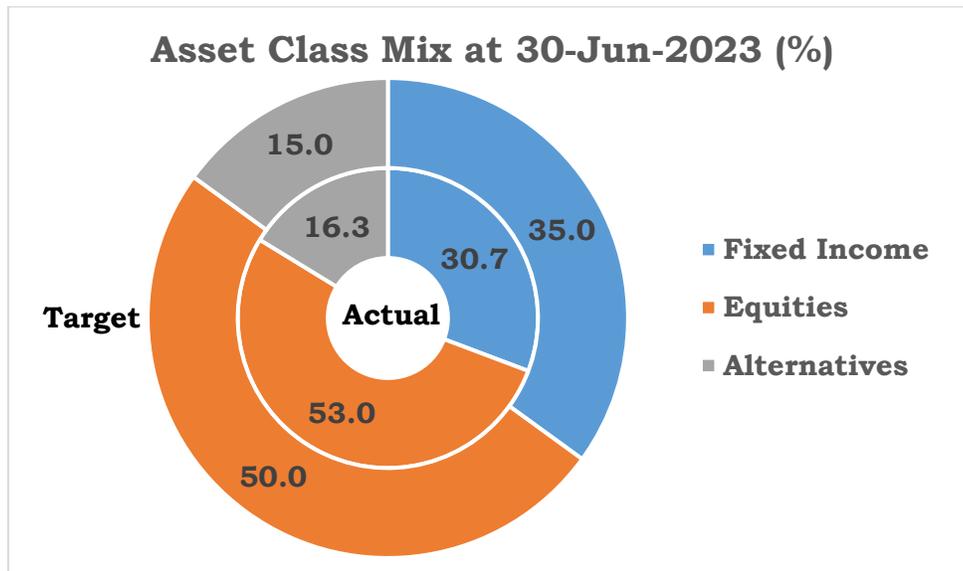


INVESTMENTS

The UAPP Fund experienced a gain of 1.9% in the second quarter of 2023, resulting in a year-to-date return of 6.0%.

Market Value and Asset Mix of the Fund	30-Jun-2023		31-Dec-2022	
Asset Class	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	38.9	0.6	13.7	0.2
Universe Bonds	642.5	10.2	685.8	11.4
Mortgages	259.3	4.1	250.1	4.2
Real Return Bonds	355.7	5.6	355.6	5.9
Long Bonds	646.3	10.2	617.7	10.3
Total Cash & Fixed Income	1,942.8	30.7	1,922.9	32.1
Canadian Equities	255.5	4.0	265.2	4.4
Global Equities	2,056.7	32.5	1,839.6	30.7
Emerging Market Equities	359.5	5.7	350.9	5.9
Private Equity	677.7	10.7	648.4	10.8
Total Equities	3,349.5	53.0	3,104.1	51.8
Real Estate	539.2	8.5	518.0	8.6
Infrastructure	438.7	6.9	399.6	6.7
Timberland	50.0	0.8	48.6	0.8
Total Alternative Classes	1,027.8	16.3	966.2	16.1
Total Investments	6,320.0	100.0	5,993.2	100.0

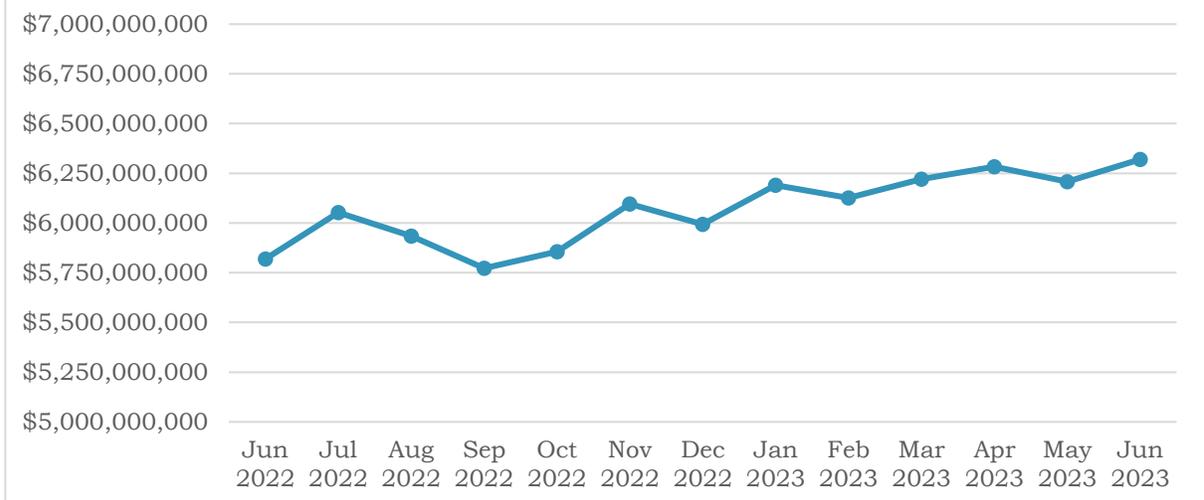
Totals may not add up due to rounding





Rates of Return of the Fund (%)	Quarter ending 30-Jun-2023	One Year ending 30-Jun-2023	Four Year ending 30-Jun-2023
Total Investment Return	1.9	9.9	6.0
Policy Benchmark Return	1.7	10.3	4.6
Cash & Short-Term	1.7	5.2	1.6
<i>FTSE Canada 91 Day T-Bill Index</i>	1.0	3.7	1.5
Universe Bonds	-0.8	3.9	-0.4
<i>FTSE Canada Universe Bond Index</i>	-0.7	3.2	-1.0
Mortgages	-1.0	1.3	2.1
<i>FTSE Short/Mid-Term Bond Index + 75 bps</i>	-1.1	2.9	1.2
Real Return Bonds	0.1	4.0	-0.4
<i>FTSE Canada Real Return Bond Index</i>	0.0	3.4	-0.6
Long Bonds	0.7	6.4	-2.6
<i>FTSE Canada Overall Long-Term Bond Index</i>	0.6	5.9	-3.0
Canadian Equities	1.1	10.4	6.6
<i>S&P/TSX Capped Composite Index</i>	1.1	10.4	8.6
Global Equities	4.5	22.0	8.5
<i>MSCI World Total Return Net Index</i>	4.5	21.6	10.1
Emerging Market Equities	-1.5	4.1	-0.5
<i>MSCI Emerging Markets Net Index</i>	-1.4	4.4	1.2
Private Equity	3.7	0.9	27.7
<i>CPI + 650 bps</i>	2.8	9.5	10.4
Real Estate	0.4	2.3	2.5
<i>MSCI/REALpac Canadian Property Index</i>	0.4	-0.6	1.6
Infrastructure	1.5	11.5	13.2
<i>CPI + 600 bps</i>	2.7	9.0	9.8
Timberland	0.7	40.2	16.3
<i>CPI + 400 bps</i>	2.2	6.9	7.8

Market Value of the Fund (Month-End)





PLAN DEMOGRAPHICS

Metrics				
Member Type	30-Jun-2023	31-Dec-2022	30-Jun-2022	31-Dec-2021
<i>Number of Members at Quarter End</i>				
Active Members	7,973	7,868	7,706	7,814
Deferred Members	2,744	2,631	2,610	2,551
Pensioners	6,733	6,720	6,519	6,424
Total	17,450	17,219	16,835	16,789
<i>Average Age of Members at Quarter End</i>				
Active Members	49.3	49.3	49.6	49.4
Deferred Members	51.8	51.4	51.2	51.2
Pensioners	74.9	74.6	74.6	74.5
<i>Number of Events during Quarter</i>				
Retirements	92	153	76	109
Lump Sum Payouts	50	77	75	73
Deaths	67	52	28	35
Retirement Planner Accesses	3,631	1,603	3,641	2,323

2022 ACTUARIAL VALUATION RESULTS

The table below provides the results of the recently completed December 31, 2022 valuation compared to the results of the previous valuation performed as at December 31, 2020.

(\$millions)	December 31, 2022			December 31, 2020		
	Pre-92 Service	Post-91 Service	Total Service	Pre-92 Service	Post-91 Service	Total Service
Market Value of Assets	464.3	5,549.8	6,014.1	596.5	5,181.8	5,778.3
Actuarial Adjustment	28.8	370.9	399.7	(22.3)	(134.0)	(156.3)
Actuarial Value of Assets	493.1	5,920.7	6,413.8	574.2	5,047.8	5,622.0
Accrued Liability	1,386.1	5,418.1	6,804.2	1,444.4	5,052.2	6,496.6
Actuarial Deficiency	(893.0)	502.6	(390.4)	(870.2)	(4.4)	(874.6)
Funded Ratio	35.6%	109.3%	94.3%	39.8%	99.9%	86.5%

Plan Assets

The Plan experienced a 16.0% market rate of return for 2021, followed by a -8.7% return for 2022. These investment returns, combined with the smoothing method applied to the actuarial value of the assets, resulted in an average annualized return of 7.82% over the two-year period, during which the assumed rate of return was 5.30% per annum.



The smoothing method is applied as it softens the impact of both negative and positive fluctuations in markets on the actuarial position of the Plan, reducing the effect of short-term volatility on contribution rates and the market value of assets. Due to the negative return during 2022, the market value of assets is less than the actuarial value used for valuation purposes.

Based on the December 31, 2022 valuation results, the Plan's funded status has improved from 86.5% to 94.3%. The pre-1992 funded status continues to erode mainly due to the lengthy amortization of the pre-1992 unfunded liability to the end of 2043. The post-1991 funded status has improved due to the positive aggregate investment returns and past post-1991 unfunded liabilities being amortized over only 15 years. This valuation revealed that the post-1991 period is now in a surplus position.

Plan Liabilities

The Board of Trustees, in consultation with the Plan's actuary, reviewed the assumptions used to determine the liabilities and contribution requirements of the Plan and made some changes for the 2022 valuation. In terms of its impact on liabilities, the most significant assumption is the discount rate. Considering the significant increases in interest rates since the early part of 2022, the discount rate used to value Plan liabilities was raised from 5.30% per annum to 5.62% per annum. A change was also made to the mortality table used in the valuation to better reflect the Plan's anticipated demographic activity relating to mortality. The net impact of these and other smaller assumption changes has been relatively lower liabilities.

In addition to assumption changes, liabilities will vary from valuation to valuation based on changes in the Plan's membership and the demographic and economic experience of the membership during the inter-valuation period. The analysis of experience in this valuation reveals that member salaries increased slower than assumed, while inflation grew faster than expected. Further, there were more terminations and retirements than expected since the last valuation, but fewer deaths. All these assumptions are reviewed at the time of each valuation and updated as needed.

NEW CONTRIBUTION RATES EFFECTIVE JULY 1, 2024

With the goals of securing the benefits of Plan members and complying with the funding requirements of the Employment Pension Plans Act (Alberta), the Board, on the advice of its actuary, will maintain the overall total contribution rate at 26.88% combined for members and employers with slightly higher required rates for the portion of salaries below the Year's Maximum Pensionable Earnings (YMPE), between the YMPE and pensionable salary cap, and above the pensionable salary cap. Even though the overall rate is unchanged, the split rates are changed to account for changes in the YMPE, the pensionable salary cap, and the demographics of Plan membership since the last actuarial valuation.



The current contribution rates and the new contribution rates that take effect July 1, 2024 are as follows:

Current Rate (% of Salary) Effective prior to July 1, 2024	Universities of Alberta, Calgary, & Lethbridge		Athabasca University & Banff Centre	
	Member	Employer	Member	Employer
Salary Portion				
On earnings up to YMPE	11.38%	11.38%	10.88%	11.88%
On earnings in excess of YMPE up to pensionable salary cap	15.49%	15.49%	14.99%	15.99%
On earnings in excess of pensionable salary	1.785%	1.785%	1.785%	1.785%

New Rate (% of Salary) Effective July 1, 2024	Universities of Alberta, Calgary, & Lethbridge		Athabasca University & Banff Centre	
	Member	Employer	Member	Employer
Salary Portion				
On earnings up to YMPE	11.49%	11.49%	10.99%	11.99%
On earnings in excess of YMPE up to pensionable salary cap	15.55%	15.55%	15.05%	16.05%
On earnings in excess of pensionable salary	2.015%	2.015%	2.015%	2.015%

Impact on Members

Based on the 2023 YMPE and pensionable salary cap, the estimated monthly change in member contributions to the UAPP starting July 1, 2024 would be as follows:

Monthly Salary	Monthly Change ¹	After-tax Monthly Change ²
\$6,000	\$6.37	\$4.08
\$8,000	\$7.57	\$4.85
\$10,000	\$8.77	\$5.62
\$12,000	\$9.98	\$6.38
\$14,000	\$11.18	\$7.15
\$16,000	\$12.38	\$7.92
\$18,000	\$16.51	\$10.56
\$20,000	\$21.11	\$13.51

¹ This amount will vary once the 2024 YMPE and pensionable salary cap become known.

² This amount has been calculated assuming a marginal income tax rate of 36%. The actual after-tax amount will vary depending on a member's marginal tax rate.



MORE INFORMATION

Retirement Planner

Active members of UAPP have automatic access to the Retirement Planner, only needing to register. The link is on [UAPP's home page](#), scrolling down to Key Information:



Frequently Asked Questions

The Frequently Asked Questions and Answers section provides a list of often-asked member questions with respect to the Universities Academic Pension Plan (UAPP). Included here are questions on membership, life changes, Retirement Planner access, and financial situations.

> [CLICK HERE](#)



Member Seminar

The Board of Trustees' Office for the UAPP has prepared a resource to provide an outline of the plan. Included in the presentation is a brief high level overview of the governance structure of the UAPP, detailed information on the plan provisions that most impact members, and a summary of the uapp.ca website and Retirement Planner.

> [CLICK HERE](#)



Retirement Planner

On your first visit to the Retirement Planner, please click Register Now after selecting the link below. You can prepare retirement estimates that use your actual data and you can access your annual member statement. For assistance, please call the UAPP Administration Centre at 1.866.709.2092 between 6 a.m. and 6 p.m. Alberta time during business days.

> [CLICK HERE](#)

Within the Retirement Planner, you can perform retirement calculations by running an unlimited number of pension estimates, adjusting for important details like retirement dates and future salary adjustments. You can also access your Annual Member Statement. If you have questions about your pension or the Retirement Planner, please call the UAPP Administration Centre toll-free at 1.866.709.2092.

Publications

The UAPP website includes a host of publications intended to assist members in understanding their pension plan. In addition to this [Communique](#), these publications include the [Member Handbook](#), [Annual Report](#), and several [Information Sheets](#), covering a range of topics such as New Member Basics, Pension Options, Death or Leaving the Plan Before Retirement, Preparing For Retirement, and the Retired Member Guide.

Contact Us

If you terminate employment and leave your funds in UAPP, ensure we have your current address and beneficiary information. [Email us](#) to update your address. Beneficiaries can be updated by using the [UAPP Designation of Spouse and Non-Spouse Beneficiary form](#). Make sure your family and executor know you are entitled to a benefit from the UAPP.

Universities Academic Pension Plan – Board of Trustees Office

#1002, Park Plaza, 10611- 98 Avenue, Edmonton, AB T5K 2P7

Email: board@uapp.ca Fax: 780.415.8871

UAPP Administration Centre

201 City Centre Drive, Suite 1000, Mississauga, ON L5B 4E4

Call: 1.866.709.2092 Email: uapp.pensions@buck.com