

Communiqué

Summer 2022



First Quarter 2022 Returns

The UAPP Fund experienced a loss of 5.1% in the first quarter of 2022.

Summary of Investments as at March 31, 2022

Total Market Value \$6,291.4 Million

Market Value and Asset Mix	31-Mar-22		31-Dec-21	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	64.9	1.0	73.8	1.1
Universe Bonds & Mortgages	947.0	15.1	845.3	12.7
Real Return Bonds	375.3	6.0	414.4	6.2
Long Bonds	697.2	11.1	636.8	9.6
Total Cash & Fixed Income	2,084.4	33.1	1,970.3	29.7
Canadian Equities	342.5	5.4	852.7	12.9
Global Equities	2,328.1	37.0	2,254.4	34.0
Private Equity	657.1	10.4	695.3	10.5
Total Equities	3,327.7	52.9	3,802.4	57.3
Real Estate	496.2	7.9	477.7	7.2
Infrastructure	345.6	5.5	344.1	5.2
Timberland	37.5	0.6	38.2	0.6
Total Alternative Investments	879.4	14.0	860.0	13.0
Total Investments	6,291.4	100.0	6,632.7	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-22	One Year ending 31-Mar-22	Four Year ending 31-Mar-22
Fixed Income	-8.7	-3.6	2.4
<i>Fixed Income Investments Indices</i>	-8.7	-4.0	2.0
Canadian Equity	3.8	20.2	9.9
<i>S&P/TSX Capped Composite Index</i>	3.8	20.2	12.6
Global Equity	-6.5	6.1	7.0
<i>MSCI World & Emerging Markets Index</i>	-6.6	5.9	9.6
Private Equity	-4.8	36.2	30.2
<i>CPI + 650 bps</i>	5.0	13.6	9.6
Real Estate	2.8	14.3	4.1
<i>MSCI/REALpac Canadian Property Index</i>	2.8	8.9	4.1
Alternative Investments	1.8	28.7	14.8
<i>Alternative Investments Indices</i>	3.0	10.8	6.8
Total Investment Return	-5.1	8.2	7.3
Policy Benchmark Return	-4.7	4.1	6.4

2021 Member Statements Available

The 2021 member statements have now been uploaded to the Retirement Planner at www.uapp.ca for active members and mailed for retired and suspended members. Please call the UAPP Administration Centre at 1.866.709.2092 if you need any help accessing your statement.

Changes to Statement of Investment Policies and Goals (SIP&G)

As noted in the Summer 2021 and Spring 2022 Communiqués, UAPP undertook an asset/liability modeling study to help inform decisions around the plan's future asset mix. That work was completed in late-2021 and resulted in the following asset mix table that took effect January 1, 2022:

Asset Class	Benchmark	Long-term Policy Weight	Allowed Range
TOTAL FIXED INCOME		35.0%	31-39%
Cash and Short-term	FTSE Canada 91 Day T-Bill Index	0.0%	0-1%
Universe Bonds	FTSE Canada Universe Bond Index	11.5%	9.5-13.5%
Long Duration Bonds	FTSE Canada Overall Long Term Bond Index	11.5%	9.5-13.5%
Mortgages	FTSE 60% Short Term/40% Mid Term Bond	5.0%	3-7%
Real Rate of Return	Index + 75 bps	7.0%	5-9%
Bonds	FTSE Canada Real Return Bond Index		
TOTAL EQUITY		50.0%	45-55%
Canadian Equities	S&P/TSX Capped Composite Index	5.0%	3-7%
Global Equities (includes US, Non-North American, developed & some Canadian)	MSCI World Total Return Net Index	33.0%	28-38%
Emerging Markets Equities	MSCI Emerging Markets Net Index	7.0%	5-9%
Private Equity	CPI + 650 bps	5.0%	3-7%
TOTAL ALTERNATIVE CLASSES		15.0%	11-19%
Real Estate	MSCI/REALPAC Canadian All Property Index	8.0%	6-10%
Infrastructure	CPI + 600 bps	7.0%	5-9%
Timberland	CPI + 400 bps	0.0%	0-1%

The changes to the SIP&G that became effective January 1, 2022 can be summarized as follows:

1. Narrow the Allowed Ranges for Fixed Income and Public Equities;
2. Decrease the allocation to Canadian Equities from 12% to 5%;
3. Increase the allocation to Global Equities from 26% to 33%;
4. Change the name of the “Public Equities” asset class to “Equities”; and
5. Move Private Equity from “Alternative Classes” to “Equities”.

In particular, the reduction in the allocation to Canadian equities can be seen in the Summary of Investments table earlier in this Communique showing the market value at March 31, 2022.

Key Pension Terms (Part 2 of 2)

PENSIONABLE SERVICE

Pensionable service is the period of service, expressed in years, during which you contribute to the pension plan, or the period for which you have established pension credits. The maximum pensionable service is 35 years (including combined pensionable service).

PLAN MEMBERSHIP

Plan membership is the period during which you remain employed by a participating employer after you become a member of the UAPP. It includes periods of approved leave of absence and some periods of optional service purchased. If you have two or more separate periods of plan membership and, provided you have not received a benefit from the pension plan in respect of an earlier vested period, then all of your periods of membership in the plan can be combined to determine your total plan membership.

SALARY

Salary is basic pay for the performance of regular duties. This does not include earnings such as overtime pay or one-time lump sum bonuses.

SPOUSE

At the relevant time, a spouse is:

- a) A person to whom you are legally married and from whom you have **not** been living separate and apart for 3 or more consecutive years, or
- b) If there is no person under a), a person of either sex who has lived with you (i) in a marriage-like relationship for the 3 years immediately preceding the relevant time, or (ii) in a relationship of some permanence for the period immediately preceding the relevant time if you and that person are, together, the natural or adoptive parents of a child under the laws of Alberta; or
- c) if there is no person under a) or b), and you have not filed with the Board a prescribed declaration, a person to whom you were married but from whom you have been separated for more than 3 years.

UNFUNDED LIABILITY

An unfunded liability occurs when the actuarial valuation determines that a pension fund's accrued liabilities exceed the assets available for the payment of benefits.

VESTED/VESTING

Vested or vesting means you are eligible to receive a pension or the commuted value of the pension you have earned to the date of termination. You are immediately vested upon joining the pension plan.

YMPE (YEAR'S MAXIMUM PENSIONABLE EARNINGS)

The YMPE is the Year's Maximum Pensionable Earnings set each year by the Canada Pension Plan (CPP) on which you are required to make base CPP contributions. The average YMPE is the annual average of the YMPE over the same period as your highest average salary.

The YMPE for recent years is shown below:

2017	\$55,300.00
2018	\$55,900.00
2019	\$57,400.00
2020	\$58,700.00
2021	\$61,600.00
2022	\$64,900.00

Feature on UAPP Website

The Mandate and Values of the UAPP's Board of Trustees are summarized at the bottom of the plan's homepage at www.uapp.ca and in the Business Plan at www.uapp.ca/publications/business-plan/. These items are reviewed annually by the Board as part of the approval of the Business Plan.

The Board's Mission and Values are summarized below:

MISSION

The mandate of the UAPP Board of Trustees (Board) is described in the Sponsorship and Trust Agreement. The Board's mission is to deliver on its mandate in a manner that is consistent with:

- ▣ high quality services to the UAPP members and stakeholders,
- ▣ prudent investment of the Fund,
- ▣ seeking stable contribution rates within the funding requirements of the Employment Pension Plans Act,
- ▣ best practices in pension plan governance and management, and
- ▣ all applicable rules, laws and regulations.

VALUES

In carrying out its mission, the Board is guided by the following values:

- ▣ work in full partnership with Sponsors,
- ▣ be member/stakeholder focused,
- ▣ be open, accountable and responsible for its actions,
- ▣ conduct UAPP business with trust, fairness and integrity,
- ▣ adhere to the highest ethical standards,
- ▣ value and treat its employees as a vital resource, and
- ▣ strive to adopt best business practices.

If you are 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 Trustees’ Office at board@uapp.ca.

If you leave employment and leave your funds in UAPP, 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/forms/. Keeping current 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.

If you are 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/publications/information-sheets/.

If you would like to comment on the service you received from UAPP, please write to us at board@uapp.ca. 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, we want to hear your feedback. Other contact information is available on our website, www.uapp.ca/contact-us/.

If you have questions about your pension or the Retirement Planner, call the UAPP Administration Centre toll-free at 1.866.709.2092.

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