

2022

ANNUAL REPORT TO PENSION PLAN MEMBERS



Table of Contents



MESSAGE FROM THE CHAIR AND SECRETARY OF THE PENSION COMMITTEE	3
2022 HIGHLIGHTS	7
PLAN MEMBERSHIP.....	8
INVESTMENTS	9
FUNDING POLICY	16
FINANCIAL STATUS OF THE FUND.....	18
ACTUARIAL VALUATION.....	19
PLAN MANAGEMENT	25
WHAT'S AHEAD.....	29



Message from the Chair and Secretary of the Pension Committee



We are pleased to provide you with the Annual Report of the Pension Plan for the Employees of Concordia University (“the Plan”) for the fiscal year ending December 31, 2022.

This report is intended to:

- Provide you with an overview of the financial position of the Plan;
- Briefly explain how the Plan is managed;
- Update you on the work completed by the Pension Committee in 2022; and
- Inform you of upcoming initiatives.

Considering the difficult circumstances present in the financial markets throughout 2022, including negative performance of market indices and high volatility, the results achieved by the Plan were quite impressive. It is worth noting that in a year categorized “as nowhere to hide”, we were among the very few pension funds in the country to have achieved positive investment returns! The Committee is proud of the work accomplished in 2022 and is pleased to present these positive results in the following pages.

2022 COMMITTEE WORK

Below is an overview of each Committee’s work throughout the course of 2022. You will be able to read about the work they accomplished in greater detail later in this report.

Pension Committee

During the course of 2022, the Pension Committee met five times. In particular, the Committee performed periodic reviews of the Plan’s financial situation versus the Annual Budget adopted and it conducted its annual review of current issues, legislative changes and initiatives surrounding defined benefit pension plans. Furthermore, the Committee held two half-day seminars which included a presentation on demographics and longevity management, as well as education sessions on the topics of longevity swaps, healthcare innovation, life sciences and investment products, all of which are diversifiers uncorrelated to financial markets that the Committee could eventually consider adding to the portfolio, including and not limited to commodities, electrical power trading and digital assets.



Message from the Chair and Secretary of the Pension Committee (cont'd)



Investment Sub-Committee

The Investment Sub-Committee (ISC) met nine times during the year. Among other endeavours, it continued working on the implementation of the changes to the Investment Policy adopted in the Fall of 2020, including the implementation of an S&P500 Enhanced Beta Strategy as part of the Tactical Asset Allocation Program of the Growth investment bucket. During 2022, as part of its ongoing duties, the ISC closely monitored the performance and results produced by our investment managers. It also continued receiving ongoing education, which allows the ISC members to identify new investment opportunities and to continue to evolve the Investment Policy. In addition, the ISC prepared and tabled a three-fold action plan which was approved by the Pension Committee in February 2023. The plan addresses the evolution of the investment processes and capacity in managing the Pension Fund and all related responsibilities. .

Responsible Investment Working Group

The Responsible Investment Working Group (RIWG) was created in April 2021 by the Pension Committee as a permanent addition to its governance structure. In 2022, the RIWG met on several occasions to work on the design of the four components of the Responsible Investment (RI) Program, namely the systemic risk framework, the level of care and related rating assessment, measurement and engagement.

Audit Committee

The Audit Committee (AC) began its operations in 2022 following its creation by the Pension Committee in November 2021. The AC meets twice per year and its mandate includes establishing the audit plan with the external auditors before the audit work for a given fiscal year begins, receiving the audit findings report from the external auditors after the conclusion of the audit, reviewing the audited financial report and recommending it for final approval by the Pension Committee. The conclusion of the Audit Committee meetings held in the Spring of 2023 were that as a result of their audit of the year ending on December 31, 2022, the external auditors issued a clean audit findings report to the management team with no misstatements nor control deficiencies identified and the financial statements were approved entirely as presented.



Message from the Chair and Secretary of the Pension Committee (cont'd)



INVESTMENT RETURNS

In 2022, the fund achieved a total return of 1.7% before expenses paid by the Plan (5.0% before all Plan expenses, i.e., paid by the Plan and directly from funds managed by investment managers), which is below the objective of 5.9% corresponding to the valuation rate of the Plan's liabilities. Though the 5.9% target return objective was not met in 2022, the Pension Fund and the Investment Policy were designed to be robust against challenging financial market conditions, and so the second major objective, which is to protect the capital and the assets of the Plan, was successfully achieved, amidst especially difficult market conditions that prevailed throughout the year. Compared to other Canadian pension plans of similar size, both on a return and risk adjusted basis, the latter reflecting the ability to generate the most investment returns relative to the lowest level of risk taken, our results rank in the first quartile on a rolling monthly basis, not only for 2022 but as well as for the nine years that followed the implementation of the transformative modifications to the Investment Policy that were adopted in 2013.

The excellent and consistent investment returns achieved over the last decade resulted in good news for the pensioners as well! The highest pension indexation adjustments in the last 30 years have been issued two years in a row, with 4.8% awarded on June 1, 2022 and 5.4% on June 1, 2023. The Plan's capacity to provide indexation on pensions is directly tied to both the performance of the fund and its ability to protect capital, in combination with inflation factors.

FINANCIAL SITUATION

The last actuarial valuation of the Plan was prepared as at December 31, 2019 and was the basis for establishing required employee and employer contribution rates up to December 31, 2023. An actuarial valuation as at December 31, 2022 is currently being prepared and will be filed with the government authorities by September 30, 2023. The valuation will establish the cost of the Plan and required contributions for years 2024, 2025 and 2026.

As per the preliminary results of the valuation, as at December 31, 2022, for the overall Plan, the estimated funding ratio before taking into account the amount of the actuarial reserve that the Plan is obligated to constitute is 106.5%, and 95.2% after the actuarial reserve is taken into consideration. This represents an improvement in the funding ratio before reserve of 7.8% from the previous actuarial valuation prepared as at December 31, 2019, which is entirely due to the excellent investment results achieved in 2020 and 2021. The Plan is therefore in a very good financial situation and it is fully funded on a before reserve basis, no longer in a deficit position. The new valuation brings good news for the active Plan members as well; for the post-2015 period, for which cost is funded in the proportion of 45% / 55% by the members and the University, the funding ratio is above the fully funded mark both before and after taking into account the reserve, at 113.5% and 104.8% respectively.

Furthermore, the results of the new actuarial valuation indicate that the funding cost of the Plan continues to be very stable over the last decade, which is in line with the Plan Funding Policy's main objectives to maintain sustainable and stable costs over both the short and long term.

Message from the Chair and Secretary of the Pension Committee (cont'd)



SERVICE TO MEMBERS

The pension plan offered by Concordia is a key element in your financial planning for retirement. It is a defined benefit pension plan and as such, it guarantees the amount of pension you will receive, based on a formula set forth in the Plan text. It is the role of the Pension Committee to make sure that the Plan is managed rigorously and in compliance with the applicable legislation and best governance practices. For more information on the Plan, we invite you to visit the following links:

- Information about the Pension Plan:
<https://hub.concordia.ca/carrefour/services/hr/benefits/pension.html>
- Short video overview of the Pension Plan:
<https://hub.concordia.ca/carrefour/services/hr/benefits/pension/video.html>
- Contribution estimator tool available to active Plan members:
<https://hub.concordia.ca/carrefour/services/hr/benefits/pension.html>
- Employee web tool, pension@ccess, which provides access to your personal annual statements, allows you to make pension projections under various scenarios and provides additional information: concordia.pension.hroffice.com
- If you have retired from or left the University and as such do not have access to Carrefour nor to the employee web tool, some information on the Plan is available on Concordia's general website, Human Resources section:
<http://www.concordia.ca/hr/benefits/pension.html>

The members of the Pension Services team at Human Resources are available to provide support and address any questions you may have regarding your pension file and benefits. They can be reached by e-mail at pensions@concordia.ca. If you are planning to retire, it is recommended that you get in touch with them at least three months in advance of your retirement date in order to allow sufficient time for the required steps.

In addition to this positive news, we would like to take this opportunity to thank the members of the Pension Committee and of the Investment Sub-Committee, Responsible Investment Working Group and Audit Committee for their hard work and dedication attending to the business of the Plan with due care and diligence. The team at the Office of the Treasurer is also to be acknowledged for the considerable and significant amount of work done pertaining to the financial management of the Plan on a continual basis, as well as the employees of the Pension Services team for the dedicated work and service they provide to the Plan membership.

We trust this report will enable a better understanding of our Plan and its value.

Patricia Saputo, FCPA, FCA, ICD.D, TEP, DTax,
Chair of the Pension Committee

Marc Gauthier, CPA, CMA
Principal Administrator of the Pension Plan
for the Employees of Concordia University
and Secretary of the Pension Committee

2022 Highlights



MEMBERSHIP

In 2022, the number of active Plan members increased slightly, from 3,801 to 3,848. During the same period, the number of pensioners and beneficiaries increased from 2,346 to 2,436.

PENSION FUND INVESTMENT PERFORMANCE

In 2022, the Pension Fund return was 1.74% before expenses paid by the Plan, while the return net of all expenses was 1.70%.

The objective set by the Investment Policy is an annual return net of Plan expenses that meets the rate at which the liabilities are valued, currently at 5.9%, with a goal to protect the capital in challenging financial markets. While the results were below the 5.9% target rate in 2022, the annualized returns over periods of three and five years were 9.1% and 8.1% respectively.

NET PENSION ASSETS

In 2022, the fund assets increased by \$19,049,000, going from \$1,456,453,000 to \$1,475,502,000, representing an increase of 1.3%.

PLAN FINANCIAL SITUATION

As at December 31, 2019, the date of the last actuarial valuation, the financial situation of the Pension Plan was as follows:

- Funding ratio (long-term financial situation):
 - Before actuarial reserve: 98.7% with a shortfall of \$15.3 million.
 - After actuarial reserve: 91.2% with a shortfall of \$100.3 million and a reserve of \$85.0 million.
- Solvency ratio (short-term situation): 71.1%

As at December 31, 2022, the estimated financial situation of the Plan was as follows:

- Funding ratio:
 - Before actuarial reserve: 106.5%
 - After actuarial reserve: 95.2%

CONTRIBUTIONS

In 2022, contributions made to the Plan were as follows:

- Members: \$25,312,000
- University: \$37,658,000

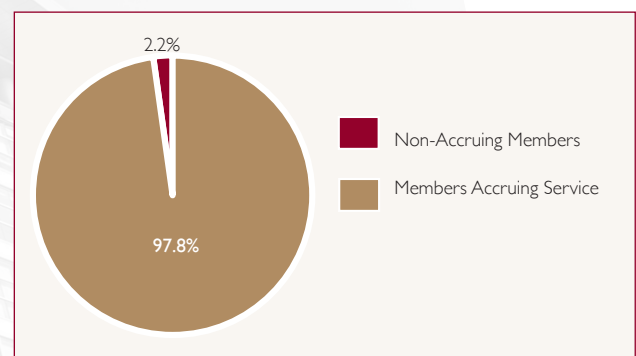
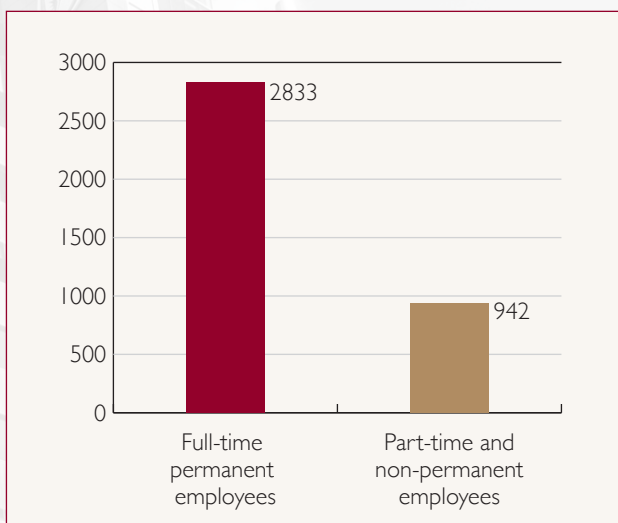
Plan Membership



	Active Members	Deferred Vested Members	Pensioners and Beneficiaries	Total
As at December 31, 2021	3,801	1,110	2,346	7,257
New members	507	353	122	
Retirements	(90)	(32)	–	
Terminations	(366)	–	–	
Deaths	(4)	(1)	(32)	
Refunds	–	(283)	–	
As at December 31, 2022	3,848	1,147	2,436	7,431

As at December 31, 2022, the average age of active members was 47.2 and the average age of pensioners and beneficiaries was 74.2.

Active members are distributed as follows:



Investments



Professional investment managers invest the Pension Fund assets in accordance with the Investment Policy adopted by the Pension Committee. In 2013, the Committee adopted an entirely revamped asset allocation. The revised Investment Policy was designed to preserve, grow and diversify capital. Further modifications were incorporated to the policy in 2016 and in 2020, following an in-depth review of the Investment Policy and of all investment managers that was performed after the emergence of the global pandemic in March 2020 which strongly impacted the financial markets. Moreover, in November 2016, the Pension Committee approved a dynamic currency hedging program that is managed internally at Concordia. A second-generation currency hedging model was adopted in 2018 along with further enhancements made in 2020.

In 2022, the Investment Sub-Committee (ISC) continued its work on the implementation of the modifications to the Investment Policy that were adopted in the Fall of 2020. This included the onboarding of two new investment strategies, namely an S&P500 Enhanced Beta Strategy in the Tactical Asset Allocation Program of the Growth Investment category, which is meant to capture more of the upside in periods of bull markets, and a Litigation Finance Strategy in the Diversification category. Moreover, in 2022, the ISC continued its ongoing education plan and due diligence at the sourcing level, and as such, its members received several education sessions on a variety of investment products during the year.

INVESTMENT OBJECTIVE

The investment objective was established in alignment with the funding objectives set out in the Plan's Funding Policy. The latter states that the Investment Policy must be defined so as to meet the rate at which the Plan's liabilities are valued over the long-term, while minimizing the volatility of returns over the short-term. The target return rate, net of Plan expenses, is thus the same as the liabilities discount rate, which is set at 5.9% since the actuarial valuation prepared as at December 31, 2018.

INVESTMENT GUIDELINES AND ASSET MIX

The investment guidelines identify the acceptable level of risk over the long term and establish clearly defined risk management mechanisms. They also outline the strategic target asset allocation, organized in three main investment categories; Capital Preservation (defensive positioning that emphasizes substantive risk management), Growth (offensive positioning that focuses on business valuation discounts and opportunities) and Diversification (offsetting directional movements from the Growth category).

Since our Plan is considered mature, i.e., the amount of pensions paid annually nears the contributions received, the Investment Policy cannot be overly aggressive. At the same time, it is important that a sufficient portion of the Pension Fund be invested in a way that will ensure sufficient returns over the long term so that the Plan can continue to pay the promised benefits and provide indexation of pensions. The strategic asset allocation, investment managers, target allocation and asset mix as at December 31, 2022 are listed in the table on the next page.

Investments (cont'd)

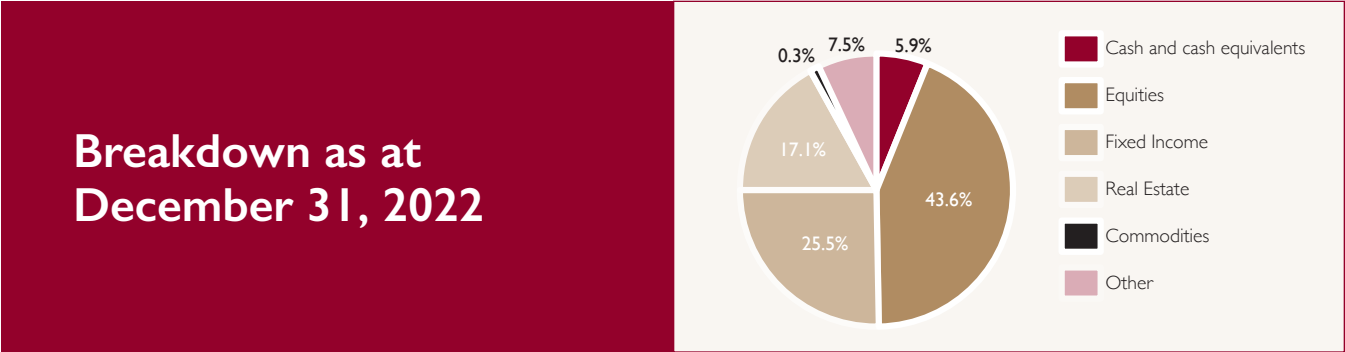


Strategic Asset Allocation	Investment Manager	Target Allocation	Asset Mix as at December 31, 2022
Capital Preservation			
Cash and cash equivalents	Concordia University	1.5%	3.7%
Currency hedging	Concordia University	n/a	-0.2%
Tactical Asset Allocation	Forstrong Global Asset Management	5.0%	5.0%
	Ruffer	5.0%	5.1%
Absolute return – Credit	Orchard Global Asset Management	4.0%	3.6%
	Pimco	4.0%	3.2%
	RP Investment Advisors	1.5%	2.2%
Absolute return – Multi-strategy	Dymon Asia Capital	3.1%	3.3%
	Millennium Management	5.0%	7.8%
	Vision Capital Corporation	4.7%	4.5%
	Waratah Capital Advisors	5.7%	4.6%
Sub-total — Capital (min-max range: 30%-70%)		39.5%	42.8%
Growth			
Equity - Asia	Baring Private Equity Asia	1.5%	2.8%
	LGT Fund Managers	1.5%	3.0%
	Matthews International Capital Management	5.3%	3.5%
	Van Berkomp and Associates	1.7%	1.8%
Equity – North America	BloombergSen	3.0%	2.5%
	Exchange Traded Fund (global infrastructure)	3.0%	2.3%
	Imperial Capital	1.5%	2.6%
	Teralys	2.5%	1.6%
	Torquest	1.5%	2.8%
	Turtle Creek	3.0%	3.3%
	Tactical Asset Allocation	Validus Risk Management (Constance Financial)	n/a
Sub-total — Growth (min-max range: 10%-30%)		24.5%	26.8%
Diversification			
Private real estate	Centurion Apartment (REIT)	5.0%	8.5%
	UBS	2.5%	2.4%
Private debt	Ardenton	3.0%	1.4%
	Mesa West Capital	3.0%	1.6%
	HarbourEdge Capital Corporation	0.0%	1.4%
Private equity alternatives	Orchard Global Asset Management	1.4%	0.1%
	Neuberger Berman	5.0%	5.3%
	Whitehorse Liquidity Partners	4.0%	3.4%
Private infrastructure	Axiom Infrastructure	1.0%	0.7%
	Global Infrastructure Partners	2.0%	1.7%
Farmland & Timberland	Bonnefield Canadian Farmland LP	1.5%	1.8%
	Hancock Natural Resource Group	2.5%	1.9%
Insurance linked securities	Aeolus Capital Management	0.0%	0.0%
	Securis Investment Partners	0.0%	0.2%
TBD		5.1%	0.0%
Sub-total — Diversification (min-max range: 25%-50%)		36.0%	30.4%

Investments (cont'd)

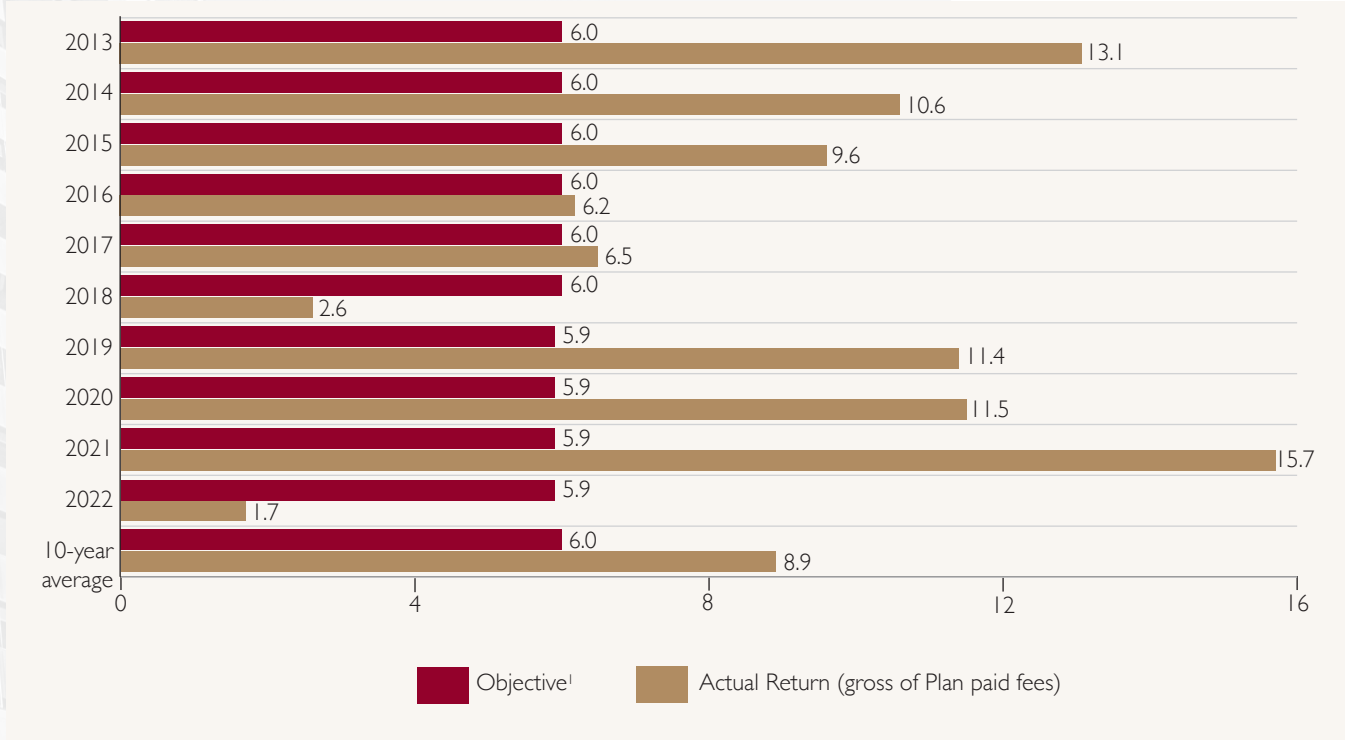


The graph below shows the breakdown of the Pension Fund assets by type of asset class as at December 31, 2022.



INVESTMENT PERFORMANCE

Since the investment performance of the Pension Fund varies from year to year, it should be viewed from a long-term perspective. The graph below shows the annual investment returns gross of expenses paid by the Plan from 2013 to 2022 and the 10-year average versus the objective.

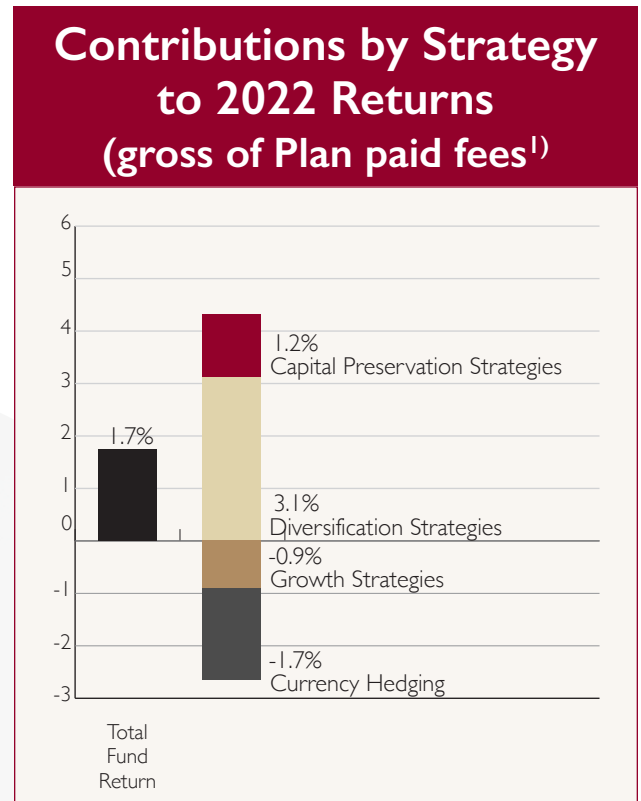
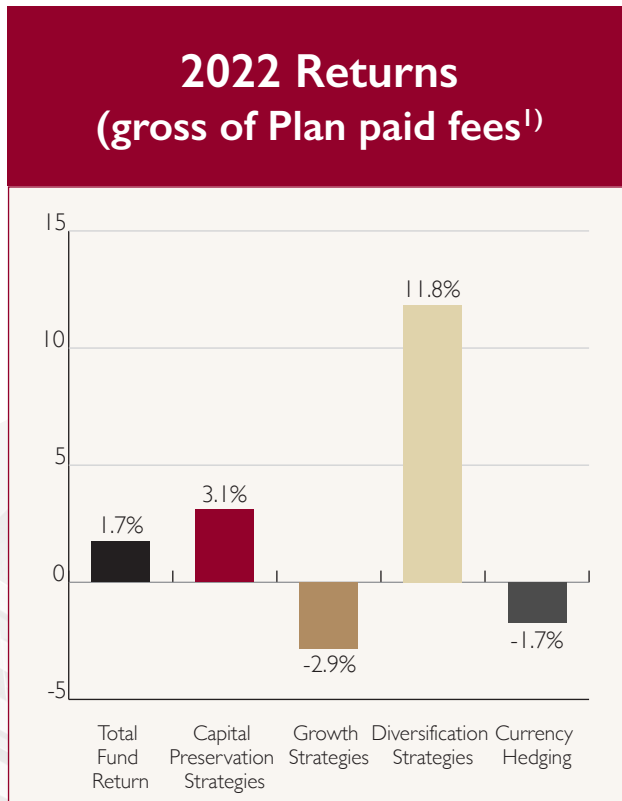


¹ Since 2013, the objective corresponds to the rate at which the Plan's liabilities are valued, i.e. 6% for the years between 2013 and 2018 and 5.9% thereafter

Investments (cont'd)



The graphs below present the 2022 returns (rounded to the nearest decimal) by investment strategy and the contribution from each strategy to the total 2022 return:



¹The 2022 performance figures presented are gross of expenses paid by the Plan, however they are net of investment management fees that are not invoiced directly to the Plan by some of the investment managers hired. The remuneration of those managers is deducted from the funds that they manage, and represents approximately 3.11 percent of the total net assets available at year-end.

Investments (cont'd)



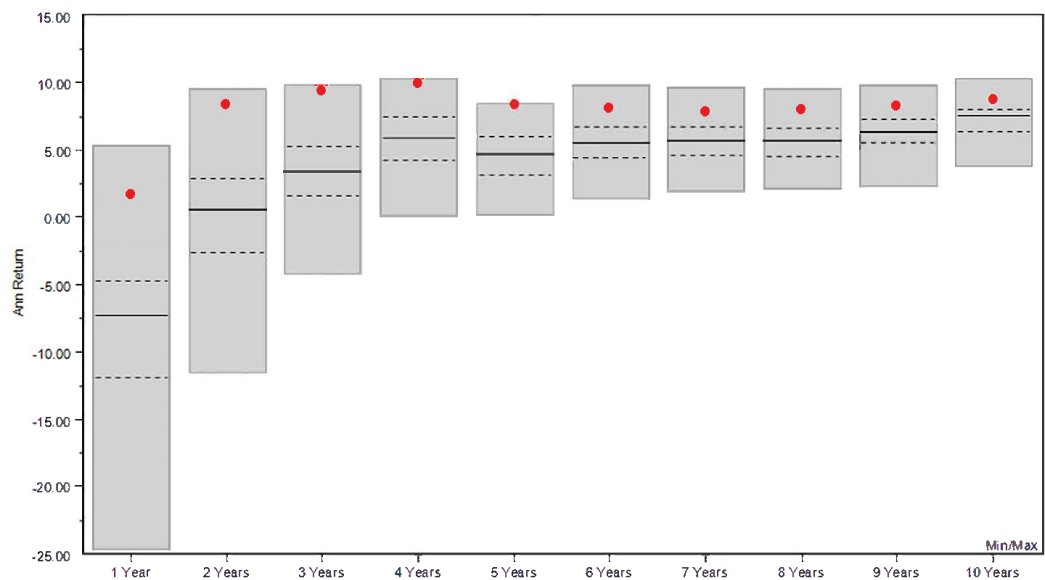
Since our Investment Policy has a strong emphasis towards risk management and capital preservation, it is equally important to look at our results while taking into consideration the level of risk taken. On a risk-adjusted basis, the annualized volatility of the monthly gross of fees returns in 2022 was 5.45%, which means that the 1.7% return generated by the fund is 0.32 times the risk taken (1.7% divided by 5.45%). As you can see on the chart below, compared to our peers, over the last ten years, i.e. rolling periods ending December 31, 2022, our results have consistently ranked in the top quartile both on a return and risk adjusted basis.

Pension Plan for the Employees of Concordia University

Canadian Master Trust (CAD) - Monthly Total Fund Hedged Non-Lagged

As of December 31, 2022

Quartile - Annualized Returns



	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank	Value	%Tile	Rank						
Maximum	5.33			9.60			9.86			10.36			8.51			9.84			9.69			9.61			9.90			10.36		
25th Percentile	-4.73			2.92			5.32			7.47			6.00			6.70			6.68			6.68			7.28			8.06		
Median Percentile	-7.30			0.60			3.44			5.89			4.71			5.59			5.77			5.71			6.39			7.57		
75th Percentile	-11.93			-2.61			1.59			4.23			3.19			4.48			4.66			4.66			5.57			6.38		
Minimum	-24.65			-11.52			-4.14			0.18			0.20			1.46			1.97			2.18			2.38			3.81		
# of Portfolios			64			60			55			52			52			51			49			47			44			43

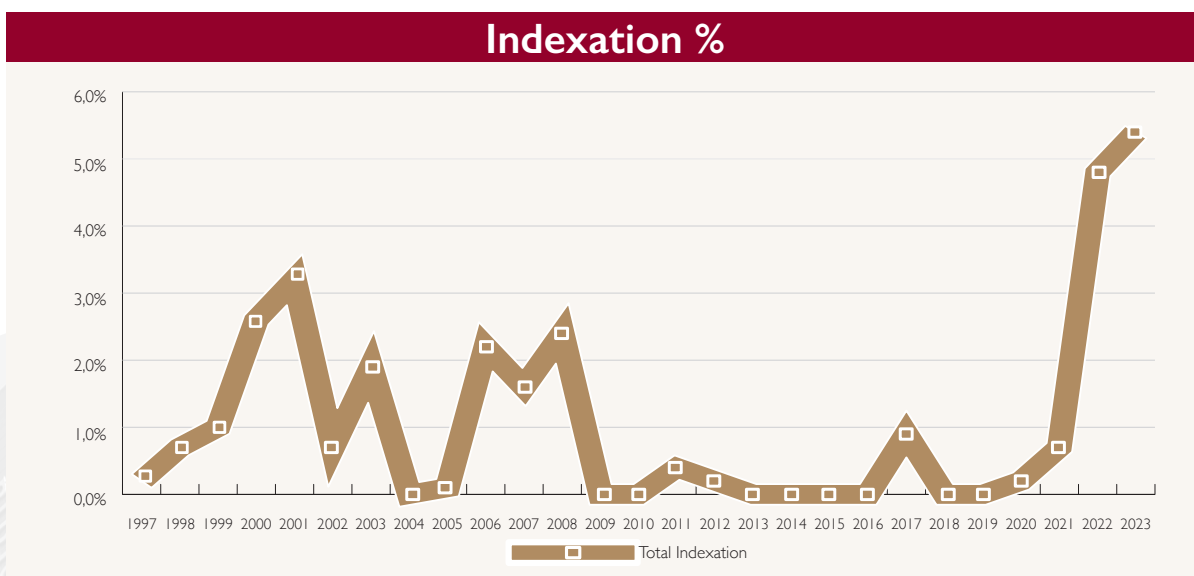
● Total Fund Hedged Non-Lagged 1.74 4 3 8.41 4 2 9.43 3 2 9.92 5 3 8.41 5 3 8.10 7 4 7.83 7 4 8.05 5 3 8.33 5 2 8.79 10 4

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final

Investments (cont'd)



Furthermore, the Plan's capacity to provide indexation on pensions is directly tied to both the performance of the fund and its ability to protect capital, in combination with inflation factors. The strong results achieved and the fact that capital was successfully preserved in 2022 has allowed the Plan to pay the highest indexation of the last 27 years in 2022 and 2023 and that despite volatile markets, as can be observed on the following graph:



RESPONSIBLE INVESTMENT PROGRAM

In early 2022, the Pension Committee formally approved the evolution of the “2009 Responsible Investment Policy” to a “Responsible Investment (RI) Program” intended to guide and provide the orientation for the decision-making of the Pension Plan’s Investment Policy. The RI Program further bolsters the prudent oversight of the Pension Committee’s fiduciary responsibilities in addressing the Pension Plan’s resiliency, in an integrated manner; against global material considerations, including environmental, social and governance (ESG) factors in the Committee’s investment management. The RI Program is comprised of four key components:

- Process Standards** that determine the level of care and integration of responsible investing processes to be carried out as part of our current Integrated Due Diligence (IDD) program.
 - This includes the expansion of our Due Diligence Questionnaire and the development of the Portfolio Manager assessment rating framework based on recommendations by the Task Force on Climate-related Financial Disclosures (TCFD¹) framework.
 - This also includes a plan to include recommendations by the Task Force on Nature Related Financial Disclosure (TNFD²) to measure the level of responsible investment commitments, while considering performance results and the investment strategy in relation to the whole portfolio;

¹TCFD was established in 2015 by the G20’s Financial Stability Board (FSB) (a nongovernmental international body that monitors and makes recommendations about the global financial system) <https://www.fsb-tcf.org/>

²Inspired by TCFD this integrated risk management and disclosure framework focuses on biodiversity risks and opportunities, specifically businesses’ biodiversity footprint <https://tnfd.global/>

Investments (cont'd)

2. **Systemic Risk Framework** that aims at assessing the probability of a major disruption of financial services or the collapse of an entire system.
 - This includes scenario planning to measure and evaluate such risks and their global impact on the investment strategy, the individual Portfolio Manager's risk exposure and the overall value of the Pension Plan.
3. **Measurement Metrics** that serve to quantify substantial and material risk indicators (such as the Pension Plan's carbon footprint) and other statistics for analysis.
4. **Active Engagement** that fosters responsible investment considerations with Portfolio Managers and underlying positions through engagement with stakeholders and collaborative initiatives.

As such, the Responsible Investment Working Group (RIWG) began developing and implementing the Responsible Investment (RI) Program with an enhanced Due Diligence Questionnaire and a new model to rate our Portfolio Managers. Our first report card generated results showing 52% with above-average practices, 33% average and 15% below-average relative to others in the portfolio. The scoring is comprised of four key criteria (firm and culture, process, engagement, reporting) and uses colour-coded symbols.

Additional progress improvements to the rating system are expected in 2024, once the Systemic Risk Framework and Active Engagement components are complete. The Measurement Metrics component continues to be developed by the RIWG and will also address the carbon footprint of the Pension Plan's investment portfolio. However, there is an industry-wide challenge to reconcile this measurement, and determine its accuracy, completeness and timeliness. As at December 31, 2022, the Pension Plan had a 1.1% allocation to the Carbon Underground 200¹, which is considered a negligible climate risk exposure.

Subsequently, when all four components have been finalized and approved by the Pension Committee, the Committee's revised scope of fiduciary obligations will include the following:

- a. Incorporating environmental, social and governance (ESG) issues into investment analysis and decision-making processes, consistent with their investment time horizons;
- b. Encouraging high standards of ESG performance in the companies or other entities in which our Portfolio Managers invest;
- c. Reporting on how our Portfolio Managers have implemented these commitments; and
- d. Supporting the stability and resilience of the financial system.

We look forward to reporting our continuing progress again as part of our 2023 report. The below is what we are projecting to have completed in the next two years.

1. Further developing our Portfolio Managers' assessment rating system;
2. Operationalizing our systemic risk framework by 2024;
3. Continue developing our measurement program in addressing industry wide challenges of data accuracy with a target to have it completed in 2024; and
4. Formalizing our engagement program, including collaborative initiatives, to be fully developed by the end of 2023.

¹ Listing of top 200 public companies ranked by the carbon content of their fossil fuel reserves <https://www.ffisolutions.com/the-carbon-underground-200-500/>



Funding Policy

In December 2018, Concordia University's Board of Governors adopted a new version of the Funding Policy for the Plan. An earlier version of the policy had been adopted by the Pension Committee in 2011, after a complete enterprise risk management assessment exercise of the Plan was performed. The Committee was ahead of most plans in adopting a formal Funding Policy as early as in 2011.

In 2015, the government of Quebec adopted Bill 29 – *An Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined benefit pension plans*. The Act made the adoption of a Funding Policy mandatory for all defined benefit pension plans in Quebec, and that by the body that has the power to amend the plan - Concordia's Board of Governors in the present case.

The updated Funding Policy adopted by the Board in 2018 was prepared in order to capture all the elements required under the Act.

The Funding Policy outlines clear funding objectives for the Plan, namely:

- Maintain the Plan fully funded at a stable and sustainable cost over both the short and long term;
- Preserve equity amongst generations by minimizing volatility in contributions and the risk of facing a funding shortfall, and by ensuring the continuity of the Plan in its current form, including the security of benefits to be provided and the payment of indexation to retirees.

An important section of the policy is about identifying the main risks associated with the funding of the Plan. The most impactful risk was identified under the investment risks category as being the loss of invested capital that could result from the occurrence of a major financial crisis. Among other economic risks identified are inflation and increases in pensionable earnings that would be higher than expected. Longevity risks and other demographic risks such as an increase in the average age of active members and a trend in retirements occurring at an earlier age than expected are risks also relevant to note.

Another important section of the policy describes the risk management measures that are in place. The most significant risk management measure is the innovative Investment Policy adopted in 2013. Among other particularities, the asset allocation is designed to meet the investment return objective, which corresponds to the rate at which the Plan liabilities are valued, currently at 5.9% annually. Furthermore, the Investment Policy is designed with the following characteristics:

- With a risk-adjusted focus in order to provide the ability to meet the Plan's target investment return at the lowest possible level of portfolio risk;
- It is allocated based on funding objectives as opposed to specific asset classes;
- It prioritizes absolute and skill-oriented strategies as opposed to relative or passive investment products;
- The asset allocation is composed of complementary strategies that have different behaviors, i.e. that do not move in the same direction in given market conditions;
- The concentration of all investment-related risks is limited.

Other funding strategies identified include the frequency of actuarial valuations. This strategy enables the Pension Committee to file actuarial valuations before they are required according to legislative requirements, if it so turns out to be beneficial for the funding of the Plan. Another key section of the Funding Policy provides clear directions on the management of funding surpluses, funding shortfalls and margins.

Funding Policy (cont'd)

On an annual basis and/or at each periodic actuarial valuation, the Pension Committee proactively monitors several key indicators that have an impact on the funding status of the Plan to ensure that they remain in good standing. The table below shows some of these indicators and their evolution over the last three years:

Funding Indicator	2022 ¹	2021	2020
Total Plan cost for post-2015 period	18.2%	18.0%	18.0%
Pension Payments / Contributions Industry Benchmark: < 100%	90.2%	88.0%	91.4%
Liabilities / Pensionable Payroll Industry Benchmark: < 500%	413%	412%	410%
Plan maturity ² Industry Benchmark: Liabilities of Active members > 50% / Liabilities of Non-Active members < 50%	Actives: 48.8% Pensioners & Deferred: 51.2%	Actives: 48.5% Pensioners & Deferred: 51.5%	Actives: 48.5% Pensioners & Deferred: 51.5%
Active members – Average age	47.2	47.1	46.9
Active members – Average age at retirement	Academic: 66.3 Non-Academic: 63.4	Academic: 65.0 Non-Academic: 63.4	Academic: 66.2 Non-Academic: 65.7
Pensioners – Average age	74.2	74.3	73.9
Pensioners – Average age at death	84.7	84.8	84.9

¹ Estimates based on preliminary results of the actuarial valuation as at December 31, 2022.

² Updated when an actuarial valuation is performed – the figures shown for 2020 and 2021 are from the actuarial valuation as at December 31, 2019

Financial Status of the Fund

The following table details the fund's financial activities in 2022 and 2021, as well as the net asset value at the end of those years, based on the market value.

Changes in net assets available for benefits	(in thousands of dollars)	
	2022	2021
Market value at the beginning of the year	1,456,453	1,259,231
Plus		
Employee's contributions	25,312	25,318
University contributions	37,658	37,129
Transfers-in from other plans	169	833
Investment income	151,923	196,673
Total increases	215,062	259,953
Minus		
Changes in unrealized fair value of investments and derivative financial instruments	128,532	—
Pension payments	59,689	55,778
Transfers-out to other plans	229	348
Other lump-sum refunds	5,118	4,572
Operating expenses	2,445	2,033
Total decreases	196,013	62,731
Market value at the end of the year	1,475,502	1,456,453

Expenses paid by the Pension Fund

Below is an overview of the operating expenses paid by the Pension Fund:

- Investment management fees invoiced by investment managers and paid by the fund, which, in 2022, represent approximately 0.02 of one percent of the total net assets available at year end (0.02 in 2021);
- Custodial fees, including costs for the external custody of all Plan assets, for investment performance measurement services and for benefits payment services, such as the issuance of pension payments and refunds to terminated members;
- Actuarial services, including consulting, support for day-to-day administration of members' benefits and pension administration system;
- External audit fees for the certification of financial statements;
- Other consulting and professional fees, such as investment consulting, legal fees and fiduciary insurance for Pension Committee members;
- Fees for the financial management of the Plan by the Office of the Treasurer of Concordia University, as delegated by the Pension Committee;
- Annual registration fees to Retraite Québec;
- Administrative expenses such as printing, mailings and meeting expenses.

In 2022, total expenses paid by the Pension Fund were slightly below \$2.5 million and represented 0.17 of one percent of the total net assets available at December 31, 2022 (0.14 of one percent in 2021).

The handling of employee requests and recordkeeping of members' files is covered internally by the University's Pension Services unit, under the Department of Human Resources. Costs for these services are subsidized by the University.

Actuarial Valuation



At least once every three years, the actuary reviews the Plan's assets and liabilities to ensure that there is enough money in the fund to provide the benefits promised by the Plan. This review is called an Actuarial Valuation.

An Actuarial Valuation was completed to establish the financial position of the Plan as at December 31, 2019. The results of the valuation are indicated below. The Actuarial Valuation report was finalized and filed with Retraite Québec and the Canada Revenue Agency in December of 2020 and set the employee and employer contribution rates for calendar years 2021, 2022 and 2023. The valuation examines the Plan's status on two bases: ongoing and solvency.

FUNDING ON AN ONGOING BASIS

The *ongoing* basis examines whether or not the Pension Fund has sufficient assets to pay all accumulated and projected benefits as at the valuation date, assuming the Plan will be maintained indefinitely. In accordance with government regulations, liabilities are compared to the actuarial value—or market value—of assets.

Funding Results (ongoing basis) as at December 31, 2019	(in thousands of dollars)		
	Pre-2016 Period ¹	Post-2015 Period ¹	Total
Actuarial value of assets ²	948,838	179,787	1,128,625
Liabilities	969,819	174,134	1,143,953
Funding surplus (shortfall) before reserve	(20,981)	5,653	(15,328)
Funding ratio before reserve	97.8%	103.2%	98.7%
Reserve ³	83,330	1,676	85,006
Funding surplus (shortfall) after reserve ⁴	(104,311)	3,977	(100,334)
Funding ratio after reserve	89.3%	102.3%	91.2%

¹The coming into force of Bill 13, *An Act respecting the restructuring of university-sector defined benefit pension plans and amending various legislative provisions*, imposed the mandatory sharing of costs pertaining to post-2015 service between the active plan members and the University. The funding status is therefore tracked separately for the pre-2016 period, which cost is entirely assumed by the University, and the post-2015 period, for which 45% of the cost is assumed by active members and 55% by the University.

²Excluding the value of insured annuity contracts established at \$567,000 as at December 31, 2019.

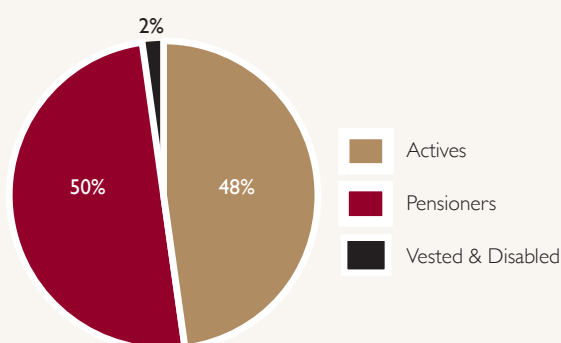
³The mandatory establishment of a reserve was introduced by legislation in 2010, with the purpose of ensuring a greater level of stability in the funding of pension plans. The reserve is made up of actuarial gains determined during complete actuarial valuations and accumulates until it is equal to the amount of the provision for adverse deviation (determined by a formula based on the Investment Policy, the plan's maturity and the duration of the plan liabilities and of the bonds held in the fund). It is used to cover 50% of amortization payments that are required to liquidate a funding shortfall.

⁴The funding shortfall after reserve is the one that is relevant for funding purposes, i.e. for the determination of the required funding shortfall amortization payments.

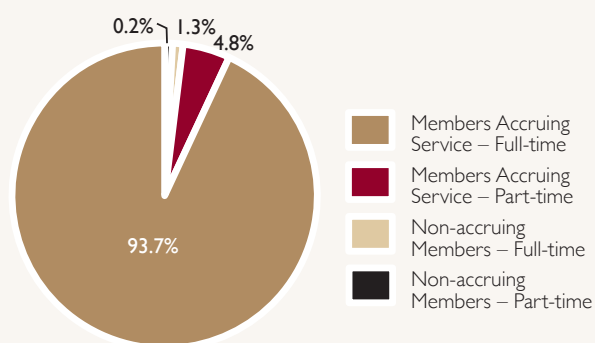
Actuarial Valuation (cont'd)



Breakdown of total liabilities as at December 31, 2019 per type of members



Breakdown of liabilities for active members as at December 31, 2019 per participation status



FUNDING ON A SOLVENCY BASIS

The *solvency* basis examines whether the Pension Fund would have had enough assets to pay all accumulated benefits had the Plan been terminated on the valuation date.

Funding Results (solvency basis) as at December 31, 2019	(in thousands of dollars)
Market value of assets (net of termination expenses)	1,126,792
Liabilities	1,583,775
Solvency shortfall	(456,983)
Solvency ratio	71.1%

Following the adoption of a regulation applicable to pension plans sponsored by Quebec universities on December 31, 2006, the requirement for the University to contribute towards a solvency shortfall was eliminated.

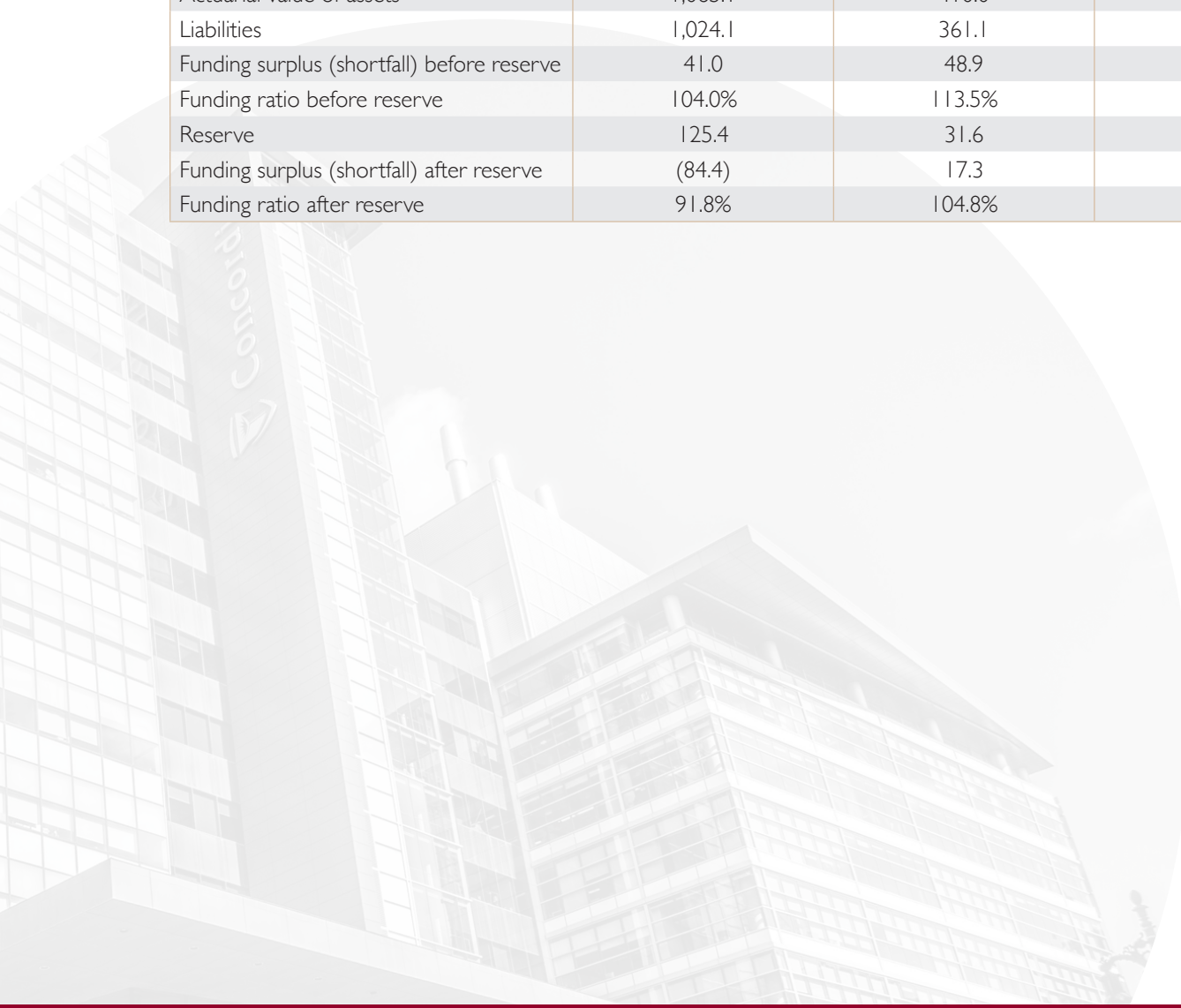
Actuarial Valuation (cont'd)



NEXT ACTUARIAL VALUATION

At the time of publishing this report, the next required Actuarial Valuation as at December 31, 2022 was under preparation for filing with the government authorities by no later than September 30, 2023. It will set the employee and employer contribution rates for calendar years 2024, 2025 and 2026. The preliminary results of the actuarial valuation indicate an overall surplus before reserve of \$89.9 million and a deficit of \$67.1 million after taking into consideration the reserve that the Plan is obligated to constitute. The figures represent funding ratios of 106.5% and 95.2% respectively.

Preliminary Funding Results (ongoing basis) as at December 31, 2022	(in millions of dollars)		
	Pre-2016 Period	Post-2015 Period	Total
Actuarial value of assets	1,065.1	410.0	1,475.1
Liabilities	1,024.1	361.1	1,385.2
Funding surplus (shortfall) before reserve	41.0	48.9	89.9
Funding ratio before reserve	104.0%	113.5%	106.5%
Reserve	125.4	31.6	157.0
Funding surplus (shortfall) after reserve	(84.4)	17.3	(67.1)
Funding ratio after reserve	91.8%	104.8%	95.2%



Actuarial Valuation (cont'd)



COST SHARING FOR THE POST-2015 PERIOD

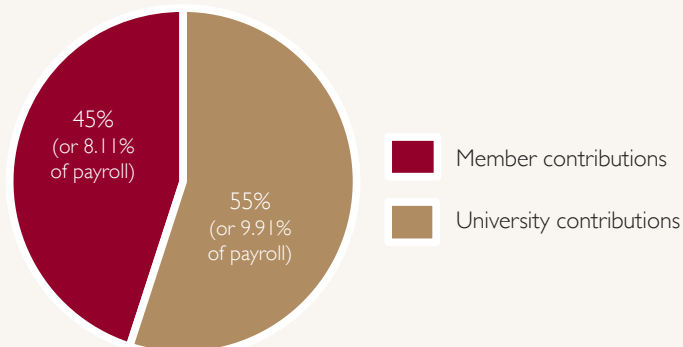
Following the coming into force of Bill 13, *An Act respecting the restructuring of university-sector defined benefit pension plans and amending various legislative provisions*, since January 1, 2018, total Plan costs for the post-2015 period are shared in the proportion of 45% by active members and 55% by the University. Total Plan costs consist of the following elements:

- Current service cost;
- Stabilization contributions, equal to 10% of the current service cost without margins; and
- Any amortization payment required to fund a shortfall for the post-2015 period.

Amortization payments related to a funding shortfall for the pre-2016 period remain fully at the charge of the University. The Plan was not formally split in two separate components for the pre-2016 and post-2015 periods, however mechanisms were put in place in order to accurately establish the funding status pertaining to each period, and hence the cost attributable to each period.

As per the actuarial valuation as at December 31, 2019 and applicable for the calendar year 2022, the total cost of the Plan for the post-2015 period (constituted by the current service cost, or normal cost and the stabilization contributions) was 18.02% expressed as a percentage of the total pensionable payroll. As at December 31, 2019, there was no funding shortfall attributable to the post-2015 period, hence the 2022 cost and contributions did not include any amortization payment component.

In 2022, the total cost was shared between members accruing service and the University in the following manner:



Actuarial Valuation (cont'd)



UNIVERSITY'S CONTRIBUTION REQUIREMENT

In accordance with Plan provisions and legislative requirements applicable since January 1, 2018, the University's contributions are equal to 55% of the cost related to the post-2015 period, plus 50% of the amortization payments that are required to liquidate the funding shortfall for the pre-2016 period over 15 years. The other 50% of the amortization payments is covered by the actuarial reserve. As per legislative requirements which took effect on January 1, 2018, the cost of any funding shortfall related to the post-2015 period is to be shared between active members who are accruing service under the Plan and the University.

The following table shows the University's contribution requirements for years 2020 to 2023, established by the most recent actuarial valuations performed:

Year	Contributions Determined by Actuarial Valuation as at	Current Service Cost as a Percentage of Pensionable Payroll ¹	Funding Shortfall Amortization Payments (in thousands of dollars)
2020	December 31, 2018	9.93%	\$5,252
2021	December 31, 2019	9.91%	\$4,753
2022	December 31, 2019	9.91%	\$4,753
2023	December 31, 2019	9.91%	\$4,753

¹ Including stabilization contributions as of January 1, 2018.

Since the Plan's solvency ratio is less than 100%, the University also opted to remit special contributions to the Plan when lump-sum payments are made for refunds following termination prior to January 1, 2018 or for death benefit payments, in order to allow for the payments to be made in full.

University Contributions in 2022	(in thousands of dollars)
Regular contributions	\$31,681
Funding shortfall amortization payments	\$4,753
Special contributions	\$1,223

The University does not remit special contributions to the Plan when lump-sum payments are made for refunds following termination on or after January 1, 2018.

Actuarial Valuation (cont'd)

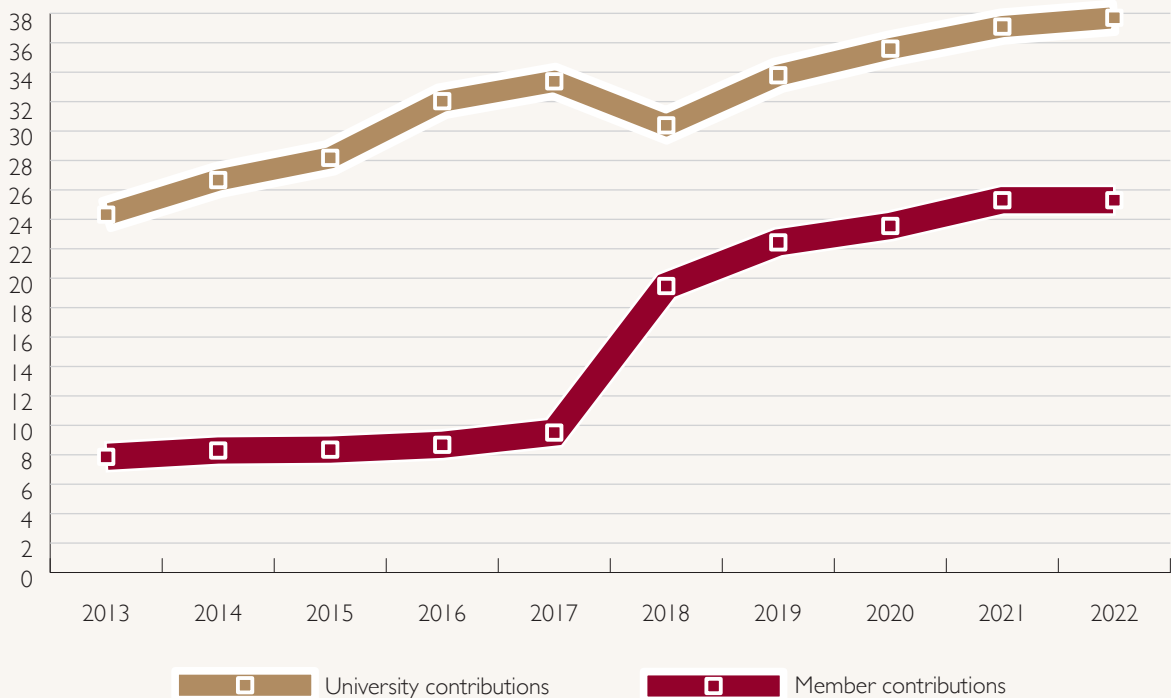


EMPLOYEES' CONTRIBUTION REQUIREMENT

Since January 1, 2018, employees' contributions are equal to 45% of the cost pertaining to the post-2015 period, as described at page 22. The total cost includes the current service cost, or normal cost, the stabilization contributions and the cost of any amortization payment required to fund a shortfall related to the post-2015 service. The employees' share of the cost is translated into a percentage of earnings, in a two-tiered formula; the contribution rate is lower on earnings up to the level covered by the Quebec Pension Plan, i.e. the Yearly Maximum Pensionable Earnings (YMPE). In 2022, members who are accruing service contributed 7.5% of their earnings up to the YMPE and 9% of their earnings in excess of the YMPE, when any.

Over the last 10 years, the members' and University total contributions to the Plan were as follows:

(in millions of dollars)



Plan Management



PENSION COMMITTEE

The Pension Committee is a legally autonomous body comprised of employee and employer representatives that is responsible for the administration of the Plan. At the time of printing this report, the Pension Committee members were:

Members of the Board of Governors and University Representatives (6)

- Ms. Patricia Saputo, Chair; appointed by the Board of Governors
- Mr. Sam Reda, Vice-Chair; appointed by the Board of Governors
- Mr. Gary Chateram, appointed by the Board of Governors
- Mr. Denis Cossette, designated by the Chair of the Board of Governors – CFO of Concordia University
- Ms. Sophie Cournoyer; designated by the University's President and Vice-Chancellor
- Mr. Michael Di Grappa, ex-officio member – Vice-President and Sustainability of Concordia University

Members' Representatives and Independent Member (7)

- Mr. Douglas Chananda, Administrative & Support Staff Representative
- Mr. Brian Cooper, Administrative & Support Staff Representative
- Dr. June Chaikelson, Academic Staff Representative
- Dr. Michel Magnan, Academic Staff Representative
- Dr. Bryan Campbell, Non-active Members' Representative
- Dr. Harald Proppe, Alternate Non-active Members' Representative
- Mr. Christian Rousseau, Independent Member

Non-voting Members (2)

- Ms. June Riley, Part-time Employee Groups Representative (acquires voting rights in the absence of any of the other four active members' representatives)
- Mr. Marc Gauthier, Principal Administrator of the Pension Plan for the Employees of Concordia University and Secretary of the Pension Committee



Plan Management (cont'd)



PROCESS FOR SELECTING MEMBER REPRESENTATIVES

By law, at the Annual Information Meeting, the Active members' group and the Non-active members' group may each designate two representatives (one with voting rights and the other without voting rights) to the Pension Committee.

However, at Concordia, this requirement was extended to include seven representatives for Plan members, as follows:

- Five representing the Active Members:
 - Two members designated by the Electoral College;
 - Two members designated by CUFA;
 - One member designated by the Part-time Employee Groups, who acquires voting rights in the absence of any of the other four Active members' Representatives.
- Two representing – and elected by – the Non-active members:
 - One regular Representative;
 - One alternate Representative who acquires voting rights in the absence of the regular Representative.

PENSION COMMITTEE RESPONSIBILITIES

The role of the Pension Committee is to protect the rights of all Plan members and to maintain and grow the Pension Fund assets.

The Pension Committee's tasks include:

- Ensuring the Plan complies with provincial and federal legislation;
- Maintaining Plan and members' records up to date;
- Keeping Plan members informed by ensuring they receive a personal statement on an annual basis and by holding an annual information meeting;
- Verifying that contributions are remitted to the Pension Fund and are in accordance with the latest actuarial valuation report, applicable legislation and Plan provisions;
- Making sure that benefits are paid in accordance with Plan provisions and applicable legislation;
- Overseeing the payment of Plan expenses;
- Overseeing the Pension Fund's investments, including the adoption and periodic review of an appropriate Investment Policy, the selection of investment managers and monitoring of returns;
- Adoption and periodic review of the Responsible Investment Program;
- Ensuring that audited financial statements are prepared at every year end and that the Plan's Annual Information Return is prepared and filed with Retraite Québec (RQ); and
- Ensuring that actuarial valuations are prepared and submitted to RQ at least once every three years.

In carrying out these tasks, Pension Committee members must:

- Act prudently, diligently, skillfully, honestly and loyally;
- Act in the best interests of all Plan members and beneficiaries; and
- Avoid any conflicts of interest.

The Pension Committee's sole responsibility is the administration of the Pension Plan. Any recommendations for Plan changes are made by the Benefits Committee and must be approved by the University's Board of Governors.

Plan Management (cont'd)



INVESTMENT SUB-COMMITTEE

In 2013, the Pension Committee modified its governance structure to establish a permanent Investment Sub-Committee (ISC). This committee is delegated by the Pension Committee to monitor the investment managers and investment results and to conduct searches for new investment managers. The ISC reports back regularly to the Pension Committee. All decisions are voted upon at the Pension Committee level.

At the time of printing this report, the members of the ISC were the following:

- Ms. Patricia Saputo, Chair of the Investment Sub-Committee
- Mr. Marc Gauthier
- Dr. Bryan Campbell
- Mr. Douglas Chananda
- Dr. Michel Magnan
- Dr. Harald Proppe
- Mr. Sam Reda
- Mr. Christian Rousseau

RESPONSIBLE INVESTMENT WORKING GROUP

In 2021, the Pension Committee created a Responsible Investment Working Group (RIWG), a permanent addition to its governance structure. As described earlier in this report, the RIWG is working on elaborating the various components of the Plan's Responsible Investment Program, including their integration within the Investment Policy and the management of the Pension Fund.

At the time of printing this report, the members of the RIWG were the following:

- Mr. Sam Reda, Chair of the Responsible Investment Working Group
- Mr. Marc Gauthier
- Ms. Antoinette Bozac
- Dr. Bryan Campbell
- Mr. Michael Di Grappa

AUDIT COMMITTEE

Based on best governance practices, the Pension Committee created an Audit Committee (AC) in November 2021. This committee is delegated by the Pension Committee to meet with the external auditors to establish the audit plan before the audit work for a given fiscal year begins. Furthermore, the AC receives and discusses the audit findings report with the external auditors and reviews the audited financial report before recommending it to the Pension Committee for final approval.

At the time of printing this report, the members of the AC were the following:

- Dr. Michel Magnan, Chair of the Audit Committee
- Mr. Douglas Chananda
- Ms. Sophie Cournoyer
- Mr. Jonathan Ngo
- Mr. Marc Gauthier (non-voting)

CONCORDIA UNIVERSITY OFFICE OF THE TREASURER

The financial management and daily oversight of the Plan are delegated by the Pension Committee to the Office of the Treasurer, which operates within the Financial Services Department of Concordia University.

The employees of the Office of the Treasurer who are involved with the management of the Plan are the following:

- Mr. Marc Gauthier, University Treasurer and Chief Investment Officer and Principal Administrator of the Plan
- Mr. Boni Abdel Chabi-Yo, Director of Investments
- Mr. John Boyronikos, Financial Analyst
- Ms. Inesse Kao, Investment Advisor
- Ms. Maha Fakh, Advisor, Sustainability and Investment
- Ms. Aileen Ziga-Kearney, Financial and Compliance Advisor
- Ms. Florence Kwan, Financial Accountant, Benefits Portfolio
- Ms. Janice Wong, Executive Assistant
- Mr. Nazib T. Ahmed, Office Assistant

Plan Management (cont'd)



MAIN DECISIONS AND ACCOMPLISHMENTS IN 2022

In addition to the regular tasks listed above, the duties of the Plan have been fulfilled by completing the following in 2022:

Governance

- The Audit Committee created in 2021 began its operations.
- The Longevity Management Working Group (LMWG) established its mandate and plan of action.
- Two half-day education/orientation sessions for Pension Committee members which included presentations on longevity management and longevity swaps, healthcare innovation, life sciences, commodities, electrical power trading and digital assets.
- Presentation, review and discussions around legislative changes and issues and initiatives in the industry.

Investments

- Continued progress on the implementation of the changes to the Investment Policy adopted in 2020 including the seeding of an S&P500 Enhanced Beta Strategy and of a Litigation Finance Strategy.
- The Responsible Investment Working Group (RIWG) continued its work on the design of the four components of the Responsible Investment Program, namely the systemic risk framework, the level of care and related rating assessment, measurement and engagement.
- The Investment Sub-Committee (ISC) continued its ongoing education plan and due diligence at the sourcing level with several sessions held in the year.

Operations

- Post go-live adjustments following the launch of UNITY, the University's new integrated Payroll, Human Resources Information and Financial systems, in December 2021.
- Begun work on the implementation of the newly acquired Knowledge Management System (KMS).
- First survey conducted among members who attended the annual information meeting.

OTHER KEY PLAYERS

While the Pension Committee is responsible for various tasks, it has the right to delegate some of its duties and to hire experts as service providers.

In 2022, the Committee oversaw the work of the following key players, in addition to that of the investment managers listed earlier in this report:

Fund Custodian	CIBC Mellon
Auditors	KPMG
Consulting Actuary	TELUS Health (formerly Lifeworks)
Day-to-day Administrator	Concordia University Pension Services
Plan Financial Management and Governance	Concordia University Office of the Treasurer

What's Ahead



The Pension Committee has several projects which it plans to carry out in 2023 and 2024 to ensure continued improvement of the Plan management as well as its future sustainability. These special projects include the following:

Governance

Preparation and filing of an actuarial valuation as at December 31, 2022.

Completion of the Plan's longevity risk assessment and of whether any longevity risk management measures are required to address them.

Tabling of the Plan's compliance program and of the related reporting.

Review and update of the Pension Committee's Internal Management Rules.

Review and update of the Plan's Funding Policy following adoption of revised funding rules by the Government of Quebec, expected in the Fall 2023.

Investments

- Continued education sessions for Investment Sub-Committee members including on new investment opportunities such as life sciences and natural resources.
- RIWG: completion of the design of the four sub-programs of the Responsible Investment Program and of their implementation.
- Integration of further enhancements to the Tactical Asset Allocation (TAA) program.
- Review of the dynamic currency hedging program and of the required level liquidity.
- Onboarding of new investment mandates as required.
- Update of the Investment Policy document and drafting of all documentation related to the Responsible Investment Program.

Operations

Migration to CIBC Mellon's new custody platform.

Launch of CIBC Mellon's Pensioner portal.

Completion of the implementation of the Knowledge Management System (KMS).

Plan brochure for members.

Explore the possibility of implementing optional electronic communications to pensioners.

Ce document est également disponible en français.



**PENSION PLAN FOR THE EMPLOYEES
OF CONCORDIA UNIVERSITY**