

PENSION PLAN

FOR NON-TEACHING EMPLOYEES OF PUBLIC SCHOOL BOARDS IN MANITOBA



2022 ANNUAL REPORT

Photo by Karen Harrington

WWW.MBSCHOOLPENSION.CA

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Your Pension Plan

The Manitoba School Boards Association Pension Plan for Non-teaching employees is a “Defined Contribution” (DC) plan which means that your pension is based on employer and employee contributions. Individual accounts are set up for members and benefits are based on the amounts credited to these accounts (through employee contributions and employer contributions) plus any investment earnings on the money in the account. In defined contribution plans, future benefits fluctuate on the basis of investment earnings.

The Non-Teaching Pension Plan was established in August 1974 and is comprised of thirty-three (33) participating school divisions.

Governance

The Manitoba School Boards Association Pension Plan for Non-teaching Employees Board of Trustees consists of nine persons, appointed as follows: (a) five persons appointed by the MSBA Executive from among the school trustees of the participating school boards, one of whom shall be a member of the MSBA Executive, (b) one person appointed by the Manitoba Association of School Business Officials, or its successor, from among its active members, (c) two persons appointed by the Canadian Union of Public Employees, or its successor, from among the members of the Plan, and (d) one person appointed by the non-teaching associations.

Message from the Chair of the Board of Pension Trustees

On behalf of the Board of Trustees, it is my pleasure to present the Annual Report on the Manitoba School Boards Association (MSBA) Non-teaching Defined Contribution Pension Plan for the Fiscal Year Ended December 31, 2022. This report provides information on how the Board of Trustees has managed this plan over the last fiscal year.

The Board of Trustees supports the management of the pension plan and helps maintain the plan's financial integrity and sustainability through effective governance.

One of the essential tests of the strength and sustainability of a strong pension plan is time. Over the years, the Plan has proven its resilience and ability to grow.

The plan continues to deliver strong results despite the recent volatility in the economy. The Plan's ten-year performance is 7.95%, and the four-year performance was ranked number sixteen (16) at 7.86%. Our Plan continues to serve as a prime example of why diversification of investments is an excellent strategy. We are extremely proud of the Plan's performance and investment results over the years.

We remain committed to our tradition of a long-term focus on sustainability and to providing a competitive retirement income for our members.

Effective January 1, 2022, the Plan eligibility provisions were refreshed and amended in order to be competitive and consistent with other public sector plans in Manitoba, while providing flexibility to meet the financial needs and retirement goals of each individual member. The one (1) year waiting period requirement was eliminated, and eligible members can now join at any time within the first two (2) years of their employment with a participating school division. The education sector requires a skilled and diverse workforce to deliver services to students and communities across the province. A strong pension plan is a key element of an employee's total compensation package and critical for the school division's ability to recruit and retain employees. The Trustees recognize this and will ensure that, as a key element of total compensation, the plan continues to provide appropriate and sustainable benefits to its members.

The stage is set for a very strong future for Plan members. The Trustees look forward to the value that the Plan will continue to create for its members and their families throughout their working careers and into their retirements.

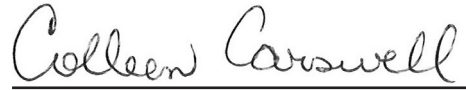
Please join me in welcoming Craig Stahlke (Manitoba School Boards Association representative), Sandy Szwaluk (Manitoba School Boards Association representative) and André Freynet (Canadian Union of Public Employees representative) to the Board of Trustees. Their expertise will be an invaluable asset to the committee. We also extend our gratitude and best wishes to Linda Ross (Manitoba School Boards Association representative), Louise Johnston (Manitoba School Boards Association representative) and Darlene Parsons (Canadian Union of Public Employees representative) who completed their terms and/or retired in 2022.

I would like to thank our Board of Trustees, MSBA's management and staff, our consultants, advisors, administrators and our investment managers for their combined efforts and commitment to serving our members. We look forward to continuing to support the Plan's growth and working with stakeholders to further strengthen the Plan.

The pension trustees would encourage you to take the time to read the 2022 Annual Report and hope that you find the content both useful and informative.

This report, the Plan documents, an explanation of retirement options/retirement calculations and frequently asked questions can be found at www.mbschoolboards.ca/pensions.

Sincerely,

A handwritten signature in black ink that reads "Colleen Carswell". The signature is written in a cursive style and is positioned above a horizontal line.

Colleen Carswell
Chair, Board of Pension Trustees

Investment Summary

Canadian pension plans in the RBC Universe return -10.3% in 2022

Toronto, January 31, 2023 — Canadian pension plans in the RBC Universe posted hard-hitting losses in 2022 despite a positive final quarter, according to the latest survey from RBC Investor & Treasury Services (I&TS).

Within the I&TS All Plan universe, pension assets returned 3.8% over the last three months of the year, bringing the annual median return to -10.3%, the lowest observed since the 2008 financial crisis, which saw an annual median return of -15.9%.

“Pensions gained traction toward the end of 2022 despite the ongoing volatility caused by embedded inflation and subsequent higher interest rates imposed by central banks,” said Niki Zaphiratos, Managing Director, Asset Owners, for RBC Investor & Treasury Services. “However, this was not enough to offset the first two quarters of heavy losses.”

Foreign equities, the top-performing asset class in Q4, returned 9.7% in the quarter, bringing full-year results to -11.3% – ahead of the MSCI World Index, which returned -12.2%. Over the quarter, a majority of developed markets generated healthy local currency returns. In addition, currency gains outside of the US market further boosted returns for unhedged portfolios (MSCI EAFE Index CAD 15.7% versus MSCI EAFE Local 8.7%). Value stocks outperformed growth stocks in the quarter and finished the year well ahead of their growth counterparts (MSCI World Value 0.3% versus MSCI World Growth -24.1%).

Canadian equities trailed their global counterparts over the quarter and returned 6.3%, versus 5.9% for the TSX Composite Index. Over the year, domestic stocks represented the top performing asset class (returning -3.6% in the All Plan Universe versus -5.8% for the TSX Composite Index), attributable to a large exposure to commodity stocks.

Canadian pensions had their largest annual fixed income decline in more than 30 years, losing 16.8% over the 12-month period, compared to the -11.7% return for the FTSE Canada Bond Index. As central banks enacted restrictive monetary policy to tame surging inflation, yields rapidly rose across the spectrum. The weakness spread across the market, but inflation-sensitive, longer-duration bonds were the most affected. The FTSE Canada Long Overall Bond Index declined 21.8%, while FTSE Canada Short Overall Bonds were down 4.0%.

“It was a challenging year for pension asset managers,” noted Zaphiratos. “Both equities and fixed income asset classes, which typically offset each other, experienced losses. However, the rapid rise in bond yields resulted in the lowering of pension liabilities – and most pensions ended the quarter in a better position.”

Zaphiratos continued: “In the next few months, plan sponsors will need to be attentive to risk factors such as the economic impact of the central banks’ actions, ongoing geopolitical tensions and ongoing efforts to contain the COVID virus outbreak in certain emerging markets.”

Investment Summary

Portfolio Structure Period Ending December 31, 2022

Total Plan
\$726.5

25%	30%	25%	5%	10%	5%	0%
Canadian Equities \$168.6 23.2%	Global Equities \$212.9 29.3%	Fixed Income \$172.4 23.7%	Mortgage \$36.6 5.0%	Real Estate \$99.1 13.6%	Infrastructure \$34.6 4.8%	Cash & Equivalent \$2.3 0.3%
BlackRock CDN \$168.6 23.2%	BlackRock GBL \$114.4 15.7%	Fiera \$84.1 11.6%	Greystone \$36.6 5.0%	Fiera \$99.1 13.6%	Axium \$34.6 4.8%	Disbursement Account \$2.3 0.3%
	Baillie Gifford \$98.5 13.6%	Alliance Bernstein \$88.3 12.2%		Greystone \$0.0 0.0%		

Performance Targets

The performance targets for the total plan are as follows:

1. Consumer Price Index +3.5%
2. Rank above 40th percentile in Plans \$250 Million - \$1 Billion Universe over 4 years.
3. Exceed Premium Benchmark:
 - Since January 2018 = [25% TSX Composite + 30% MSCI ACWI (net \$CDN) + 12.5% FTSE TMX Universe(+0.50%/years) + 12.5% FTSE TMX Universe + 5% FTSETMX Short Term Corporate + 10% MSCI IPD Property Index + 5% CPI(+4%/year)] + 0.75% over four years
 - Since June 1, 2012 = 25% TSX Composite + 30% MSCI World + 45% FTSE TMX Universe + 1.25% over four years
 - Since July 1, 2009 = 25% TSX Composite + 15% S&P 500 + 15% MSCI EAFE + 40% FTSE TMX Universe + 5% 91-Day T-Bills + 1.25% over four years
 - (prior to July 1, 2009) = 30% TSX Composite + 10% S&P 500 + 10% MSCI EAFE + 40% FTSE TMX Universe + 10% 91-Day T-Bills + 1.5% over four years

Investment Summary

Asset Allocation Period Ending December 31, 2022

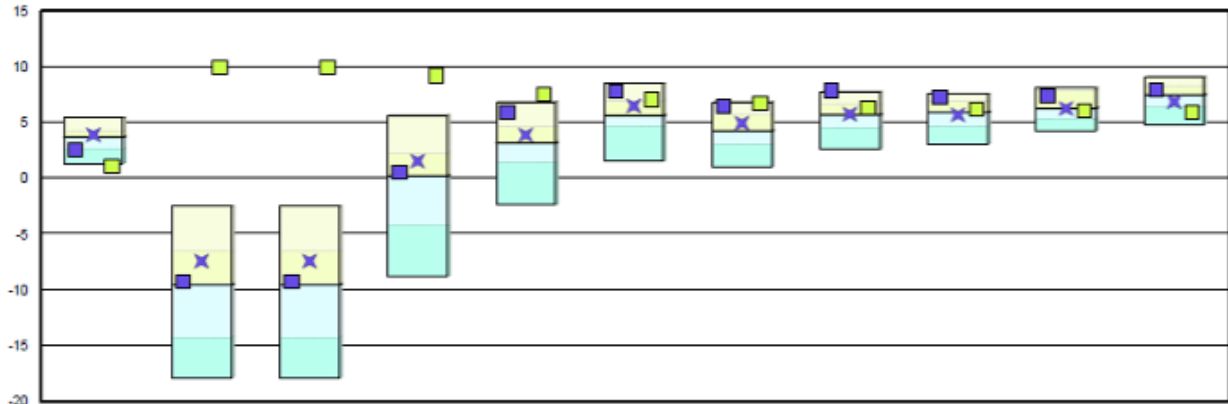
	09/30/2021	12/31/2021	03/31/2022	06/30/2022	09/30/2022	12/31/2022	Policy	Median
Canadian Equities	29.5%	30.2%	32.0%	23.4%	22.7%	23.2%	25%	10.83%
Global Equities	29.4%	28.6%	25.7%	27.9%	28.4%	29.3%	30%	27.99%
Fixed Income	26.6%	23.0%	22.4%	23.7%	23.3%	23.1%	25%	29.70%
Mortgage	4.5%	4.4%	4.5%	5.0%	5.1%	5.0%	5%	
Real Estate	5.7%	9.3%	10.3%	13.8%	14.2%	13.6%	10%	8.46%
Infrastructure	4.0%	4.0%	4.1%	4.4%	4.7%	4.7%	5%	
Cash & Short Term	0.3%	0.5%	0.9%	1.7%	1.6%	1.1%	0%	2.34%
	09/30/2021	12/31/2021	03/31/2022	06/30/2022	09/30/2022	12/31/2022		
Market Value	\$ 814.5	\$ 831.4	\$ 796.2	\$ 722.7	\$ 714.8	\$ 726.5		

Asset Growth Summary

Beginning Market Value 09/30/2022 \$ 714.8	Net External Growth \$ (7.1)	Income Received \$ 2.7	Gain/Loss \$ 16.1	Ending Market Value 12/31/2022 \$ 726.5
Beginning Market Value 12/31/2021 \$ 831.4	Net External Growth \$ (27.4)	Income Received \$ 31.8	Gain/Loss \$ (109.3)	Ending Market Value 12/31/2022 \$ 726.5

Investment Summary

Plans >\$500 Million Total Fund Annualized Rates of Return



	One Quarter	YTD Calendar	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Eight Years	Nine Years	Ten Years
5th Percentile	5.45	(2.48)	(2.48)	5.66	6.88	8.52	6.86	7.77	7.57	8.13	9.11
25th Percentile	4.29	(6.52)	(6.52)	2.29	4.64	6.99	5.73	6.67	6.93	7.87	8.32
Median	3.74	(9.48)	(9.48)	0.25	3.21	5.64	4.27	5.73	5.96	6.31	7.50
75th Percentile	2.71	(14.22)	(14.22)	(4.19)	1.39	4.70	3.00	4.58	4.72	5.37	6.43
95th Percentile	1.38	(17.87)	(17.87)	(8.72)	(2.34)	1.56	1.10	2.62	3.10	4.31	4.80
TOTAL PLAN	2.62 ⁸⁰	(9.23) ⁴⁷	(9.23) ⁴⁷	14.49 ¹	5.96 ¹²	7.86 ¹⁶	6.53 ¹⁴	7.92 ¹	7.27 ¹⁹	7.48 ³⁵	7.95 ³²
Policy Benchmark	3.94 ³⁷	(7.38) ⁴¹	(7.38) ⁴¹	10.10 ⁴⁴	3.93 ³²	6.54 ²⁹	4.99 ³⁴	5.79 ⁴⁹	5.74 ⁵⁵	6.30 ⁵¹	6.90 ⁶⁰
CPI + 3.5%	1.13 ⁹⁶	10.02 ¹	10.02 ¹	6.34 ⁹⁹	7.55 ¹	7.12 ²³	6.80 ⁸	6.35 ²⁹	6.20 ⁴³	6.07 ⁶³	5.94 ⁸²

Universe: RBC Plans Over \$500 Million - Total Portfolio
Asset Class: Total Portfolio

Rank

Investment Summary

Fund Rates of Return

Following are the rates at which interest was allocated in 2022 and in each of the previous ten years for the active and deferred member accounts at year end:

Year	Member's Account
2022	-9.183438%
2021	11.392321%
2020	17.903987%
2019	13.689441%
2018	1.149933%
2017	12.243157%
2016	10.460717%
2015	2.042368%
2014	9.417250%
2013	12.002601%

Average Annualized Rate of Return	
1 year	-9.18%
3 years ending 2022	6.05%
5 years ending 2022	6.52%
10 years ending 2022	7.84%
20 years ending 2022	7.04%

Membership Information

This report is based on membership and contribution data as at December 31, 2022, provided by the school boards and Manitoba School Boards Association.

The membership movement in 2022 is summarized below. For comparison, Eckler has also included the membership movement for the prior year.

	2022	2021
Active Members		
Total at January 1	8,831	8,922
New entrants	2,010	962
Terminations		
• lump sum/transfers	(183)	(323)
• deferred	(775)	(510)
Retirements	(188)	(214)
Deaths	(11)	(9)
Accounts Consolidation & Adjustments	(1) *	3
Total at December 31	9,683	8,831
Deferred Members		
Total at January 1	3,113	2,810
Terminations from active	775	510
Lump sum/Transfers	(75)	(147)
Retirements	(78)	(51)
Deaths	(12)	(5)
Accounts Consolidation & Adjustments	1 *	(4)
Total at December 31	3,724	3,113

* The adjustments to the active and deferred members in 2022 is due to one employee who was determined to be ineligible as an active member.

Membership Information

Member Account Balances by Age Group as at December 31, 2022

	Members	Total Value of Members' Pension Accounts	Average per Member
• Active member accounts			
Under 35	1,528	\$19,878,172.58	\$13,009.28
35–44	2,160	\$71,026,580.99	\$32,882.68
45–54	2,876	\$170,114,734.02	\$59,149.77
55–64	2,655	\$278,283,829.57	\$104,815.00
65+	464	\$48,627,619.60	\$104,800.90
• Total active member accounts	9,683	\$587,930,936.76	\$60,717.85
• Deferred member accounts			
Under 35	548	\$4,707,364.55	\$8,590.08
35–44	774	\$16,177,460.53	\$20,901.11
45–54	1,105	\$37,056,206.41	\$33,535.03
55–64	1,025	\$66,687,618.04	\$65,061.09
65+	272	\$18,246,267.37	\$67,081.87
• Total deferred member accounts	3,724	\$142,874,916.90	\$38,365.98
Total as at December 31, 2022	13,407	\$730,805,853.66	\$54,509.28

As at December 31, 2022 there were 2,562 active male members and 7,118 active female members, plus three more individuals where gender was not provided on the membership application. As well, there were 1,055 deferred male members and 2,667 deferred female members as at December 31, 2022.

Financial Information

These condensed financial statements do not contain all the disclosures required by Canadian accounting standards for pension plans. Readers are cautioned that these statements may not be applicable for their purposes. For more information on the Plans financial position and changes in net assets available for benefits, reference should be made to the complete financial statements of Manitoba School Boards Association Pension Plan for Non-Teaching Employees of Public School Boards in Manitoba as at and for the year ended December 31, 2022, on which KPMG LLP expressed an opinion without reservation in their report dated May 18, 2022.

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Investments	\$ 726,806,730	\$ 832,467,593
Contributions receivable	4,031,955	3,682,326
Receivable from Administration Fund	1,901,423	2,311,369
	734,740,108	838,461,288
Liabilities		
Benefits payable	903,344	2,663,090
Payable to Administration Fund	700,386	710,037
Payable to School Divisions	1,292	3,289
	1,605,022	3,376,416
Net assets available for benefits	733,135,086	835,084,872
Obligation for pension benefits	733,135,086	835,084,872
Net assets available for benefits less obligation for pension benefits	\$ -	\$ -

On behalf of the Trustees:



Colleen Carswell, Trustee



Amanda Senkowski, Secretary-Treasurer

Financial Information

Statement of Changes in Net Assets Available for Benefits

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

	2022	2021
Investment income	\$ 30,746,980	\$ 17,689,253
Investment administration fee regarding deferred members	(700,386)	(710,037)
	30,046,594	16,979,216
Realized gain on disposal of investments, net	(10,462,554)	83,247,976
Unrealized gain (loss) in fair value of investments, net	(96,545,080)	(13,403,078)
	(107,007,634)	69,844,898
	(76,961,040)	86,824,114
Contributions		
Participants	25,958,519	25,037,544
Sponsors	25,858,773	24,682,854
	51,817,292	49,720,398
Allocation of forfeited contributions to School Divisions	(1,292)	(3,289)
	51,816,000	49,717,109
	(25,145,040)	136,541,223
Benefits:		
Retirements	45,522,245	47,359,658
Termination	30,309,519	24,997,417
Deaths	538,992	2,000,235
Marriage breakdown	433,990	225,409
	76,804,746	74,582,719
Increase (decrease) in net assets available for benefits	(101,949,786)	61,958,504
Net assets available for benefits, beginning of year	835,084,872	773,126,368
Net assets available for benefits, end of year	\$ 733,135,086	\$ 835,084,872

Plan Trustees and Advisors

Plan Trustees as at December 31, 2022

Appointed by the Manitoba School Boards Association

Colleen Carswell, Trustee, River East Transcona School Division
Patricia Wiebe, Trustee, Border Land School Division
Louise Johnston, Trustee, Louis Riel School Division
Floyd Martens, Trustee, Mountain View School Division
Linda Ross, Trustee, Brandon School Division

Appointed by the Manitoba Association of School Business Officials

Amanda Senkowski, Secretary-Treasurer, Evergreen School Division

Appointed by the Canadian Union of Public Employees

Darlene Parsons
Sharon Sapoznik

Appointed by the Non-Teaching Association

Dion Delorme

Advisors/Administrators

Plan Administration

Eckler Limited

Manitoba School Boards Association Staff

Chief Financial Officer
Labour Relations Consultant

Plan Custodian

RBC Investor Services Limited

Measurement Service

RBC Investor Services Limited

Investment Managers

Alliance Bernstein Global (AB Global)
Axiom (Infrastructure)
Baillie Gifford (Global Equities)
BlackRock (Canadian Equities)
Fiera Capital (Fixed Income)
Fiera Properties (Real Estate)
TDAM (Commercial Mortgages)

Auditors

KPMG

Plan Trustees and Advisors

If you have any questions about the plan, your first source of information should always be the plan booklet. The plan booklet can be found on our website at mbschoolpension.ca.

If you need further information, you should contact your school division office.

General questions regarding your pension plan, including termination or death:

Eckler Limited Administration

2475 - One Lombard Place
Winnipeg, MB R3B 0X3
Telephone: 204-988-1574
Website: www.eckler.ca

Retirement planning support:

James Ralko Eckler Limited

2475-One Lombard Place
Winnipeg, Manitoba R3B 0X3
Telephone: 204-988-1581 or 1-877-988-1581 (outside Winnipeg)
E-mail: jralko@eckler.ca