

PENSION PLAN

FOR NON-TEACHING EMPLOYEES OF PUBLIC SCHOOL BOARDS IN MANITOBA

2023 ANNUAL REPORT

Brandon, Manitoba
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 benefit 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 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 Pension Trustees, it is my pleasure to present the Annual Report on the Manitoba School Boards Association (MSBA) Non-teaching Defined Contribution Pension Plan (the “Plan”) for the Fiscal Year Ended December 31, 2023. This report provides information on how the Board of Trustees has managed this Plan over the last fiscal year.

The Board of Pension Trustees supports the management of the Plan and helps maintain the plan’s financial integrity and sustainability through effective governance.

Through sound governance and strong long-term investment performance, the Plan continues to grow and deliver positive results. This accomplishment underscores the Plan’s ability to adapt and manage risk against the backdrop of economic uncertainty in the economy and global volatility. The Plan’s ten-year performance is 7.76%. Our plan continues to serve as a prime example of why diversification of investments is an excellent strategy for our valued members.

We remain committed to our tradition of a long-term focus on sustainability and to providing a competitive retirement income for Plan members. As stakeholders in the education sector in Manitoba, we understand the importance of a stable pension plan. A stable pension plan helps member school boards attract and retain talented employees.

The Board of Pension Trustees is thrilled to announce a new partnership with Ellement Consulting as the pension services provider for all participating school boards. Pension administration, consulting/retirement services and investment services successfully transitioned to Ellement Consulting – as of April 1, 2024.

Looking ahead – exciting things are happening! We are committed to delivering a member-centric experience for member boards and Plan members. We are committed to enhancing pension administration, including employer and member online portals. We are committed to focusing on retirement literacy for all Plan members. More information will be shared in the Fall. The Pension Trustees look forward to working with Ellement, and trust that you will be provided with the best possible service.

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.

I would like to thank our Board of Pension 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 success and working with stakeholders to further strengthen the Plan.

The Board of Pension Trustees would encourage you to take the time to read the 2023 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,



Colleen Carswell,
Chair, Board of Pension Trustees

Investment Summary

RBC Investor Services reports Canadian pension plans return 8.2% in Q4, ending the year up 9.1%

Toronto, January 31, 2024 — RBC Investor Services (RBCIS) reported strong financial performance for their Canadian pension plans in the RBC Universe, as they achieved an 8.2% median return in Q4 and closed the year with an impressive 9.1% return as of December 31, 2023 – significantly rebounding from the -10.3% return reported in 2022. This analysis encompasses various client plans across private and public sectors.



“This quarter represents the third-best performance in over two decades, with notable quarters in Q2 2020 and Q2 2009. Positive returns in both fixed income and equity markets during Q4 were driven by investor optimism over potential near-term interest rate cuts amid decreasing inflationary pressures.”

- Marijana Jovanovic, Managing Director, Head of Product Development at RBCIS.



Jovanovic emphasized the nuanced landscape, noting, “Potential future inflation arising from the Red Sea crisis introduces uncertainties impacting global trade and supply chains. Geopolitical tensions, notably conflicts in the Middle East and Ukraine are also under consideration as plan managers adapt their strategies to navigate this environment.”

Global equities delivered a 7.9% return for the quarter and a 16.3% annual return, trailing the MSCI World Index’s 8.7% return for the quarter and 20.5% annual return. Within the benchmark, Information Technology emerged as the top-performing sector, boasting a 14.6% return for the quarter and an impressive 49.2% return for the year. Real Estate secured the second spot for the quarter with a solid 14.3% return, while Communication Services claimed the second-highest performing sector for the year with a 41.7% return. Growth stocks significantly outperformed their value counterparts – the MSCI World Growth index returned 33.3% over the year compared to 8.5% for the MSCI World Value index.

Canadian equities aligned with the positive trend, posting a 7.5% return in Q4 (10.9% for the year), closely tracking the 8.1% Q4 return for the TSX Composite Index (11.8% for the year). The divergence in global and Canadian equities performance was primarily attributed to the fact that the Canadian market has lower exposure to the in-favour growth-style stocks.

The Canadian fixed income asset class benefited from declining yields and tightening credit spreads and showcased robust performance with a quarterly return of 10.9% (7.8% over the 12-month period), outshining the FTSE Canada Universe Bond Index, which returned 8.3% and 6.7% respectively. Specifically, interest rate-sensitive long-term bonds stole the spotlight with a 14.8% return for the quarter and a commendable 9.5% return over the year. Conversely, short-term bonds within the benchmark returned 4.1% for the quarter and 5.0% for the year.

Investment Summary

Portfolio Structure Period Ending December 31, 2023

Total Plan
\$781.7

	25%	30%	25%	5%	10%	5%	0%
Canadian Equities	Global Equities	Fixed Income	Mortgage	Real Estate	Infrastructure	Cash & Equivalent	
\$188.4 24.1%	\$243.6 31.2%	\$174.1 22.3%	\$39.6 5.1%	\$96.1 12.3%	\$35.7 4.6%	\$4.2 0.5%	
BlackRock CDN	BlackRock GBL	Fiera	Greystone	Fiera	Axium	Disbursement Account	
\$188.4 24.1%	\$119.8 15.3%	\$79.2 10.1%	\$39.6 5.1%	\$96.1 12.3%	\$35.7 4.6%	\$4.2 0.5%	
	Baillie Gifford	Alliance Bernstein					
	\$123.8 15.8%	\$94.9 12.1%					

Performance Targets

The performance targets for the total plan are as follows:

1. Consumer Price Index +3.5%
2. Rank above 50th percentile in Plans \$250 Million - \$1 Billion Universe over 4 years.

Investment Summary

Asset Allocation Period Ending December 31, 2023

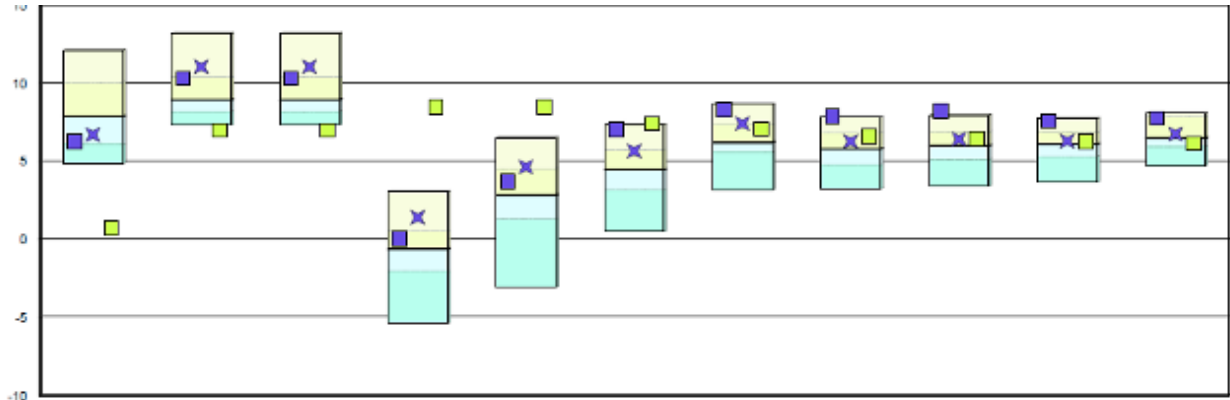
	09/30/2022	12/31/2022	03/31/2023	06/30/2023	09/30/2023	12/31/2023	Policy
Canadian Equities	22.7%	23.2%	23.0%	23.2%	23.5%	24.1%	25%
Global Equities	28.4%	29.3%	30.5%	31.1%	30.6%	31.2%	30%
Fixed Income	23.3%	23.1%	22.5%	22.0%	21.4%	21.7%	25%
Mortgage	5.1%	5.0%	4.9%	4.9%	5.1%	5.1%	5%
Real Estate	14.2%	13.6%	12.8%	12.9%	13.4%	12.3%	10%
Infrastructure	4.7%	4.7%	4.6%	4.6%	4.8%	4.5%	5%
Cash & Short Term	1.6%	1.1%	1.7%	1.4%	1.2%	1.2%	0%
	09/30/2022	12/31/2022	03/31/2023	06/30/2023	09/30/2023	12/31/2023	
Market Value	\$ 714.8	\$ 726.5	\$ 764.9	\$ 769.6	\$ 743.1	\$ 781.7	

Asset Growth Summary

Beginning Market Value 09/30/2023 \$ 743.1	Net External Growth \$ (7.9)	Income Received \$ 2.9	Investment Gain/Loss \$ 43.5	Ending Market Value 12/31/2023 \$ 781.7
Beginning Market Value 12/31/2022 \$ 726.5	Net External Growth \$ (19.4) - this is Net Cashflow	Income Received \$ 24.7	Investment Gain/Loss \$ 49.8	Ending Market Value 12/31/2023 \$ 781.7

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	12.12	13.20	13.20	3.06	6.52	7.37	8.67	7.83	7.97	7.76	8.09
25th Percentile	10.08	10.38	10.38	0.51	4.53	5.75	7.39	6.86	6.91	6.90	7.84
Median	7.89	8.95	8.95	(0.60)	2.83	4.48	6.20	5.81	6.01	6.12	6.50
75th Percentile	6.12	8.22	8.22	(2.03)	1.30	3.21	5.60	4.79	5.13	5.33	5.96
95th Percentile	4.87	7.32	7.32	(5.36)	(3.04)	0.52	3.17	3.27	3.42	3.67	4.74
TOTAL PLAN	6.29 ⁶⁹	10.34 ²⁷	10.34 ⁴⁷	0.07 ⁴⁴	3.71 ⁴¹	7.04 ¹³	8.35 ¹¹	7.88 ⁴	8.22 ¹	7.60 ¹⁰	7.76 ²⁷
Policy Benchmark	6.72 ⁶¹	11.07 ²⁰	11.07 ²⁰	1.42 ²⁰	4.66 ²¹	5.67 ²⁶	7.43 ²²	6.29 ³⁶	6.44 ³⁶	6.32 ⁴⁶	6.77 ⁴⁶
CPI + 3.5%	0.74 ¹⁰⁰	7.01 ¹⁰⁰	7.01 ¹⁰⁰	8.50 ¹	8.49 ¹	7.41 ³	7.09 ³⁵	6.63 ³²	6.43 ³⁶	6.29 ⁴⁷	6.16 ⁷²

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

Rank

Performance Target

1. 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

Fund Rates of Return

Following are the rates at which interest was allocated in 2023 and in each of the previous ten years for the active and deferred member accounts at year end:

Year	Member's Account
2023	10.35%
2022	-9.18%
2021	11.39%
2020	17.90%
2019	13.69%
2018	1.15%
2017	12.24%
2016	10.46%
2015	2.04%
2014	9.42%

Average Annualized Rate of Return	
1 year	10.35%
3 years ending 2023	3.74%
5 years ending 2023	8.40%
10 years ending 2023	7.68%
20 years ending 2023	6.94%

Membership Information

This report is based on membership and contribution data as at December 31, 2023, provided by the school boards and Manitoba School Boards Association.

The membership movement in 2023 is summarized below. For comparison, Membership movement for the prior year has been provided.

	2023	2022
Active Members		
Total at January 1	9,683	8,831
New entrants	1,539	2,010
Terminations		
• lump sum/transfers	(522)	(183)
• deferred	(626)	(775)
Retirements	(174)	(188)
Deaths	(14)	(11)
Accounts Consolidation & Adjustments	(7)	(1)*
Total at December 31	9,879	9,683
Deferred Members		
Total at January 1	3,724	3,113
Terminations from active	626	775
Lump sum/Transfers	(583)	(75)
Retirements	(83)	(78)
Deaths		(12)
Accounts Consolidation & Adjustments		1*
Total at December 31	3,684	3,724

* 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, 2023

	Members	Total Value of Members' Pension Accounts	Average per Member
• Active member accounts			
Under 35	1,599	\$22,040,499.29	\$13,783.93
35–44	2,272	\$78,267,375.02	\$34,448.67
45–54	2,906	\$183,560,608.84	\$63,166.07
55–64	2,623	\$288,240,948.30	\$109,889.80
65+	479	\$51,702,464.75	\$107,938.34
• Total active member accounts	9,879	\$623,811,896.20	\$63,145.25
• Deferred member accounts			
Under 35	548	\$6,083,925.97	\$11,102.05
35–44	810	\$18,391,283.05	\$22,705.29
45–54	1,105	\$41,874,451.49	\$37,895.43
55–64	994	\$71,918,464.48	\$72,352.58
65+	227	\$20,829,337.42	\$91,759.20
• Total deferred member accounts	3,684	\$159,097,462.41	\$43,186.06
Total as at December 31, 2023	13,563	\$782,909,358.61	\$57,723.91

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, 2023, on which KPMG LLP expressed an opinion without reservation in their report dated May 16, 2024.

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Investments	\$ 783,875,371	\$ 728,806,730
Contributions receivable	3,911,126	4,031,955
Receivable from Administration Fund	2,588,643	1,901,423
	790,375,140	734,740,108
Liabilities		
Benefits payable	4,538,273	903,344
Payable to Administration Fund	704,144	700,386
Payable to School Divisions	17,262	1,292
	2,259,679	1,605,022
Net assets available for benefits	785,115,461	733,135,086
Obligation for pension benefits	785,115,461	733,135,086
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, 2023, with comparative information for 2022

	2023	2022
Investment income (note 7)	\$ 53,584,019	\$ 30,746,980
Investment administration fee regarding deferred members (note 5)	(704,114)	(700,386)
	52,879,905	30,046,594
Realized gain on disposal of investments, net	(75,215)	(10,462,554)
Unrealized gain (loss) in fair value of investments, net	20,925,939	(96,545,080)
	20,850,724	(107,007,634)
	73,730,629	(76,961,040)
Contributions (note 6)		
Participants	27,516,578	25,958,519
Sponsors	27,263,445	25,858,773
	54,780,023	51,817,292
Allocation of forfeited contributions to School Divisions	(15,970)	(1,292)
	54,764,053	51,816,000
	128,494,682	(25,145,040)
Benefits:		
Retirements	45,675,180	45,522,245
Termination	29,894,442	30,309,519
Deaths	769,164	538,992
Marriage breakdown	175,521	433,990
	76,514,307	76,804,746
Increase (decrease) in net assets available for benefits	51,980,375	(101,949,786)
Net assets available for benefits, beginning of year	733,135,086	835,084,872
Net assets available for benefits, end of year	\$ 785,115,461	\$ 733,135,086

Plan Trustees and Advisors

Plan Trustees as at December 31, 2023

Appointed by the Manitoba School Boards Association

Colleen Carswell, Trustee, River East Transcona School Division
Patricia Wiebe, Trustee, Border Land School Division
Craig Stahlke, Trustee, Pembina Trails School Division
Floyd Martens, Trustee, Mountain View School Division
Sandy Szwaluk, Trustee, Park West School Division

Appointed by the Manitoba Association of School Business Officials

Amanda Senkowski, Secretary-Treasurer, Seine River School Division

Appointed by the Canadian Union of Public Employees

André Freynet
Sharon Sapoznik

Appointed by the Non-Teaching Association

Dion Delorme

Advisors/Administrators

Plan Administration

Eckler

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 (Fixed Income)
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

Contact Us

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.

School Division Payroll Office

Your school division payroll office will be able to answer many of your questions regarding the pension plan and will provide you with the forms you need to update your personal information. This is generally the first point of contact for pension plan members.

Ellement Consulting Group LP (as of April 1, 2024)

Ellement Consulting Group LP is responsible for general pension consulting, plan administration and retirement counseling for the pension plan. ***For all pension plan inquiries, please contact Ellement Consulting Group LP at:***

Phone: 431-814-6722 (431-814-MSBA)

Toll Free: 877-355-6722 (877-355-MSBA)

Email: MSBApension@element.ca

Address: 134 Taylor Avenue, Winnipeg, MB, R3M 3Y9