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President and CEO

*Building a comprehensive risk approach
for a rapidly changing world*

Risk Management Conference 2023

University Pension Plan (UPP) is the first jointly sponsored, defined benefit pension plan designed by and for **Ontario's university community.**

Our purpose is to bring greater retirement peace of mind to the university sector by investing with integrity and serving members with care.

UPP AT A GLANCE

39,000+

Members

Fully funded

With a surplus

\$10.8B+

Assets under
management

4

Participating
universities

12

Participating
sector organizations



+

Wilfrid Laurier University
Faculty Association has
committed to joining UPP

A big picture view of risk



A big picture view of risk



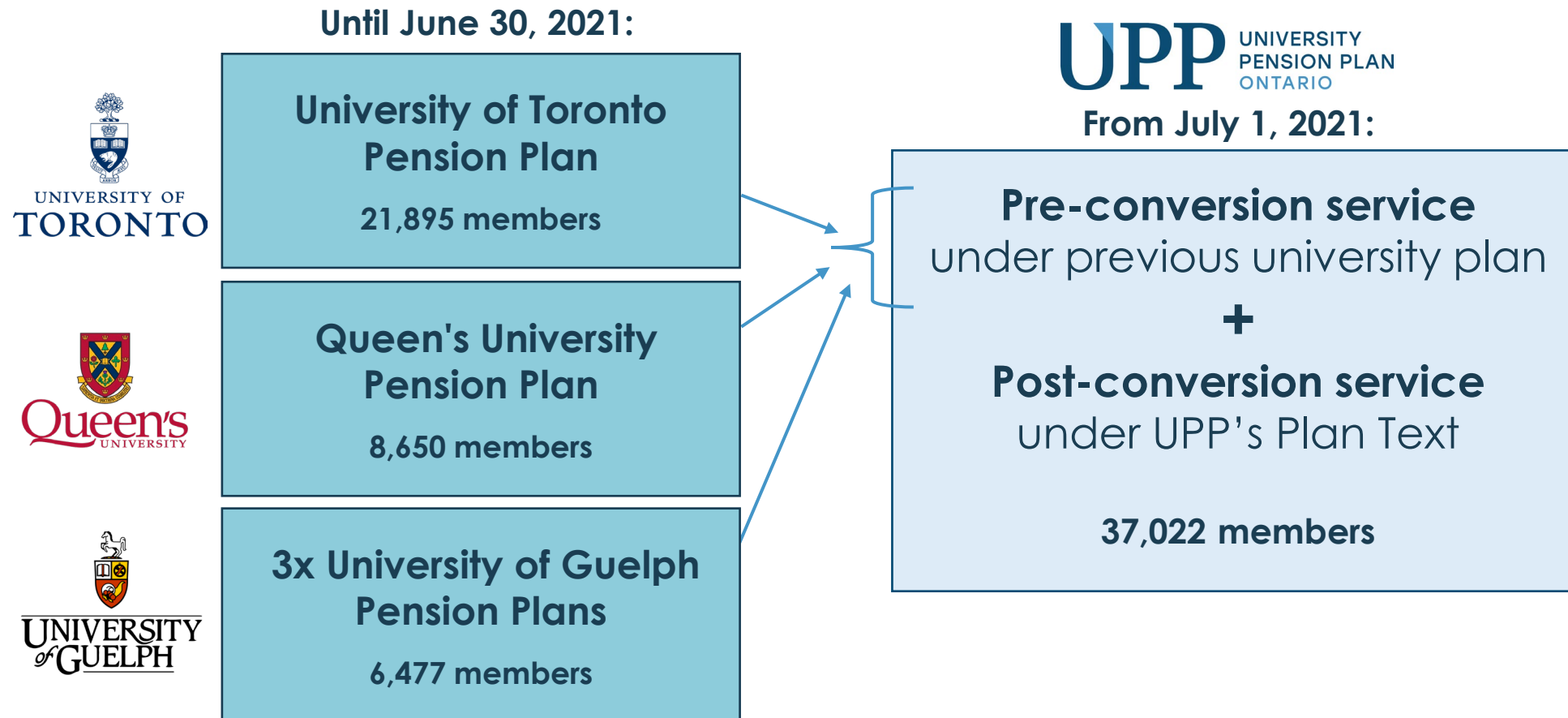
A big picture view of risk



A big picture view of risk

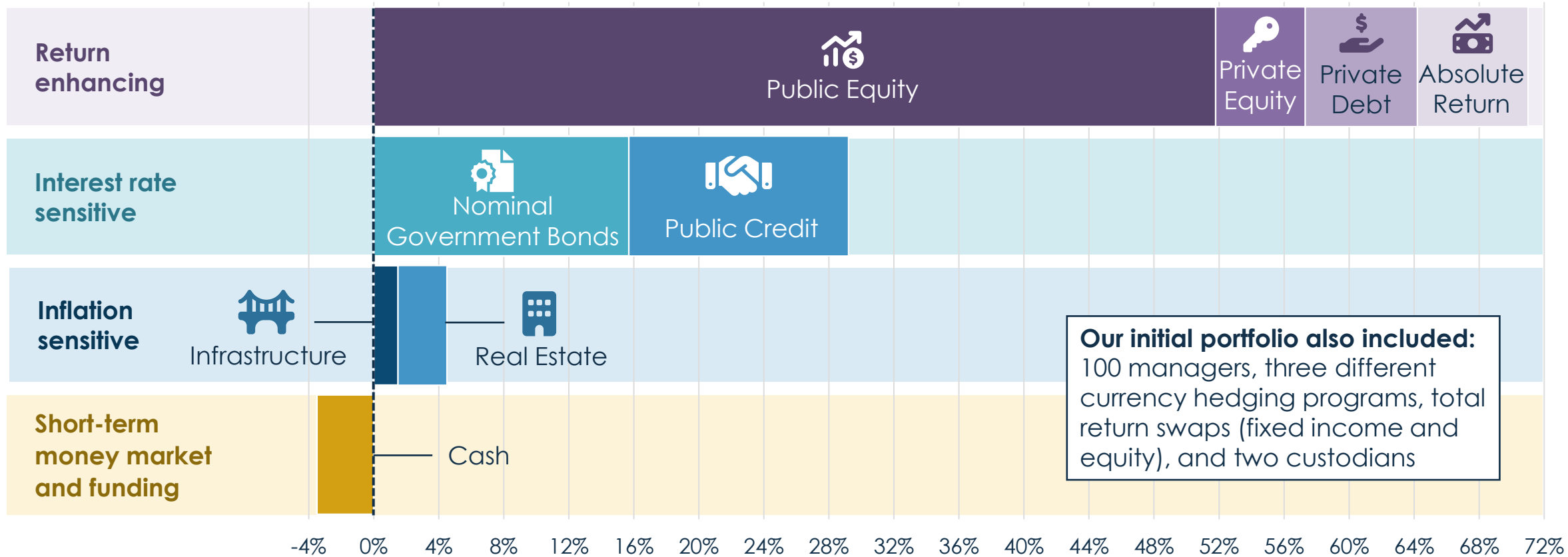


The task ahead



Our initial reality

UPP ASSET MIX WEIGHT (%) AT INCEPTION:



Our initial portfolio also included:
 100 managers, three different currency hedging programs, total return swaps (fixed income and equity), and two custodians

WE BEGAN OUR JOURNEY WITH:



New governance and leadership
 Board appointed Jan. 1, 2020,
 and CEO hired July 15, 2020



A blank slate for all operations
 No team, systems, processes, controls,
 delegation of authority, compensation
 structure, or benefits in place



A pandemic!

Every decision and action was made through a risk lens

Governance

How will we set up governance and delegation of decision-making internally?

Strategic

What do we need to accomplish to meet our long-term objectives, including hiring a team and building an intentional culture?

Operational

How do we establish our IT systems? Who will partner with us?
Do we have enough time?

Legal and regulatory

When will we get our final approvals? How will we complete the legal work for transferring assets and pension administration?

Investment

What is our target asset mix and strategy to build a resilient portfolio?
How do we incorporate responsible investing?

Reputational

How do we ensure an issue-free day one?

Starting from a clean slate



Focusing on critical activities, including hiring a team of experts and establishing systems to run the business and create one coherent portfolio



Scaling operations in phases, in alignment with our long-term strategy for our target asset mix and a 'fit for purpose' business model

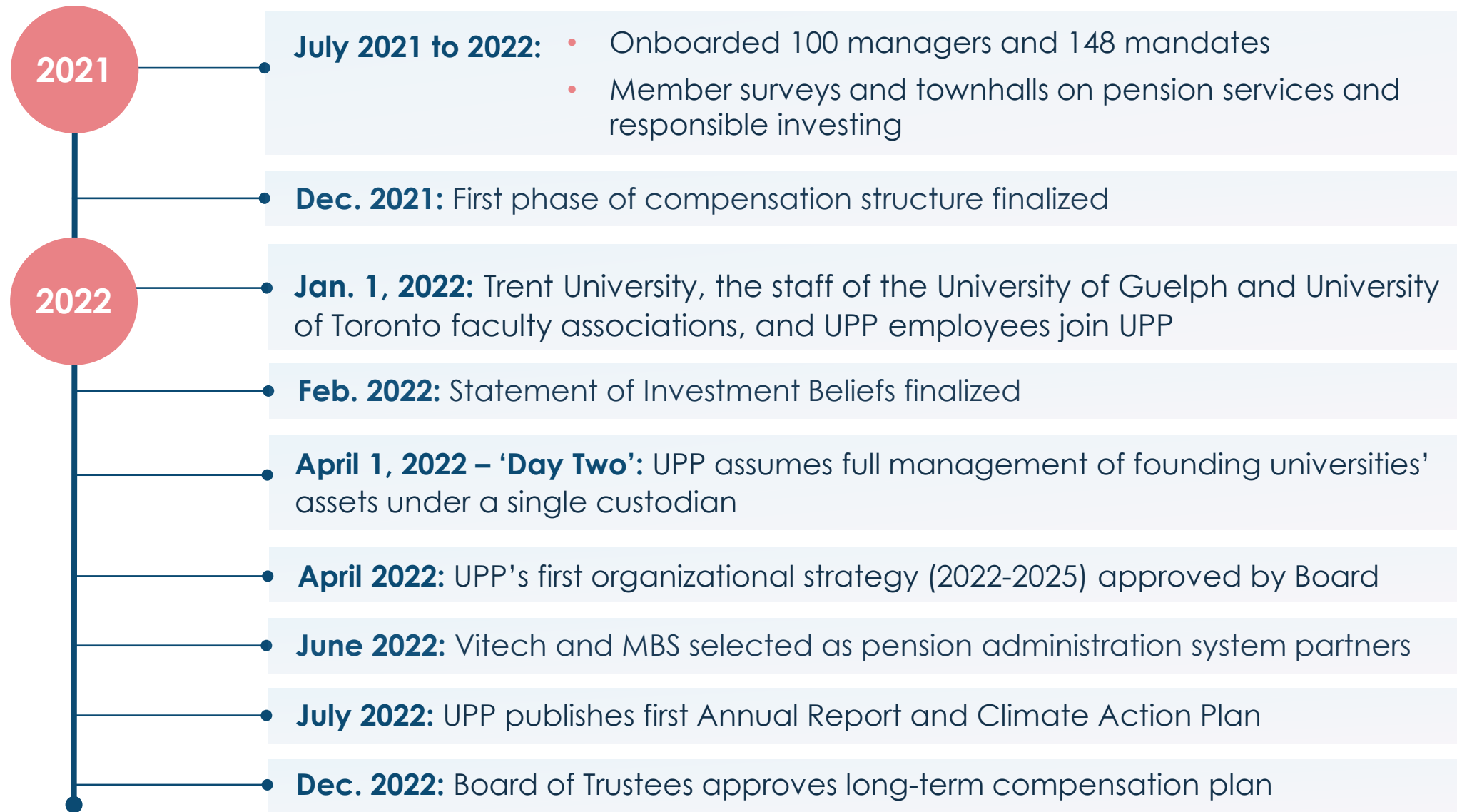


Building a risk-smart organization by evaluating, managing, and optimizing risk in every aspect of our business

A phased plan to establish one cohesive fund



A phased plan to establish one cohesive fund



UPP's approach to responsible investing

Our fiduciary duty requires us to act in our beneficiaries' best interests by earning sufficient returns and ensuring there are stable systems on which to build returns



Climate change presents material risk to our investments



ESG is an effective tool to manage risk and protect investment value



Our goal is to grow a strong, resilient fund that secures retirement benefits for generations to come

Engaging our members

In March 2022, UPP launched a responsible investing survey and held discussion forums with plan members on the role of responsible investing in their pension plan

87%

want UPP to keep pace with or do better than peer plans on ESG

#1 priority

combating climate change

#2 priority: human rights

62%

prefer UPP to be flexible on investing in companies with net-zero commitments

Climate Action Plan

Committed to achieve a net-zero portfolio **by 2040** or sooner, with ambitious interim targets



We embrace partnership as a foundation for enhanced performance and amplified impact

What we accomplished



Created one coherent portfolio aligned to our long-term strategy for our target asset mix while moving in tandem with our operational capabilities



Built a team and created an intentional culture that draws world-class talent



Developed key partnerships to support our investments, operations, and pension administration



Established a risk-smart organization by evaluating, managing, and optimizing risk in every aspect of our business



Open to new universities and affiliated organizations, and providing support as they explore what joining UPP looks like for them

UPP UNIVERSITY
PENSION PLAN
ONTARIO

Questions?



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