



# 2022 CONVENTION REPORT

The Trustees of the CMAW Target Pension Plan (CTPP) are pleased to present this report to Convention. This report provides an update on the CTPP, including an update on investment performance and the plan funded status since the last Convention in 2021.

## In this report:

- The plan's financial position
- Investment update and ESG
- Asset mix and membership highlights
- The plan's future outlook
- Your Trustees

## The plan's financial position remains stable

At least once every three years, the plan actuary is required to perform a valuation of the plan that is filed with the Regulator in BC. A valuation helps the Trustees determine the plan's financial health. The most recent full valuation was completed as at June 30, 2019. Interim valuation estimates are now also completed.

### The plan is well funded

The plan continues to be in a strong position to withstand challenging conditions, such as fluctuations in the market and increased life expectancy.

As at June 30, 2019 (when the last full valuation was completed), the plan had \$231.3M of liabilities and \$275.1M of assets. This means the funded status of the plan was **119% (including an additional reserve to protect against negative experience)**, which indicates a healthy financial position. There are more than enough funds (assets) to pay for all expected pension benefits (liabilities). Good investment returns, stable membership, and strong reported hours are all factors that fuel the performance and stability of the plan.

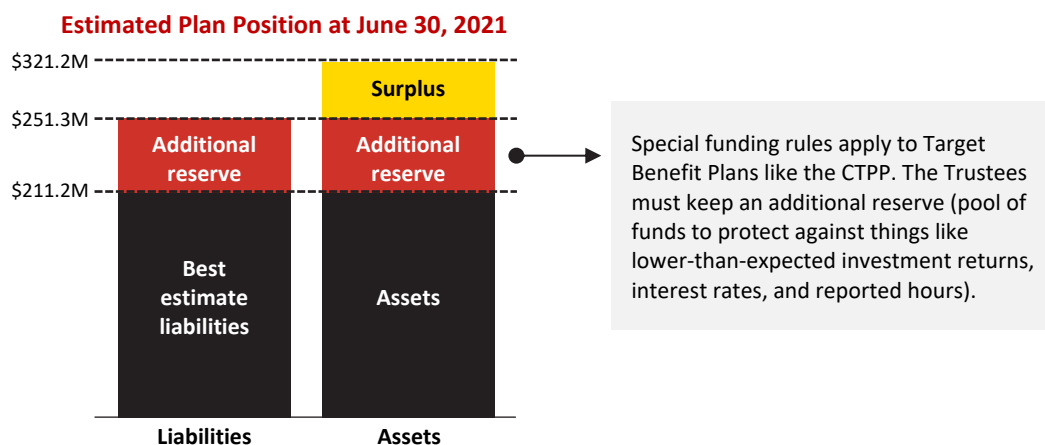
### June 30, 2021 update

The Trustees' actuaries have begun to provide annual updates to help the Trustees understand the funded position of the plan in non-valuation filing years. As of June 30, 2021, the plan's position has improved from the full valuation at June 30, 2019.

The assets at June 30, 2021 were \$321.2M and liabilities were \$251.3M. **Therefore, the funded status has increased from 119% to 128% (including an additional reserve to protect against negative experience).**

**Liabilities:** total expected cost of pension benefits earned by plan members up to the valuation date.

**Assets:** funds held in trust at the valuation date to provide pension benefits owed to plan members.



## Investment performance – June 30, 2022

The plan’s investments continue to perform as expected. There have been several “headwinds” creating lots of volatility in financial markets over the last three years, but the plan’s investment performance was strong with an annualized average return of 3.8%, exceeding the plan benchmark by 1.7% per year and exceeding traditional balanced funds by 0.8%. The plan’s five-year average rate of return as at June 30, 2022 was 4.7%, which exceeded the five-year median balanced fund average rate of return of 3.6%.

The return information above is an “asset only” view of performance. Another metric the Trustees are concerned with is how the plan’s assets match up against the plan’s liabilities (funded ratio volatility). Interest rates have risen significantly in 2022 which has created poor performance for fixed income assets like bonds and commercial mortgages, but the plan’s liabilities (cost of benefit obligations to members) have also decreased over this period. As noted above, the plan’s funded position has improved over the last three years.

## Plan assets and ESG

The Trustees have begun the process of incorporating **environmental, social and governance** (known as “ESG”) factors when looking at the asset classes, managers and funds that the plan invests in.

This process is not an exclusionary approach but rather an integrated approach where the plan considers such items as:

- Ensuring investment managers are considering ESG factors and other non-financial risks when making investment decisions
- Ensuring managers are exercising the voting rights attached to securities the plan holds in the plan’s best interests
- Influencing managers and corporations to act in the interest of plans and their members

The Trustees have a fiduciary obligation to pay benefits in full and on time and to maximize returns. ESG factors are important to consider in the context of risks that may jeopardize those obligations. The Trustees are beginning to integrate ESG factors into the asset mix and are making adjustments in this evolving landscape.

# CMAW Target Pension Plan **Highlights**

## Membership



**over 9,000**  
members



**over 75**  
employers



**covers 13 of 13**  
provinces and territories

**2,897**  
Active

**4,431**  
Deferred

**2,457**  
Pensioners

## Did you know?

The youngest person in the CTPP is **15 years old**.

The oldest person in the CTPP is **102 years young!**

## The plan's future outlook

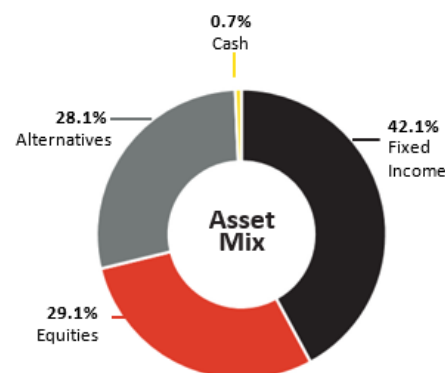
A number of hurdles have been thrown into the economy: the COVID pandemic, supply chain issues, geopolitical upheaval and rising inflation. Despite these challenges, the plan's performance has remained strong.

Reported hours have increased by almost 10% over the last year. Contributions to the plan have increased by a similar amount. While reported hours may fluctuate in the short term, they were expected to return to these higher pre-COVID levels as projects resumed and members were able to return to work at full (or near full) capacity.

Strong reported hours improve the long-term sustainability of the plan and help to better withstand fluctuations in the financial markets.

The Trustees will continue to monitor the financial health of the plan to ensure a high level of benefit security and long-term sustainability for all beneficiaries.

The next full valuation is scheduled to be completed as at June 30, 2022.



## Your Trustees

**Jessie Gregory**  
(Chair)  
Kootenay

**Chris Wasilenchuk**  
Vancouver &  
Lower Mainland

**Barbara Bachmeier**  
Central

**Michele Banducci**  
Vancouver &  
Lower Mainland

**Blair Rawlings**  
Thompson  
Okanagan

**Mikael (Mike) Jensen**  
Northwest

**Shawn Delaney**  
Vancouver  
Island