

January 15, 2024

Western Pension Plans

Manager and Investment Changes for the Western Pension Plans

Manager and investment changes are coming to your Western Pension Plan in 2024.

As a member of the Western Pension Plans, it is your responsibility to select the mix of investments most appropriate for your risk tolerance and investment goals. The information about the coming changes may impact your future investment decisions. Sun Life offers many ways of supporting you in understanding your options and making your choices, including on-line tools, webinars, and advice from a salaried financial services consultant.

The changes impact the following investment options:

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The changes are underway and will be implemented over the coming months. Updates will be posted on Western’s website: <https://www.uwo.ca/hr/pension/index.html>. For more information about the changes read on and plan to join us for the Annual Member Meeting on March 1, 2024 (virtual). The fund information within your Sun Life account will update after each quarter-end to reflect the changes that have occurred.

The Academic Staff Pension Board and Administrative Staff Pension Board, working together as the Joint Pension Board, approve changes to the investment line up for the Western Pension Plans. Some of the investment options are used as components of other investment options and as a result, some changes impact multiple options. Decisions are guided by the Board’s governance policy and supported by internal professional investment staff as well as external investment consultants from Mercer Canada Limited (Mercer).

Responsible Investing

The Western Pension Plans have acknowledged the evolving consideration of environmental, social, and governance (ESG) factors since 2007 and have included a dedicated investment option since 2008. In recent years, the available approaches to responsible investment have shifted significantly. Further to the results of a spring 2022 survey of Western plan members, the focus of the dedicated option under the Plan is also shifting. We are excited to introduce a new Sustainable Global Equity Fund.

Sustainable Global Equity Fund (coming February 1, 2024)

In February 2024 members looking to align the investment of their Western pension plan in a manner that creates a positive impact in areas aligned with the United Nations Sustainable Development Goals will have a new option. The Sustainable Global Equity Fund marks a significant change in approach for the responsible investment option under the plans. Mirova¹, the investment manager for the fund, is a conviction-based asset management firm dedicated to sustainable investment and focused on the transformation of the economy towards a sustainable model. The fund management fee for this fund will be 0.82%. Learn more here: <https://uwo.ca/hr/pension/sustainable.html>

Socially Responsible Global Equity Fund (closing April 3, 2024)

This fund is being replaced by the Sustainable Global Equity Fund. Members who are currently invested in the fund will receive details from Sun Life in February. This option was added as an investment option for the Western Pension Plans in 2008. It was a global equity fund managed by MFS Investments using their own research and information provided by a third party to screen out investment in companies whose principal business, employment practices, or operations had a negative impact related to ESG factors, while also properly assessing the risks related to ESG factors for the remaining stocks in the portfolio.

Islamic Global Equity Fund (added in June 2023)

The Islamic Global Equity Fund provides an investment option that is in compliance with Islamic investment principles. As a diverse and inclusive employer this is an important option which enables more members to fully participate in the Plan. The previous announcement is available here: https://www.uwo.ca/hr/pension/islamic_fund.html

Non-North American Equity Fund (first quarter 2024)

This fund invests in various equity portfolios managed by two different investment managers to achieve diversification by investment style. In the first quarter of 2024, Boston Partners International Equity will replace AB International Value Equity, investing with a value style (50% of the fund); MFS Investment Management continues to invest with a growth style (50% of the fund). There is no change to the overall strategy for this fund. The fund management fee for this fund will be 0.54% (previously 0.71%).

This fund is a component of the Diversified Equity Fund (10%), and the Balanced Growth (7%) and Balanced Income (3%) portfolios.

¹ Mirova is an affiliate of Natixis Investment Managers and Fiera Capital is Natixis' preferred distributor in Canada.

Diversified Equity Fund (second quarter 2024)

The last changes to the Diversified Equity Fund were made in 2021 with a shift from investment in regional silos to a more global approach. In addition, the Board began monitoring for a possible future investment in Real Assets. Best practices in institutional asset management support adding Real Assets to further improve a portfolio. In line with this plan, the Board has approved a 5% (infrastructure) allocation to Brookfield Asset Management and a 5% (real estate) allocation to CBRE Investment Management. These changes are expected to be implemented during the second quarter of 2024.

Real Assets, specifically Infrastructure and Real Estate, can offer additional diversification because of low correlation to other asset classes, lower volatility of returns, and inflation protection. They are also aligned with a long investment horizon. The risks of this asset class include elevated costs, idiosyncratic risk at the individual property level, illiquidity risk and political risk (changes in laws and regulations). The Board believes the benefits of the asset class are optimized and the risks are manageable within the fund-of-funds or portfolio approach, such as the Diversified Equity Fund. These changes are consistent with the positioning of the fund for future growth based on today's capital markets. The fund management fee is anticipated to change from 0.52% to 0.55% once all changes to underlying investment mandates have been fully implemented.

Changes to this fund also impact the Balanced Growth (7%) and Balanced Income (3%) portfolios.

Details of the Diversified Equity Fund Allocations

The Diversified Equity Fund is the largest (by assets) investment option under the Western Pension Plans, through investment directly in the fund and indirectly as an underlying component of the Balanced Growth Fund and Balanced Income Fund. The Diversified Equity Fund is a multi-manager and multi-mandate equity investment option. The Joint Pension Board, with the support of internal investment experts and external investment consultants at Mercer Canada, seek, evaluate, hire, and monitor investment managers to manage each unique component of the Diversified Equity Fund.

The applicable target weights of the underlying components are established by the Joint Pension Board and can change from time to time. See the Appendix for a detailed summary of the allocations and the investment managers and their mandates. The actual portfolio mix can vary during a month but is rebalanced to the target weights at the end of each month.

How the Balanced Portfolios Are Impacted

The Balanced Growth portfolio and Balanced Income portfolio offer a set of diversified multi-manager and multi-mandate balanced investment options. These portfolios are combinations of the Diversified Equity Fund and Diversified Bond Fund options.

- Balanced Growth² holds 70% Diversified Equity Fund and 30% Diversified Bond Fund.
- Balanced Income holds 30% Diversified Equity Fund and 70% Diversified Bond Fund.

² Balanced Growth is the default investment option under the Plans. This is not to be taken as an investment recommendation by the Board.

These allocations will not change, but the underlying components will reflect the new mix of the Diversified Equity Fund. The actual portfolio mix can vary over a month but is rebalanced to the target weights at the end of each month.

Western Pension Plans: Investment Options and Decision Support

Western plan members have a variety of investment options to choose from. Options include those that offer support in creating a diversified investment mix and stand-alone, strategy-specific funds that members may use to create their own portfolio. It is the responsibility of each member to select the mix of investments that are appropriate for their personal risk tolerance and investment goals.

Sun Life supports plan members with their decisions through on-line tools, webinars, and advice from a salaried financial services consultant.

The investment fund line-up is as follows, at April 1, 2024:

ASSET CLASS	WESTERN INVESTMENT OPTION (at April 1, 2024)
Balanced Portfolios: Pre-set Portfolios of Equity AND Fixed Income	Balanced Growth ³ (70% Diversified Equity/30% Diversified Bond) Balanced Income (30% Diversified Equity; 70% Diversified Bond)
Diversified: Pre-set Funds of Equity OR Fixed Income	Diversified Equity Fund Diversified Bond Fund
Strategy-specific funds: Cash & equivalents Fixed Income Equity	Money Market Guaranteed Daily Interest Account (GDIA) Canadian Bond Fund Long Term Bond Fund Non-North American Equity Fund Sustainable Global Equity Fund Islamic Global Equity Fund Canadian Equity Fund US Equity Fund – Hedged US Equity Fund – Unhedged

The current fees for all investment options are provided within your Sun Life account under Plan Overview > Account fees.

Are you looking for help in choosing or reviewing your investment mix?

You can reach Sun Life through your account on their website, mobile app or by calling their Client Care Centre at 1-866-733-8612 on business days from 8 a.m. to 8 p.m. If you call Sun Life from the mobile app you will already be authenticated and move more quickly to support.

³ Balanced Growth is the default investment option under the Plans. This is not to be taken as an investment recommendation by the Board.

- **Speak with a specialist:** You may call or [book an appointment to meet by phone or Zoom](#). From time-to-time personal consultations are offered in-person on campus. The next opportunity will be in February 2024.
- **Asset allocation tool:** From your account select Tools > Asset allocation.
- **Morningstar Fund Sheets:** From your Sun Life account under Plan Overview > View available investments. The changes described in this document may not yet be reflected in the Fund Sheet. Fund Sheets are updated quarterly, approximately 4 weeks after quarter-end.
- **Watch ‘Choosing your investments in the Western Pension Plan’:** This eight-minute webinar is available on demand [on the Sun Life website](#). This will be updated in 2024 after the changes described in this document are complete.
- **Attend a webinar:** Increased overall understanding of investments, savings options, and how to manage and plan for financial needs will help to improve the quality of decisions. Explore and register for a [Financial Wellness Webinar](#) with Sun Life.

Appendix

Diversified Equity Fund Detailed Portfolio Allocation

By Mandate and Manager
(Target Allocations approved by the Joint Pension Board)

Component Manager/Mandate	Target Allocation		
	Before	After	Change
Canadian Equity	20%	20%	-
CC&L Q Canadian Equity Growth Fund	10%	10%	
Beutel Goodman Fundamental Canadian Equity	10%	10%	
US Equity	10%	10%	-
BlackRock US Equity Index (Unhedged)	10%	10%	
International Equity	10%	10%	-
MFS International Equity II Fund	5%	5%	
Boston Partners International Equity Fund ⁴	5%	5%	
Global Equity	35%	25%	-10%
T. Rowe Price Global Growth Equity Pool	12.5%	12.5%	
Fiera Oakmark Global Canada Pooled Fund	12.5%	12.5%	
BlackRock CDN MSCI ACWI ex-Canada Index Fund	10%	0%	-10%
Global Small Cap Equity	5%	5%	-
Arrowstreet (Canada) Global Small Cap Fund	5%	5%	
Global Low Volatility Equity	10%	10%	-
Fidelity Global Low Volatility Strategy	10%	10%	
Emerging Markets Equity	10%	10%	-
William Blair Emerging Markets Leaders Pooled Fund	5%	5%	
CC&L Q Emerging Markets	5%	5%	
Real Assets⁵	0%	10%	+10%
Brookfield Super-Core Infrastructure Partners	0%	5%	+5%
CBRE Global Alpha	0%	5%	+5%

⁴ Change in manager from AB International Value Fund, transitioning in Q1 2024

⁵ Implementation in Q2 2024