Economic Review for 2020

After a big drop in the first quarter, most of the capital markets rebounded and ended the year on a positive note. The strength of the equity and debt markets by no means reflected the struggles of the real economy though governments continued their efforts to support the economy. At the end of the year, a ray of hope finally came through with the news of vaccines rolling out.

The Canadian equity market was up 5.6% for the year. The top performing sector was Information Technology, with a spectacular return of 80.7%. The worst performer was Energy finishing the year with -26.6% return.

In the United States, the U.S. equity benchmark return was 16.3%. Similar to the Canadian equity market, Information Technology was the top performing sector while Energy was the worst performer. The global equity benchmark return was 14.2%. Once again, the top performer was Information Technology, and the worst performing sector was Energy.

The Bank of Canada kept the key lending rate unchanged at 0.25% and the rate was expected to remain at this low level while the economy is recovering. In the United States, the Federal Reserve maintained the federal funds target range at 0.00% to 0.25%. The Canadian universe bond index ended the year with 8.7% return.

The Canadian dollar had mixed performance against most foreign currencies. It appreciated 1.8% against the U.S. dollar but depreciated -6.6% against the Euro and -1.4% against the U.K. pound sterling.

Stay safe and healthy.
Fund Review for 2020

Overall, 2020 was a good year for the York University Pension Fund, with a gross return of 16.0% outperforming the benchmark by 4.3%. Within our portfolio, Equity return was 24.0%, Fixed Income return was 9.8%, Infrastructure return was 7.5%, and Real Estate was -0.3%. The 4-year Fund return was 11.0%, slightly outperforming the benchmark return by 1%.

Results are based on information provided by the Fund custodian and by Willis Towers Watson, a third-party firm hired to measure the Fund and managers’ performance. Returns do not include expenses. The benchmark is a composite of the market indices calculated using the same proportions as the investment policy.
Fund Review for 2020 (cont’d)

The current target asset allocation of the York University Pension Fund is 20% Canadian Bonds, 10% Global Bonds, 50% Equity, 10% Infrastructure, and 10% Real Estate. During the year 2020, two new Infrastructure funds were added to the portfolio. For the York University Pension Fund at year-end, the actual allocation to the various asset classes and investment managers was:

**Asset Mix**

- Global Equity: 55.6%
- Global Bonds: 7.6%
- Canadian Bonds: 19.7%
- Real Estate Funds: 6.1%
- Infrastructure Funds: 8.1%
- Cash: 2.9%

**Manager Structure**

- TD Bonds: 19.7%
- TD Low Volatility: 6.3%
- BlackRock: 7.6%
- MSIM: 10.0%
- Lazard: 6.4%
- Harris: 6.8%
- Pier 21: 8.3%
- Baillie Gifford: 10.7%
- Unigestion: 7.1%
Net Fund Rate Calculation

The Fund return for 2020 net of investment expenses was 15.4057%. This net return is used for crediting interest to the members’ accounts and determining the annual adjustment for pensioners. For 2020, the details of the net fund return calculation are as follows.

(A) Market Value Jan. 1, 2020 $2,861,845,348

Contributions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>University contributions</td>
<td>$45,010,295</td>
</tr>
<tr>
<td>Members' contributions</td>
<td>$37,809,610</td>
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</tbody>
</table>

Total Contributions $82,819,906

(I) Investment Income $449,969,845

Benefits paid

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions Paid</td>
<td>($109,841,531)</td>
</tr>
<tr>
<td>Death Benefits</td>
<td>($5,181,362)</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>($10,769,602)</td>
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</tbody>
</table>

Total Benefits Paid ($125,792,495)

Investment Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management Fees</td>
<td>($10,100,314)</td>
</tr>
<tr>
<td>Other Investment Expenses</td>
<td>($2,383,311)</td>
</tr>
</tbody>
</table>

(E) Total Investment Expenses ($12,483,625)

Plan Administration Expenses ($1,173,224)

(B) Market Value Dec. 31, 2020 $3,255,185,755

Net Fund Return for 2020 15.4057%

\[
=2*(I-E)/(A+B-(I-E))
\]

Fund Returns for past calendar years:

- Fund Return for 2016 7.6%
- Fund Return for 2017 11.9%
- Fund Return for 2018 -0.6%
- Fund Return for 2019 16.3%
Annual Pension Investments Presentation

For the safety of the members, in-person Annual Pension Investments Presentation is cancelled this year. Further information on the Presentation will be provided in April 2021. For members who have not provided an email address to the Pension & Benefits office, please contact askpb@yorku.ca.

For more information on Pension Fund investments, contact:
Leona Fields, Director, Pension Fund at fieldsl@yorku.ca

For more information on Pension Plan benefits, contact:
the Pension & Benefits office at ext. 27572, or at askpb@yorku.ca
or visit this website:

http://retire.info.yorku.ca/resources/p-b-times/