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N A V M I S O L A T I O N R E N
C I R C U I T B R E A K E R C G



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MESSAGE FROM THE CHAIR



Natasha
Trainor

On behalf of
PIAC's Board
of Directors,
I am pleased
to present you
with our 2020
Annual Report.

2020 was notable for several reasons not least of which was the global COVID-19 pandemic that caused disruptions

in every aspect of our lives. Despite the impacts of the COVID pandemic on PIAC's ability to plan in-person events, we were able to pivot in our approach and continued to offer opportunities for knowledge sharing and education. **Noteworthy items for 2020 include:**

- Membership increased to over 700 members
- Volunteers increased to over 100 members
- Our committees and working groups produced 24 webinars that attracted over 750 attendees
- 4 meetings with government and regulatory bodies
- Continued upgrades and development on our website with improved member resources
- Enhanced Asset & Returns Survey

The changes that the Board made to our membership structure has facilitated the growth in our membership – not just in the number of members but also the diversity of roles and responsibilities. We now have members that specialize in areas such as risk, tax, legal, and responsible investing in addition to the broad investment roles that were typically represented at PIAC. I am amazed by the energy and ideas our new members bring to the table and this is reflected in the accomplishments for the year.

Last year the Communiqué Committee created four editions of the newsletter with the Fall edition focussing on a COVID theme and how the pension sector has responded to the upheavals in markets and the global economy.

The Defined Contribution Committee has ensured PIAC's participation in CAPSA's ongoing review of its CAP Guidelines as well as with the FSRA / OSFI Technical Advisory Committee's review of DC plans.

In spite of not being able to hold in-person meetings, the Government Relations Committee did meet with the Department of Finance, CAPSA, FSRA as well as the Competition Bureau.

More information on these key initiatives and other activities is provided in the reports that follow from PIAC's Executive Director and our numerous committees. I encourage you to read the reports and learn more about what we have accomplished despite the unexpected events of 2020.

Thank you to our outgoing Chair, Simon Fréchet, and our retiring Director and Past Chair of the Board, Deanne Allen for her many years of dedication and contributions to PIAC. A very warm welcome to our new Director, Asif Haque. A special thank you to PIAC's Executive Director, Peter Waite, and his team for their continued excellence and especially the adaptability you demonstrated throughout 2020. Finally, PIAC would not exist without the support of its member funds and from them, the 100+ volunteers who drive the association's efforts every day. Your enthusiasm and engagement benefit the entire membership and broader pension industry in Canada. Please continue to get involved and keep up the great work!

MESSAGE FROM THE EXECUTIVE DIRECTOR



Peter Waite

It is a pleasure to present my 17th Annual Report as Executive Director.

I was hoping that by the time I wrote this report I would be reflecting on how we had navigated the Covid-19 pandemic. Instead, we are battenning down the hatches as the

number of cases reaches new highs across Canada, just as the medical professionals had warned us it would. Perhaps more of a focus on "risk management" by governments would have been in order...

To say that I am grateful to the Board and our 100+ volunteers for their support and ongoing commitment to PIAC would be an understatement. Together those 100+ members have managed to find new ways of creating and sharing in this past year as we recovered from the loss of holding our in-person events and shifted to webinars and Zoom meetings.

We will once again be holding the AGM virtually and while we will miss the camaraderie of being together in person, we are planning a virtual conference that will break new ground. We are going to employ a new Canadian technology not yet available on the market. I hope you will join us to experience it and help share a sense of the spontaneity and joy of connecting with old friends and making new ones at our Spring Virtual Conference.

And speaking of conferences, one of my first tasks as the pandemic hit was renegotiating our 2020 and 2021 contracts to postpone the events to 2022 and 2023. This ensured that our deposits were not lost, and we will continue with our planned rotation of regions starting at the Hilton Toronto on May 11 – 13, 2022; the Fairmont Palliser Calgary on September 28 – 30, 2022; the Hilton Quebec City on May 10 – 12, 2023 and the Halifax Marriott Harbourfront on October 4 – 6, 2023. I know we are all going to want to be together again for those events.

Not only were we reconfiguring how we worked last year, but we did that while implementing key elements of our Strategic Plan.

The most important of which is the new website navigation menu and design as well as the platform and database that it is built on. We are confident that the new design will make the wealth of resources on the website more accessible. And the new database is key to providing tailored services to our large and diverse membership. We manually input 285 member profiles and hundreds more of you have now logged in and updated your profile. If you have not yet done so, please take the two minutes it will take you do this.

The new website platform meant learning new programming as we laid out our largest ever edition, the 42-page Winter 2021 Communiqué newsletter.

The Asset and Returns Survey was overhauled and a new Dashboard created to report DB results.

The Investor Stewardship Committee completed their triennial review of the Corporate Governance Principles and Guidelines.

Meeting virtually meant we could extend our Regional Council events to cover Atlantic Canada and Saskatchewan for the first time!

The Tax Working Group held a number of webinars in 2020 and is planning to hold a virtual conference in November 2021.

The triennial External Manager Survey was conducted and includes over 1,400 managers, double the number in the last report.

We developed and implemented a new Communications Plan which included raising PIAC's profile through LinkedIn with some posts generating in excess of 20K views. Please make sure you follow PIAC and like and share our posts.

As PIAC is not dependent on event revenue the financial results for 2020 were better than budgeted and we are well positioned to continue to grow in the years ahead.

In 2015, the Board's strategic planning process identified that PIAC needed to evolve from being a smallish group of people tightly focused on investing to a much larger group focused on specific elements of the investing universe as well as other areas of pension management. That change has resulted in our membership growing from 300 to 750 individuals. We continue on that journey.

Let me conclude by thanking PIAC's Officers: Natasha Trainor, Sean Hewitt, Graeme Hay and Simon Fréchet as well as the Directors and committee volunteers for being so supportive of PIAC's staff and generous with their time and energy. I am also grateful to our staff team, whose absence from the office I feel everyday, for working so effectively from their homes.



COMMUNIQUÉ COMMITTEE

CHAIR Janet Julé, SASKATCHEWAN HEALTHCARE
EMPLOYEES' PENSION PLAN

MEMBERS

Sean Hewitt, TORONTO TRANSIT COMMISSION
Prashant Mulay, SUBSCRIBING MEMBER
Theva Naidoo, HYDRO ONE

Emma Radloff, NAV CANADA
Betsy Springer, CARLETON UNIVERSITY

OBJECTIVES

- To communicate pension investment and management information to and among PIAC members.

The Communiqué Committee sees the newsletter as an important extension of PIAC's "mutual help" mandate in sourcing articles that provide fresh approaches, insights, tools, or otherwise expand the readers' understanding of challenges and opportunities that we face. Authors contributing to Communiqué include PIAC members, other PIAC committees and a wide range of industry partners.

Four issues of the Communiqué newsletter were made available online in 2020. In addition to going directly to the PIAC website, members find the newsletter through PIAC generated email and LinkedIn links. Website functionality also allows for the Newsletter to be downloaded in pdf format.

In 2020, there were 14 articles published that reflected our investing environment. Private investments continue to be topical, with articles touching on transportation asset leasing and private equity valuations. Not surprisingly, COVID-19 impacts featured in several articles, particularly in the Summer and Fall issues where the impact and resilience of portfolios during the pandemic was explored for private equity, infrastructure valuations, private versus public credit, and dividend paying stocks. Rebalancing strategies, risk management and lessons learned for DC plans were also looked at through the COVID lens.

Other topics rounding out the article list looked at ESG due diligence, engagement, stewardship principles, outsourced CIO oversight, Capital Accumulation Plan governance and DC plan legal opportunities and challenges. In addition, the summaries of 11 PIAC submissions were included in the newsletters.

During 2020, PIAC members Andy Greene, Tanya Lai, Chris Mayer and Susan Golyak were profiled in the Winter, Spring, Summer and Fall editions, respectively. Profiles on the Member Services, Communiqué, Governance and Nominating, and Government Relations Committees were also featured.

I would like to extend my sincere thanks to PIAC Committee members and other members and volunteers who have contributed to the newsletter this year. Special thanks go to the PIAC office staff for their efforts in support of Communiqué achieving its objectives.



DEFINED CONTRIBUTION COMMITTEE

CHAIR Martin Belanger, UNIVERSITY OF WESTERN ONTARIO

MEMBERS

Lisa Jankov, GENERAL ELECTRIC

Kamila Giesbrecht, UBC FACULTY PENSION PLAN

Roman Kosarenko, GEORGE WESTON LTD.

Michelle Peshko, GLENCORE

Toza Siriski, RBC

John Nielsen, IBM CANADA

Jill Taylor-Smith, TD

OBJECTIVES

- To promote sound standards and practices for Defined Contribution plans and other Capital Accumulation Plans (collectively “the plans”) in the areas of investment, governance and related member communication.
- To compile and present in-depth research on existing and emerging investment products and strategies in order to assist members and their beneficiaries in their investment activities.
- To compile and present in-depth research related to the management of the plans, including member communication, education, advice, plan and investment option design and plan administration. This is delivered through various methods including papers, seminars, Communiqué articles, conferences, databases and tools.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.
- To monitor the regulatory environment affecting the plans.

The Committee worked on five main initiatives in 2020:

- 1 Identifying best practices with respect to DC plan governance and identify gaps with current guidelines. The Committee is involved with CAPSA’s ongoing review of its CAP Guidelines and with the FSRA / OSFI Technical Advisory Committee for the review of DC plans.
- 2 Reviewing retirement planning tools, with the goals of coming up with a comprehensive retirement tool kit and improving member engagement.

- 3 Reviewing the pros and the cons of implementing an OCIO structure for a DC plan. The Committee’s position is that the OCIO model may be appropriate for some plans; it does not have to be all or nothing and plan sponsors need to review their needs, areas of expertise and resources available before entering into an OCIO agreement.
- 4 Drafting a DC Value Proposition for PIAC that will outline the benefits for DC plans of joining PIAC, including networking, access to a wealth of resources, proprietary surveys and advocacy work.
- 5 Monitoring the development of Advanced Life Deferred Annuities (ALDA) and Variable Payment Life Annuities (VPLA) and investigating product development with respect to decumulation solutions providing guaranteed income.

EDUCATION

The DC Committee has continued its education efforts by contributing DC related articles and webinars during the year. Communiqué articles included: CAP Plan Governance, Lessons Learned during COVID-19 and DC Legal Opportunities and Challenges. Webinars produced during the year included: Investment Retirement Innovation Product, Trends in DC Plan Management and Target-Date Funds for DC Plans.



GOVERNANCE AND NOMINATING COMMITTEE

CHAIR Simon Fréchet, BRUCE POWER

MEMBERS

Kevin Fahey, CAAT PENSION PLAN

Lisa Jankov, GENERAL ELECTRIC

Brenda King, HONOURARY PIAC MEMBER

OBJECTIVES

- To solicit volunteers as nominees for Directors for consideration by the Membership.
- To nominate Officers for consideration by the Board.
- To monitor and propose amendments to the Bylaws and governance practices for consideration by the Board.
- To conduct a formal annual review of the governance process and report to the Membership through the Board.
- To conduct an annual survey of Directors and Committee Chairs to assist in the performance evaluation of the management company.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

The Governance and Nominating Committee (GNC) is one of two Standing Committees established in the Bylaws and comprises the four most recent past Chairs of the PIAC Board. All responsibilities that touch on PIAC governance fall under the GNC mandate.

Every year GNC activities include:

- Overseeing the call for new Director nominations and proposing candidates for consideration to the membership.
- Recommending Officers to the Board (Secretary/Treasurer, Vice-Chair and Chair).
- A review of the governance processes of the association and results of the self-evaluations completed by Board and Committee volunteers.
- Overseeing the call for nominations for the Terry Staples Volunteer of the Year Award and the Chuck Harvie Distinguished Service Award.
- Recommending award recipients to the Board.



GOVERNMENT RELATIONS COMMITTEE

CHAIR David Gordon, CAAT PENSION PLAN

MEMBERS

Julie Belair, OPRUST

Michael Coe, ONTARIO TEACHERS'

Tim Downing, CPPIB

Emilian Groch, HONOURARY PIAC MEMBER

Dan Hudgin, EMERA

Algis Janusauskas, IMPERIAL TOBACCO

Michael Keenan, BIMCOR

David Lawson, TELUS

Rod Matheson, ALBERTA TEACHERS' RETIREMENT FUND

Brenda McInnes, HONOURARY PIAC MEMBER

Chris Morley, OMERS

Jean-Yves Paquette, SOCIÉTÉ DE TRANSPORT DE MONTRÉAL

OBJECTIVES

- To monitor and evaluate laws and regulations pertaining to the investment of pension assets and funding of pension plans.
- To consult with, recommend and effectively promote the prudent investment of pension assets to government representatives and regulatory authorities.
- To maintain an ongoing liaison with federal and provincial officials.
- To undertake advocacy campaigns when appropriate
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

The ongoing COVID-19 crisis was the priority issue for the GRC in 2020 as regulators across the country worked diligently to support pensions plans through an uncertain economic environment.

The GRC quickly transitioned to the virtual meeting environment and used its positive relationship with the Canadian Association of Pension Supervisory Authorities (CAPSA) to advocate for the needs of member plans to adapt to the pandemic environment. Overall, the GRC advocated to CAPSA that regulators should avoid one size fits all solutions and work with individual plan sponsors to address the impact of the pandemic on their ability to fund their pension plans.

The GRC also met with the federal Department of Finance as part of their consultations on the implications of the pandemic on federally regulated pension plans with a similar message.

The GRC also used the current environment to continue to advocate for funding reform and to encourage all remaining jurisdictions to adopt a single strengthened going-concern funding standard (i.e. elimination of the

solvency standard) as well as broader acceptance of solvency reserve accounts and legal discharge of pension liabilities following an annuity buy-out. Both Alberta and Saskatchewan issued discussion papers early in 2021 indicating a willingness to consider such changes, which if implemented would leave the federal government as the principal remaining jurisdiction to maintain a traditional solvency funding standard.

Moreover, the GRC informed pension regulators of the need to change commuted value standards to permit lump sum payouts based on the funded position of the plan at the time of payment.

In terms of DC decumulation, PIAC continues to push for the facilitation of late-life deferred annuities and variable payment life annuities (VPLA) in registered DC plans across all regulated jurisdictions. There was progress on this front during the year as the federal Department of Finance issued a discussion paper which, among other things, provided a draft framework for regulating VPLA's in the context of the federal PBSA. The GRC provided comments on the proposals.

In the year ahead the GRC looks forward to participating in meetings with pension policy makers and regulators and responding to policy consultations that are of significance to its members.

The GRC benefits from strong support by PIAC members across the country in terms of organizing and attending meetings with regulators and policymakers.

The GRC is supported by Gretchen van Riesen who assists in researching and drafting our submissions, and who attends meetings with regulators and policymakers. Anyone interested in joining the GRC is invited to contact the PIAC office.



INVESTMENT PRACTICES COMMITTEE

CHAIR Dan Goguen, VESTCOR

MEMBERS

Martin Belanger, UNIVERSITY OF WESTERN ONTARIO

Darin Eddy, HALIFAX REGIONAL MUNICIPALITY
PENSION PLAN

Robert Field, BCI

Graeme Hay, TEACHERS' RETIREMENT
ALLOWANCES FUND

Greg O'Donohue, ONTARIO TEACHERS'

Don Olsen, AIMCO

Hugo Robert, NAV CANADA

OBJECTIVES

- To promote sound pension investment standards and practices.
- To compile and present in-depth research on existing and emerging investment products and strategies in order to assist members in their investment activities. This is delivered through various methods including papers, seminars, Communiqué articles, conferences, databases and tools.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

WORKING GROUPS

Tax Working Group

- Due to the pandemic, it was not possible to hold the annual Tax conference in November 2020, however, the Working Group organized four webinars throughout the Fall that attracted over 100 attendees. The Working Group is planning for more webinars in 2021, plus considering a virtual conference to bring tax practitioners together. An in-person conference will be held assuming it is possible to meet in 2022.
- Continuing to monitor various regulatory developments with regular updates to members via Communiqué articles.

Legal Working Group

- Continued to monitor developments related to transition away from LIBOR towards new benchmark interest rates.

Alternatives Working Group

- Conducted first-ever member survey on Alternative Investments. Plan to conduct this survey every three years.
- Delivered several webinars during 2020 and plan to continue in the future as needed.

INVESTMENT PRACTICES COMMITTEE

NAME	FUND
ALTERNATIVES WORKING GROUP	
Martin Belanger	University of Western Ontario
Kevin Fahey	CAAT Pension Plan
Dan Goguen, CHAIR	Vestcor
Sean Kulik	Nunavut Trust
Graeme Hay	Teachers' Retirement Allowances Fund
Josée Mondoux	Canadian Medical Protective Association
Carolyn Tsen	Hydro One
LEGAL WORKING GROUP	
Rodger Brennan	Canada Post
Stéphane Caïdi	Public Sector Pension Investment Board
Debbie Caruso	HOOPP
Mimi Duong	Public Sector Pension Investment Board
Esther Hong	OP Trust
Trevor Noronha	HOOPP
Greg O'Donohue	Ontario Teachers'
Brad Tate	OMERS
TAX WORKING GROUP	
Gail Anthony-Hokororo	Quadreal Investments
Antonietta Cicerone	CN Investment Division
Mimi Duong	Public Sector Pension Investment Board
Maya Loufti	Hydro Québec
Tracy Ng	Ontario Power Generation
Nima Nouri	Oxford Properties
Yolanda Palao	Electrical Safety Authority
Melania Paraschiv	Ivanhoé Cambridge
Angela Winder	Carleton University



INVESTOR STEWARDSHIP COMMITTEE

CHAIR Susan Golyak, BCI

MEMBERS

Cameron Brock, HYDRO ONE

Jennifer Coulson, BCI

Brendan Hart, OMERS

Maciek Kon, UBC INVESTMENT MANAGEMENT CORP.

Hyewon Kong, IMCO

Haeyeon Lee, BANK OF CANADA

Anne-Marie Monette, PUBLIC SECTOR PENSION INVESTMENT BOARD

Miekela Singh, ONTARIO TEACHERS'

Laura Song, OP TRUST

Andrew Spurr, OMERS

Sarah Takaki, HOOPP

Carolyn Tsen, HYDRO ONE

Carmen Velasquez, AIMCO

Walter Viguliok, ONTARIO TEACHERS'

Lu Yao, UNIVERSITY OF TORONTO ASSET MANAGEMENT

OBJECTIVES

- To develop, monitor, and promote robust standards and best practices for investor stewardship of pensions in Canada. Investor stewardship is commonly referred to as responsible investing, sustainable investing, or environmental, social, and governance (ESG) investing, with particular focus on corporate governance. It is the responsible management and prudent investment of capital for pension plan beneficiaries. It may include, but is not limited to the following activities: proxy voting, corporate engagement, corporate governance, the integration of ESG factors into the investment process, and advocacy with public policy makers and standard setters on matters deemed relevant by the ISC.
 - To research and monitor investor stewardship issues to determine any significant potential impact on members.
 - To monitor and respond to anticipated changes in the regulatory environment which may impact activities associated with investor stewardship.
 - To provide appropriate and timely information to members on relevant issues, and offer support when requested.
 - To develop, maintain and update official PIAC materials related to investor stewardship.
 - To regularly solicit and review feedback received through various means to identify issues relevant to members.
- Updated and published the 2020 version of PIAC's Corporate Governance Principles and Guidelines.
 - Held several webinars on ESG topics including engaging external managers featuring corporate governance guru, Robert Eccles, an education piece on the Sustainable Accounting Standard Board (SASB) and a joint webinar with the Canadian Bond Investors' Association on Climate Change Mitigation tools.
 - Providing information and resources to members via Communiqué and eblasts on ESG topics such as ESG due diligence, the Canadian Stewardship Principles and SASB.
 - We thanked Lisa Becker, Steve D'Cunha, Alejandro Garcia, Katharine Preston, Alison Schneider, Réjean Nguyen for their valuable contributions to the ISC, and welcomed new members Cameron Brock, Hyewon Kong, Haeyeon Lee, Andrew Spurr, Carolyn Tsen, Carmen Velasquez and Lu Yao.

UPCOMING

During the course of 2021 and beyond, the committee will be looking at ways to provide continued support to members and deliver information about the topics of greatest interest including ESG and Fiduciary Duty, Climate Change, and working with external managers on ESG. We will also undertake the triennial Responsible Investment Survey.

Key activities in 2020 included:

- Preparing submissions to regulators and other industry bodies, such as the OSC, SEC, and the Ontario Capital Markets Modernization Taskforce, addressing ESG issues including: climate risk, enhanced disclosure, gender diversity, executive compensation the proxy voting process, and shareholder rights.



MEMBER SERVICES COMMITTEE

CHAIR Asif Haque, CAAT PENSION PLAN

MEMBERS

Doug Chau, UNIVERSITY OF TORONTO
 Andy Greene, TORONTO TRANSIT COMMISSION
 Lisa Jankov, GENERAL ELECTRIC

Brenda King, HONOURARY PIAC MEMBER
 Sean Kulik, NUNAVUT TRUST
 Grace Wong, CANADA POST

OBJECTIVES

- To promote a high level of Member professional awareness and competence through appropriate programs and services.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.

The committee worked on the following projects during the year:

- Assisted the PIAC office as required in the postponement of in-person events due to the COVID-19 pandemic.
- Rolled out an improved version of the Asset & Return Survey for 2020, contacted members who had not completed it, reviewed results and prepared a report for the Communiqué. Special thanks to Sean Kulik and his colleagues on a Working Group for leading us through this process.
- Conducted the External Manager Survey, which was released to participants in January 2021.

UPCOMING

- The MSC is assisting the PIAC office in preparing the first virtual PIAC Conference, scheduled for June 1 and 2, 2021.
- The MSC will continue working with the Executive Director and staff to move forward on deliverables from the Strategic Plan, including development of programming based on the needs of different member segments.
- Work with the PIAC office to develop an updated member orientation program that reflects the new website.

APPRECIATION

- The MSC extends its thanks to Duncan Burrill, who stepped down from the Committee in 2021 after many years of service.

NAME	FUND
ASSET & RETURNS SURVEY WORKING GROUP	
Doug Chau	University of Toronto Asset Management
Fern Elliott	Nunavut Trust
Asif Haque	CAAT Pension Plan
Brenda King	Honourary PIAC Member
Sean Kulik, CHAIR	Nunavut Trust
Andrew Urquhart	NAV Canada
Grace Wong	Canada Post



RISK MANAGEMENT COMMITTEE

CHAIR Rob Field, BCI

MEMBERS

Edmond Assal, CDPQ

Dominic Blais, CANADIAN MEDICAL PROTECTIVE ASSOCIATION

Serge Germain, UNIVERSITÉ DE SHERBROOKE

Pierre Gilbert, BIMCOR

Maciek Kon, UBC INVESTMENT MANAGEMENT CORP.

Pauline Lai, CPPIB

John McNair, IMCO

Katharine Preston, OMERS

Jian Su, PRATT & WHITNEY CANADA

Amy Wong, BRUCE POWER

Ying Wu, VESTCOR

OBJECTIVES

- To promote sound risk management standards and practices.
- To compile and present in-depth research on existing and emerging risk management products and strategies for PIAC members.
- To compile and present in-depth research related to risk management practices. This is delivered through various methods including papers, seminars, Communiqué articles, conferences, databases and tools.
- To regularly solicit and review feedback received through various means to identify issues relevant to members.
- To monitor relevant regulatory matters affecting members.

The RMC continues its collective efforts to advance risk management knowledge and resources for the PIAC membership. **The RMC's key activities in 2020 included:**

- Conducted a comprehensive Risk Management Survey to gain insights on the investment risks members are concerned about and how they have evolved their risk management practices. A high-level summary of Risk Management Survey was shared with members.
- Published a Communiqué article promoting awareness of the CFA Institute's Asset Manager Code and the importance of ethical and professional standards.

- With the extreme market volatility experienced in the early days of COVID-19, an impromptu member survey was conducted to gain insights on key investment risks members were encountering and how they were navigating through this significant risk event.
- Delivered a well-attended member webinar on the Asset Liability Study Primer.
- Published a Communiqué article titled Is Your Plan Ready for a Second Wave Plus a Contested Election? in anticipation of some probable risks that investors would encounter during the Fall.

ACTIVE PROJECTS

- Incorporating Financial Leverage within the PIAC Asset Liability Primer
- Private Asset Risk Management
- Risk Governance Best Practices & COVID Lessons Learned
- Updating PIAC's Risk Budgeting Tool
- Assessing Climate Risk
- Monitoring the Global Risk Institute's National Pension Hub

SUBMISSIONS

SUBMISSION TO THE US SEC ON PROXY VOTING

On January 23, 2020 PIAC provided feedback to the US Securities and Exchange Commission on proposed Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice. PIAC members often hold hundreds or even thousands of different equities so the services of proxy advisors are vital. PIAC agreed that their recommendations should be accurate, transparent, and complete, but no systemic problems have been identified that would suggest new regulation is needed. Increased regulation and complexity in the process required for proxy advisors to make their recommendations will lead to increased costs, which in turn will be borne by clients of proxy voting advice businesses and ultimately by the individual pension plan members. PIAC does not believe the proposed rules would result in a sufficiently significant improvement to investor protection to justify these costs. Rather, the rules may have the effect of diminishing the confidence in the services PIAC members receive from proxy advisors and could hinder their ability to efficiently and prudently exercise their votes. **PIAC commented on these specific areas:**

- While proxy advisors should disclose material information relating to their methodology, sources of information, and conflicts of interest, PIAC is satisfied with the disclosures currently provided. Any noncompliance with SEC rules should be a matter for SEC enforcement rather than a shareholder vote.
- PIAC opposed providing issuers with opportunities for additional involvement in the recommendations of proxy advisors. If they are given this opportunity, proxy advisors should indicate any changes that were the result of issuer input to assess independence. Providing two opportunities for issuers to review and respond to recommendations of proxy advisors would lengthen the amount of time needed to finalize recommendations and decide how to exercise votes.

SUBMISSION TO THE US SEC ON SHAREHOLDER RIGHTS

On January 23, 2020 PIAC provided input to the US Securities and Exchange Commission on proposed changes to the Exchange Act Rule 14a-8 regarding procedural requirements and resubmission thresholds. PIAC requested the rules be withdrawn because they diminish rather than enhance shareholder rights. **PIAC addressed four specific areas:**

- Eligibility Thresholds that would increase the ownership threshold required to submit shareholder proposals and introduce a tiered eligibility structure. PIAC noted that proposals put forward by small shareholders may be just as valid as those of larger shareholders. A tiered approach based on the length of holding periods may not accurately capture an investor's economic stake, since how long a shareholder has held a position in the past is not necessarily indicative of how long they will continue to hold it in the future.
- Eligibility Thresholds for Resubmission of Substantially Similar Shareholder Proposals. The financial performance of the issuer, market conditions, and broader economic environments change and a proposal that may have received little support in one year may be very relevant in the next year. The burden on issuers of having to respond to resubmitted proposals is not great enough to justify excluding them.
- Information and Documentation Requirements. PIAC agreed that shareholders making proposals should specify details, contact information and availability for discussion. However, there should be reciprocal obligations for companies to make themselves available. Also, shareholders should be permitted to send a properly authorized representative's availability if they cannot be present in person.
- Limitation of One Proposal Submission per Shareholder Meeting. PIAC noted this would limit shareholder representatives to one proposal per meeting when they may validly act on behalf of multiple shareholders, and justifiably submit multiple proposals.

SUBMISSIONS

SUBMISSION ON THE 2020 FEDERAL BUDGET REGARDING VPLAS AND ALDAS

On February 6, 2020 PIAC made a submission to the Minister of Finance supporting the introduction of Variable Payment Life Annuities (VPLAs) and Advanced Life Deferred Annuities (ALDAs) in the upcoming 2020 federal budget. PIAC noted that changes to the Income Tax Act may take several years to implement and were interrupted by the federal election last October, but there is no reason for further delay. PIAC also encouraged the federal government to proceed as soon as possible on the publication of regulations to clarify that federally-regulated plan sponsors will have discharged their pension obligations under the Pension Benefit Standards Act with the purchase of a prescribed annuity.

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SUBMISSION TO MANITOBA FINANCE MINISTER ON BILL 8 THE PENSION BENEFITS AMENDMENT ACT

On February 17, 2020, PIAC commented on Bill 8, The Pension Benefits Amendment Act introduced on November 27, 2019. PIAC strongly supported the introduction of solvency reserve accounts and the stated intention to reduce the solvency threshold for additional funding to 85% while strengthening going concern funding requirements in line with many other provinces. PIAC also supported the enhancements to member flexibility for locked in accounts, in pension commencement after Normal Retirement Age, and in marriage breakdown. PIAC was concerned that two key issues were not referenced: Target Benefit Plans and full legal discharge of liabilities in the case of annuity purchases.

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PIAC CALLS FOR ASSISTANCE FOR FEDERALLY REGULATED PLANS DURING THE COVID-19 CRISIS

On April 8, 2020 PIAC responded to a request from the Department of Finance for suggestions outlining measures to assist federally regulated pension plans amid the COVID-19 crisis.

SHORT-TERM MEASURES

Companies should be allowed to opt out of making any special payments for a period of 6-12 months, or until greater visibility on economic recovery is apparent. No conditions or approvals should be applied, other than a requirement to inform OSFI. PIAC further recommended that plans be granted direct access to the new Bank of Canada Contingent Term Repo Facility to manage issues related to liquidity stress in the markets.

MID-TERM MEASURES

PIAC asked that the federal government be creative and flexible in permitting companies to manage increases in pension deficits arising during the year. Also, PIAC requested that the government not apply onerous approval or qualification requirements for companies wishing to gain access to relief measures. **Some options to consider are:**

- Indefinite postponement of the changes proposed by OSFI in their consultations on actuarial standards, in particular as they apply to application of the Replicating Portfolio discount rate methodology
- Provide all federal plans with the option to use the Replicating Portfolio approach for 2020 and 2021
- Extension of solvency amortization period to 10 years (or longer)
- Increase the limit on the use of letters of credit
- Base 2021 funding requirements off the December 2019 valuation

ADMINISTRATIVE RELIEF

PIAC asked for flexibility on filing timelines for returns, employee statements and actuarial valuations as well as the use of electronic communications and declarations.

FUNDAMENTAL SOLVENCY REFORM

PIAC advocated again that the federal government reconsider a fundamental reform of the solvency funding regime to align pension regulations nationally and follow the direction of most provinces. PIAC reiterated key elements for this argument.

PIAC further suggested it would be timely for the federal government to eliminate the borrowing prohibitions for DB plans in the Income Tax Act, which adds costs and complexity.

SUBMISSIONS

SUBMISSION TO PROVINCIAL FINANCE MINISTERS ON IMPACT OF COVID-19 PANDEMIC

On May 5, 2020 PIAC encouraged provinces to follow the lead of the federal government and allow companies to opt out of making any special payments for a period of 6-12 months or until greater visibility on economic recovery is apparent. PIAC recommended that no conditionality be applied, other than a requirement to inform regulators of a company's funding plans. Some jurisdictions have implemented a temporary freeze on commuted value transfers and / or annuity buyouts without regulatory approval. However, plans that are able to continue to pay should be accommodated. Over the medium term, PIAC recommended that provinces be flexible on pension funding, regulatory requirements and provide administrative relief such as extended deadlines for regulatory filings.

SUBMISSION TO THE COMPETITION BUREAU ON THE IMPACT OF THE MERGER OF AON AND WTW ON ACTUARIAL CONSULTING SERVICES

On May 8, 2020 PIAC sent a letter to the Competition Bureau raising concerns regarding the impending merger of Aon and Willis Towers Watson (WTW). PIAC encouraged the Competition Bureau to carefully consider the impact on pension plans and fund clients and the degree of competition across Canada. PIAC stated that the merger may leave the competitive field for actuarial services in Canada too narrow, resulting in a reduction in service quality and/or higher costs.

SUBMISSION TO CAPSA ON THE ADOPTION OF ITS 2020 AGREEMENT RESPECTING MULTI-JURISDICTIONAL PENSION PLANS

On June 10, PIAC made a submission congratulating CAPSA on adopting its 2020 Agreement Respecting Multi-Jurisdictional Pension Plans, which PIAC has been advocating for many years. The agreement provides clarity around funding requirements and ensures greater ease in administering multijurisdictional plans. PIAC looks forward to eventual completion of full national ratification.

PIAC RESPONDS TO NS PBA REGULATIONS

On July 6, 2020 PIAC responded to the new Nova Scotia Pension Benefits Act Regulation. PIAC commends the Nova Scotia government for moving forward on the majority of the changes originally set out in The Road Forward released last summer including the introduction of an 85% solvency standard with enhanced going concern funding, as well as the incorporation of the federal PBSA investment rules by reference. However, solvency reserve account regulations appear to only permit access to the reserve account funds on plan wind-up. PIAC believes that flexible reserve account structures, which allow for access if certain funding thresholds are met, will best encourage sponsors to make use of such accounts. While supporting the general approach to the PfAD determination, PIAC believes that there is some optimization that should be considered over time. PIAC believes that CAPSA would be well placed to review with industry participation the various approaches that have been taken and recommend a standardized template in terms of the classification of assets and the provision applied at different allocation levels.

SUBMISSIONS

PIAC'S RESPONSE TO THE CONSULTATION ON MODERNIZING ONTARIO'S CAPITAL MARKETS

On September 7, 2020 PIAC commented on the draft recommendations of Ontario's Capital Markets Modernization Taskforce. **PIAC supported:**

- Streamlining and consolidating disclosure
- Electronic delivery of documents required to be published under securities law requirements
- Improving corporate board diversity
- Requiring an annual advisory vote on executive compensation and Say on Pay
- Enhanced disclosure of material ESG information

PIAC opposed introducing a regulatory framework for proxy advisory firms and informal procedures to exclude shareholder proposals.

The submission outlined in detail the reasons for PIAC's positions.

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RESPONSE TO FSRA'S CONSULTATION ON MISSING MEMBERS

On September 16, 2020 PIAC commented on FSRA's draft Principles and Practices Regarding Missing Members. PIAC supported the transfer of unlocatable members' assets on plan wind up and automatic small benefit unlocking where FSRA has appointed an administrator. The increase of the small benefit threshold and a discharge for benefits of missing members at a certain age was recommended. PIAC advocated for a vehicle that allows plans to send money on behalf of unlocatable members so that the responsibility for these benefits rests with a government entity such as the Bank of Canada. PIAC encouraged the creation of a missing member registry and information sharing arrangements with governments. A waiver on sending statements for missing retired members would alleviate an administrative burden, but PIAC questioned the need for a waiver, since sending confidential pension information to an incorrect address may contravene the administrator's duty of care.

RESPONSE TO OSFI ON ITS GUIDE FOR THE PREPARATION OF ACTUARIAL REPORTS FOR DB PLANS

On October 13, 2020, PIAC commented on OSFI's proposed Instruction Guide for the Preparation of Actuarial Reports for Defined Benefit Pension Plans. PIAC outlined in detail its concerns regarding changes in the determination of liability values using the replicating portfolio approach, and a supervisory cap on the going concern discount rate. Both issues particularly impact PIAC's federally regulated plans. PIAC questioned the timing of both proposals, which put further pressure on resources at a time when the cash could be reinvested in businesses and the economic recovery. PIAC re-iterated the urgent need to reform pension funding rules at the federal level, which PIAC has sought for many years, given the record low interest rates and weak growth outlook due to COVID-19. PIAC urged the federal government to follow the direction of the larger provinces by moving to a single going-concern funding regime.

SUBMISSIONS

PSAB REVIEW OF SECTION PS 3250 RETIREMENT BENEFITS

On November 4, 2020, PIAC provided comments to the Public Sector Accounting Board on its review of Section PS 3250, Retirement Benefits and proposed changes to discount rate guidance and deferral provisions. **PIAC highlighted three concerns:**

- PSAB has indicated it will align its standards with the International Public Sector Accounting Standards, however Canada's public sector pension model is unique and recognized as a global leader. PIAC urged PSAB to deviate from these standards when considering how public sector entities should account for pension obligations.
- Increased volatility in public sector financial statements may result from a new requirement to measure pension obligations using discount rates related to the yield on high quality corporate bonds. This will result in higher valuation of pension obligations than the ultimate cost under the funding model. PIAC further recommended that PSAB standards encourage transparency and accountability by government decision-makers.
- The proposed standards are administratively complex and could result in additional costs to public pension plan administrators, sponsors, and members as well as governments.

ASB PART 3000 ON BENEFITS SECURITY, STRESS TESTING AND PENSION PLANS

On November 27, 2020, PIAC responded to a consultation by the Canadian Institute of Actuaries' (CIA) Actuarial Standards Board (ASB) on its Quinquennial Review of Part 3000. **PIAC focused on three areas:**

BENEFITS SECURITY

PIAC stated that the meaning of benefits security, and any mandated disclosures and related calculations are a public policy issue for law makers and regulators and not the responsibility of the ASB. "Going concern plus" funding is an appropriate and adequate measure to ensure the long-term funding of DB plans.

MEANINGFUL STRESS TESTING

Stress testing standards should be principles-based and involve a risk review by the actuary and plan sponsor(s) / administrator. PIAC offered to assist the CIA in developing educational materials to help actuaries understand leverage, its inherent risks, and its impact on the expected return on assets and in turn on the discount rate; as well as the valuation methods for many of the privately traded alternative asset classes and their impact on smoothing of the value of these assets.

PENSION PLANS

In hypothetical wind-up valuations, PIAC raised the concern that disclosure of a worst-case scenario on wind-up (such as a bankruptcy) will likely lead to disclosure and communication challenges for plan sponsors with their employees and plan members. Moreover, there is the potential for unintended consequences whereby the disclosure of the scenario motivates regulators to use it as a minimum actuarial standard to calculate transfer value ratios, which would ultimately lead to higher costs for plan sponsors.

SUBMISSIONS

SUBMISSION TO FSRA ON ASSET TRANSFERS

On December 2, 2020, PIAC responded to FSRA's consultation on its draft Supervisory Approach to Asset Transfers under the Pension Benefits Act. PIAC supported the proposal and offered suggestions to further improve the draft guidance in three key areas:

- PIAC agrees with a consistent approach to Notices of Intended Decisions across all types of asset transfers but has a number of concerns over the 10-day notice period.
- Policy already requires the consent of each pension regulator so it is unclear why FSRA would need a more detailed review where an asset transfer application includes multiple pension plans or members in other pension jurisdictions. PIAC called for improvements to the 2020 Agreement Respecting Multi-Jurisdictional Pension Plans to reduce interprovincial barriers and red tape.
- FSRA's public postings on approved variances should be broad in scope to avoid disclosure of sensitive information about individual transfers.

SUBMISSION TO THE ONTARIO SECURITIES COMMISSION ON ITS 2021-2022 STATEMENT OF PRIORITIES

On December 11, 2020 PIAC submitted a response to the OSC's proposed 2021-2022 Statement of Priorities. While generally supportive of the proposals to promote fair and efficient capital markets, PIAC noted more emphasis is needed to foster greater progress in key areas such as corporate governance, reporting and disclosures of ESG risks, say-on-pay, and diversity.

ESG

Considering a recent announcement from the CEOs of Canada's eight largest pension plans and new federal commitments, PIAC believes the OSC should develop concise regulations for ESG and climate change disclosure, which could reduce the burden to issuers given the many disparate disclosure frameworks that exist.

DIVERSITY ON BOARDS AND THE EXECUTIVE

PIAC advocated including in its priorities BIPOC individuals and for clear direction on the OSC's expectations for transparency regarding issuers' practices to achieve gender equality.

SAY ON PAY

PIAC has consistently requested that the OSC include mandatory Say on Pay in its priorities in support of its goals to be an effective and responsive securities regulator, to align with international best practice standards and anticipated CBCA amendments, and to elevate investor confidence. Canada remains the only G7 country without a comprehensive requirement for Say on Pay on the ballot.

REGIONAL COUNCILS



CHAIR
Dan Goguen
VESTCOR
Atlantic Regional Council
The Atlantic Regional Council met on June 15 and December 11, 2020



CHAIR
Sal Pelletieri
HEALTHCARE EMPLOYEES PENSION PLAN MANITOBA
Manitoba Regional Council
The Manitoba Regional Council met on June 25 and December 7, 2020



CHAIR
Janet Jule
SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN
Saskatchewan Regional Council
The Saskatchewan Regional Council met on June 15 and December 8, 2020



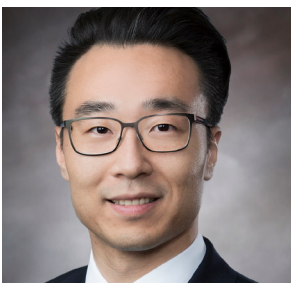
CHAIR
Andrew Urquhart
NAV CANADA
Ottawa Regional Council
The Ottawa Regional Council met on June 23 and December 15, 2020



CHAIR
Sahar Sharafzade
TECK RESOURCES LIMITED
BC Regional Council
The BC Regional Council met on June 22 and December 14, 2020



CHAIR
Serge Germain
UNIVERSITÉ DE SHERBROOKE
Quebec Regional Council
The Quebec Regional Council met on June 22 and December 14, 2020



CHAIR
Jeff Kim
ENBRIDGE INC.
Calgary Regional Council
The Calgary Regional Council met on June 11, 2020



CHAIR
Gemma Gillis
IMCO
Toronto Regional Council
The Toronto Regional Council met on June 12 and December 4, 2020



CHAIR
Derek Brodersen
ALBERTA TEACHERS' RETIREMENT FUND
Edmonton Regional Council
The Edmonton Regional Council met on June 5 and December 18, 2020

PROFESSIONAL DEVELOPMENT



PIAC did not hold in-person events in 2020 due to COVID-19. Instead, we hosted 26 peer-created and curated webinars and discussion forums, which were attended by 772 members. Recordings and slides are available on the [Events Archives](#) page of the website.

PIAC webinars are as unique as they are independent and unbiased because they are designed by your pension peers who serve on a variety of PIAC committees and working groups. Speakers are hand-picked and drawn from pension plans across the country as well as external providers, consultants and academics who are chosen for their expertise in a certain field. PIAC virtual events are designed to provide a sales-free environment for exchanging views, asking questions and sharing ideas.

TRENDS IN RISK MANAGEMENT

December 16, 2020

Speakers: Kelly Hastings, Chief Risk Officer, CIBC Mellon and Derek van Vliet, Director, Manager, Advanced Risk Solutions, Global Risk Solutions, BNY Mellon

Moderator: Cobus van de Venter, Chair, 2020 Fall Conference Planning Committee

Organizing Committee: 2020 Fall Conference Planning Committee

The webinar looked at risk from both the Enterprise Risk Management (ERM) and Investment Risk perspectives. It focused on topics that have been at the forefront over the past six months as businesses and controls have adapted to deal with the pandemic and a predominantly remote environment. These include recent themes in ERM and Investment Risk Management, how the pandemic has impacted how we think about risk management and thoughts on how the ongoing crisis will continue to change risk management and the future of work.

PROFESSIONAL DEVELOPMENT

UNDERSTANDING CHINA'S PLACE IN THE WORLD AS AN INNOVATOR

December 10, 2020

Speaker: Ching Chang, CFA, Vice President, Investment Analyst, Burgundy

Moderator: Jeremy Clarkson, TC Energy

Organizing Committee: 2020 Fall Conference Planning Committee

For the past 20 years China has been the dominant theme in Emerging Markets and now represents a staggering 40% of the MSCI EM Index. This session discussed findings from a recent six-month China research trip. The presenter shared how he developed a deeper understanding of China's transition from an industrial manufacturing and exporting nation to the leading digitalized economy of today. He also discussed how experiencing life in China, as consumers, has provided invaluable insight that has applicability across other regions.

STANDING AT THE CROSSROADS: A REVIEW OF THE TCJA THREE YEARS ON AND PROSPECTS FOR THE US TAX SYSTEM UNDER THE BIDEN ADMINISTRATION

December 2, 2020

Speakers: Michael Plowgian, Principal, Washington National Tax Office for International Tax, KPMG LLP (US), Brett Fieldston, Principal, International Tax Group, KPMG LLP (US) and Landon McGrew, Principal, US M&A Tax Practice, KPMG LLP

Moderator: Daniel Di Quinzio, Hydro Québec

Organizing Committee: Tax Working Group

This webinar reviewed the implementation of the US Tax Cuts and Jobs Act of 2017 over the past three years, including the status of Treasury regulations proposed and finalized under the Trump Administration.

The webinar also provided the latest insights into prospects for the US tax system under the Biden Administration, including the potential for statutory and/or regulatory tax law changes.

THE ROLE OF REAL ASSETS IN PENSION PORTFOLIOS

December 1, 2020

Speaker: Shay Chen, Associate, Alternatives Solutions Group, J.P. Morgan Asset Management - Global Alternatives

Moderator: Craig Rutkunas, TC Energy

Organizing Committee: 2020 Fall Conference Planning Committee

Real assets do not fit neatly into the definition of traditional safe-haven assets. However, a wide definition of what constitutes a safe haven asset, and an understanding of how well other safe-haven assets might map to portfolio objectives, are essential to optimal portfolio design. Real assets can help provide investors with a key survival skill: keeping cash flows stable to meet required outflows – something many sovereign bonds can no longer do. This presentation reviewed key principles of real assets portfolio construction focusing on the income potential of core real assets such as real estate and infrastructure. In addition, two case studies were presented that consider the impact of adding core real assets on pension portfolio metrics. The second case study specifically reviewed an analysis of a Canadian pension looking to reduce surplus volatility and potentially increase portfolio expected return. The session concluded with a discussion on the impact of COVID-19 on core real assets to assess how well they have held up in the recent period of market volatility.

PROFESSIONAL DEVELOPMENT

ALTERNATIVES STUDY MEMBERS' FORUM

November 27, 2020

Moderator: Dan Goguen, Vestcor, Chair, Alternatives Working Group

Organizing Committee: Alternatives Working Group

PIAC held a Member Forum for an in-depth discussion of the results of the Alternatives Survey. Only those 30 member funds who participated were invited to attend. The forum began with a general review, followed by an open discussion on the strategies and allocation to the various asset classes.

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THE EVOLUTION OF ALTERNATIVE FUND FEES

November 25, 2020

Speaker: Steven Taylor, Partner, Operational Due Diligence, Albourne America

Moderator: Cobus van de Venter, Chair, 2020 Fall Conference Planning Committee

Organizing Committee: 2020 Fall Conference Planning Committee

Albourne Partners presented their industry-changing research, leading to the development of fee structures that aim to ensure that investors retain an equitable share profits, especially in era of low expected returns. The economics of hedge fund and private equity fees were presented as the next evolution beyond 2 and 20.

2020 GIPS STANDARDS FOR ASSET OWNERS

November 16, 2020

Speakers: Ken Robinson, Director, Global Industry Standards, CFA Institute and Beth Kaiser Schwartz, Director, Global Industry Standards, CFA Institute

Moderator: Sean Kulik, Nunavut Trust

Organizing Committee: Asset & Returns Survey Working Group

A new version of the Global Investment Performance Standards (GIPS®) was released by CFA Institute on June 30, 2019. The GIPS standards have been adopted by more than 1,700 organizations in over 48 markets around the world and have been updated to enhance their application to all asset classes, including alternative investment strategies, to better address pooled funds and to consolidate guidance issued since the 2010 version was released. There is now a separate chapter specifically devoted to asset owners. Asset owners can claim compliance with the GIPS standards as well as demand compliance by their external managers.

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NAVIGATING A CHALLENGING FIXED INCOME ENVIRONMENT

NOVEMBER 12, 2020

Speakers: Daniel S. Janis III, Senior Managing Director and Senior Portfolio Manager, Manulife Investment Management and David W. Zielinski, Managing Director, Fixed Income Portfolio, Specialist, Manulife Asset Management

Moderator: Cobus van de Venter, Chair 2020 Fall Conference Planning Committee

Organizing Committee: 2020 Fall Conference Planning Committee

In today's fixed income environment where 0-2% (or negative) yields have become the norm, investors across the globe are facing similar challenges on how to meet their broader return objectives.

PROFESSIONAL DEVELOPMENT

Historically, investors have been able to rely on high quality, fixed income strategies that consistently delivered competitive returns, low volatility and operated as an effective off-set to equity risk. Given the current relationship between low yields and longer durations of broad market fixed income indices, it is unlikely those strategies will deliver the same risk/return profile going forward. Largely caused by sluggish economic growth and accommodative monetary policies that have kept global interest rates near (or below) zero, investors are implementing non-traditional approaches to their fixed income allocation.

CLIMATE-RELATED MITIGATION: PRACTICAL TOOLS

November 10, 2020

Speakers: Eli Angen, Principal, Total Fund Management, Ontario Teachers' Pensions Plan and Katherine Preston, Vice President, Sustainable Investing, OMERS

Moderator: Angela Lam, OMERS Capital Markets

Organizing Committee: Investor Stewardship

PIAC held a joint webinar with the Canadian Bond Investors' Association on incorporating climate change risk into investment analysis. The webinar looked at the Investor Leadership Network's (ILN) Climate Change Initiative's newest report, Climate Change Mitigation and Your portfolio: Practical Tools for Investors. The ILN report is meant to provide investors with a practical tool to understand both decarbonization pathways and issuer scenario analysis. It contains detailed guidance on strengthening climate-related disclosures, focused on decarbonization scenarios in line with the Paris Agreement.

EUROPEAN TAX UPDATE

November 10, 2020

Speakers: Sinead Lester, Partner, Deloitte LLP, Rob Mazur, Director, Tax - Real Estate, Deloitte LLP and Leonie Webster, Partner, Tax, Deloitte LLP

Moderator: Nima Nori, Oxford Properties Group

Organizing Committee: Tax Working Group

This webinar provided an in-depth overview of recent European tax changes impacting direct and fund investments into European real estate/infrastructure.

END STATE OPTIONS FOR DB PLANS

November 5, 2020

Speakers: Marco Dickner, Retirement Risk Management Leader, Canada, Willis Towers Watson, Bruno Legris, Director, Retirement, Willis Towers Watson

Moderator: Cobus van de Venter, Chair, 2020 Fall Conference Planning Committee

Organizing Committee: 2020 Fall Conference Planning Committee

The webinar provided the key risks in DB pension plans, how plan sponsors are thinking about the end state for their pension plans and how to manage risk in the interim by either retaining or transferring risks.

PROFESSIONAL DEVELOPMENT

TARGET DATE FUNDS

October 29, 2020

Speakers: Zaheed Jiwani, CFA, Principal, Eckler

Moderator: Craig Rutkunas, TC Energy

Organizing Committee: 2020 Fall Conference Planning Committee

Since their introduction into the Canadian DC marketplace more than 15 years ago, Target Date Funds (TDFs) have grown to become the most widely-held investment vehicle for capital accumulation plan sponsors. While TDFs were designed to offer a “simplified” investment choice for DC plan members, they provide a similar level of diversification as most sophisticated multi-asset class investment solutions more commonly associated with defined benefit plans. As TDFs continue to grow in popularity, variety and sophistication, plan sponsors who were early adopters of TDFs will want to consider whether their current TDF offering continues to meet the needs of their plan members and their organizational objectives. This presentation dispelled some of the common myths associated with TDFs, detail the growing sophistication incorporated into some TDFs – including the use of direct alternatives as well as DC-versions of liability-driving investing.

TRENDS IN DC PLAN MANAGEMENT

October 22, 2020

Speakers: Sunita Chowdhury, Lawyer, Mercer and Cheryl Shea, Principal, Mercer

Moderator: Ian Rozon, NOVA Chemicals

Organizing Committee: 2020 Fall Conference Planning Committee

DC plan sponsors in Canada have access to increasingly sophisticated information and resources. This session-covered current trends in DC Plan management and investments including decumulation, developments in delegated solutions, investment in alternatives, the growing influence of ESG factors, and the role of innovation in plan design and plan management.

THE EXPANDING ABSOLUTE RETURN STRATEGY UNIVERSE

October 14, 2020

Speakers: Christopher Bogart, Chief Executive Officer, Burford, Dr. Toby Goodworth, Managing Director, Head of Risk & Diversifying Strategies, Bfinance and John Norman, Portfolio Manager, Spartan Fund Management, Perisen Funds

Moderator: Martin Belanger, University of Western Ontario

Organizing Committee: Alternatives Working Group

Absolute return strategies are defined as investment strategies seeking to earn positive returns over time, regardless of whether markets are going up, down, or sideways, and to do so with less volatility than stocks. This is a tall order. In addition, the universe of absolute return strategies keeps expanding. Besides more traditional strategies like long/short equities, global macro funds or absolute return fixed income, absolute return strategies include life settlement funds, litigation funds, insurance-linked strategies and idiosyncratic multi-asset strategies. The panel provided an overview of the different strategies and assess whether they met expectations during the recent market downturn.

POST-PANDEMIC ENERGY REALITIES

October 6, 2020

Speaker: Peter Tertzakian, Chief Energy Economist & Managing Director, ARC Financial Corp.

Moderator: Jeff Kim, Enbridge Inc.

Organizing Committee: 2020 Fall Conference Planning Committee

Disruptive societal events like wars, large-scale disasters and pandemics can abruptly alter the pathways of change. Historically, the way we source and put energy to work has been no exception to such events. Post-pandemic, are the forces of change (and resistance) accelerating or hindering new energy pathways, taking us off the entrenched fossil fuel routes? Peter Tertzakian explored the issues, with strategic implications to investing in energy at large.

PROFESSIONAL DEVELOPMENT

RENT DEFERRALS AND INDIRECT TAX

September 17, 2020

Speakers: Mark Golinski, Senior Manager, Indirect Tax Practice, KPMG, Christian Thibault, Partner, Indirect Tax Practice, KPMG, Simon Proulx, Partner, Law, Indirect Tax Practice, KPMG

Moderator: Gail Anthony-Hokororo, QuadReal Property Group (BCI)

Organizing Committee: Tax Working Group

With so many commercial tenants struggling in the COVID-19 era, PIAC members with real estate investments are receiving numerous requests for rent deferrals. Beyond contending with the financial impact to revenues, there are also significant indirect tax implications that must be managed. This session discussed:

- GST/HST/QST remittance timing rules & treatment of rent deferrals
- Written rent deferral agreements & CECRA program
- Alternate approaches & advocacy

PASSIVE MANAGEMENT: THE PERFECT OXYMORON

September 16, 2020

Speaker: Yves Choueifaty, President, CIO, Exec. Committee, TOBAM

Moderator: Jeff Kim, Enbridge Inc.

Organizing Committee: 2020 Fall Conference Planning Committee

Investors often tend to assume that investing passively results in a portfolio that is both efficient and neutral from a risk allocation perspective. This is one of the largest misunderstandings about passive investing. The most common way for investors to obtain 'beta' exposure is through a market-cap-weighted strategy. Academic and practitioner research shows that some strategies aiming to gain a different 'beta' exposure regularly outperform the market-cap-weighted strategies, exposing its inefficiencies.

These inefficiencies arise from insufficient diversification in the implicit strategy of passive portfolios that track market-cap-weighted indices. The presentation discussed the inefficiencies of market-cap-weighted benchmarks and introduced a diversification measurement allowing for an efficient, unique and cost-effective alternative.

- Why is passive not the solution?
- Why invest in equities?
- Measuring diversification
- The neutral risk allocator
- Empirical findings

COVID 19 INCOME TAX MEASURES: NEW DEVELOPMENTS FOR REGISTERED PENSION PLANS AND THEIR INVESTMENT VEHICLES

August 11, 2020

Speakers: Jeremy Forgie, Partner, Blakes and Kathleen Penny, Partner, Blakes

Moderator: Melania Paraschiv, Ivanhoé Cambridge

Organizing Committee: Tax Working Group

The webinar focused on recent income tax proposals aimed at registered pension plans and tax developments affecting their investment activities, including participation in the new Canada Emergency Commercial Rent Assistance Program, liberalization of pension fund borrowing limitations and maintenance of international structures.

PROFESSIONAL DEVELOPMENT

HOW TO USE THE DYNAMIC DASHBOARD TO ANALYZE THE ASSET & RETURNS SURVEY - PIAC WEBINAR

August 6, 2020

Speaker: Sean Kulik, Managing Director, Investments, Nunavut Trust

Organizing Committee: Asset & Returns Survey Working Group

This PIAC webinar guided members through improvements to the annual Asset & Returns Survey and demonstrated how to take advantage of the capabilities of the new dynamic dashboard. This tool allows users to better analyze their portfolio exposures and compare with their peer groups. Members select criteria to screen the database and output the data into bar and whisker charts. Note that this recording cannot be shared with non-members, according to PIAC's statement of confidentiality.

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PORTFOLIO CONSTRUCTION FOR ALTERNATIVE ASSET CLASSES

July 9, 2020

Speakers: Christopher Godfrey, President, CEPRES Corp. and Vincent Marcoux, Senior Vice-President, North America, CEPRES Corp.

Organizing Committee: 2020 Fall Conference Planning Committee

CEPRES presented deep insights on modern portfolio construction for investors in illiquid alternative asset classes. With ever-increasing allocations to private capital markets, it is critical for pension investors to ensure they are appropriately managing their portfolios with a view to the broader macro-economic environment. CEPRES reviews portfolio construction with a view to Risk and return drivers; generating portfolio alpha and beta; asset pricing risk; leverage; value creation and revenue vs. EBITDA growth; risk factor correlations; illiquidity risk; currency impact; portfolio diversification; cash pacing and more.

INVESTMENT RETIREMENT INNOVATION PRODUCT

June 24, 2020

Speaker: Nick Nefouse, Managing Director, Co-Head of BlackRock's LifePath target date fund franchise, Head of Investment Strategy for BlackRock's Retirement Group

Moderator: Roman Kosarenko, George Weston Ltd.

Organizing Committee: DC

BlackRock's next-generation target-date solution combines a lifetime retirement income stream (funded with deferred annuities) with a liquid retirement growth portfolio. As a daily priced single fund solution, it may be suitable as a default option for capital accumulation plans to address the investment issues related to individual longevity. The session delved into some of the hurdles overcome during the innovation process, including insurer bidding, record keeper buy-in, member decision-points, tax issues, etc. While the product is already available in the US, BlackRock addressed structural differences of the Canadian market and what it would take to Canadianize this innovation. BlackRock's partnership with Microsoft to develop a cutting-edge digital interface to empower, educate, and engage participants was also highlighted in this session.

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STAYING ON TOP OF PRIVATE MARKET FUND FEES

June 17, 2020

Speaker: Katita Palamar, Co-Founder, LP Analyst

Moderator: Kevin Fahey, CAAT Pension Plan

Organizing Committee: Alternatives Working Group

As more plan sponsors implement private market fund investing programs, verifying the accuracy of general partners' (GPs) investment management fee and carried interest waterfall calculations presents a particular challenge for resource-constrained limited partner investors (LPs).

PROFESSIONAL DEVELOPMENT

This session equipped PIAC members to better evaluate information received from GPs to determine whether fees charged are calculated correctly. The session was led by subject matter expert Katita Palamar, co-founder of LP Analyst, a private asset data analytics and consulting firm providing monitoring, diligence and active management solutions to a wide range of institutional investor clients.

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SUSTAINABLE ACCOUNTING STANDARDS BOARD (SASB) ENGAGEMENT TOOLKIT

May 20, 2020

Speakers: Nicolai Lundy, Director of Partnerships and Market Outreach, SASB, Susan Golyak, Manager, ESG Integration, BCI and Walter Vigouliouk, Principal, Strategy & Risk, Ontario Teachers' Pension Plan

Moderator: Anne-Marie Monette, PSP Investments

Organizing Committee: Investor Stewardship

SASB has developed an Engagement Guide for asset owners and managers that plan to have conversations with portfolio companies to explain how sustainability information can improve investor understanding and the investment decision-making process. The guide provides investors with industry-specific questions that can help open the door to meaningful discussions with portfolio companies about financially material sustainability risks and opportunities.

This webinar provided:

- An introduction to the SASB Framework as a tool to use in integration and engagement
- How SASB fits into the disclosure universe and interactions with TCFD and GRI
- Overview of SASB adoption among global companies
- Why this is relevant to investors

The webinar featured Nicolai Lundy, from SASB and provided case studies on how organizations use sustainability information in investment decisions.

ASSET LIABILITY STUDY

May 14, 2020

Speakers: Edmond Assal, Director, Advisory Investment Policies, CDPQ and Christian Rousseau, Christian Rousseau Actuarial Services

Organizing Committee: Risk Management

This webinar explored the AL Primer developed for PIAC members in 2019. Making sound policy decisions with respect to pension plans investments, funding and benefit design requires developing a clear view of the potential future impact of these decisions on various stakeholders. This session showed how an asset liability study can be a powerful tool for everyone ranging from the board and investment committees to junior and senior investment teams.

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INTRODUCTION AND TIPS FOR COMPLETING THE NEW ASSET AND RETURNS SURVEY

May 12, 2020

Speaker: Sean Kulik, Managing Director, Investments, Nunavut Trust

Organizing Committee: Asset & Returns Survey Working Group

This PIAC webinar explained the new revamped Asset & Returns Survey and the expanded areas it covers, including alternatives. The Chair of the Working Group responsible for the annual mandatory PIAC survey, Sean Kulik, answered questions on how to enter the data.

PROFESSIONAL DEVELOPMENT

PIAC & GLOBAL PENSION DAY WEBINAR - RADICAL UNCERTAINTY WITH BRITISH ECONOMIST JOHN KAY

April 30, 2020

Speaker: John Kay, Economist

Organizing Committee: 2020 Spring Planning
Conference Committee

John Kay and Mervyn King's new book, *Radical Uncertainty*, was published just before the pandemic hit. In it they wrote, "We must expect to be hit by an epidemic of an infectious disease resulting from a virus which does not yet exist."

In this webinar, John discussed the meaning of radical uncertainty and its implications for decision makers. John noted, "It causes us no pleasure to see that observation so quickly confirmed. But the Covid-19 crisis both illustrates the meaning of radical uncertainty and the responses illustrate both the strengths and weaknesses of decision processes in the face of it. But the crisis also illustrates the strengths and weaknesses of models in enabling us to understand 'what is going on here' and the motivation for our book was observing these strengths and weaknesses in the last global crisis - the financial crisis of 2008 - and the failure to take the lessons of that properly on board."



HONOURING EXCELLENCE

PIAC's objectives and successes would not be achieved without the dedication and commitment of its volunteers.

The individuals who serve on committees, who organize conference programs, who speak at webinars and conferences, who prepare submissions to government, and of course those who serve on our Board of Directors, have demonstrated a selfless devotion to the interests of all Members in the work they have undertaken for the Association.

Accordingly, PIAC recognizes the loyalty and diligence of volunteers, especially those who have excelled in contributing to PIAC's objectives, who are seen by peers to be role models and who contribute to a positive public and industry perception of PIAC.



CHUCK HARVIE DISTINGUISHED SERVICE AWARD

Presented to Brenda King

At the 2020 AGM Board Chair Simon Fréchet presented the Chuck Harvie Distinguished Service Award to Brenda King. Brenda recently retired after

serving as Treasurer at the Hospital for Sick Children in Toronto for 20 years. Her involvement with PIAC spans over 16 years in numerous volunteer capacities including the chairing the Member Services Committee, overseeing the Annual Asset and Returns Survey and serving on the Board, including as Chair.

The Chuck Harvie Distinguished Service Award is PIAC's most prestigious honour, granted to members at the time of their retirement to those who have made a significant contribution to PIAC and pension management over the course of their career. This is a well-deserved honour for Brenda.



TERRY STAPLES VOLUNTEER OF THE YEAR AWARD

Presented to Michael Keenan

The Terry Staples Volunteer of the Year Award was presented at the 2020 AGM to Michael Keenan, Chief Investment Officer of Bimcor. Michael has

been an active participant on many committees over the years, including chairing conferences and serving as Chair of the Board. He has just recently completed five years as Chair of the Government Relations Committee leading PIAC's advocacy work and greatly increasing its profile with regulators from coast to coast.

The Terry Staples Volunteer of the Year Award is presented annually to one of PIAC's volunteers nominated by his or her peers and recommended by the Governance & Nominating Committee to the Board of Directors as representing distinction in volunteerism. Congratulations, Michael.

PAST WINNERS

Chuck Harvie Award

2019	Russ Hiscock	2009	Robert Bertram
2018	Barbara Miazga, Brenda McInnes	2008	Gretchen Van Riesen
2015	Roger Robineau	2005	Harry Gibbs, Peter Hellyer
2014	Emilian Groch, Doug Pearce	2004	Don Walcot
2011	Claire Kyle	2002	David French, Ian McKinnon
2010	Rick Abbott		

PAST WINNERS

Terry Staples Award

2019	Rob Field	2010	Mary Spurr
2018	Roman Kosarenko	2009	Emilian Groch
2017	Algis Janusauskas	2008	Terri Troy
2016	Martin Bélanger	2007	Gretchen Van Riesen
2015	Michelle Peshko	2006	Barb Miazga
2014	Stephanie Lachance	2005	John Denham
2013	Tom Palameta	2004	Pierre Drolet
2012	Meyer Aaron	2003	Roger Robineau
2011	Robert Hall	2002	Lynn Clark

AUDIT AND FINANCE COMMITTEE



Graeme Hay

TEACHERS' RETIREMENT
ALLOWANCES FUND

CHAIR

MEMBERS

Gemma Gillis

IMCO

Dave Lawson

TELUS

Francois Quinty

VIA RAIL

OBJECTIVES

- Recommend to the Board the appointment of external auditors;
- Review the basis and amount of the external auditor's fee;
- Review the draft audited financial statements and discuss them with the Executive Director and the auditor to obtain reasonable assurance that:
 - the statements are fairly presented in all material respects in accordance with generally accepted accounting principles;
 - the selection of accounting policies is appropriate;
 - the external audit function has been effectively carried out and any matter that the external auditors wish to bring to the attention of the Board has been given adequate attention;
- Submit the draft audited financial statements to the Board for review and approval;
- Obtain reasonable assurance from Association Management International (the "Management Company") and the auditor that the Management Company has in place appropriate systems of internal control and that these systems are operating effectively to ensure compliance with legal and regulatory requirements, and with the financial policies of PIAC;
- Review the draft annual operating budget of PIAC and recommend its approval by the Board;
- Monitor interim financial results prepared by the Management Company and provide appropriate information and input to the Board with respect to the financial health of PIAC;

- Recommend financial policies to the Board, including annually reviewing the Financial Reserve Policy and the Banking and Investment Policy;
- Monitor the size of PIAC's surplus and reserves;
- Review exceptional items to the approved conference budgets from the Member Services Committee Chair;
- Select and review investment funds;
- Inquire into any other matters referred to it by the Board.

In 2020, the annual operating budget was set to generate a deficit of \$31,494. Due to the pandemic, it was not possible to hold in person conferences and this resulted in a deficit from operations of \$42,827 for the year, or \$11,333 worse than the budgeted deficit. The higher than expected deficit was the result of the Board's decision to continue with the delivery of numerous events virtually, but not to charge members for attending these events. At the same time, PIAC staff successfully negotiated the deferral of most conference expenses, reducing what could have been a more severe impact on PIAC's reserves.

Turning to the annual audit, the Audit & Finance Committee (Committee) met twice with our auditors to review the process and results. We are pleased to once again receive an unqualified audit opinion.

As previously noted, the 2020 fiscal year resulted in a deficit of \$42,827. The Financial Reserve Policy states that the General Fund must be a minimum of 75% and a maximum of 125% of the total expected expenses of the following year's operating budget. The General Fund was \$451,575 at the end of 2020. The approved budget for 2021 calls for expenses of \$469,030 and the reserve range is \$351,773 to \$586,288. Thus, the reserve for Fiscal 2021 is within the range called for in the policy.

The approved budget for 2021 has an expected surplus of \$5,810. The improvement over the prior year's deficit reflects a reduction in one-time expenses as result of the development of PIAC's new website in 2020, as well as the decision to re-start paid conferences in 2021. Though PIAC is still adapting to an environment where we cannot hold events in person, innovative virtual conferences are planned for the year, which we believe will provide value for members.

The following page contains an excerpt from PIAC's audited financial statements. Full financial statements are available on PIAC's website.

FINANCIAL STATEMENT

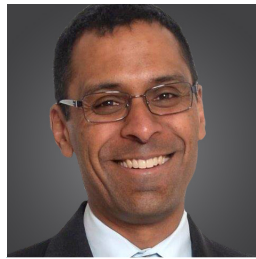
BALANCE SHEET	YEAR ENDED DECEMBER 31, 2020	
	2020	2019
ASSETS		
Current assets		
Cash	\$ 51,895	\$ 59,944
Short term investments	306,839	354,578
Accounts receivable	60	1,429
HST receivable	22,884	17,139
Prepaid expenses	87,000	71,000
	468,678	504,090
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	15,852	7,938
Deferred revenue	1,250	1,750
	17,102	9,688
NET ASSETS		
General operating fund	451,576	494,402
	468,678	504,090
STATEMENT OF REVENUES & EXPENSES	YEAR ENDED DECEMBER 31, 2020	
	2020	2019
REVENUES		
Membership fees	\$ 398,240	\$ 393,945
Spring conference fees	--	57,175
Fall conference fees	--	97,100
Seminar fees	--	37,975
Interest income	2,261	8,128
	400,501	594,323
EXPENSES		
Management services	267,500	261,000
Spring conference	20,693	68,622
Fall conference	18,372	96,459
Tax Forum	13,648	28,469
Regional councils and webinars	1,400	14,591
Bank and credit card charges	8,251	13,317
Audit and legal	7,000	7,050
Technology	45,812	8,288
Board and committees	30,629	42,455
Insurance	2,193	2,260
Office and administration	27,829	25,598
	443,327	568,109
Excess (deficiency) of revenues over expenses for the year	(42,826)	26,214

BOARD OF DIRECTORS



PAST CHAIR

Simon Fréchet
BRUCE POWER



Asif Haque
CAAT PENSION PLAN



Gemma Gillis
IMCO



Susan Golyak
BCI



SECRETARY-TREASURER

Graeme Hay
TEACHERS' RETIREMENT
ALLOWANCES FUND



VICE CHAIR

Sean Hewitt
TORONTO TRANSIT
COMMISSION



Roman Kosarenko
GEORGE WESTON LTD.



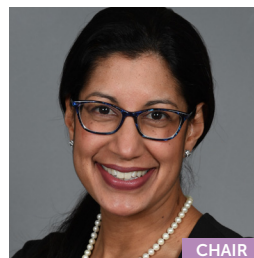
Dave Lawson
TELUS



Katharine Preston
OMERS



François Quinty
VIA RAIL



CHAIR

Natasha Trainor
NAV CANADA



Grace Wong
CANADA POST

PAST BOARD CHAIRS

2020	Simon Fréchet	2006	Pierre Drolet	1991	Peter Hellyer
2019	Deanne Allen	2005	Gretchen Van Riesen	1990	Phil Jenkinson
2018	Brenda King	2004	Rick Abbott	1989	Ian McKinnon
2017	Kevin Fahey	2003	Tom Gunn	1988	Watson Ogilvie
2016	Lisa Jankov	2002	Claire O. Kyle	1987	Roger Porretti
2015	Dan Goguen	2001	Rudy R. Dabideen	1986	Watson Ogilvie
2014	Michael Keenan	2000	Donald T. Walcot	1985	Roger Fisher
2013	Brenda McInnes	1999	Douglas G. Pearce	1984	Dennis Beggs
2012	Julie Cays	1998	Neil A. Jacoby	1983	Wilson Barbour
2011	Barbara Miazga	1997	Robert G. Bertram	1982	Chuck A. Harvie
2010	Algis Janusauskas	1996	Russell J. Hiscock	1981	Wilson Barbour
2009	Gayle McDade	1995	Robert L. Sillcox	1980	David MacMahon
2008	Roger Robineau	1993-94	David A. French	1978-79	Terrance Staples
2007	Terri Troy	1992	Charles Dillingham	1977	Dennis McGee



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$2 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.



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