



# ... 2021 Annual Report

**Canadian Commercial Workers Industry Pension Plan  
Registration No. 0580431**

[ccwipp.ca](http://ccwipp.ca)

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# Highlights

## MEMBERSHIP<sup>i</sup>

**400,000**

Active, deferred, and qualifying members

**35,500**

Retired members, surviving spouses, and beneficiaries

**2,000**

Newly retired members during 2021

## ANNUALIZED RETURNS

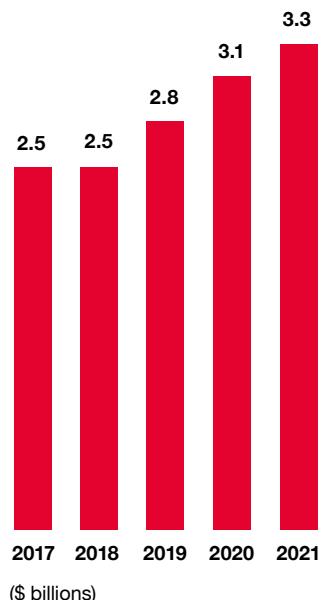
**1 Year** **5.6%**

**5 Years** **8.4%**

**10 Years** **7.6%**

**Target Return** **6.0%**

## NET ASSETS





# A Message from the Board of Trustees

We are pleased to present the Annual Report of the Canadian Commercial Workers Industry Pension Plan (the “Plan”) for the year ended December 31, 2021.

We hope these updates, addressing investment performance, funding status, and governance initiatives undertaken during the year, provide you with meaningful insight into the operation of the Plan.

Amid the many challenges presented by the COVID-19 pandemic, measured progress has continued to be made toward our goal of the Plan being fully funded on a going-concern basis. The investment portfolio has been resilient, generating a 5.6% rate of return for the year, and preliminary estimates indicate further improvement in the Plan’s funded status at the end of 2021, on both a going-concern and a solvency basis. We are pleased with these achievements, and we will work to build on them in the months and years ahead.

Still, we cannot lose sight of persistent risk, as the events of the first half of 2022 demonstrate. With the Russian invasion of Ukraine, ongoing inflationary pressures, and a material correction in global capital markets, we will continue to be prudent, focusing our work on the long term with a view towards enduring sustainability in an era of unpredictability.

As we adjust to this “new normal,” our pre-pandemic routines steadily resuming, we must once again acknowledge those whose sacrifice and dedication afforded many of us the luxury of caution over these past two years. To the frontline workers who have stood resolute throughout these unprecedented times: *Thank You.*

# ● ● ● Investments

## INVESTMENT RESULTS

Over the trailing five years ended December 31, 2021, the portfolio returned an annualized rate of return of 8.4%, exceeding the Plan's 6.0% target return (or the rate of return deemed necessary to meet pension obligations as they come due), on a relative basis, by 2.4% per year.

Despite growing inflationary pressures and considerable volatility towards the end of 2021, the Plan's investment portfolio benefitted from its exposure to global equities, which continued to experience new highs, ending 2021 with a double-digit return (13.6%) for the third consecutive year.

The Plan's private market investments also continued their strong performance, with gross internal rates of return since inception ranging from 6.5% to 13.9% for real estate, 11.8% to 12.5% for private debt, 12.2% to 15.9% for infrastructure, and 19.0% to 32.0% for private equity.

The Plan's hedge fund portfolio returned 2.7%, while its investments in fixed income and return seeking bonds were down for the year, posting negative rates of return of -3.6% and -0.3%, respectively.

## PUBLIC MARKET INVESTMENTS AND HEDGE FUNDS

### 2021 Rates of Return<sup>ii</sup>

<b>Fixed Income</b>	<b>-3.6%</b>
<b>Global Equity</b>	<b>13.6%</b>
<b>Hedge Funds</b>	<b>2.7%</b>
<b>Return Seeking Bonds</b>	<b>-0.3%</b>

## PRIVATE MARKET INVESTMENTS

### Internal Rates of Return Range Since Inception<sup>iii</sup>

<b>Infrastructure</b>	<b>12.2%</b>	<b>—</b>	<b>15.9%</b>
<b>Private Debt</b>	<b>11.8%</b>	<b>—</b>	<b>12.5%</b>
<b>Private Equity</b>	<b>19.0%</b>	<b>—</b>	<b>32.0%</b>
<b>Real Estate</b>	<b>6.5%</b>	<b>—</b>	<b>13.9%</b>

## GLOBAL DIVERSIFICATION

The Plan's portfolio is well diversified in a wide range of asset classes and includes both publicly traded and privately held investments. To reduce geographic concentration risk, the portfolio includes both Canadian investments and investments outside of Canada.



**\$1 Billion**  
invested in Canada

**\$2.3 Billion**  
invested globally



## INVESTMENT ACTIVITIES

Each year the Trustees meet at least quarterly with the Plan's investment consultant, Aon Hewitt Inc., to review the Plan's asset mix, performance, investment partners, and investment compliance status.

The Plan's most recently commissioned asset-liability modelling ("ALM") study—an exercise that analyzes the impacts of plan design, funding and benefit policy, and investment strategy to aid the Trustees in their decision making—was completed in 2019. Since that time, the Trustees have worked diligently to rebalance the Plan's investment portfolio in a manner consistent with the study's findings. These rebalancing efforts involved the following changes during 2021.

- The introduction of four farmland strategies, managed by Ceres Partners, Fiera Comox, PGIM, and UBS Farmland Investors.
- A global equity investment manager search that led to the engagement of three new managers: Arrowstreet Capital, First Pacific Advisors, and GQG Partners.
- A private equity investment manager search that led to investment commitments in two new limited partnerships launched by Francisco Partners and Thoma Bravo.

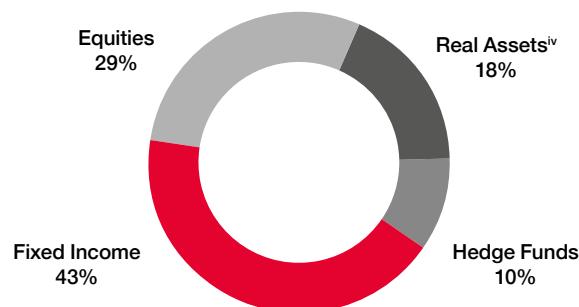
The Plan's full complement of investment partners is outlined on page 8 of this report.

## LOOKING AHEAD

Over the coming years, drawdowns are expected to ramp up significantly on the Plan's recent farmland and private equity commitments. The Trustees will continue to work with their investment consultant to opportunistically build out the Plan's private equity portfolio, as recent liquidity in this asset class has resulted in an underweight to its target allocation.

Over the longer term, the Trustees will continue to monitor the Plan's asset mix and investment partners for ongoing performance, compliance, and suitability.

## TARGET ASSET MIX

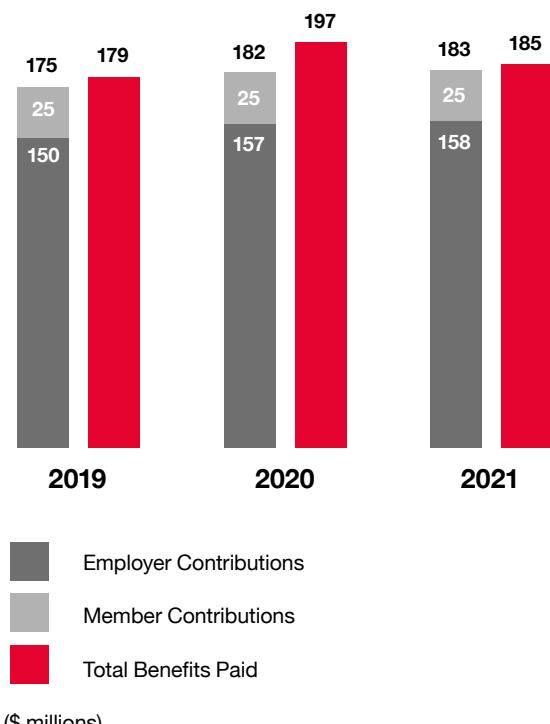


# Funding

## FUNDING SOURCES

In 2021, employer contributions to the Plan totalled \$158 million, while member contributions totalled \$25 million. An additional \$174 million in income was generated by the Plan's investment portfolio during the year. After benefit payments and expenses (the latter of which remained below 1% of Plan assets in 2021), net assets available for benefits grew by approximately \$151 million in 2021.

## CONTRIBUTIONS AND BENEFITS PAID



## FUNDED STATUS

The Plan's most recent actuarial valuation, as of December 31, 2018, was filed with the pension regulator, the Financial Services Regulatory Authority of Ontario ("FSRA"), in late 2019. This valuation indicated a going concern funded status of 83% and a transfer ratio (or ratio of assets to liabilities, assuming a hypothetical wind up of the Plan as of the date of calculation) of 51.3%.

The pandemic-related market volatility in early 2020 caused a significant short-term impact to the Plan's transfer ratio, with a decrease in excess of 10% necessitating the interim filing of an updated transfer ratio with FSRA. As a result, as of March 31, 2020, the Plan's transfer ratio was reset to 44.8%. Fortunately, this sharp decline was short lived, with a recovery of the transfer ratio to 52.2% as of December 31, 2020.

A new actuarial valuation, reflecting the Plan's funded status as of December 31, 2021, is due to be filed with FSRA during the latter half of 2022. Preliminary estimates indicate an expected improvement to the transfer ratio to approximately 60%, together with a corresponding expected improvement to the Plan's going concern funded status.

# Governance

## THE BOARD OF TRUSTEES

The Plan is governed by a Board of Trustees. The Board is the legal Administrator of the Plan and is responsible for both the administration of the Plan and the investment of its assets. The current Trustees are listed on page 8 of this report.

## GOVERNING DOCUMENTS

The Trustees are appointed pursuant to a Trust Agreement, which sets out the Board's powers and duties. A Plan Text outlines members' entitlements. Amendments to the Plan Text are communicated to members.

## POLICIES

Together with a series of supporting policies addressing topics such as privacy, conflicts of interest, stakeholder communications, and trustee orientation, education, and succession, a Governance Document specifies the roles and responsibilities of the parties involved in the Plan's governance and provides a working guide for the governance of the Plan. The Trustees also maintain a Funding and Benefit Policy, which sets out

the framework for maximizing the likelihood that Plan assets will be sufficient to meet the scheduled benefits, and a Statement of Investment Policies and Procedures ("SIPP") that, among other things, states the investment objectives, guidelines, benchmarks, and applicable environmental, social, and governance-related considerations used in investing the capital of the Plan in an effort to ensure that these assets are invested prudently and in compliance with all applicable regulatory requirements.

Governance policies and practices established by the Trustees are monitored and amended, as they deem appropriate, to ensure they remain responsive to the needs of the Plan and its membership.

## COMPLIANCE

The Plan is required to comply with both provincial and federal legislation that governs pensions. The Trustees monitor and enhance compliance practices, as necessary, and retain an external Compliance Officer responsible for quarterly

compliance reporting to FSRA. The Plan was fully compliant with its SIPP and all applicable regulatory requirements during 2021.

## RECENT INITIATIVES

To promote good governance, the Trustees conduct regular reviews of the firms providing professional services to the Plan. During the year, two such reviews were undertaken. Upon completion of these exercises, the Trustees were able to satisfy themselves that these service providers continue to add value and, as a result, no changes were made. The Plan's service providers are listed on page 8 of this report.

<sup>i</sup> Membership figures are approximations.

<sup>ii</sup> 2021 investment performance expressed using time-weighted rates of return.

<sup>iii</sup> Since-inception investment performance expressed using a range of gross internal rates of return earned by the individual investments.

<sup>iv</sup> Composed of the following asset classes (and target allocations): real estate (8%), infrastructure (5%), and farmland (5%).

**INVESTMENT PARTNERS**

AllianceBernstein  
Aon Investments Canada  
Arrowstreet Capital  
Auven Therapeutics  
BlackRock  
Brevan Howard Capital Management  
Brookfield Asset Management  
Capstone Investment Advisors  
CBRE Global Advisors  
Ceres Partners  
CIBC Asset Management  
Clairvest Equity Partners  
Davidson Kempner Capital Management  
Elementum Advisors  
Fiera Comox  
First Pacific Advisors  
Francisco Partners  
GQG Partners  
HBK Capital Management  
Macquarie Infrastructure and Real Assets  
Neuberger Berman  
PGIM  
PIMCO  
Royalty Pharma  
TD Asset Management  
Thoma Bravo  
UBS Farmland Investors

**SERVICE PROVIDERS**

**ACTUARIAL** Benchmark Decisions Ltd., Buck Canada HR Services Ltd.

**ADMINISTRATION** Prudent Benefits Administration Services Inc.

**AUDIT** BDO Canada LLP

**CUSTODIAL / PENSION PAYMENTS** RBC Investor & Treasury Services

**INVESTMENT CONSULTING / COMPLIANCE** Aon Hewitt Inc.

**LEGAL COUNSEL** Koskie Minsky LLP

**TRUSTEES**

**Anouk Collet** Executive Assistant to the National President, UFCW Canada

**Jim Cooke** Employer Representative, Sobeys Inc.

**Kelly Dobbyn** Senior Director Labour Relations, Metro Ontario Inc.

**Shawn Haggerty** President, UFCW Canada Local 175

**Paul Meinema** National President, UFCW Canada

**Wendy Mizuno** Senior Vice President, Pensions & Benefits, Loblaw Companies Ltd.

**Jeff Traeger** President, UFCW Canada Local 832