



greenlight.
RETIREMENT PROGRAM

70th Governance Meeting Minutes

June 7, 2023
Virtual Meeting

Committee:

Kevin Delaney	- Delaney Financial Services
Tim Jones	- Rock Harbour Wealth Management Inc.
Moe Mailloux Jr.	- Moe Mailloux Financial Services
Moe Mailloux Sr.	- Moe Mailloux Financial Services
Matthew McNeill	- Matthew M. McNeill Inc.
Mike Steffler	- Rock Harbour Wealth Management Inc.
Ricardo Barrieros	- HUB International Insurance Brokers
Rob Tamblyn	- HUB International Ontario Limited – CHAIRPERSON

Facilitator:

Joe Nunes	- Actuarial Solutions Inc.
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Guests:

Lisa Dinchik	- Delaney Financial Services - SECRETARY
Michael Scott	- Proteus, a HUB International Company
Eric Vanderwey	- Hub International Insurance Brokers

The Q2 2023 Greenlight Retirement Program® governance meeting was held virtually in one day.
June 7, 2023 – open session where Greenlight Plan Sponsor/Administrators and Advisors were invited.

1. Call to Order

- ✓ The meeting was called to order at 9:03 a.m.
- ✓ Quorum was met for the meeting.

Introduction of Guests

The guests were welcomed to the meeting. Welcome!

Approval of Agenda

[Motion] – Tim Jones made a motion to approve the agenda without change. Seconded by Moe Mailloux Sr.
Motion carried.

2. Secretary's Report

Distribution of Prior Minutes

The minutes of the March 7 – March 8, 2023 meetings were previously approved via email and have already been electronically distributed to plan sponsors, administrators and prospects.

Intermeeting Communication

In response to Action Item 369, Manulife has recommended the following changes to the fund line-up previously approved.

- Retain 4191 MIM Cdn Money Market and 4191 MIM Canadian Bond Index Fund on all plans which will allow the retention of the Certified Diversified Warranty.
- Instead of adding (8321) BlackRock International Equity Index Fund and (8324) BlackRock ACWI ex-Canada Index Fund , instead add (8681) MIM International Equity Index Fund and (8672) MMIM Global Equity Index Fund as these are index funds and the MIM funds will have lower fees.

An email was sent to the committee on May 4, 2023, for approval. Recommendations were approved by the committee.

3. Industry Updates & Discussion

- [Hub International : Hub Insights Budget 2023-A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future](#)
- [Actuarial Solutions : Bill C-228: The Four-Year Countdown Starts Now](#)
- [Benefits Canada : Coverage of the 2023 DC Plan Summit](#)
- [Mackenzie Investments : Investment Manager Research \(IMR\) – Mackenzie Investments Update](#)
- [Sun Life Financial GRS : Portfolio Management change to Beutel Goodman](#)

4. Administrative Review

Participating Plan Sponsors

The Committee was presented with a summarized document, by Record Keeper, noting the accumulated asset and demographic overview of Participating Plan Sponsors as of March 31, 2023. It was noted that the Desjardins Financial asset information includes the assets in both their Foresight and regular menus.

Record Keeper	March 31, 2023			December 31, 2022		
	PPS*	PPM*	PPA*	PPS*	PPM*	PPA*
Desjardins Financial	6	261	16.66	6	298	15.70
Canada Life	28	4,584	155.39	28	4,527	148.48
Industrial Alliance	6	268	7.77	6	254	6.92
Manulife	16	1,432	166.38	16	1,422	159.94
Sun Life	6	879	107.92	6	890	104.22
Totals	62	7,424	454.12	62	7,391	435.26

*PPS – Participating Plan Sponsors; PPM – Participating Plan Members; PPA – Participating Plan Assets (displayed in \$millions).

New Plan Sponsors Added

There were no new plan sponsors reported during Q1 2023.

Member Meeting Tracking

Member meeting tracking will continue to be reviewed on a regular basis outside of the Committee meetings by HUB International Ontario Limited. Advisors are asked to advise Leanne Hillman when member meetings have been offered/held/declined for tracking purposes.

The Committee is continuing to monitor and discuss the logistics of holding one-on-one member meetings during the pandemic. Advisors are holding most member meetings virtually, although there are circumstances that have warranted in-person consultations. When in-person meetings are necessary, they are either done outside or inside with great caution. The Committee acknowledges that there needs to be a balance of safety for the clients/advisors and of being accessible when needed. If a situation arises where the advisor is uncomfortable with a client's meeting request, they should reach out to HUB International Ontario Limited.

Certified Advisor Tracking

HUB International Ontario Limited presented a Greenlight Certified Advisor Log, which lists the 24 active advisors. Two advisors have to still return the Greenlight Member Meeting Documentation and the Greenlight Advisor Self-Assessment forms so a reminder email has been sent. The advisors were asked to complete/sign/return these to HUB International Ontario Limited by the due date of April 1, 2023.

Action Items

There were no new Action Items to document this quarter.

Prior Action Items

[Action Item 368] – **In process** – The Committee requested that HUB International Ontario Limited inquire with the recordkeepers on their assessment of the draft updates to the CAP Guidelines and any advice they are providing to plan sponsors and/or consultants/brokers.

-Responses from the recordkeepers advise that currently they do not have an official response since the CAP Guidelines document updates are still in DRAFT status. They will provide further details once the official changes have been released.

[Action Item 369] – **Completed** – The Committee requested that Proteus, A HUB International Company, provide a list of passive fund suggestions for each record keeper.

-Passive Fund suggestions were approved by the committee and carriers are finalizing the addition of funds.

[Action Item 371] – **Completed** – The Committee requested HUB International to confirm with recordkeepers that a notice can be added to July statement reminding plan members approaching retirement to review any GIC investments in order to ensure they understand any market value adjustment that may be incurred. Waiting on approved PDF from Sun Life for committee to distribute.

Canada Life	Memo will be on mid year statements as well a PDF sent to the plan admin to distribute
Manulife	Memo will be on mid year statements/member site for plans over 10 million. Plans under 10 million will strictly be on the member site's banner
Sun Life	Committee will be handling
Desjardins	Member email blast
Industrial Alliance	Memo will be on mid annual online statement as well as the year end mailed out statement

5. Investment Review

Comparison of 5 Year GIC Rates and Enhancements

- ✓ HUB International presented a quarterly breakdown of a 10-year history of each Record Keeper's 5-year rate, noting the available enhancement on \$5 million accounts.
- ✓ It was noted that without enhancements Industrial Alliance had the best rate this past quarter.
- ✓ There is a 0.70% spread amongst the rates the Record Keepers are offering.
- ✓ As of March 31, 2023, the average rate for 5-year GICs was 3.1%.

Fund Mapping Log

There were no fund mappings in the last quarter.

Fund additions have been and are still being added by carriers in response to the approved Action Item 369.

Active Member Asset Report

- ✓ HUB International Ontario Limited presented an asset report, dated March 31,2023, of participating plan sponsors by Record Keeper broken down by asset category.

Investment Performance Review

HUB International presented investment performance results for each fund in the Greenlight investment menu for all carriers.

Record Keepers were reviewed as follows:

1. Canada Life
2. Desjardins Financial
3. Industrial Alliance
4. Manulife
5. Sun Life

Review of the rates of return and asset distribution.

6. Proteus

Michael Scott, CFA, Senior Consultant, of Proteus, a HUB International Company, provided an overview of the fund line ups of Sun Life and the impact of the capital markets performance in Q1 2023. The presentation slide decks were provided to the Committee and are archived at HUB International Ontario Limited. Proteus also provided the summary below.

1. Overview

- ✓ HUB Proteus investment performance report for the Sun Life platform was circulated in the materials in advance of the meeting.
- ✓ Michael Scott spoke to the key themes impacting capital markets performance in Q1 2023.
- ✓ Michael shared an update on the BlackRock LifePath transition to ESG equity index funds noting that as at March 31 the transition for US Large and Small Cap Equities is complete and that BlackRock expects the remaining asset classes to be mostly complete by the end of the year.
- ✓ BlackRock has communicated three research initiatives related to restructuring the fixed income portfolio, revisiting inflation hedging exposures, and exploring the possibility of adding private market alternative exposures.
- ✓ CI has experienced significant personnel turnover since announcing its restructuring, including the departures of several portfolio managers.
- ✓ Franklin Bissett announced that their equity team will start the process integrating their business with ClearBridge Investments, another boutique within the Franklin Templeton organization. Franklin Bissett has indicated the team and leadership will remain intact.
- ✓ The Committee reviewed the performance of the funds against their benchmarks and peer groups.
- ✓ The JF Canadian Equity Fund has a strong bounce back quarter and tracking error is expected to remain high as the portfolio is constructed very differently than the benchmark.
- ✓ Michael commented that the Mawer International Equity Fund has significant exposure to emerging market equities and is benchmarked against the MSCI ACWI ex US Index as opposed to the MSCI EAFE Index. The fund remains ahead of the benchmark over the four-year period but ranks in the 4th quartile as its EM exposure is significantly higher than peers and has hurt peer-relative performance.

7. Sun Life

Lani Lehtonen, Reginal Director, Business Development, Group Retirement Services, Kara Kaczmarek, Client Relationship Executive, Group Retirement Services and Eric Mooney, CFA, Investment Solutions Executive, Group Retirement Services of Sun Life, provided an investment and fund review. The presentation slide deck was provided to the Committee and a copy is archived at HUB International Ontario Limited. Sun Life also provided the summary below.

1. Economic Update

- ✓ The Canadian economy stalled in Q4 2022, with zero growth versus a 0.4% expectation. For Q1 2023, forecasts expect mild but positive growth.
- ✓ The Bank of Canada increased its overnight rate by 0.25% in January as a result of inflationary pressures. The rate at the end of March was 4.5%. The morning of the Greenlight meeting the rate was increased to 4.75% as a result of inflation staying higher than the target range.
- ✓ Core CPI inflation was 4.3% year-over-year in March, reduced by almost half compared to its maximum level of 8.1% in June 2022.
- ✓ In Q1, the S&P/TSX Composite Index returned 4.6%, with 10 out of 11 sectors having a positive contribution. IT led all sectors with a return of 26.5%. The index remains negative for the 1-year period at -5.2%.
- ✓ The Canadian bond market returned 3.2% in the quarter and -2.0% over 1-year as bond prices partially recovered.

- ✓ The S&P 500 Index returned 7.5% in USD, with 7 out of 11 sectors posting positive returns. The largest contributors were the IT and Communication Services sectors (21.8% and 20.5%, respectively). Value stocks underperformed growth stocks by 13.4%, and large cap stocks outperformed small cap stocks by 4.7%, all as measured by the Russell Indices. 1-year performance remained negative for the S&P500 at -7.7%.
- ✓ In Q1, the MSCI EAFE Index returned 8.6% in USD terms. All countries in the index had a positive performance, except for Finland -1.7%, Hong Kong -1.9% and Norway -1.0%.
- ✓ The MSCI Emerging Markets Index returned 4.0% in USD terms for the quarter. Results were mixed for the quarter, with Brazil (-2.9%) and Chile (-1.8%) negative, and Mexico (11.6%), Korea (12.9%) and Taiwan (13.7%) strongly positive.

2. Sun Life Watch List

- ✓ Greenlight currently has 4 funds on the Sun Life Watch List
- ✓ CI Portfolio Series, CI US Stock Selection are On Watch
- ✓ BLK LifePath Index series, BG Fundamental Canadian Equity, BG Balanced, Fidelity Canadian Asset Allocation, PH&N Bond, PH&N Core Plus Bond, Sun Life MFS U.S. Equity are on Additional Monitoring

3. Portfolio Series

- ✓ CI Investments decided to integrate its separate in-house investment brands into a single entity - CI Global Asset Management (CI GAM) - in 2021. Since the creation of CI GAM there has been significant professional turnover.
- ✓ In December 2021, Marchello Holditch, PM for the Multi-Asset team, left the firm. Holditch was replaced by Stephen Lingard, Head of Research, as co-PM on CI Portfolio Series.
- ✓ In 2022, 13 investment professionals departed CI GAM to join a competitor - BMO Global Asset Management.
- ✓ CI Portfolio Series extensively utilizes CI GAM strategies in its funds. This reliance is concerning given the high level of strategy change and personnel turnover within CI GAM.
- ✓ Sun Life believes it makes sense in the long-term to move from a multi-boutique structure with many overlapping mandates to a more streamlined, specialized, and integrated structure under CI GAM. Ongoing products will be managed by the investment teams viewed as the best in each asset class. CI GAM has merged or closed overlapping products between the legacy brands. In the short term there have been significant growing pains as personalities and firm cultures mix and responsibilities and investment mandates change.

4. CI US Stock Selection

- ✓ Sun Life has some concerns about Peter Hofstra's workload. He manages a number of strategies and has taken on more responsibilities since the creation of CI GAM, including the role of Head of Portfolio Management. Neither of his supporting PM's, Greg Quickmire and Jeremy Rosa, have significant portfolio management experience. However, all three have backgrounds with legacy boutique Harbour Advisors and have experience working together. Recently they announced that Peter Hofstra would be coming off the fund, meaning Greg Quickmire and Jeremy Rosa will co-manage without significant experience.

5. BG Balanced/Fundamental Canadian Equity

- ✓ BG Balanced is under Additional Monitoring due to changes to the portfolio management teams in two of the underlying strategies:
- ✓ Fixed Income co-Lead PM David Gregoris is retiring in June 2023.
- ✓ Canadian Equity co-Lead PM Pat Palozzi is retiring in January 2024
- ✓ Sun Life has no significant concerns with either of the changes as the transitions appear to be well-managed. BG has a strong culture and a disciplined approach to value investing that is not expected to change with the retirements. We will evaluate any new hires to the teams as they occur and will continue to monitor them through the transitions over the next year.

6. BLK LifePath

- ✓ LifePath funds are under Additional Monitoring due to changes to the underlying equity funds. LifePath will be replacing exposure to traditional equity indices like the S&P/TSX Composite and S&P 500 with MSCI's Extended ESG Focus indices (MSCI ESG Focus).
- ✓ The MSCI ESG Focus funds will optimize portfolios based upon MSCI's ESG (Environmental, Social, Corporate Governance) scores. They will also screen out companies in certain industries like tobacco and controversial weapons.
- ✓ Sun Life has no major concerns with the changes. Implementation of the changes began in December 2022 and the U.S. large and small cap equity components were completed in early 2023. The transition of the Canadian, International, and Emerging Markets equity components are expected to occur over the remainder of 2023, but may extend into early 2024. Plan members in non-registered plans should expect a capital gains tax impact as a result of the transition in tax years 2022 and 2023 (and possibly 2024). Sun Life will continue to work with BlackRock to monitor the transition and provide further updates as needed.

7. Fidelity Canadian Asset Allocation

- ✓ In February 2023, Geoff Stein assumed the role of Chief Investment Officer (CIO) of the Global Asset Allocation Team. Stein will transition his co-Lead PM responsibilities on Fidelity Canadian Asset Allocation (Fidelity CAA) to David Tulk, PM.
- ✓ David Wolf will remain as a co-Lead PM on Fidelity CAA and work alongside Tulk. Wolf has worked with Stein for almost a decade and he will provide continuity on the fund. Both Wolf and Tulk have strong backgrounds in macroeconomics and experience with asset allocation strategies.
- ✓ Sun Life has no concerns with the transition from Stein to Tulk on Fidelity CAA, particularly given Stein's oversight of the Global Asset Allocation team.

8. PH&N Bond/PH&N Core Plus Bond

- ✓ Under Additional Monitoring due to the retirements of portfolio managers and co-Heads of Fixed Income Stephen Burke and Graeme Robertson at June 30, 2022 and December 31, 2022 respectively.
- ✓ Stephen Burke was the Lead PM for universe mandates (PH&N Bond, PH&N Core Plus Bond, PH&N Fossil Fuel Free Bond). Kristian Sawkins, the backup portfolio manager on these strategies, has replaced him as new the lead.
- ✓ Sun Life is comfortable with depth of experience, resources, and continuity remaining in the team following Burke and Robertson's retirements.

9. MFS US Equity

- ✓ Co-PM and CIO Ted Maloney stepped away from all portfolio management responsibilities on May 1, 2023.
- ✓ Kevin Beatty, co-PM on MFS U.S. Equity, retired effective September 30, 2021.
- ✓ Jude Jason, an equity analyst, joined the U.S. Equity PM team effective June 30, 2021.
- ✓ Alison O'Neill remains a part of the U.S. Equity PM team and provides continuity on the strategy.
- ✓ MFS' portfolio management teams make decisions by consensus with the research teams having significant influence on security decisions. We remain confident in the portfolio management team. We plan to meet with the PM team following Maloney's departure from the strategy and we will provide updates on the strategy in future quarters as needed.

8. Future Meetings & Presentation Invitations

Until further notice, the Greenlight meetings will continue to be held virtually. The meeting will be held over one day moving forward.

Day 1 = 9:00 a.m. to 12:30 p.m. – open session where Greenlight Plan Sponsor/Administrators and Advisors are invited

Presentation Log

The Committee reviewed the log and determined the next invitations for presentations.

Future Meetings

- ✓ #71 Wednesday, September 6, 2023 – Proteus and Manulife
- ✓ #72 Wednesday, December 6, 2023 – Proteus and Canada Life

9. Adjournment

[Motion] – Tim Jones made a motion to adjourn the meeting at 11:31 a.m. Seconded by Kevin Delaney. Motion carried.