



greenlight.  
RETIREMENT PROGRAM

## 71<sup>st</sup> Governance Meeting Minutes

September 6, 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 – <b>CHAIRPERSON</b>

### Facilitator:

Joe Nunes	- Actuarial Solutions Inc.
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### Guests:

Lisa Dinchik	- Delaney Financial Services - <b>SECRETARY</b>
Michael Scott	- Proteus, a HUB International Company
Joe Simard	- Simard & Associates Wealth Strategies
Lindsey Hughes	- HUB International Insurance Brokers
Jennifer Williams	- Rock Harbour Wealth Management Inc.
Al Broadbent	- Rock Harbour Wealth Management Inc.

The Q3 2023 Greenlight Retirement Program® governance meeting was held virtually in one day. September 6, 2023 – open session where Greenlight Plan Sponsor/Administrators and Advisors were invited.

## 1. Call to Order

- ✓ The meeting was called to order at 9:01 a.m.
- ✓ Ricardo Barrieros was absent from the meeting.
- ✓ Quorum was met for the meeting.

### Introduction of Guests

The guests were welcomed to the meeting. Welcome!

### Approval of Agenda

**[Motion]** – Rob Tamblyn made a motion to approve the agenda without change. Seconded by Mike Steffler. Motion carried.

## 2. Secretary's Report

### Distribution of Prior Minutes

The minutes of the June 7<sup>th</sup>, 2023, meetings were previously approved via email and have already been electronically distributed to plan sponsors, administrators, and prospects.

### Intermeeting Communication

There were no intermeeting communications last quarter.

## 3. Industry Updates & Discussion

- [Benefits Canada : CAPSA's draft CAP guideline alters industry standards, say ACPM, CLHIA, PIAC](#)
- [Sun Life : Update On CI Portfolio Series Funds | Workplace Benefits And Retirement Services](#)
- [Benefits Canada : Updates to FSRA pension administration guidance will strengthen language around legal risks expert](#)
- [Benefits Canada : Report calls for more illiquid assets in DC pension plans' target-date funds](#)

## 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 June 30, 2023. It was noted that the Desjardins Financial asset information includes the assets in both their Foresight and regular menus.

Record Keeper	June 30, 2023			March 31, 2023		
	PPS*	PPM*	PPA*	PPS*	PPM*	PPA*
Desjardins Financial	6	223	17.04	6	261	16.66
Canada Life	28	4,707	157.67	28	4,584	155.39
Industrial Alliance	6	277	7.48	6	268	7.77
Manulife	16	1,457	169.11	16	1,432	166.38
Sun Life	6	876	108.56	6	879	107.92
<b>Totals</b>	<b>62</b>	<b>7,540</b>	<b>459.85</b>	<b>62</b>	<b>7,424</b>	<b>454.12</b>

\*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 Q2 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.

Advisors have been holding most member meetings virtually since the beginning of the pandemic, although there are circumstances that have warranted in-person consultations. When in-person meetings are necessary, they are done with great caution to the individual's comfort. 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 are still to return the Greenlight Member Meeting Documentation and the Greenlight Advisor Self-Assessment forms. Reminder emails have 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]** – **Closed** – 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.

-Original 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.

-CAPSA, ACPM, and PIAC have made a submission which says the Canadian Association of Pension Supervisory Authorities' draft guideline for capital accumulation plans significantly alters the expectations and industry standards for CAPs. The submission calls for CAPSA to reconvene its industry working group to review the current draft guideline in detail to address concerns about its reach, balance, and potential for unintended consequences.

## 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 0.40% spread amongst the rates the Record Keepers are offering.
- ✓ As of June 30, 2023, the average rate for 5-year GICs was 3.54%.

### Fund Mapping Log

There were no fund mappings in the last quarter.

Fund additions have been and are still being added by carriers in Q2 in response to the approved Action Item 369.

### Active Member Asset Report

- ✓ HUB International Ontario Limited presented an asset report, dated June 30<sup>th</sup>, 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 Manulife and the impact of the capital markets performance in Q2 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 Manulife platform was circulated in the materials in advance of the meeting.
- ✓ Michael Scott spoke to the key themes impacting capital markets performance in Q2 2023.
- ✓ Michael shared a few organizational updates related to the fund managers. BlackRock's transition to ESG-themed index funds within the LifePath Funds is about 85% complete.
- ✓ The Committee reviewed the performance of the funds against their four-year objectives.
- ✓ The JF Canadian Equity Fund has continued to recover from its underperformance in Q1 2022 due to its lack of exposure to the energy sector. The fund's performance is now lagging the 4-year benchmark return by 0.3%.

## 7. Manulife

Jennifer Wood, CFS, Director Investments, Investment Solutions Team, of Manulife, 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. Manulife also provided the summary below.

### 1. Market Overview

- ✓ Jennifer discussed the market results to the end of June 2023. She pointed out that while the equity market returns look exceptionally positive over 12 months, the starting point of that period was in the trough of the sell off in the first half of 2023. The last three quarters have seen solid results from the large cap developed equity markets, with weaker returns in the small cap and emerging markets. The Canadian fixed income market has been particularly weak given the continued interest rate hikes since early 2022 as the Bank of Canada attempts to tamp down inflation. The 3 year return in the bond market is in negative territory, which means the dispersion between older members who have more invested in conservative portfolios with more fixed income and younger members invested in more aggressive portfolios with more equity has become very wide.
- ✓ Dispersions have also been wide between the value and growth ends of the stock spectrum, as market leadership can be very narrow at times. The recent U.S. market rally was almost entirely driven by the top 7 stocks – all expensive, mega-cap growth names in the IT sector. Over the last few years the market leadership has swung between value and growth, which has impacted the relative results of managers depending on the style they follow.
- ✓ The outlook for the markets is good. Canadian equities are reasonably priced and have good prospects for growth compared to the U.S. market which is still very expensive and the international market which is slightly overvalued. Small and mid cap stocks as well as emerging markets, real estate and infrastructure are also forecast for strong results. Fixed income markets are expected to underperform equity markets but still post better returns than recent years.

### 2. Greenlight Funds Update

- ✓ The Greenlight program is unchanged as of June 30, 2023, but is poised to undergo significant changes over the next year. New funds were added to client accounts in August, while the funds slated for removal will remain into 2024.
- ✓ Only the MIM Canadian Bond Index Fund is on Increased Scrutiny under the Manulife iWatch program for manager monitoring and due diligence. It is under Increased Scrutiny due to the departure of one of the portfolio managers. That said, the level of concern is very low because index fund management is very quant driven and changes in personnel will not impact generally impact the way the fund is managed.
- ✓ Jennifer explained that the parameters of the iWatch categories have evolved. Going forward, funds that are "On Watch" will be funds with significant concerns that will be expected to be removed from the iWatch platform. Funds that are designated

under “Increased Scrutiny” are funds that the Global Manager Research team has identified an issue that they want to monitor more closely. This means meeting with the manager quarterly as opposed to annually. In this way the ‘goalposts’ for the categories have changed, with funds On Watch narrowing to only the most significant concerns, and funds under Increased Scrutiny widening to include all funds that are subject to extra monitoring but not necessarily removal. This provides more definition and clarity for the categories going forward.

### 3. Asset Allocation Fund Review

- ✓ Jennifer presented the performance of the AA funds, which has been improving relative to benchmark since the changes to the underlying, underperforming components were replaced in 2020 and 2021. The conservative end of the fund suite has had better value added as the fixed income managers have performed particularly well, while the equity managers have not added as much value. The primary detractor has been the underweight to U.S. equities over the last few years.

### 4. Manulife Platform Updates

- ✓ Jennifer reviewed the funds added in 2022 as well as the replacements planned for 2023. In 2022 there were four funds removed and two funds being added. The new funds are the Epoch U.S. and Global Shareholder Yield funds in the value style space. These funds are new to Canada and brought to the Canadian Retirement Platform through Manulife’s relationship with Epoch through John Hancock in the United States. In 2023 four funds are being removed in November with the assets mapped to existing funds on the platform.
- ✓ Manulife also added a new suite of target date funds to the Canadian Retirement platform. The MIM Retirement Date Index + funds have been around since 2014 but were recently added to the core platform to provide a complementary suite to the existing offerings. The funds use primarily indexed strategies for the equity components to keep the costs low, while using actively managed fixed income and alternatives to provide diversification and risk management.

## 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

- ✓ #7 Wednesday, December 6, 2023 – Proteus and Canada Life

## 9. Adjournment

**[Motion]** – Tim Jones made a motion to adjourn the meeting at 11:40 a.m. Seconded by Moe Mailloux Sr. Motion carried.