



greenlight.  
RETIREMENT PROGRAM

## 74<sup>th</sup> Governance Meeting Minutes

June 5th, 2024  
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.
-----------	----------------------------

### Guests:

Al Broadbent	- Rock Harbour Wealth Management Inc.
David Craievich	- Craievich Financial Services
Evan Carrick	- The Wealth Center Inc.
Jennifer Williams	- Rock Harbour Wealth Management
Kevin King	- The Wealth Center Inc.
Jarrett Zavitz	- Zavitz Insurance & Wealth
Lindsey Hughes	- HUB International Ontario Limited
Lisa Dinchik	- Delaney Financial Services - <b>SECRETARY</b>
Michael Scott	- Proteus, a HUB International Company

The Q1 2024 Greenlight Retirement Program® governance meeting was held virtually in one day.  
March 6, 2024 – Open session where Greenlight Plan Sponsors/Administrators and Advisors were invited.

## 1. Call to Order

- ✓ Day 1 - The meeting was called to order at 9:00 a.m.
- ✓ Quorum was met for meeting.

### Introduction of Guests

Guests are welcomed to the meeting. Welcome!

### Approval of Agenda

**[Motion]** – Tim Jones made a motion to approve the agenda without change. Seconded by Kevin Delaney. Motion carried.

## 2. Secretary's Report

### Distribution of Prior Minutes

The minutes of the March 6<sup>th</sup>, 2024 meeting were previously approved via email and have already been electronically distributed to plan sponsors, administrators and prospects.

### Intermeeting Communication

- ✓ Committee members were presented with material to review via email, to discuss future Target Risk Funds with Sun Life. The current CI Portfolio funds are no longer available for new underwritten sponsors.

Three options were presented to the committee: Sun Life Granite with 5 portfolio options, MFS with three portfolio options and BlackRock with three portfolio options. All available options were discussed in length with the committee, Michael Scott from Proteus and Sun Life. The committee has decided to keep the CI Portfolio Series, due to MFS and BlackRock not fitting the parameters of the current six risk profiles. In comparing the rate of return from CI and Granite, the committee noted that the CI portfolio funds had better performance over all reporting periods. Sun Life has agreed to an exception currently to allow the CI Portfolio funds to remain available for new underwritten clients. This is with the committee's understanding that Sun Life may discontinue these funds in the future.

- ✓ On going Fund Mapping Action Item 369, prompted committee members to review suggested new default fund for one plan. The new default fund was approved.

## 3. Administrative Review

### Participating Plan Sponsors

The Committee was presented a summarized document, by Record Keeper, noting the accumulated asset and demographic overview of Participating Plan Sponsors as of March 31, 2024. It was noted that the Desjardins Financial asset information includes the assets in both their Foresight and regular menus.

Record Keeper	March 31, 2024			December 31, 2023		
	PPS*	PPM*	PPA*	PPS*	PPM*	PPA*
Desjardins Financial	5	273	15.373	5	274	14.67
Canada Life	26	4,567	159.098	26	4,473	150.354
Industrial Alliance	6	254	8.972	6	271	8.419
Manulife	15	1,425	189.756	15	1,445	177.748
Sun Life	5	845	117.032	6	706	115.313
<b>Totals</b>	<b>57</b>	<b>7,364</b>	<b>490.231</b>	<b>58</b>	<b>7,169</b>	<b>466.500</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 and one plan sponsor lost

### 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.

### Certified Advisor Tracking

HUB International Ontario Limited has 24 active advisors. Greenlight Member Meeting and the Greenlight Advisor Self-Assessment forms were sent via email on March 4<sup>th</sup>, 2024. The advisors are asked to complete/sign/return these to HUB International Ontario Limited by the due date of April 1, 2024. A reminder has been sent to those who have yet to return their tracking.

## 4. Industry Updates & Discussion

- [Manulife: Modernizing the guidelines for capital accumulation plans](#)
- [FSRA: Guidance on General Administrative Monetary Penalties](#)
- [Government of Canada: OSFI releases new supervisory framework to modernize financial Supervision](#)
- [Investment Executive: Feds boost home buyers plan withdrawal limit to \\$60,000](#)

### Action Items

There were no new action items added for this quarter.

### Prior Action Items

**[Action Item 375]** – **In process** – The Committee requested HUB International to determine any plans that have not been marketed since 2019, or earlier, and to work with the relevant advisors to arrange marketing in 2024.

## 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 that Desjardin had the best rate this past quarter.
- ✓ There is a 0.75% spread amongst the rates the Record Keepers are offering.
- ✓ As of March 31, 2024, the average rate for 5-year GICs was 3.12%.

### Fund Mapping Log

There were no updates to report this quarter.

### Active Member Asset Report

- ✓ HUB International Ontario Limited presented an asset report, dated March 31, 2024, 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 performance. 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 presented the investment performance reports with a focus on 4-year returns relative to benchmarks and peer groups.
- ✓ Michael Scott highlighted some organizational updates at the fund managers' including the retirement of Canadian Equity Portfolio Manager Bernard Gauthier at Jarislowsky Fraser.
- ✓ He also presented the relative performance of the ESG Focus Indices adopted by the BlackRock LifePath Funds compared to their traditional parent indices. HUB Proteus met with BlackRock to understand the drivers of differentiation in performance and is waiting for responses to questions on the index positioning.
- ✓ The Committee reviewed the recent decision by Sun Life to discontinue offering the CI Portfolio Series Asset Allocation Funds to new plan sponsors. Michael noted that the remaining fund options available on the platform, specifically from BlackRock and MFS, are constrained to just three risk profiles each, posing challenges for fund mapping. He also mentioned that the alternative option, Sun Life Granite funds, offer 5 risk profiles but have recently been underperforming.

## 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. BlackRock ESG Transition

- ✓ The BlackRock transition was completed in late 2023. Since, performance has been negative over the last 12 months relative to the parent index product that the ESG indices replaced. Over longer time horizons we do see that relative performance has been positive overall. This is consistent with the research that BlackRock conducted when making the decision to use the MSCI ESG indices. The GRS Investment Solutions team will continue to monitor the ESG indices.

Name	Total Ret 3 Mo (Mo-End) CAD	Total Ret YTD (Mo-End) CAD	Total Ret 1 Yr (Mo-End) CAD	Total Ret Annlzd 3 Yr (Mo-End) CAD	Total Ret Annlzd 5 Yr (Mo-End) CAD
<b>US Small Cap equity</b>					
MSCI USA Sml Cap Extnrd ESG Focus GR USD	8.9%	8.9%	20.0%	5.5%	10.6%
MSCI USA Small Cap GR USD	8.5%	8.5%	20.5%	5.7%	10.4%
Russell 2000 TR USD	7.9%	7.9%	19.7%	2.4%	8.4%
<b>US equity</b>					
MSCI USA EXTENDED ESG FOCUS GR USD	13.0%	13.0%	29.1%	12.6%	15.2%
MSCI USA GR USD	13.3%	13.3%	30.3%	13.6%	15.3%
S&P 500 TR USD	13.5%	13.5%	29.9%	14.3%	15.3%
<b>EM equity</b>					
MSCI EM EXTENDED ESG FOCUS GR USD	3.2%	3.2%	6.8%	-3.5%	2.5%
MSCI EM GR USD	5.1%	5.1%	8.6%	-2.3%	2.9%
<b>EAFE equity</b>					
MSCI EAFE EXTENDED ESG FOCUS GR USD	8.5%	8.5%	15.5%	7.8%	8.4%
MSCI EAFE GR USD	8.7%	8.7%	15.9%	7.9%	8.1%
<b>Canada equity</b>					
MSCI Canada IMI Extended ESG Focus GR USD	7.1%	7.1%	13.2%	8.3%	9.2%
MSCI Canada IMI GR USD	7.0%	7.0%	14.8%	9.5%	10.2%
S&P/TSX Capped Composite TR CAD	6.6%	6.6%	14.0%	9.1%	10.0%

5 YR relative perf ESG vs current index	5 YR relative perf ESG vs parent index
2.23%	0.22%
-0.14%	-0.10%
-0.38%	-0.38%
0.31%	0.31%
-0.73%	-1.02%

All returns in CAD. As of 3/31/2024.

Source: Morningstar, BlackRock.

### 2. Overall Fund Performance

- ✓ Canadian real economic growth has stagnated, and unemployment has started to creep up. The Bank of Canada has paused at a 5.0% overnight rate and there is an expectation of rate cuts in the second half of 2024. Core inflation declined to 2.0% as of March 31, 2024. Interest rates in Canada have seen their first cut in 4 years (as of the meeting date) by 0.25%. The Canadian economy remains in a state of low growth as the impact of higher interest rates permeates the economy. U.S. economic growth has been more resilient, but inflation remains more elevated. The Eurozone GDP has been flat in recent quarters.
- ✓ Over the past year all asset classes were positive with U.S. equities performing best. Higher bond yields have dampened returns in bonds. Over five years, U.S. equities have led the way. Canadian equities have been positive but have significantly trailed U.S. equities.
- ✓ All S&P/TSX Sectors except Communications, Utilities and Materials were positive over the past year. Information Technology was the strongest performing sector followed closely by Health Care. All S&P 500 sectors were positive over the past year. The Information Technology and Communications sectors performed best. Defensive sectors like Consumer Staples and Utilities trailed.
- ✓ Looking at fund performance relative to their benchmarks, many funds struggled to outperform their benchmarks over the last 1-year period. We saw in certain markets very strong performance out of the technology sector led by the "Magnificent 7" stocks. It is not surprising to see funds underperform during periods like this as many managers tend to overweight stocks that trade at very expensive multiples. Over the longer term 11 of the 17 funds did outperform their respective benchmark.
  - Over the last one year period:
    - 8 out of 17 actively managed funds have outperformed their respective benchmark.
  - Over the last five year period:
    - 11 out of 17 actively managed funds have outperformed their respective benchmark.

### 3. Watch List

- ✓ Greenlight currently has 5 funds on the Sun Life Watch List
  - CI Portfolio Series, Invesco Global Companies are On Watch
  - JF Balanced, JF Canadian Equity, Mawer Global Equity are on Additional Monitoring
  
- ✓ CI Portfolio Series remains on Watch due to elevated level of personnel turnover. We have seen a consistent outflow of investment professionals due to the restructuring in 2021, which was expected. The most recent departure was in February 2024, Paul Marcogliese departed CI GAM. Marcogliese managed the CI Canadian Core Plus Bond and supported CI Canadian Bond. These two funds are part of the fixed income allocation within CI Portfolio Series. Performance has remained very strong within CI Portfolio Series despite the departures. Alfred Lam and Stephen Lingard remain with the team managing CI Portfolio Series and both have significant experience managing multi-asset portfolios.

### 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

#### Future Meetings

- ✓ #75 Wednesday September 4, 2024 – Proteus and Manulife
- ✓ #76 Wednesday December 4, 2024 – Proteus and Canada Life

### 9. Adjournment

**[Motion]** – Tim Jones made a motion to adjourn the meeting on Day 2 at 11:35 a.m. Seconded by Moe Sr. Motion carried.