



greenlight.
RETIREMENT PROGRAM

75th Governance Meeting Minutes

September 4, 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 – CHAIRPERSON

Facilitator:

Joe Nunes	- Actuarial Solutions Inc.
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Guests:

Evan Carrick	- The Wealth Center Inc.
Kevin King	- The Wealth Center Inc.
Lisa Dinchik	- Delaney Financial Services - SECRETARY
Michael Scott	- Proteus, a HUB International Company

The Q3 2024 Greenlight Retirement Program® governance meeting was held virtually in one day.
September 4, 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 9:02 a.m.
- ✓ Quorum was met for meeting.

Introduction of Guests

Guests are welcomed to the meeting. Welcome!

Approval of Agenda

[Motion] – Moe Jr. 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 June 5th, 2024 meeting were previously approved via email and have already been electronically distributed to plan sponsors, administrators and prospects.

Intermeeting Communication

There were no intermeeting communications in the last quarter.

3. Administrative Review

Greenlight Certified Advisors

Twenty – four Greenlight certified advisors

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 June 30, 2024. It was noted that the Desjardins Financial asset information includes the assets in both their Foresight and regular menus.

Record Keeper	June 30, 2024			March 31, 2024		
	PPS*	PPM*	PPA*	PPS*	PPM*	PPA*
Desjardins Financial	4	145	7.757	5	273	15.373
Canada Life	24	4,336	152.174	26	4,567	159.098
Industrial Alliance	6	253	9.271	6	254	8.972
Manulife	14	1,393	189.887	15	1,425	189.756
Sun Life	5	876	118.405	5	845	117.032
Totals	53	7,003	477.494	57	7,364	490.231

*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, three plan sponsors AOR'd and one plan in a wind up reported during Q2 2024

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

Member Meeting and the Greenlight Advisor Self-Assessment forms were sent via email on March 4th. The advisors are asked to complete/sign/return these to HUB International Ontario Limited by the due date of April 1, 2024.

4. Industry Updates & Discussion

- [BenefitsCanada: FSRA outlines final guidance on retroactive adverse amendments](#)
- [BenefitsCanada: FSRA releases final guidance on roles, responsibilities of pension plan administrators](#)
- [ActuarialSolutions: 2024 CAP Member Survey Webinar Recap](#)
- [Benefits Canada: What can the Canadian pension industry learn from U.S. CAP litigation?](#)
- [Desjardins Insurance: Changes to the Desjardins Foresight® solution](#)

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.

- 32 plans are due for marketing with 25 completed thus far

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 Desjardins had the best rate this past quarter.
- ✓ There is a 0.90% spread amongst the rates the Record Keepers are offering.
- ✓ As of June 30, 2024, the average rate for 5-year GICs was 2.94%.

Fund Mapping Log

- ✓ Fund mapping in accordance with Action Item 369 final stages has commenced. Advance notices are/were sent to the advisors and plan sponsors with changes that are occurring to their plans. All fund mapping is to be completed by end of Q4 of 2024.

Active Member Asset Report

- ✓ HUB International Ontario Limited presented an asset report, dated June 30, 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 Desjardins and I.A.'s 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

- ✓ M. Scott presented an economic and market summary to contextualize the performance results from the fund managers. He commented that markets have been resilient in 2024 despite the economic uncertainty. The market is anticipating interest rate cuts from both the Bank of Canada and the Federal Reserve.
- ✓ The second quarter saw a continuation of many of the themes observed in Q1, with strong enthusiasm around AI-related businesses. The 'Magnificent 7' stocks represented nearly all of the positive gains experienced by the S&P 500 Index with most stocks underperforming the index.
- ✓ M. Scott presented the dashboard and highlighted material firm updates. The Invesco Income Growth Fund promoted an individual to Portfolio Manager and on the Co-Portfolio Managers on the MFS US Equity Fund has been promoted to Chief Investment Officer effective Jan 1, 2025.
- ✓ M. Scott noted the underperformance from the Mawer US Equity Fund over the four-year period. Underweight positioning in the 'Magnificent 7' companies has been a significant driver of underperformance. The narrow market leadership of a few stocks has presented a challenging market environment for active US equity managers.
- ✓ M. Scott illustrated that over the last two years, the ESG indices utilized in the BlackRock LifePath Target Date Funds have underperformed their traditional parent indices. However, the LifePath Funds have generally performed well compared to peers due to their passive approach in an environment where most active managers have underperformed.

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. Overview

- ✓ Jennifer discussed the market results to the end of June 2024. Compared to the first quarter, market expectations for future interest rate cuts were reduced as the U.S. Federal Reserve and Bank of Canada grappled with stubborn inflation. Nonetheless, central bankers in Canada diverged from their American peers by kicking off their policy easing cycle with a 25-basis point cut in the overnight rate in June, and subsequently another after the quarter ended in July. It is likely Canada will have cut 3x before the US makes their first cut in September.
- ✓ In Canada and the U.S., growth remains positive although Canada continues to lag its neighbours south of the border. The Canadian equity market also faced headwinds from a more challenging growth outlook. Canadian stocks were mostly directionless as companies slightly lowered their revenue guidance. Canadian bonds had positive returns this quarter as the short end of the yield curve moved lower, correlated to the start of rate cuts, while long-term yields remained mostly unchanged.
- ✓ The US Equity market, particularly the growth end of the market, was the only standout in the quarter. The US market hit new records during the quarter, with the rally being driven by fewer stocks, causing the relative price performance of the equal-weighted S&P 500 against the market-cap-weighted S&P 500 to be at its worst level since March 2009. Nvidia by itself accounted for roughly one third of the S&P 500 gains year-to-date. The US Dollar appreciated by roughly 1% during the quarter so the USD return was slightly lower at 4.0%.
- ✓ Emerging markets rose during the quarter on the back of AI enthusiasm, particularly Taiwan renowned for its advanced technology industry. China also did well on expectations that the government would take a more active role supporting the economy.
- ✓ 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, 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 underwent significant changes in the last year, with the addition of BlackRock in the target date fund space, as well as other fund replacements and additions.
- ✓ There are five funds currently under Increased Scrutiny on the Manulife Closely Monitored List. Of these funds, all issues are related to the retirement/departure of key portfolio managers. In these situations, Manulife monitors the funds for a year to ensure the changes of personnel do not impact the investment process or strategy.
- ✓ The exception is the Franklin Bissett Canadian Equity fund. Performance has improved across Bissett strategies and the concerns that drove the initial rationale for the downgrade (staffing and PM bandwidth concerns) have subsided. That said, there remain questions around the integration between Clearbridge Investments and Bissett IM. GMR would like further details on the Clearbridge / Bissett tie up in the quarters ahead before considering a rating upgrade. GMR's lower conviction reflects heightened organizational uncertainty at this time.

3. Target Date Fund Review

- ✓ Jennifer presented the performance of the BlackRock LifePath funds. The funds have had strong absolute performance over the last year, but a relatively wide divergence between the shorter dated, more conservative funds and the longer dated, more aggressive funds. This is because BlackRock's fixed income exposure is limited to the Canadian bond universe, which has had much weaker returns than the equity markets. Over the three-year period this effect is even more pronounced, as the Canadian bond market returns are negative over the three-year period. The five-year returns are still acceptable.
- ✓ BlackRock completed their transition to ESG focused mandates for the equity components in November 2023. Since then the performance has been below expectations and the new ESG focused mandates have underperformed the old traditional market cap weighted mandates.

4. Asset Allocation Fund Review

- ✓ Jennifer reviewed the Asset Allocation funds, which have 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.

5. A La Carte Fund Review

- ✓ Jennifer provided their new fund slides for all the remaining funds on the program. These slides provide a more robust picture of each fund, highlighting not only performance but also risk metrics, risk/return, differentiators and i-Watch status.

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

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

9. Adjournment

[Motion] – Moe Jr. made a motion to adjourn the meeting at 11:15 a.m. Seconded by Kevin Delaney carried.