



Lakehead  
UNIVERSITY

# *retirement*

## **PLAN REVIEW**

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Spring/Summer 2025

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# PERFORMANCE SUMMARY



## INVESTMENT STRATEGY

Capital Markets are unpredictable over short time periods and a well-diversified portfolio will help protect your capital over the long-term. Successful long-term investors do not focus on poor performance in any given year – they review their strategy and make sure it is well aligned with their long-term objectives. Completing a ‘Risk Profile’ will help to determine the type of investor you are. If you are unsure of the best strategy for you, you should seek independent professional advice before making your investment decisions.

Period Ending March 31, 2025				
	1 Year	3 Year	4 Year	10 Year
<b>Total Plan Fund</b>				
Lakehead Pension Total Portfolio	10.8	9.1	7.8	6.8
<i>Benchmark</i>	<i>11.5</i>	<i>7.7</i>	<i>7.3</i>	<i>6.7</i>
<b>Money Market Fund</b>				
Lakehead Short Term Account*	4.4	4.0	3.1	1.9
<i>Benchmark</i>	<i>4.5</i>	<i>4.0</i>	<i>3.1</i>	<i>1.8</i>
*Performance shown is for the underlying pooled fund.				

## Plan Governance

Plan Governance is handled by the Pension Board and Pension Advisory Committee.

The Professional Plan is administered by the Pension Board which is advisory to the Board of Governors. The Pension Board consists of the following members:

- Two Members of the Faculty (Bargaining Units #1 and #2);
- One Pensioner;
- One Member of Non-Faculty Staff; and
- Two persons chosen by the Board of Governors.

The Employee Plans is administered by the Pension Advisory Committee, which is advisory to the Board of Governors of the University. The Committee consists of:

- Two members appointed by the Board of Governors;
- One member of each bargaining unit;
- One member of non-union staff; and
- One member of non-union Technical staff.

# Lakehead's Investment Structure and Managers

## Investment Structure

### Lakehead University Main Pension Plan

*Lakehead Pension Total Portfolio* — The pension plan investment structure is comprised of a number of underlying investment funds managed by various investment management firms (see below). The goal of the investment mix is to provide long term capital growth and capital preservation. The Portfolio is currently invested in Canadian large-cap and mid-cap equities, Canadian bonds, Canadian commercial mortgages, American large-cap and small cap equities and International large-cap and small-cap equities.

## Underlying Investment Managers

### Main Pension Plan

#### Balanced Fund

*Jarislowsky Fraser Total Portfolio* — Invests in the pooled JF Canadian equity and bond funds. The target allocation is a 50-50 split between the two funds. The JF Canadian equity fund emphasizes buying long-term growth at a reasonable price. The JF Bond fund is managed based on safety of principal, conservative duration management, and optimization of yield.

#### Canadian Equity Fund

*CGOV Canadian Equity* — Attempts to buy companies at a sufficient discount to their intrinsic values. The companies are diversified across a minimum of globally recognized industry sectors with the mandate limited to 25 companies. The fund is not expected to exhibit index-like characteristics.

#### American Equity Fund

*Dimensional US Equity Small Cap Value* — Invests primarily in securities of small-cap U.S. companies.

#### Global Equity Funds

*Burgundy Global Equity* — Follows a value philosophy with a quality bias, on the basis that capital preservation is a key element in generating strong returns over the long term. Burgundy's objective is to buy high quality businesses at attractive valuations and hold them for the long term. Valuation is built based on 5-year cash flows model which is discounted back at 8% or higher.

### Lakehead University Short Term Account

*Short Term Account* — The Short Term Account is comprised of one underlying investment fund managed by Jarislowsky Fraser (JF). The underlying fund is a money market fund. Money market funds invest in short term interest bearing (or discount) securities of governments, corporation and other short term borrowers with a time horizon generally under one-year. The rate of return for the fund should be consistent with short term Canadian interest rates.

*State Street Global Advisors (SSgA)* — A portfolio of primarily large capitalization global equity stocks that is intended to match the return on the MSCI World Index.

*T. Rowe Price Global Growth Equity* — Seeks long-term capital appreciation and applies a growth-oriented approach, but with a mind-set that valuation always matters in generating alpha and in controlling absolute and relative risks. The strategy also maintains a focus on companies that they believe offer sustainability and robustness in their future earnings and cash flow growth, that have strong business models, and that apply rational deployment of capital.

#### International Equity Fund

*Dimensional International Small Cap Value* — Invests primarily in securities of small-cap international (non-U.S.) companies.

#### Fixed Income Funds

*Addenda Bond Fund* — Invests in a diversified portfolio of bonds and provides investors with interest income and safety of principal along with opportunities for moderate capital growth.

*Addenda Commercial Mortgages Fund* — Invests in commercial mortgages which are held until maturity unless their annual review process indicates a cause for concern.

# Navigating Market Volatility:

## Align Your Portfolio with Your Risk Tolerance

Market ups and downs can be unsettling, especially when headlines are dominated by volatility. It's natural to feel a bit anxious during these periods. But volatility is a normal part of investing, and it can also be an important opportunity to check in on your financial strategy.

Risk tolerance refers to how comfortable you are with the possibility of investment losses in pursuit of long-term gains. It's not static, it can evolve with your age, financial situation, and goals. For example, someone in their 20s with decades to retirement may be able to weather more risk than someone just a few years away from drawing down their retirement income.

When markets are choppy, it's important to make sure your investment mix still reflects your current risk tolerance and circumstances.

While reacting emotionally to market swings can lead to hasty decisions, ignoring changes in your personal situation can be just as risky. A helpful middle ground is to stay the course with your long-term goals but stay aligned with your current reality.

Ask yourself:

- Has my time horizon changed (e.g., am I closer to retirement)?
- Has my financial situation shifted significantly?
- How did I feel during recent market drops?

If your answers suggest your portfolio no longer reflects your comfort level, it might be time to rebalance or adjust your investment strategy.

Your plan's recordkeeper offers an investor profile questionnaire and other tools to assist with your assessment. You should also consider seeking out qualified professional financial advice. Taking a few minutes to revisit your risk profile and rebalance your investments can help you feel more confident and stay on track toward your goals.

Volatility isn't a sign that something's wrong, it's a reminder to stay engaged. Checking in with your risk tolerance now can make your portfolio stronger and your peace of mind steadier, no matter what the market brings next.

## Your Responsibilities as a Plan Member

As a member of a Capital Accumulation Plan (CAP), you play a vital role in shaping your financial future. While your employer has engaged a recordkeeper to offer helpful tools and resources, it's important to recognize that you have specific responsibilities in managing your retirement account. There are a few key things you're expected to do to help make the most of your retirement plan. These responsibilities support informed decisions and active involvement in your future:

### General Member Responsibilities:

- Read and understand the information provided by your employer or recordkeeper.
- Use the tools and information available to make informed investment decisions.
- Review personal account information regularly to ensure accuracy.
- Inform the plan administrator of any changes in personal circumstances that could affect the plan (e.g., address changes, marital status).

- Seek additional information or advice if needed to understand plan features or investment choices.

### Managing Your Account:

- Monitor your investments and review performance periodically.
- Reassess your investment choices in relation to your retirement goals and risk tolerance.
- Notify the plan administrator of any errors or discrepancies in account information.
- Participate in available educational opportunities to enhance your financial literacy.
- Act on communications from your employer or recordkeeper regarding changes to the plan or your responsibilities.

Being an active and informed member helps you make the most of your Capital Accumulation Plan. Stay engaged, seek guidance when necessary, and regularly review your plan to keep your retirement on track.



# **MARKET REVIEW**

## **Q1 2025**

In the first quarter of 2025, Canadian equities saw modest growth, driven largely by strong gains in the Materials sector, which benefited from higher commodity prices and increased demand for metals. Sectors like Utilities, Energy, and Communication Services also held up well, while Information Technology struggled, with investor interest shifting away from growth stocks.

Whereas U.S. equities declined over the quarter, driven by significant losses in the Information Technology, Consumer Discretionary, and Communication Services sectors. This shift reflects a broader market trend, as rising global trade uncertainty has led investors to move away from mega-cap tech stocks.

The International markets posted positive returns, supported by monetary easing through interest rate cuts from the European Central Bank and fiscal stimulus measures across key eurozone economies.

Additionally, the Bank of Canada continued to cut interest rates to further support the economy. While the U.S. Federal Reserve held rates steady, awaiting more conclusive data on inflation and broader economic conditions. Canadian bonds delivered modest gains, supported by the easing rate environment.

## A note about the performance summary:

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