



Annual Report
2020

ELCIC PENSION PLAN

Administered by:



President's and Executive Director's Message

How does one report on a year like 2020; a year of unprecedented disruption. In the midst of all the pandemic has wrought, we have been challenged to do things differently.

The March 2020 Board meeting was reconfigured from an in-person to a virtual meeting, just days before the meeting was to begin. However, be assured that the Board maintained the high standard of governance processes and reviews that plan members and their employers have come to expect and rely on. We have continued to hold virtual Board and Committee meetings throughout 2020 and into 2021.

In 2020, 43 new plan members joined, and 71 members settled their pension accounts. As an essential service, ELCIC Group Services Inc. continued to operate and serve throughout the pandemic, helping guide these members through their transitions and responding to other member needs as they arose.

INVESTMENT NOTES

At the beginning of 2020, we were bracing ourselves for poor investment results as the effect of the pandemic took hold. And indeed, the markets declined in the first quarter and the ELCIC Pension Plan experienced a loss. However, that trend reversed in the second quarter, and the market continued to climb throughout the year. As part of our due diligence, we continually monitored the unfolding market events and drew upon advice from our Investment Consultants. We have always focused on having a well-balanced and diversified investment strategy while being prepared to act if the situation warrants. The goal is to continue to look after the overall best interest of all plan members and employers.

The ELCIC Pension Plan earned 14.9% in 2020 (14.9% in 2019), based on the combination and weighting of assets in each of the investment funds. The two global equity managers each earned a first quartile ranking for their 2020 performance when ranked against other investment managers. The PH&N Core Plus Bond Fund also received a first quartile ranking. More information on the investment returns and manager performance can be found in report from the Investment Committee Chair, Mark Johnson.

President's and Executive Director's Message

ELCIC PENSION PLAN TEXT

The ELCIC Pension Plan text is a document (full text provided on GSI's website) that provides the strategy for "the accumulation of funds for the ultimate purpose of providing retirement income for eligible Employees at a predictable cost to the participating Employers". The board, with the assistance of its consultants, engages in an in-depth review of the text every few years, which occurred in 2020. While there are usually some regulatory items to update or clarifications needed, this year's focus was on eliminating discrimination based on employment position or on age. The Policy Update section in this report provides more details on this year's amendment.



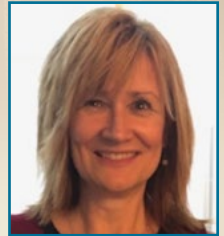
A handwritten signature in black ink that reads "J. Wolff".

John Wolff
PRESIDENT

FACTS AND FIGURES

Summary financial statements and plan member data for 2020 are provided in the following pages. The assets in the Plan's Member Accounts have grown to \$100,000,000 (from \$89 million last year), as a result of steady contributions and strong investment returns.

The plan membership statistics indicate an attrition rate of 5% in contributing plan members. This has been the trend of the past decade. Active members number 464 at the end of 2020, down from 486 at the beginning of the year.



A handwritten signature in black ink that reads "Lisa Thiessen".

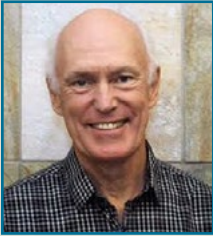
Lisa Thiessen
EXECUTIVE DIRECTOR

APPRECIATION

As always, we express our appreciation to National Church Council for their endorsement of the work we do, the congregations for their partnership, and the plan members for their trust and engagement. Please continue to send us your feedback.

ELCIC Group Services Inc.

Administrator and Sponsor of the ELCIC Pension Plan



Mark Johnson
INVESTMENT
COMMITTEE CHAIR

PERFORMANCE MONITORING

The board has made some changes in recent years to the investment management firms engaged to invest the pension plan's assets. Firms were replaced when their performance fell short of the criteria established in the Statement of Investment Policies & Procedures (SIP&P). 2020 was the first full year with the current investment managers, and the Board is carefully monitoring their performance each quarter against the benchmarks established. Due to the various market and economic cycles, the critical review is done on a four-year rolling average. The final table in this section shows the four-year performance of the funds for information; note that some funds may not have been a part of the ELCIC Pension Plan for the entire four years.

POLICY REVIEW

The SIP&P is a critical document that specifies the parameters for investing the pension assets. The Board does an annual review of this policy to ensure that it is clear, relevant and designed to meet the goals and objectives of the ELCIC Pension Plan. Changes made in 2020 are detailed in the Policy Update section found later in this report.

COMPLIANCE

In addition to reviewing the investment managers performance against benchmarks, the Board also ensures that their investment positions and decisions are compliant with the SIP&P. The Board is pleased to report that full compliance was met.

ANNUAL MEETINGS

The Board meets at least annually with each investment management firm. This year the format was different, as the meetings were held virtually; however, the opportunity to discuss all aspects of each firm's mandate was not diminished. These are important meetings for understanding the investment environment, how decisions are made within each firm, and what future expectations might be. These meetings always include discussions about the integration of ESG factors (environmental, governance, and social) on the investment portfolio.

Investment Report

LIFE CYCLE REVIEW

Starting in 2013 the assets in the ELCIC Pension Plan moved from a Balanced Fund that held all member pension accounts, to one that allocated each members' funds between Fixed Income and Growth portfolios based on the plan member's age. The allocation process is called Life Cycle, denoting that the asset allocation between fixed income and growth portfolios evolves as a member ages and nears retirement (briefly, the percentage of higher risk investments in the member's account reduces as the member approaches retirement age).

In the early months of 2020, the Investment Committee continued with the review that began in 2019 of the risks that can affect the life cycle allocation.

The primary risks to mitigate are:

Market volatility – The risk here is that pension plan funds lack the time to recuperate from market shocks before the members retire.

Longevity – The risk of members outliving their retirement savings

Interest rate – The risk is of low bond interest rates, as the bond allocation is proportionately greater when a member gets closer to retirement.

The review included comparing various assets allocations scenarios against these risks. The results indicate that the current life cycle model continues to provide a solid investment strategy.

Monitoring the life cycle will continue in the ongoing effort to meet the goals of the ELCIC Pension Plan.

INVESTMENT RETURNS

The ELCIC Pension Plan earned 14.9% in 2020, based on the combination and weighting of assets in each of these categories. This result surpasses the median balanced pooled fund at 9.2%. The following charts provide more details of the investment results.

Investment Report

PERFORMANCE OBJECTIVES AND RESULTS

Specific targets for each Fund (Fixed Income and Growth) seek to measure the long-term real rate of return, which is defined in relation to the Consumer Price Index (CPI). This calculation is made for the current year and on a rolling four-year basis. The following chart defines the target for each Fund, indicates the 2020 return and the four-year rolling return and states whether the target was met for each.

	2020 Return	2020 CPI + 1% met	Four-Year Rolling Return	Four-Year CPI + 1% met
Fixed Income Fund	11.2%	0.7% + 1% = 1.7% yes	5.5%	1.7% + 1% = 2.7% yes
	2020 Return	2020 CPI + 5% met	Four-Year Rolling Return	Four-Year CPI + 5% met
Growth Fund	18.7%	0.7% + 5% = 5.7% yes	12.5%	1.7% + 5% = 6.7% yes

Note that these investment results are based on the actual assets held in the ELCIC Pension Plan. These investment results may vary from the performance shown in the following charts, which report the returns of the newly appointed managers.

Each manager is evaluated individually against the appropriate benchmark. The results for 2020 of the investment managers at year-end are:

Fixed Income Fund Investments	2020 Fund Return	2020 Benchmark Return	Benchmark Description
PH&N Core Plus Bonds	13.4%	8.7%	FTSE Canada Universe Bond Index
PH&N Mortgage Pension Trust	5.8%	5.3%	FTSE Canada Short Term Bond Index
PH&N High Yield Mortgage	5.4%	5.3%	FTSE Canada Short Term Bond Index
Growth Fund Investments	2020 Fund Return	2020 Benchmark Return	Benchmark Description
PH&N Canadian Equity	-0.6%	5.6%	S&P/TSX Capped Index
RBC Global Equity Focus	26.4%	14.5%	MSCI World Index CAD
Baillie Gifford Equity Fund (1)	34.7%	14.5%	MSCI World Index CAD

¹ These funds hold ELCIC Pension Plan assets as of May 1, 2019, and therefore the results shown are historical to those funds but not to the ELCIC Pension Plan.

Investment Report

FOUR-YEAR RESULTS

Because of the various market cycles and the diverse investment styles of the investment managers, the performance is also evaluated on a rolling four-year basis against the same index to achieve a better understanding of how each manager is performing. GSI reviews the results each quarter against the expectations described in the SIP&P.

Here are the outcomes of the **four-year** annualized returns ending December 31, 2020:

Fixed Income Fund Investments	Four-Year Rolling Fund Return	Four-Year Rolling Index Return	Minimum Target	Met
PH&N Core Plus Bonds (1)	6.3%	4.8%	Index + 0.25% = 5.1%	Yes
PH&N Mortgage Pension Trust	3.9%	2.6%	Index + 0.4% = 3%	Yes
PH&N High Yield Mortgage (2)	n/a	2.6%	Index + 0.4% = 3%	n/a

Growth Fund Investments	Four-Year Rolling Fund Return	Four-Year Rolling Index Return	Minimum Target	Met
PH&N Canadian Equity (3)	4.9%	6.6%	Index + 0.5% = 7.1%	No
RBC Global Equity Focus (3)	19.9%	12.6%	Index + 1.0% = 13.6%	Yes
Baillie Gifford Global Equity (4)	20.7%	12.6%	Index + 1.0% = 13.6%	Yes

1 Inception date of the PH&N Core Plus Bond fund was April 2018. Four-year returns are shown for informational purposes only.

2 The High Yield Mortgage fund was established on April 1, 2017 therefore 4-year results are not available.

3 These funds hold ELCIC Pension Plan assets as of December 1, 2018, and therefore the results shown are historical to those funds but not to the ELCIC Pension Plan.

4 This result is blended with the legacy manager GMO to December 2015 and Allianz to April 2019. Baillie Gifford was appointed effective May 1, 2019.

Policy Updates

Statement of Investment Policies & Procedures

approved on May 13, 2020

In this year's annual policy review, the Board decided to set different investment return targets for the mortgage investment portfolio for each of the PH&N Mortgage Pension Trust Fund and the PH&N High Yield Mortgage Fund. In addition, the review resulted in some minor changes to provide clarification or to address administrative issues.

Text of the ELCIC Pension Plan

approved October 28, 2020 with an effective date of January 1, 2021

The Board completed an in-depth review of the Pension Plan text during 2020. This resulted in several changes including:

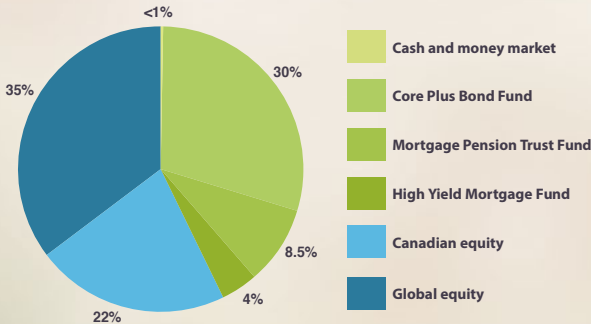
- addressing new regulatory requirements, such as the appointment of a Chief Executive Officer;
- clarifications for the definitions of an employee, salary, and service;
- removal of the waiver option for part-time non-rostered employees;
- removal of the option to cease contributing after age 65 if employment continues; and
- clarification of the procedures and entitlement when settling pension accounts.

Financial Statements

Statement of Net Assets Available for Benefits

	Total 2020	Total 2019
	\$	\$
Investments		
Cash and money market	175,255	299,410
Core Plus Bond Fund	30,426,576	26,196,493
Mortgage Pension Trust Fund	8,500,635	8,037,905
High Yield Mortgage Fund	3,792,480	3,798,398
Canadian equity	21,564,046	19,338,432
Global equity	35,403,106	31,400,952
	<u>99,862,098</u>	<u>89,071,590</u>
Pension Contributions Receivable		
Employer	154,512	135,012
Member	135,198	118,112
	<u>289,710</u>	<u>253,124</u>
Other Assets and Liabilities		
	<u>6,494</u>	<u>(73,932)</u>
Net Assets Available for Benefits		
	<u>100,158,302</u>	<u>89,250,782</u>

2020 Investment Allocation



Financial Statements

Statement of Changes in Net Assets Available for Benefits

	Total 2020	Total 2019
	\$	\$
Investments		
Employer required	2,179,306	2,210,692
Member required	1,906,665	1,933,769
Member voluntary	64,906	55,213
	<u>4,150,877</u>	<u>4,199,674</u>
Investment Result	13,111,275	12,474,131
Account Transfers to Retirement Plans	(5,599,517)	(12,583,452)
Management Fees	(755,115)	(802,802)
Increase in Net Assets	<u>10,907,520</u>	<u>3,287,551</u>

The financial statements were prepared by the Pension Plan Administrator, ELCIC Group Services Inc., and audited by PricewaterhouseCoopers LLP.

The Finance & Audit Committee recommended the annual operating budget and reviewed the financial statements and the accounting processes. This review is to ensure that appropriate internal control procedures and management information systems were and continue to be in place.



Ray Henrickson
FINANCE AND AUDIT
COMMITTEE CHAIR

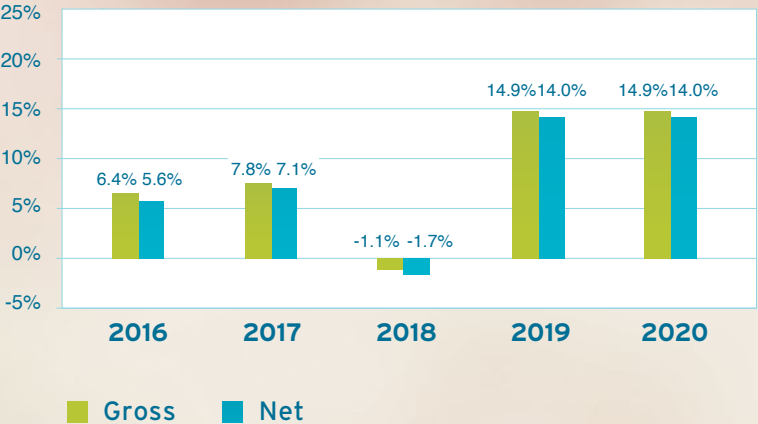
Statistical Information

Plan Membership

Number of Member Accounts

	Active	On Leave	Deferred Retirement	Total 2020	Total 2019
Members, January 1st	486	23	216	725	774
New members	43			43	29
Transitions	(23)	3	20	0	
Account transfers to retirement plans	(42)	(2)	(27)	(71)	(82)
Account paid out on death			(2)	(2)	(1)
Members, December 31st	464	24	207	695	720

Return History



ELCIC Pension Plan Description

The following general description of the ELCIC Pension Plan is a summary only. For more complete information, refer to the Registered Pension Plan document.

GENERAL

The ELCIC Pension Plan is a defined contribution plan for Rostered and Non-Rostered employees of the Evangelical Lutheran Church in Canada (ELCIC) and entities associated with it. It is registered with Canada Revenue Agency and with the Financial Services Regulatory Authority of Ontario, registration number 0533240. The ELCIC Pension Plan is a Registered Pension Trust as defined in Section 149(1)(o) of the Income Tax Act (Canada).

ADMINISTRATION

ELCIC Group Services Inc. (GSI) is the Administrator of the ELCIC Pension Plan. GSI has engaged an Executive Director and support staff to handle day-to-day administrative matters. GSI has also engaged the services of investment fund managers, as well as a trustee and custodian.

MEMBER ACCOUNTS

All of the ELCIC Pension Plan's assets are held in trust by the ELCIC Pension Plan's custodian for the credit of the individual members' accounts. At any point in time, the aggregate individual members' account balances equal the value of the assets in the trust. Pension contributions (both member and employer contributions) are recorded in the members' accounts as they

are received for each active member. Investment Returns are allocated to members' accounts.

FUNDING POLICY

The ELCIC Pension Plan active members contribute 7%, and their respective employers contribute 8% of the members' Salary Basis, to the members' pension accounts. Members may make voluntary contributions. Both required and voluntary pension contributions from the member must be made by means of payroll deduction.

The combined contributions of a member and the employer cannot exceed the maximum as defined under the Income Tax Act (Canada). Member contributions to the ELCIC Pension Plan are tax deductible, subject to the limitations in the Income Tax Act (Canada).

VESTING

Members are entitled to the entire accumulated balance in their account including member contributions, employer's allocated contributions plus investment income (loss) allocated to that date.

ELCIC Pension Plan Description

TERMINATION

Members may transfer the balance accumulated in their account to an authorized financial institution when they cease to be employed by a participating employer. However, such transfers are subject to locking-in provisions (i.e., amount that cannot be received in cash). All assets must be withdrawn from the ELCIC Pension Plan prior to the end of the year a member turns age 71.

TRANSFERS

Members may transfer the balance accumulated in their account to an authorized financial institution when they cease to be employed by a participating employer. However, such transfers are subject to locking-in provisions (i.e., amount that cannot be received in cash). Transfers must be completed by the end of the year in which the member attains age 71.

RETIREMENT

At retirement, the member's accumulated account balance must be used to provide monthly income. This is facilitated outside the ELCIC Pension Plan through the purchase of an annuity or the establishment of a retirement income program. There are a number of retirement income options available, which vary based on the pension jurisdiction in which the member last worked. All assets must be withdrawn from the ELCIC Pension Plan prior to the end of the year a member turns age 71.

RETIREMENT

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DEATH BENEFIT

In the event of a member's death prior to retirement, the member's spouse, or if no spouse (or if the spouse has waived their entitlement in writing), the member's beneficiary, will be entitled to a cash sum equal to the value of the member account (including Voluntary Contributions if any) accrued to the date of death. If the spouse is entitled to the death benefits, in lieu of a cash refund, a transfer may be made to an individual registered retirement product available under the applicable pension legislation. Alternatively, the spouse could use the account balance to purchase a deferred or immediate annuity.

Plan Administration

Board of Directors

Officers	Directors	Chair Position	Term	Expires
President	John Wolff, CPA CMA	Board / Nominating	1 st	2021
Vice President	Mark Johnson, CPA CA	Investment	2 nd	2021
Secretary	Pamela Giles, PhD	Communications	2 nd	2023
Treasurer	Ray Henrickson, CPA CA	Finance & Audit	1 st	2021
	Cath Wilke, BA	Benefits	1 st	2021
	Gordon Jensen, MDiv, PhD	Governance	1 st	2023
	Susan Climo, MDiv		1 st	2023
	Vetta Simeonidis		1 st	2023

Staff

Lisa Thiessen, CPA CA	Executive Director
Barb Fortier, BComm (Hons)	Pension & Benefits Administrator
Andrea Christensen	Accounting & Office Assistant
Alexa Thiessen	Accounting & Office Assistant

Advisors & Consultants

Firm	Role	Appointed
CIBC Mellon GSS	Custodian	April 1999
CIBC Mellon GSS	Trustee	July 2003
Desjardin / Baillie Gifford	Investment Manager	May 2019
Eckler	Retirement Consultants	March 2014
Mercer Investment	Investment Consultants	October 2003
MLT Aikins	Legal Counsel	October 1997
Phillips, Hager & North	Investment Manager	February 2005
PricewaterhouseCoopers LLP	Auditors	September 2013

GSJ BOARD OF DIRECTORS



TOP ROW

Vetta Simeonidis, Pamela Giles, Ray Henrickson

CENTRE ROW

Mark Johnson, John Wolff, Cathy Wilke

BOTTOM ROW

Gordon Jensen, Susan Climo



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