

# COMMUNIQUÉ

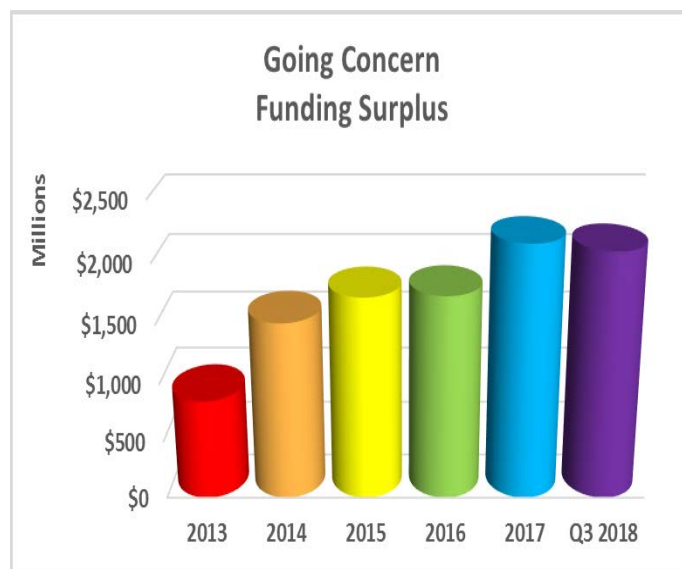
## CBC PENSION PLAN QUARTERLY REPORT

### Financial Health

The CBC Pension Plan continues to be in a sound financial position with the Plan's key measures of overall pension plan financial health strengthening in the quarter.

The CBC Pension Plan had a going-concern funding surplus of \$2.09 billion at September 30, 2018, a decrease of \$62 million from the start of the year. The Plan's going-concern funding ratio was 141.5% at September 30, 2018, a decrease of 1.9% for the year.

The Plan's funding status on a solvency or windup basis was a surplus of \$122 million at September 30, 2018, an improvement of \$133 million since the start of the year. The Plan's solvency funding ratio was 101.7% at September 30, 2018, an increase of 1.8% for the year.



### Get to Know Your Board Members

**Mr. François R. Roy**  
Pension Board member since  
March 2018



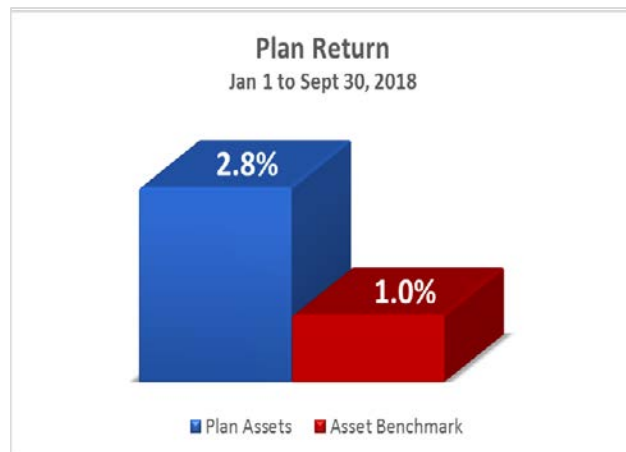
Mr. Roy is a former business executive who has served as the chief financial officer and a board member at a variety of companies and non-profit organizations. He currently sits on several boards including the CBC/Radio-Canada Board, where he is also a member of the Audit Committee. Mr. Roy brings extensive business, investment and governance experience to the Board. Mr. Roy has a Bachelor of Arts and a Master of Business Administration (MBA) from the University of Toronto.

	September 30, 2018	December 31, 2017
NET ASSETS AVAILABLE FOR BENEFITS	\$7,121 million	\$7,111 million
Going Concern Funding Surplus	\$2,090 million	\$2,152 million
Solvency Funding Surplus / (Deficit)	\$122 million	(\$11 million)
Number of Pensions Being Paid	9,881	9,831
Number of Plan Contributors	7,317	7,243

## Financial Performance

The Plan had net assets of \$7.12 billion at September 30, 2018, an increase of \$10 million for the year. The increase in assets was driven by strong global and private equity returns which were partially offset by negative fixed income returns. Illustrating the mature nature of the Plan, the Plan made pension payments of \$221 million to pensioners and received contributions of \$81 million from CBC/Radio-Canada and employees in the first three quarters of 2018.

During the first three quarters of 2018 the Plan posted a return of 2.8%, which exceeded its asset benchmark return of 1.0%. The Plan's annualized 4-year return of 8.7% also outperformed its asset benchmark of 6.5%.



## Investment Strategy

The Plan's Liability-Driven Investment strategy continued to perform well. The strategy targets returns that match the growth in the Plan's pension obligations over the long term. This results in more stable funded positions and enhances benefit security. While performance may fluctuate in any given year, the Plan remains committed to the long-term benefits of its Liability-Driven Investment strategy.

## Member Services

The Plan's members rated pension administration services with an overall satisfaction of 96% during the third quarter of 2018. This was based on a survey of members who called the pension administration center. The Plan strives to deliver a high-quality pension administration service to Plan members in a cost-effective manner.



## Governance Matters





One of the key responsibilities of the Pension Board is to develop annual objectives that are aligned with the Plan's Strategic Plan, as well as to review progress against current year objectives. At the December 2018 Pension Board meeting, the Trustee's approved the 2019 objectives and budget and reviewed preliminary 2018 results.

The 2017 Annual Report is available on the Plan's website at <http://cbc-radio-canada-pension.ca/publications/annual-reports/>

A summary of the Pension Board's 2015 - 2020 Strategic Plan and the status of key objectives is included in the infographic on the next page.

A glossary of common pension terms can be found at [cbc-radio-canada-pension.ca/help/glossary-of-terms](http://cbc-radio-canada-pension.ca/help/glossary-of-terms) (under the "Help" tab on the Plan's web site)



STRATEGIC GOALS		KEY PERFORMANCE INDICATOR (KPI) as at September 30, 2018	STATUS	2018 ACTIVITIES as at September 30, 2018	STATUS	DESIRED OUTCOME BY 2020
1	Deliver risk-adjusted net returns to support the financial viability and liquidity needs of the pension plan	<ul style="list-style-type: none"> <li>4-year Fund return to exceed benchmark portfolio by 0.50%.</li> <li>4-year Fund return to equal or exceed actuarial required return.</li> <li>Surplus-at-Risk (SAR) volatility trades within Risk tolerance expectations.</li> </ul>	<div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Invest in a way to exceed the reference benchmark portfolio by 0.50% net of costs.</li> <li>Transition to the new asset mix policy.</li> <li>Review benchmarks for the strategic asset class.</li> <li>Review and enhance the in-house currency management program.</li> <li>Review ESG guidelines for market developments.</li> </ul>	<div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Plan reaches fully funded status.</li> </ul> 
2	Provide pension administration services pursuant to the Plan Text on a timely and cost-efficient basis	<ul style="list-style-type: none"> <li>Make Pension payments on time.</li> <li>Member experience survey results of 80% or higher.</li> <li>Provide pension admin service consistent within targets.</li> </ul>	<div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Manage and monitor the provision of pension administration services by Morneau to meet Service Level Agreements</li> <li>Undertake a RFP for pension administration and actuarial services.</li> <li>Review shared resource allocations with Sponsor.</li> <li>Explore the development of a PAC policies and procedures guide.</li> </ul>	<div> <div></div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Service levels meet achievable expectations.</li> <li>Web usage by membership increases resulting in lower and fewer call centre services required.</li> </ul> 
3	Communicate effectively with members and stakeholders	<ul style="list-style-type: none"> <li>Annual assessment of relationship with Pension Plan Sponsor.</li> <li>Provide timely, comprehensive and clear communications to members.</li> </ul>	<div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Continue the roll out of the communication / branding strategy.</li> <li>Complete annual presentations to stakeholders.</li> </ul>	<div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Branding exercise completed.</li> <li>More formalized collaborative discussions with Sponsor established.</li> </ul> 
4	Maintain effective governance and organizational structures to meet fiduciary obligations and business requirements	<ul style="list-style-type: none"> <li>Meet all regulatory requirements.</li> <li>Obtain an unqualified audit opinion free of any material adjustments.</li> <li>Trustee meetings and education evaluation grades of Good or higher.</li> <li>Costs equal or less than benchmark.</li> <li>Trustee Self-Assessment rating of Satisfactory.</li> </ul>	<div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Undertake review of strategic investments team structure.</li> <li>Conduct 2016 and pre-2017 actuarial valuations.</li> <li>Evaluate processes for managing external service providers.</li> <li>Undertake Biennial Risk Register update.</li> <li>Undertake annual Succession Planning Review.</li> <li>Complete documentation of accounting controls and procedures.</li> <li>Prepare for upcoming changes to FlexPen.</li> </ul>	<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>Organization is well resourced with competent Trustees and management team capable to manage the organization into the future.</li> <li>Cost effectiveness reviews likely lead to more assets managed in-house.</li> </ul> 
5	Be a continuous learning organization	<ul style="list-style-type: none"> <li>Continuing education items are regularly offered</li> </ul>	<div> <div></div> </div>	<ul style="list-style-type: none"> <li>Review Trustee orientation and onboarding process.</li> <li>Provide for orientation of incoming Trustee(s).</li> <li>Provide Trustee continuing education items.</li> <li>Review investment research access and providers.</li> </ul>	<div> <div></div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>An adaptive organization willing to assess innovative theses and practises including continual review of the LDI strategy.</li> </ul> 