

**PUB (MPI) 2-16**

<b>Part and Chapter:</b>	<b>PUB (MPI) 1-34</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>8. Performance of the Investment Portfolio and Composition of the Portfolio</b>		
<b>Topic:</b>	<b>Basic Line of Business Investment Income</b>		
<b>Sub Topic:</b>	<b>Investment Income</b>		

**Preamble to IR:****Question:**

File an update to the detail of Figures INV-51 to INV-55 based on the September 30, 2019 interest rate update when available, and indicate the impact of the interest rate change on the forecast of investment income.

**Rationale for Question:**

To understand the impact of the updated interest rates on the forecast of investment income.

**RESPONSE:**

The impact of the interest rate change on forecasted investment income results in an average annual reduction in investment income within Basic Claims (\$4.1M) and Employee Future Benefits (\$0.4M) as well as a \$0.5M increase within the Rate Stabilization Reserve over the 2020/21 – 2023/24 forecast period. Please see supporting tables below for reference.

Revised October 10, 2019  
September 13, 20192020 GRA Information Requests – Round 2  
PUB (MPI) 2-16**Figure 1 Investment Income on Basic Claims (previously submitted as Part VI Investments Figure INV- 50)**

Line No.	Investment Summary During Period	2019/20	2020/21	2021/22	2022/23	2023/24
1	(C\$000s)					
2	Interest Income During Period	69,653	67,418	66,233	66,088	67,123
3	Dividend and Other Income During Period	-	-	-	-	-
4	Gains During Period - Profit & Loss	78,201	-	-	-	-
5	Investment Fees Paid	(1,331)	(1,447)	(1,502)	(1,548)	(1,569)
6	Amortization/Accretion During Period	(4,939)	(5,535)	(6,020)	(6,491)	(7,037)
7	Investment Income	141,584	60,436	58,711	58,049	58,517

**Figure 2 Basic Claims Asset Allocation (previously submitted as Part VI Investments Figure INV- 51)**

Line No.	Investment Summary During Period	2019/20	2020/21	2021/22	2022/23	2023/24
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	1,126,466	1,215,188	1,320,844	1,418,500	1,537,325
3	Corporate Bonds	428,748	458,134	493,165	525,528	564,948
4	MUSH	524,493	478,667	432,944	387,963	342,823
5	Total Assets	2,079,707	2,151,989	2,246,953	2,331,992	2,445,097
6	Percentage Allocation					
7	Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
8	Provincial Bonds	54.2%	56.5%	58.8%	60.8%	62.9%
9	Corporate Bonds	20.6%	21.3%	21.9%	22.5%	23.1%
10	MUSH	25.2%	22.2%	19.3%	16.6%	14.0%
11	Total	100.0%	100.0%	100.0%	100.0%	100.0%

**Figure 3 Investment Income on RSR (previously submitted as Part VI Investments Figure INV- 52)**

Line No.	Investment Summary During Period	2019/20	2020/21	2021/22	2022/23	2023/24
1	(C\$000s)					
2	Interest Income During Period	4,657	3,929	4,155	4,891	5,652
3	Dividend and Other Income During Period	5,979	8,897	9,713	9,986	10,039
4	Gains During Period - Profit & Loss	5,211	1,221	2,010	1,308	3,045
5	Investment Fees Paid	(780)	(1,043)	(1,094)	(1,169)	(1,210)
6	Amortization/Accretion During Period	(555)	(582)	(692)	(875)	(1,051)
7	Investment Income	14,511	12,422	14,093	14,140	16,475

**Figure 4 RSR Asset Allocation (previously submitted as Part VI Investments Figure INV- 53)**

Line No.	Investment Summary During Period	2019/20	2020/21	2021/22	2022/23	2023/24
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	105,697	104,279	132,305	168,942	197,216
3	Corporate Bonds	70,945	86,956	100,838	119,025	133,029
4	MUSH	-	-	-	-	-
5	Private Debt	33,656	67,312	67,312	67,312	67,312
6	<b>Total Fixed Income</b>	<b>210,298</b>	<b>258,547</b>	<b>300,455</b>	<b>355,278</b>	<b>397,557</b>
7	Canadian Equities	58,478	62,564	63,030	67,434	67,376
8	Global Equities	61,917	66,242	66,637	71,293	71,105
9	Global LV Equities	51,523	54,807	55,058	58,567	58,341
10	Real Estate Investments	28,217	28,337	28,687	29,846	31,270
11	Infrastructure & Venture Capital	14,946	15,795	16,680	17,614	18,600
12	<b>Total Growth Assets</b>	<b>215,081</b>	<b>227,745</b>	<b>230,092</b>	<b>244,754</b>	<b>246,692</b>
13	<b>Total Assets</b>	<b>425,379</b>	<b>486,292</b>	<b>530,547</b>	<b>600,032</b>	<b>644,249</b>
14	<b>Percentage Allocation</b>					
15	Cash/Short Term Investments	0%	0%	0%	0%	0%
16	Provincial Bonds	25%	21%	25%	28%	31%
17	Corporate Bonds	17%	18%	19%	20%	21%
18	MUSH	0%	0%	0%	0%	0%
19	Private Debt	8%	14%	13%	11%	10%
20	<b>Total Fixed Income</b>	<b>49%</b>	<b>53%</b>	<b>57%</b>	<b>59%</b>	<b>62%</b>
21	Canadian Equities	14%	13%	12%	11%	10%
22	Global Equities	15%	14%	13%	12%	11%
23	Global LV Equities	12%	11%	10%	10%	9%
24	Real Estate Investments	7%	6%	5%	5%	5%
25	Infrastructure & Venture Capital	4%	3%	3%	3%	3%
26	<b>Total Growth Assets</b>	<b>51%</b>	<b>47%</b>	<b>43%</b>	<b>41%</b>	<b>38%</b>
27	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Figure 5 Investment Income on Employee Future Benefits (previously submitted as Part VI Investments Figure INV- 54)**

Line No.	Investment Summary During Period	2019/20	2020/21	2021/22	2022/23	2023/24
1	(C\$000s)					
2	Interest Income During Period	3,844	3,294	3,075	2,995	2,981
3	Dividend and Other Income During Period	6,196	8,814	9,841	10,350	10,891
4	Gains During Period - Profit & Loss	17,075	9,718	8,265	8,754	9,272
5	Investment Fees Paid	(2,034)	(1,809)	(1,831)	(1,940)	(2,048)
6	Amortization/Accretion During Period	(316)	(328)	(335)	(341)	(348)
7	Pension Expense	(13,872)	(14,313)	(14,757)	(15,207)	(15,666)
8	<b>Investment Income</b>	<b>10,893</b>	<b>5,375</b>	<b>4,257</b>	<b>4,610</b>	<b>5,082</b>

**Figure 6 Employee Future Benefits Asset Allocation (previously submitted as Part VI Investment Figure INV- 55)**

Line No.	Investment Summary During Period	2019/20	2020/21	2021/22	2022/23	2023/24
1	Cash/Short Term Investments	-	-	-	-	-
2	Provincial Bonds	-	-	-	-	-
3	Corporate Bonds	103,142	104,496	106,293	108,016	109,696
4	MUSH	-	-	-	-	-
5	Private Debt	47,562	95,123	95,123	95,123	95,123
6	<b>Total Fixed Income</b>	<b>150,704</b>	<b>199,619</b>	<b>201,416</b>	<b>203,139</b>	<b>204,819</b>
7	Canadian Equities	51,969	48,191	52,653	57,391	62,442
8	Global Equities	93,541	86,737	94,766	103,292	112,381
9	Global LV Equities	36,148	33,284	36,169	39,214	42,440
10	Real Estate Investments	107,583	101,806	107,915	114,390	121,253
11	Infrastructure & Venture Capital	45,116	39,473	41,684	44,018	46,483
12	<b>Total Growth Assets</b>	<b>334,357</b>	<b>309,492</b>	<b>333,186</b>	<b>358,305</b>	<b>384,999</b>
13	<b>Total Assets</b>	<b>485,061</b>	<b>509,111</b>	<b>534,602</b>	<b>561,444</b>	<b>589,818</b>
14	<b>Percentage Allocation</b>					
15	Cash/Short Term Investments	0%	0%	0%	0%	0%
16	Provincial Bonds	0%	0%	0%	0%	0%
17	Corporate Bonds	21%	21%	20%	19%	19%
18	MUSH	0%	0%	0%	0%	0%
19	Private Debt	10%	19%	18%	17%	16%
20	<b>Total Fixed Income</b>	<b>31%</b>	<b>39%</b>	<b>38%</b>	<b>36%</b>	<b>35%</b>
21	Canadian Equities	11%	9%	10%	10%	11%
22	Global Equities	19%	17%	18%	18%	19%
23	Global LV Equities	7%	7%	7%	7%	7%
24	Real Estate Investments	22%	20%	20%	20%	21%
25	Infrastructure & Venture Capital	9%	8%	8%	8%	8%
26	<b>Total Growth Assets</b>	<b>69%</b>	<b>61%</b>	<b>62%</b>	<b>64%</b>	<b>65%</b>
27	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>