

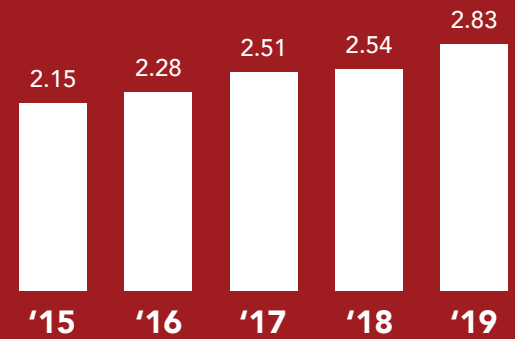


2019

ANNUAL REPORT

HIGHLIGHTS

NET ASSETS (in billions)



\$1.1 Billion
invested in Canada

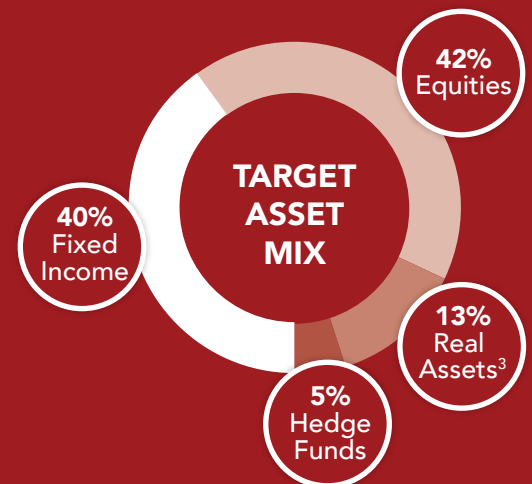
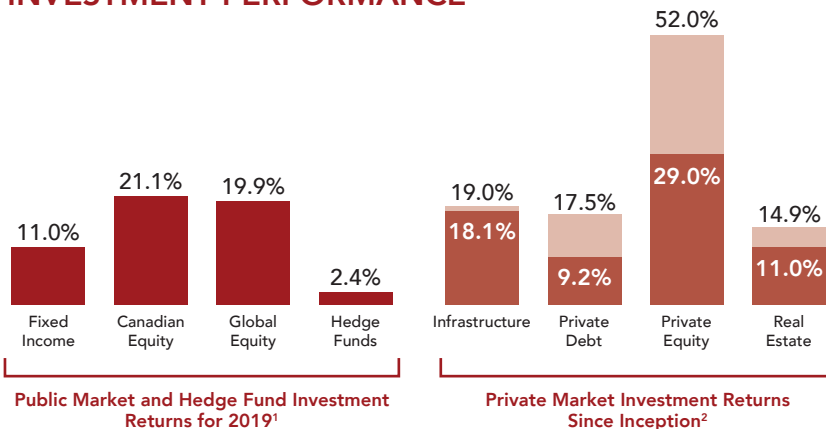
\$1.7 Billion
invested globally



ANNUALIZED RATES OF RETURN

1 YEAR	5 YEARS	10 YEARS	TARGET RETURN
12.4%	7.3%	7.3%	6.0%

INVESTMENT PERFORMANCE



MEMBERSHIP

Over 395,000

Active, deferred, and qualifying members

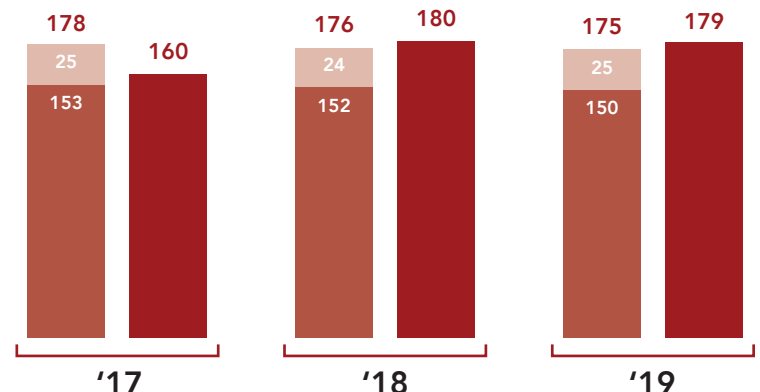
Over 30,000

Retired members, surviving spouses and beneficiaries

Nearly 2,000

Newly-retired members during 2019

CONTRIBUTIONS VS BENEFITS PAID (in millions)



- Employer Contributions
- Member Contributions
- Total Benefits Paid

2019 IN REVIEW

A MESSAGE FROM THE BOARD OF TRUSTEES

The Board of Trustees of the Canadian Commercial Workers Industry Pension Plan (the “Plan”) is pleased to present the Plan’s results for 2019.

The Plan’s going-concern funded status has improved in each of the past five years, and we continue to manage the Plan with a view toward long-term sustainability. Based on a trailing five-year average, asset growth is projected to moderately outpace the expected increase in future pension obligations. However, challenges for the Plan still remain.

The past year was one of contrasts for Canadian pension plans: double-digit investment returns led to sizable asset gains, while declining interest rates caused comparably rising solvency liabilities. The Plan was no exception, with its investment portfolio’s 12.4% rate of return unable to outpace the increase in the present value of member benefits on a solvency basis.

Not to be overlooked, of course, are the significant events that followed in the first quarter of 2020: a global health crisis, an oil price war, and a period of extreme volatility that, peak to trough, saw equity markets across the world lose over 30% of their value in a matter of weeks.

In spite of these challenges, we continue to take steps to position the Plan for lasting success. Efforts during 2019 included improvements to our governance policies, a new asset-liability modelling study, and the introduction of a comprehensive stress testing program.

Both now and in the years to come, our primary objective is to ensure the Plan continues to meet its commitments. As we face another period of economic uncertainty, we remain squarely focussed on what matters most, the Plan’s members, whose dedication through these challenging times inspires us and gives our work purpose. We are proud to serve these frontline workers who serve Canada so well.

INVESTMENTS

OUR PORTFOLIO

The Plan’s assets are well diversified and include both publicly-traded and privately-held assets. The Trustees and their advisors seek out investment opportunities both domestically and abroad in an effort to reduce concentration risk in any one market. Foreign holdings are diversified by both country and industry.

Over the trailing five years ending December 31, 2019, the Plan’s portfolio returned an annualized rate of return of 7.3%, exceeding the Plan’s 6.0% target return (or the rate of return deemed necessary to meet pension obligations as they come due), on a relative basis, by 1.3% per year.

Performance was positive throughout 2019, with Canadian and global equities posting double-digit returns of 21.1% and 19.9%, respectively. Fixed income and hedge funds also had positive returns for the year, returning 11.0% and 2.4%, respectively.

Private assets continued their strong performance, with gross internal rates of return since inception ranging from 9.2% to 17.5% for private debt, 11.0% to 14.9% for real estate⁴, 18.1% to 19.0% for infrastructure, and 29.0% to 52.0% for private equity.

INVESTMENT ACTIVITIES

During the year, the Trustees met quarterly to, among other things, review the Plan's asset mix, performance, and investment partners. All investments continue to perform as expected and no performance-related changes were made during 2019.

Together with the Plan's investment consultant, Aon Hewitt Inc., a significant focus of the Trustees' attention was on the completion of a new asset-liability modelling ("ALM") study, which analyzes the impacts of plan design, funding and benefit policy, and investment strategy, in an effort to aid the Trustees in their decision making.

In 2019 the Trustees also commenced a new stress testing program, to be conducted at regular intervals, aimed at identifying and monitoring risks that could adversely impact the Plan's ability to meet its financial obligations.

LOOKING AHEAD

In the near term, the Trustees will be working with the Plan's investment consultant to address the findings of the recently-completed ALM study. The resulting changes to the Plan's asset mix include a reduction in long-term bonds and public equities, an increase in hedge funds, and the introduction of an allocation to multi-asset credit—an investment strategy designed to provide access to higher-yielding fixed income while increasing diversification.

Additionally, the Plan should see significant liquidity in its private equity portfolio over the next 12-18 months, and investment manager searches will need to be conducted in advance of reinvesting those assets.

Over the longer term, the Trustees will continue to monitor the Plan's asset mix and investment partners for ongoing performance and suitability.

FUNDING

FUNDING SOURCES

In 2019, employer contributions to the Plan totalled \$150 million, while member contributions totalled \$25 million. An additional \$313 million in income was generated by the Plan's investment portfolio. After benefit payments and expenses (the latter of which remained below 1% of Plan assets for 2019), net assets available for benefits grew by approximately \$289 million in 2019.

FUNDED STATUS

The Plan's most recent actuarial valuation, as at December 31, 2018, was filed with the pension regulator in late 2019. This valuation indicated a going-concern funded status of 83%, an improvement over the previously filed actuarial valuation, as at December 31, 2017, of two percentage points. Likewise, the Plan's transfer ratio (or its ratio of assets to liabilities, assuming the Plan is wound up as of the date of calculation) increased to 51.3%, a 1.9 percentage point improvement over the previously filed actuarial valuation.

As a result of strong investment performance during 2019, a further improvement to the Plan's going-concern funded status is expected. However, in spite of this investment performance, preliminary estimates indicate a modest decline to the Plan's transfer ratio to approximately 50%. While the Plan's assets increased, so too did its solvency liabilities, primarily a result of a decline during 2019 in the interest rates used to value those solvency liabilities.

The above figures mean that, had the Plan been wound up, accrued benefits would have had to be reduced. Having said that, there is no intention to wind up the Plan, and it will continue to be managed with the expectation that it is to remain active for many years to come. The Plan's next required actuarial valuation for filing with the pension regulator must be prepared as at a date that is no later than December 31, 2021.

IMPACT OF THE CORONAVIRUS (COVID-19) PANDEMIC

While it remains too early to determine the full impact of the pandemic on the Plan's funded status, the Plan continues to be invested in a broadly-diversified portfolio of high-quality assets, with an investment strategy designed to be resilient in challenging investment climates. The Trustees remain committed to investing the Plan's assets prudently, controlling expenses, and maintaining their philosophy of transparency, accountability, and sound governance.

GOVERNANCE

THE BOARD OF TRUSTEES

The Plan is governed by a Board of Trustees. The Board is the legal Administrator of the Plan and is responsible for both the administration of the Plan and the investment of its assets.

GOVERNING DOCUMENTS

The Trustees are appointed pursuant to a Trust Agreement, which sets out the Board's powers and duties and defines the relationship between the Plan's various stakeholders.

A Plan Text outlines members' entitlements. Amendments to the Plan Text are communicated to members.

Together with a series of supporting policies addressing topics such as privacy, conflicts of interest, and trustee education, a Governance Document provides a working guide for the governance of the Plan, and further specifies the roles and responsibilities of the parties involved in the Plan's governance.

OTHER POLICIES

The Trustees also maintain a Funding and Benefit Policy, which sets out the framework for maximizing the likelihood that Plan assets will be sufficient to meet the scheduled benefits, and a Statement of Investment Policies and Procedures that, among other things, establishes the Plan's investment principles, guidelines, and management structure in an effort to ensure that the Plan's assets are invested prudently and in compliance with all applicable regulatory requirements.

Governance policies and practices established by the Trustees are monitored and amended, as the Board deems appropriate, to ensure they remain responsive to the needs of the Plan and its membership.

COMPLIANCE

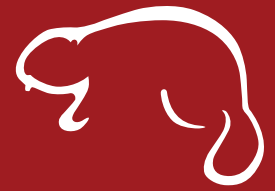
The Plan is required to comply with both provincial and federal legislation that governs pensions. The Trustees monitor and enhance compliance practices, as necessary, and retain an external Compliance Officer responsible for quarterly compliance reporting. The Plan was fully compliant with its Statement of Investment Policies and Procedures and all applicable regulatory requirements during 2019.

¹2019 investment performance expressed using time-weighted rates of return.

²Since-inception investment performance expressed using a range of gross internal rates of return earned by the individual investments.

³Composed of the following asset classes (and target allocations): real estate (8%) and infrastructure (5%).

⁴Excluding the Plan's direct investment in Citi Plaza.



INVESTMENT PARTNERS

AllianceBernstein
Aven Therapeutics
BlackRock
Brookfield Asset Management
CBRE Global Investors
CIBC Asset Management
Clairvest Equity Partners
Leith Wheeler Investment Counsel
Macquarie Infrastructure and Real Assets
Marathon Asset Management
Neuberger Berman
Royalty Pharma
TD Asset Management
Wellington Management Company
Winton Group

SERVICE PROVIDERS

ACTUARIAL Benchmark Decisions Ltd., Buck Canada HR Services Ltd.
ADMINISTRATION Prudent Benefits Administration Services Inc.
AUDIT BDO Canada LLP
COMPLIANCE/INVESTMENT CONSULTING Aon Hewitt Inc.
CUSTODIAL/PENSION PAYMENTS RBC Investor & Treasury Services
LEGAL COUNSEL Koskie Minsky LLP
REAL ESTATE ADVISORY Avison Young

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Jim Cooke V.P. HR Total Rewards, Sobeys Inc.
Shawn Haggerty President, UFCW Canada Local 175
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Wendy Mizuno Group Head, Pensions & Benefits, George Weston Ltd.
Jeff Traeger President, UFCW Canada Local 832
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