



THE MANITOBA
SECURITIES
COMMISSION

THE SECURITIES ACT

Section 20

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Order No. 7379

August 24, 2016

TEACHERS' RETIREMENT ALLOWANCES FUND

WHEREAS:

- (A) The Teachers' Retirement Allowances Fund (the "Applicant") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to Section 20(1) of The Securities Act (Manitoba) (the "Act") to exempt the operation of its proposed Employee Investment Program (the "EIP") from the requirements of Section 6 and 37 of the Act;
- (B) The Applicant has represented to the Commission that:
1. The Teachers' Pensions Act (the "TPA") establishes the scheme for the administration and management of the pension plan for public school teachers in the Province of Manitoba.
 2. The Teachers' Retirement Allowances Fund ("TRAF") is the pension fund administered under the TPA.
 3. The TPA established the Board which is responsible to administer the Fund. The Board also manages the investment of the assets that support the pension obligations of the plan.
 4. The investment assets in TRAF as at December 31, 2015 was approximately \$3.7 billion.
 5. The Board also administers various other investment accounts, including in excess of \$2 billion on behalf of the Province of Manitoba (which funds are used to support the employer obligations under the plan).
 6. The TPA also provides for the establishment of an Investment Committee that oversees the activities of TRAF's investment department and makes recommendations to the Board regarding the investment of the assets of the plan.
 7. The Investment Committee is comprised of three voting members, namely the Chair of the Board, the Deputy Minister of Finance for the

Securities Division

500-400 St. Mary Avenue, Winnipeg, MB R3C 4K5 • tel: 204.945.2548 • fax: 204.945.0330 • mbsecurities.ca

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Province of Manitoba (or designate) and a second Board member (who shall be one of the MTS nominees). In addition to the three voting members, the Investment Committee also includes an observer (also selected from one of the MTS nominees to the Board) and two (2) external investment professionals.

8. TRAF's investment program is guided by a Statement of Investment Policies & Procedures ("SIP&P"). This document is reviewed and approved by the Board at least once each calendar year.
9. Under the SIP&P the Board and the Investment Committee are committed to investing TRAF's assets prudently. TRAF investments are to be made in compliance with the TPA, the Pension Benefits Standards Act, 1985 (Canada) and its regulations, and the Income Tax Act (Canada).
10. The investment program is generally implemented by allocating funds to external managers with specific expertise in each applicable asset class. Given TRAF's scale, such investment management services can be acquired at a relatively low cost.
11. The selection and monitoring of the external investment firms is handled by a five person investment team, which includes a Chief Investment Officer and four staff members. Four of these individuals hold the Chartered Financial Analyst designation, and the other member is a Chartered Financial Planner. Additional oversight is provided by TRAF's Chief Risk Officer.

Employee Investment Program

12. The Board desires to establish an employee investment program (the "EIP") under which TRAF employees and members of the Board ("Eligible Participants") can invest alongside the pension plan. The Board is of the opinion that such a program would be a meaningful benefit that could be provided at little or no cost to the organization. It is intended to assist in the recruitment and retention of qualified personnel.
13. The Applicant currently has approximately 31 permanent employees.
14. The EIP will permit Eligible Participants to invest funds and earn the same net rate of return as the pension plan.
15. Each of the Eligible Participants in the EIP will be provided with sufficient information in order to make an informed decision regarding

participation and will be encouraged to seek advice from their own professional advisors.

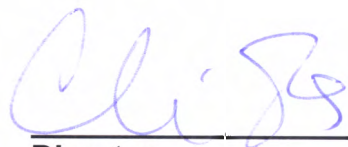
16. Participation in the EIP will be voluntary.

- (C) Based on the foregoing, the Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. THAT, under section 20(1) of the Act, trades in securities by the Applicant to Eligible Participants made in connection with the EIP are exempt from sections 6 and 37 of the Act.
2. THAT the fee for this order is \$350.00.

BY ORDER OF THE COMMISSION



Director