

2017 REPORT TO MEMBERS

THE PENSION PLAN

The UFCW Union Pension Plan (the “Plan”) is a jointly trustee pension plan. This means that the Plan is jointly managed by Trustees appointed by UFCW Local 1518, UFCW Local 247 and the employers. There is a Trust Agreement setting out the Trustees’ duties and responsibilities. They include ensuring that:

- proper records are maintained;
- the terms of the Plan are administered consistently and in accordance with the law; and
- the Plan funds are invested for the benefit of members and in accordance with the laws regulating pension plan investments.

One of the unique features of the Plan is that it has four separate divisions. (Note that the Tober Division’s assets and member benefits were recently transferred into the Miscellaneous and Terminated Employers Divisions.) The pension funds are combined for investment purposes, but a separate accounting for each division is maintained to ensure that the assets of one division are not used to support the benefits of another division. The divisions include:

- Overwaita
- Safeway
- Miscellaneous
- Terminated Employers

INVESTMENT STRATEGY AND ASSET ALLOCATION

The Trustees of the Plan have adopted an investment strategy whereby the assets of the Plan are approximately matched to the liabilities of the Plan in terms of interest rate sensitivity and cash flows. Consequently, the Plan’s investments are in assets which have continued to deliver excellent protection for the benefits provided by the Plan. Most of the Plan’s assets are in fixed income investments such as Canadian and provincial government bonds, high quality corporate bonds and Canadian mortgages. The Plan also has investments in private lending and private equity as well as investments in income producing real estate such as Concert Properties and infrastructure investments. The Plan has very little exposure to public equities.

The Trustees' investment strategy for the Plan is designed to ensure that the benefits can be provided with a high degree of certainty. Annual actuarial valuations and asset / liability modeling analyses are performed to determine if any adjustments to the investment strategy are required. In between annual reviews, the Trustees' professional advisors monitor the performance of the assets, and provide regular updates. This ensures that the Plan continues to meet its goals and provide the level of pension benefits reported to members annually.

Following is a summary of net assets available for benefits at December 31, 2017.

Assets at January 1, 2017	\$2,138,659,413
Receipts	
Employer contributions	48,307,471
Employee contributions	11,216,406
Investment Gains / (Loss)	229,882,518
Disbursements	
Payment of Benefits	87,176,218
Expenses	4,797,479
Assets at December 31, 2017	\$2,336,092,111

STATISTICAL INFORMATION

The following statistics are based on membership data as of December 31, 2017.

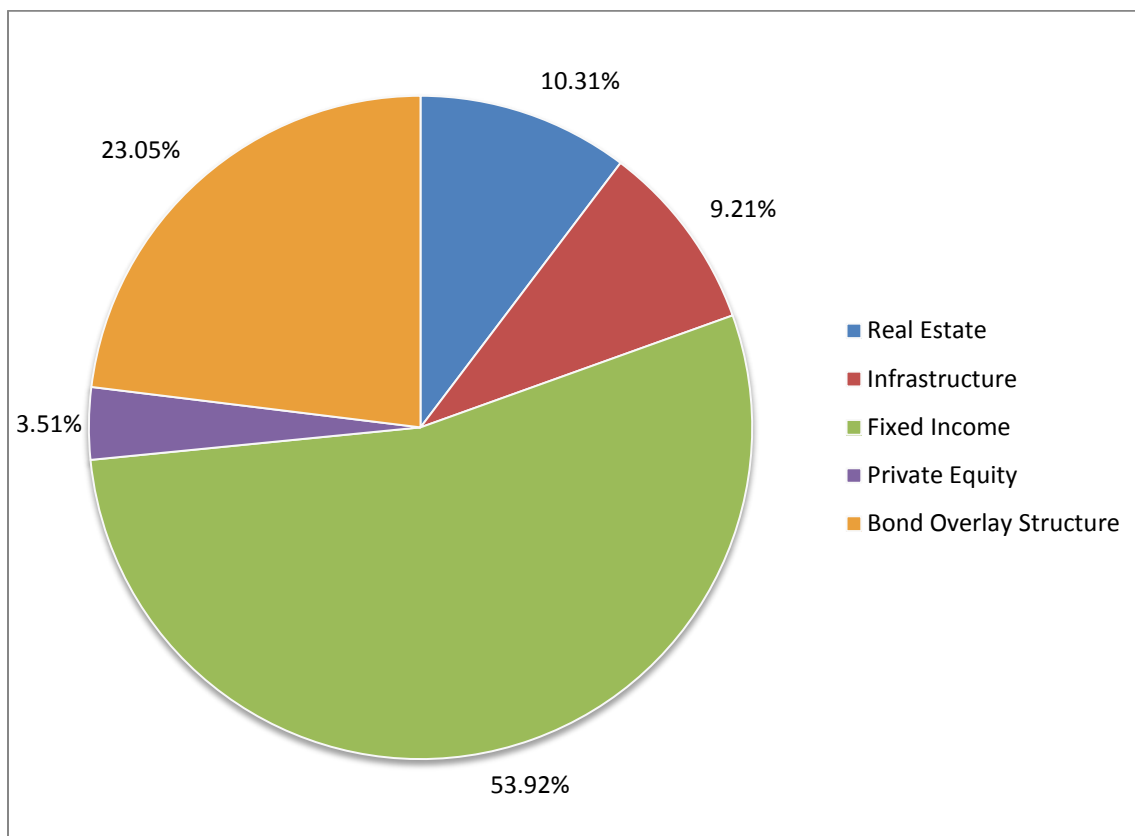
	Males	Females	Total
Active Participants	8,897	14,232	23,129
Average Age of Active Participants	38.4 yrs	41.7 yrs	40.3 yrs
Retired Participants	2,859	4,212	7,071
Survivors / Beneficiaries of Deceased Participants	134	303	437
Terminated Vested Participants *	24,650	30,850	55,500
Transferred to Management	348	159	507

* Terminated Vested Participants are no longer accruing service under the Plan, but are entitled to collect a benefit at a later date.

ASSET ALLOCATION AT DECEMBER 31, 2017

The following table is a breakdown of the current allocations within each asset class.

	Market Value	Percentage of Total
Fixed Income	\$1,259,570,655	53.92%
▪ Bonds and Mortgages		
Real Estate	\$240,783,208	10.31%
Infrastructure	\$215,177,925	9.21%
Private Equity	\$81,994,932	3.51%
Bond Overlay Structure		
▪ Crestline Hedge Fund (divesting)	427,230	0.02%
▪ DGAM Hedge Fund (divesting)	258,395	0.01%
▪ PRisM Balanced Fund	227,948,266	9.76%
▪ Mortgage Fund One	15,297,223	0.65%
▪ ACM Commercial Mortgage Fund	77,723,195	3.33%
▪ Crestline Specialty Lending	22,356,926	0.96%
▪ BlueBay Direct Lending	18,615,745	0.80%
▪ Northleaf Direct Lending	63,176,947	2.70%
▪ Cash / Short-Term Investments	112,761,464	4.82%
Total Assets	\$2,336,092,111	100.00%



THE TRUSTEES

The current Trustees of the Plan are:

Union Trustees

Ivan Limpricht, UFCW 1518
(Chair)
Kim Balmer, UFCW 1518
Kim Novak, UFCW 1518
Frank Pozzobon, UFCW 1518
James Raposo, UFCW 1518
Dan Goodman, UFCW 247
Leif Hansen, UFCW 247
Suzanne Hodge, UFCW 247
Susan Philpott, UFCW 247

Employer Trustees

Art Van Pelt, Overwaitea
(Secretary)
Maxine Faedo, Overwaitea
Mark Dimnik, Safeway
Sean Naldrett, Safeway
Bryan Wall, Miscellaneous Division

The Trustees are responsible for the overall operation of the Plan. Some of the key responsibilities include:

- maintaining an Investment Policy, Governance Policy, and Funding and Benefit Policy,
- performing a triennial Plan assessment,
- reviewing and approving Plan Document and Trust Agreement amendments,
- reviewing and approving actuarial reports,
- appointing and reviewing the performance of advisors, consultants, service providers, etc.,
- reviewing fund performance,
- approving pension and expense payments from the Plan, and
- issuing Plan communications.

WHO TO CONTACT FOR INFORMATION

If you have any questions about your retirement benefits or need to change any information concerning your pension payment, please contact the Plan Administrator: Bilsland Griffith Benefit Administrators at 1-888-345-UFCW (8329) or ufcw@bgbenefitsadmin.com.

If you would like more information regarding your benefits with the UFCW Union Pension Plan or if you would like to project your pension at retirement, please log onto the UFCW Pension Plan website and modeling tool at www.ufcwpensionplan.com where you will find a pension modeling tool, booklets, important notices, forms (including beneficiary designation forms) to download, etc.