



**Canadian Centre for
Christian Charities**

Supporting ministries in a complex world

retirement

PLAN REVIEW

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Access newsletters online:

Canadian Centre of Christian Charities has access to Proteus' website where you can view current, and past newsletters and performance summaries.

There is also a link to your administrator's website, which provides the latest tools and calculators to learn more about retirement planning.

www.proteusperformance.com

User ID: CCCC-Member | Password: pension

PERFORMANCE SUMMARY



INVESTMENT STRATEGY

Capital Markets are unpredictable over short time periods and a well-diversified portfolio will help protect your capital over the long-term. Successful long-term investors do not focus on poor performance in any given year – they review their strategy and make sure it is well aligned with their long-term objectives. Completing a 'Risk Profile' will help to determine the type of investor you are. If you are unsure of the best strategy for you, you should seek independent professional advice before making your investment decisions.



Learn more at Canada Life's website:
ssl.grsaccess.com

| Period Ending December 31, 2022 | | | | |
|---|--------|--------|--------|---------|
| | 1 Year | 3 Year | 4 Year | 10 Year |
| Balanced Funds | | | | |
| Jarislowsky Fraser Balanced | -12.5 | 2.8 | 5.7 | 7.2 |
| <i>JF Balanced Benchmark</i> | -8.7 | 3.2 | 6.0 | 6.1 |
| Mackenzie SRI Balanced | -6.4 | 3.9 | 5.9 | n/a |
| <i>Mackenzie SRI Balanced Benchmark</i> | -9.8 | 3.2 | 6.1 | 5.7 |
| Money Market Fund | | | | |
| MFS Canadian Money Market | 1.8 | 0.9 | 1.1 | 1.0 |
| <i>FTSE Canada 91-Day T-Bill Index</i> | 1.8 | 0.9 | 1.1 | 0.9 |
| Fixed Income Fund | | | | |
| MFS Canadian Fixed Income | -12.0 | -2.0 | 0.2 | 1.9 |
| <i>FTSE Canada Universe Index</i> | -11.7 | -2.2 | 0.0 | 1.6 |
| Canadian Equity Funds | | | | |
| Jarislowsky Fraser Canadian Equity | -11.5 | 4.9 | 8.6 | 8.3 |
| Mackenzie SRI Canadian Equity | 0.1 | 9.7 | 12.5 | 9.7 |
| <i>S&P/TSX Composite Index</i> | -5.8 | 7.5 | 11.2 | 7.7 |
| U.S. Equity Fund | | | | |
| MFS American Equity | -9.6 | 8.7 | 12.8 | 15.6 |
| <i>S&P 500 Index</i> | -12.2 | 9.2 | 13.0 | 16.1 |
| International Equity Fund | | | | |
| Sprucegrove International Equity | -5.5 | 1.4 | 3.8 | 7.3 |
| <i>MSCI EAFE Index</i> | -7.8 | 2.8 | 6.1 | 8.5 |
| Target Date Funds | | | | |
| Fidelity Clearpath Income Portfolio | -8.5 | 0.1 | 2.1 | 3.6 |
| Fidelity Clearpath 2020 Portfolio | -11.3 | 1.4 | 4.3 | 5.9 |
| Fidelity Clearpath 2025 Portfolio | -11.6 | 2.1 | 5.2 | 6.8 |
| Fidelity Clearpath 2030 Portfolio | -11.6 | 2.8 | 6.0 | 7.4 |
| Fidelity Clearpath 2035 Portfolio | -11.6 | 3.4 | 6.8 | 8.2 |
| Fidelity Clearpath 2040 Portfolio | -11.4 | 4.7 | 8.2 | 8.9 |
| Fidelity Clearpath 2045 Portfolio | -11.2 | 4.9 | 8.4 | 9.1 |
| Fidelity ClearPath 2050 Portfolio | -11.2 | 4.9 | 8.4 | 9.0 |
| Fidelity ClearPath 2055 Portfolio | -11.2 | 4.9 | 8.4 | 9.0 |
| Fidelity ClearPath 2060 Portfolio | -11.2 | 4.9 | 8.4 | n/a |

Your Investment Funds

Balanced Funds

Jarislowsky Fraser Balanced — Seeks to provide a balance of current income and long-term capital appreciation by investing primarily in a mix of Canadian and foreign fixed income and equity securities.

Mackenzie SRI Balanced — Provides a balanced return of capital growth and current income by investing primarily in equity and fixed income securities. The Fund invests in publicly traded Canadian and foreign companies that conduct their business operations in a socially responsible manner and show strong growth prospects; with some exposure to foreign companies that meet these criteria.

Money Market Fund

MFS Canadian Money Market — Aims to provide investors with a real rate of return. It's expected that virtually all returns will be derived from income. The Fund is suitable for clients with a low risk tolerance who have a very short investment time horizon.

Fixed Income Fund

MFS Canadian Fixed Income — Seeks to obtain interest income by investing primarily in Canadian fixed income securities.

Canadian Equity Funds

Jarislowsky Fraser Canadian Equity — Seeks to obtain long-term capital gains by investing primarily in Canadian equities.

Mackenzie SRI Canadian Equity — Provides long-term capital growth with moderate income. The Fund invests primarily in the shares of publicly traded Canadian companies that conduct their business operations in a socially responsible manner and show strong growth prospects; with some exposure to foreign companies that meet these criteria.

U.S. Equity Fund

MFS American Equity — Seeks to achieve capital appreciation investing primarily in large cap U.S. equities.

International Equity Fund

Sprucegrove International Equity — Creates a portfolio of 80 to 100 international stocks that overall have characteristics superior to a well known International Equity Index.

Target Date Funds

Fidelity ClearPath® Retirement Portfolios — A family of lifecycle funds actively managed and regularly rebalanced to provide investors with optimal risk and return for their investment time horizon. The portfolios seek to maximize growth opportunities early on to provide high total investment return, and gradually become more conservative with advancing age.

Tax Information and Retirement Plan Limits for 2023

It is that time of year again - you should be receiving your T4: Statement of Remuneration Paid from your employer shortly. If you were a member of a pension plan or a Deferred Profit-Sharing Plan (DPSP) during the 2022 tax year, in box 52 on the T4 you will see an amount for a Pension Adjustment.

What is a Pension Adjustment?

The Pension Adjustment (PA) represents the value of the pension/DPSP benefits you earned in the previous year, and it is used to adjust your Registered Retirement Savings Plan (RRSP) contribution room.

Basically, the allowable RRSP contribution for the current year is the lower of:

- 18% of your earned income from the previous year; or
- The maximum annual contribution limit for the taxation year; plus
- Any unused RRSP contribution room for prior years; less
- The sum of contributions to a pension plan or DPSP for the prior year (also known as your PA).

The PA ensures that the total amount contributed to your company sponsored pension plan or DPSP and your RRSP does not exceed Income Tax Act limits.

Below are the retirement plan contribution limits for 2022/2023:

| | Registered Retirement Savings Plan (RRSP)* | Money Purchase (DC) Registered Pension Plan | Defined Benefit (DB) Registered Pension Plan | Deferred Profit Sharing Plan (DPSP) | Tax Free Savings Account (TFSA)* |
|-------------|--|---|--|-------------------------------------|----------------------------------|
| 2023 | \$30,780 | \$31,560 | \$3,506.67 | \$15,780 | \$6,500 |
| 2022 | \$29,210 | \$30,780 | \$3,420.00 | \$15,390 | \$6,000 |

* Unused contribution room can be carried forward from year to year.

Canada Pension Plan (CPP) and Quebec Pension Plan (QPP)

Below are the CPP and QPP maximum pensionable salary and contribution rates for 2022/2023:

| | | 2023 | 2022 |
|---------------------------|---|-----------------|----------|
| Canada Pension Plan (CPP) | Year's Maximum Pensionable Earnings (YMPE) | \$66,600 | \$64,900 |
| | Contribution Rate (Employee/Employer) | 5.95% | 5.70% |
| | Max Contribution (Employee/Employer - each) | \$3,754 | \$3,500 |
| Quebec Pension Plan (QPP) | Contribution Rate (Employee/Employer) | 6.40% | 6.15% |
| | Max Contribution (Employee/Employer - each) | \$4,038 | \$3,776 |

Unpredictable Markets and Effects on Fixed Income

If retirement has crossed your mind recently, or is a consideration in the coming years, you are likely aware of the challenging investment environment experienced in 2022. Generally, as one approaches retirement, the average investor will “de-risk” their portfolio as they approach retirement and their investment time horizon decreases, which typically involves allocating a larger proportion of the portfolio towards lower-risk asset classes like fixed income (bonds). Historically, traditional bonds have provided diversification benefits within a balanced portfolio and lower volatility. However, in 2022 bond markets experienced significant declines due to rising interest rates.

Central banks in Canada and the US have significantly increased interest rates over the past year in a bid to decrease inflation. Rising interest rates are negative for bond prices, and therefore, the value of your fixed income investments. In fact, a traditional investment mix of 60% equities and 40% bonds had one of its worst years on record in 2022 due to a coinciding decline in global equity and bond prices.

Rising rates, however, also mean that new bond investments will yield a higher return over the life of the investment. In September 2021, the FTSE Canada Universe Bond Index yielded 1.8%. As of December 2022, the same index yielded

4.3%. The cost of paying for debt will rise, along with the returns you see for both bonds and Guaranteed Investment Certificates (GICs).

At this point, you may find yourself asking, how do I position myself in this type of market? Well, it depends on your own specific circumstances and how close you are to retirement.

Regardless of time horizon, it is important to have a discussion with your investment advisor to determine if you are on track to meet your retirement goals. Factors such as expected years in retirement, spending habits, and estate planning are considerations when determining your optimal asset mix. If you expect to retire within the next few years and your primary goal is to preserve capital, you may be looking at a higher allocation to lower-risk investments (such as a money market fund or guaranteed investment certificate). If your expected retirement date is further away, you may be looking at a different subset of investment options.

Having a well-thought-out plan is important no matter your age. Speaking to an investment advisor and/or utilizing the tools available to you by your retirement provider are great steps towards financial freedom.



MARKET REVIEW

Canadian Equities

- Canadian equities rose 6.0% during the fourth quarter of 2022.
- The top performing sectors were consumer discretionary, consumer staples, energy, and materials, all generating returns above 8.0%.
- The worst performing sectors were health care and utilities, both generating negative returns.
- The S&P/TSX Composite Index underperformed both the S&P 500 and the MSCI EAFE Index.

Foreign Equities

- International markets, represented by the MSCI EAFE Index (C\$), and the U.S. market, represented by the S&P 500 Index (C\$), returned 15.8% and 6.1% respectively for the quarter.
- Global markets, represented by the MSCI World Index (C\$), returned 8.4%.

Fixed Income

- Global central banks accelerated their pace toward a neutral monetary policy stand through large interest rate hikes.

- The U.S. Federal Reserve raised its key interest rate from 3.25% to 4.50% during the quarter and anticipates further increases in the interest rate target range.
- The Bank of Canada increased its key interest rate from 3.25% to 4.25%.
- The 10-year U.S. Treasury yield rose 5 basis points (bps) to 3.88%, while the 10-year Government of Canada bond yield rose 14 bps to 3.30%.
- The Canadian yield curve remained inverted, with the spread between 30-year bonds and 2-year bonds reaching -78 bps in December.
- The labour market remained strong in Canada & the U.S. with unemployment rates at 5.0% & 3.5%, respectively.
- Inflation rates remained high but have shown signs of reaching a peak as central banks hope interest rate hikes will be enough to eventually bring inflation down to target levels.

A note about the performance summary:

Returns are shown before fees unless indicated. Past performance of a fund is not necessarily indicative of future performance.

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