



UPP BUILDING ON JOINTLY GOVERNED PENSION MODEL WITH A PANDEMIC LAUNCH

BY GIDEON SCANLON

When the University Pension Plan officially launched in July 2021, it did so with Barbara Zvan as its inaugural president and chief executive officer.

Fresh from a 25-year career with the Ontario Teachers' Pension Plan, she was appointed by the UPP's board of trustees in July 2020. While most of the foundational work had been done by the time she joined, it would be up to Zvan and a team of about 45 part-time employees to carry the project over the finish line.

"It's been an interesting experience. Most of the people haven't met one another in person. We don't have an office yet. We needed to find people with expertise who knew what to get done, people who are flexible and excited about being part of a startup."

It's not difficult to see why Zvan was seen as the ideal candidate. At the Ontario Teachers', she rose from an assistant portfolio manager to chief risk and strategy officer. She also has a track record of working well in uncharted territory — something she credits to experiences gained early in her career.

"When I started, the CEO of the Ontario Teachers' was Claude Lamoureux. He had a novel approach to running a pension plan — he treated it like a business. He was also a great leader, who, alongside the plan's inaugural chief investment officer, Bob Bertram, made it a pretty special place to work. I felt very supported. They were open-minded, innovative and welcomed good ideas. It was a great way to start a career."

Around the time Lamoureux and Bertram left the Ontario Teachers', the 2008/09 financial crisis was sending shockwaves through the financial sector. Since Zvan had recently been promoted to senior vice-president of asset mix and risk, she found herself on the frontlines of the economic downturn.

"Post-[financial crisis], it was all about bringing more institutional strength to the risk function and I spent many years doing that. I ended up looking at best practices at other financial institutions and bringing over what was relevant to a pension plan."

After the financial crisis, Zvan started to rethink asset allocation and risk management by encouraging the integration of responsible investing, including environmental, social and governance policies, into the plan's decision-making.

All of these lessons would be valuable in setting up a brand new pension fund from the ground level. The UPP was founded as a defined benefit plan tasked with managing the pension needs of Ontario universities — with three initially signed up to join. Unlike most of Canada's other public plans, it's jointly governed by employers and employees, with both groups having

a say on critical issues and in the election of trustees.

Upon her appointment last summer, Zvan was facing a ticking clock. The UPP had agreed to take control of the assets of the Queen's University and Guelph University pension plans on July 1, 2021, with the University of Toronto assets to be handed over just nine months later. In total, it was set to become responsible for about \$10.5 billion in assets.

With no intention of waiting for an end to social distancing, it fell to the UPP team to figure out how to pull off the launch. "Having a small team with lots of experience is helpful," says Zvan. "You can get pretty innovative on Zoom, especially when you let other people bring the ideas to the table."

One idea generated via virtual meetings was to open the organization up to its future stakeholders. "We are leveraging the fact that many of our members are part of the faculty of universities and are experts in their field. If you want people engaged in your pension, you have to open the way to conversation."

By the fall of 2020, the UPP team had reached out to future plan members, hosted virtual listening sessions and a town hall discussion and had conducted an online survey of members' hopes for their pension funds. What emerged from these intelligence-gathering exercises was a clear picture of what members wanted from the UPP.

"First and foremost, they want retirement security. They want us to invest responsibly. They want us to think about the impact it will make on the people around the world. They want to have an opportunity to provide input along the way. They want transparency and the ability to feel informed."

The knowledge that the UPP's future members were supportive of the idea of socially responsible investing bolstered Zvan's resolve to bring some of her considerable ESG investment experience to the new pension fund. Beyond her work at the Ontario Teachers', she also served on Canada's expert panel on sustainable finance, is a board member of the Responsible Investment Association and is on the advisory board of the Institute for Sustainable Finance.

On July 1, just a few weeks after Trent University announced its pension would be absorbed by the UPP in 2022, the team held a socially distanced celebration. "Day one went well — and we're thrilled about that," says Zvan. "Now, we're turning to longer-term planning and getting to know the portfolio. There's still a lot of build to do."

Gideon Scanlon is the editor of the Canadian Investment Review: gideon.scanlon@contexgroup.ca.

GETTING TO KNOW

Barbara Zvan

JOB TITLE: President and CEO, the UPP

JOINED THE UPP: July 2020

PREVIOUS ROLE: Chief risk and strategy officer, the Ontario Teachers'

WHAT KEEPS HER UP AT NIGHT: "I sleep well. I have three kids, a dog and this job."

OUTSIDE THE OFFICE SHE CAN BE FOUND: Anywhere with her three kids while she still has them around. Preferably in the outdoors.