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(2021 GROUP BENEFITS PROVIDERS REPORT)

Employers quickly ramped up virtual-care options for employees amid the pandemic, with the public health system set to catch up . . . eventually **p16**



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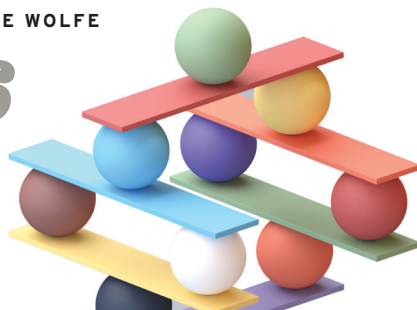
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Learning by doing during a once-in-a-century crisis

The best way to learn is by doing. And since last March, when a pandemic was declared by the World Health Organization, we've all certainly learned a lot by doing things we never thought we'd do. Over the past 13 months, I've done everything from lining up to buy toilet paper to doing yoga in my living room to Zooming morning, noon and night.

Early on in the pandemic, I interviewed a spokesperson from Ottawa's Shopify Inc. who used Zoom as a verb and I had no idea what she was talking about. Ah, those were the days! Unfortunately, I'm very familiar with the video-conferencing tool Zoom and its now instantly recognizable *Brady Bunch*-style interface.

I'm far from the only one now intimately familiar with Zoom, Microsoft Teams and Skype et al. Our feature story, on page 26, by freelancer Michael McKiernan explores how pension committee members quickly adapted to holding virtual meetings and the lessons they've learned along the way.

The best tip in the story that applies well beyond the pension industry is to always test your hardware and software in advance of any virtual meeting so they run smoothly and on time. I've yet to fully implement that lesson (sorry, colleagues and sources), but it's an important tip to apply as respecting people's time is, I believe, very key these days as many of us struggle to find balance while working from home.

And part of the struggle for many employers over the past year (and counting) has been ensuring employees have timely and safe access to health professionals, for everything from coronavirus pre-screenings to mental-health help to routine care. Our Cover Story, on page 16, by freelancer Kelsey Rolfe dives deep into how employers, and the companies they partner with, quickly stepped up amid the coronavirus crisis to provide a bevy of virtual options so employees could address health issues from the safety of their couches at home.

While the private sector has shifted into high gear with virtual offerings, unsurprisingly the public health-care sector has been slower to hop on the virtual health-care train.

In the *Before Times* (a.k.a. 2019), widespread use of virtual apps for health care would've sounded as unlikely as having to line up for toilet paper. But, now it seems impossibly retrograde to have to take time off work to schlep to a doctor's office every time one needs medical advice. The pandemic hasn't been all bad; it's brought about some good changes.

As our Cover Story outlines, both private and public health-care providers were forced to become more nimble and offer more virtual alternatives since last spring. Sometimes large systems, like people, only learn better ways to do things when

they're forced to do things differently.

And as Matthew McCreary with Morneau Shepell Ltd.'s new Lifeworks Telemedicine program says in the Cover Story, private-sector innovation can be helpful as the provinces and territories develop their own tools and expand public coverage: "It's the idea that a rising tide lifts all boats. If we can do well,

invest in innovation and figure out the next best thing to help people, ultimately it's a matter of time before that serves the public system." In other words, it's learning by seeing others doing.

Institutional investors are applying learnings from the first year of the pandemic to the second, as illustrated in our story, on page 30, by Blake Wolfe.

While looking at housing prices across Canada on Zillow Inc. or the historic highs hit on the Toronto Stock Exchange might give one the impression the economy went unscathed by this once-in-a-century public health crisis, as any good professor would urge its students — look closer. The global economy contracted by 4.4 per cent in 2020, the worst decline since the Great Depression, according to the International Monetary Fund. That's a dark stat, but institutional investors have found some bright spots.

The IMF also noted China was the only major economy to report growth last year, while the U.S. economy shrank by 4.3 per cent. And, so, investors are looking to the East for new opportunities as they (along with the rest of us) wait for the globe to reach herd immunity. Whether there'll be an economic boom, à la the Roaring Twenties following the 1918-19 flu pandemic and end of the First World War, is yet to be seen, but the experts Wolfe interviewed seem cautiously optimistic about the recovery and future investment opportunities in the East.

As for me, I'm writing this Editorial more than one month into the second year of the pandemic and I feel cautious optimism about what we've all learned from year one. As many of the stories in this issue illustrate everyone, from employers to employees to institutional investors to pension plan professionals, learned they could be much more flexible than they thought. Just like all of *Benefits Canada's* readers, I've learned the hard way that I have the ability to stretch further and longer than I ever thought I was capable of, whether it's adjusting to doing downward dog in my living room or learning what Zoom is for work or what time to go to the store to avoid having to line up for groceries (thankfully the toilet-paper lines have stopped).

We've all learned by doing, and now I'm somewhat hopeful, we'll all apply what we've learned to our professional and personal post-pandemic lives. One thing I'm going to unlearn how to do the minute this pandemic is over, though? Zoom.



By **Melissa Dunne**
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Last month's top news, moves and numbers in the pension, benefits and investment industries

People watch



- **Asif Haque** is the **Colleges of Applied Arts and Technology Pension Plan's** chief investment officer.
- **Irshaad Ahmad** is the **Canada Post Corp.'s** chief investment officer and vice-president of the crown corporation's pension fund.
- **Kim Doran** is head of the **Canadian Life and Health Insurance Association's** new Western Canada office in Calgary.

Survey says

46% of employees said monetary-performance bonuses make them feel most appreciated by an employer (LHH Knightsbridge).

50% of employers said the majority of their workforce will work most or all of the time in the workplace within the next six to 12 months (ManpowerGroup Canada).

66% of pension funds that have taken asset management in-house have achieved savings (CIBC Mellon).

M&A



- **Green Shield Canada** acquired **Inkblot Technologies**, a virtual mental-health platform that uses artificial intelligence-assisted technology, network effects and advanced analytics to match patients with counsellors.
- **Munich Re**, via its subsidiary the Germany-based New Ventures, acquired the **Group Health Group Holdings**, a third-party group insurance administrator in Canada.

Top 5 stories of the month on

BenefitsCanada.com



- 1** One year later: How the pandemic sped up the shift to virtual mental-health care
- 2** Expert panel: How to communicate the value of a benefits plan to employees
- 3** HOOPP focusing on DEI, stopping anti-Black racism
- 4** How employers can support working mothers during the ongoing pandemic
- 5** Canadian employers planning for a post-pandemic reality: survey

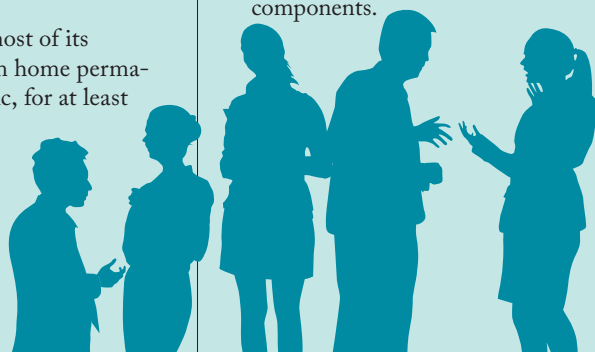
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Pension investments

- The **Caisse** investing in a telecommunications joint venture in Brazil, an international container port and industrial logistics park in Indonesia and a U.S. food-technology company. It's also further investing in a Canadian flight-training company.
- The **IMCO** is investing in a U.S.-based provider of temporary traffic safety management services.
- The **OTTP** is investing in two packaging manufacturers and in Finland's largest electricity supplier.
- The **PSP** is investing in a Toronto property-technology company, as well as a Canadian platform for the robotic manufacturing of houses and building components.

Employers in the news

- **Lululemon Athletica** is supporting its employees amid the coronavirus pandemic with physical, mental and social programs, including offering staff more than 1,100 online well-being and development courses so far.
- **Nike** is tying executive compensation to meeting diversity, equity and inclusion goals, as well as its broader environmental, social and governance efforts.
- **Salesforce** will let most of its employees work from home permanently post-pandemic, for at least part of the week.



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Should Canadian policy-makers facilitate a workplace emergency savings benefit?

With many employees struggling with finances since the coronavirus pandemic started last March, two experts weigh in on the viability of offering a workplace emergency savings benefit

COMPILED BY MELISSA DUNNE

Elizabeth Mulholland

Chief executive officer
of Prosper Canada



Joe Nunes

Co-founder and executive
chairman of Actuarial
Solutions Inc.

Policy-makers should absolutely be considering ways to facilitate a wider range of affordable, quality workplace savings options and to more actively support employees to save for emergencies.

Even before the coronavirus pandemic, too many Canadians (43 per cent) were living paycheck to paycheck and not saving at all, according to a 2019 poll by BDO Canada Ltd. With the rise of non-standard work, fewer and fewer Canadians have access to quality workplace savings plans. And Canadians who save in retail registered retirement savings plan or tax-free savings account investment products, instead of through the workplace, typically pay higher fees that erode earnings and, for Canadians earning under \$50,000, eat into their principal, according to an analysis performed by Common Wealth. I believe, many small businesses and non-profit organizations want to help their employees to build financial stability and security but they lack the means to provide matching contributions required by many existing plans. How can governments help fix this? Well, they can invest in research and piloting to determine effective ways employers can support employees to build emergency, as well as, longer-term savings. Governments can also make seed funding available for new flexible, portable and affordable workplace savings plans that offer “sidecar” emergency savings options, as well as retirement savings.

Federal tax incentives for saving, primarily via registered pension plans, RRSPs and TFSAs, overwhelmingly benefit middle- and upper-income Canadians. TFSAs protect low- and modest-income Canadians from punitive benefit clawbacks when they retire, but offer no upfront incentive, unlike a RRSP. A proposed Canada Savers’ Credit proposal could provide low- and modest-income Canadians with a refundable match of up to \$1,000 per year for TFSA contributions — a wise investment by any measure.

Many of those forced out of work by the pandemic have been pushed into the uncertain world of relying on temporary government support, food banks, charities and family. While it’s unreasonable to expect most employees to have an emergency fund that could last a year, I’m not sure many could even last two weeks.

Empathy for these individuals makes it easy to look around and suggest that perhaps employers can do more to help avoid this type of tragedy the next time around. However, before we jump ahead, it’s important to take two steps back: first, to make sure that we understand the real problem, and second, to decide on the right solution to the problem that we really have.

The first thing that we must admit is that, in my opinion, the problem for far too many Canadians is not a lack of opportunities to build an emergency fund. I believe the overall problem is a lack of financial literacy and the discipline to prepare. As I’ve written elsewhere, our school systems are largely to blame for the lack of preparation that our kids face as they move out of their parents’ homes to start their own independent life.

With clarity on the real problem, it won’t take long for most readers to agree that expecting employers to turn the financially challenged into good savers prepared for unexpected challenges is not likely to be successful. More importantly, many employees with access to voluntary pension, RRSP and TFSA programs sponsored by their employer already fail to fully take advantage of these vehicles. The TFSA is the ideal arrangement to build an emergency fund and even if an employer isn’t already offering one, every bank does, and it’s a small step to set one up. It’s a slightly bigger step for workers to pull money from their monthly spending to save for a rainy day.

We don’t need more vehicles to divide our savings into smaller piles and we don’t need to burden employers with more bureaucracy in managing their workforces.



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Shawn Kanungo,
disruption strategist

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PLAN MEMBER POINT OF VIEW

EMPLOYEE EXPERIENCES AND INSIGHTS

*Atopic dermatitis (AD), more commonly known as eczema, affects 10 to 15 per cent of Canadian children under the age of five, with 40 per cent of those children continuing to live with the condition as adults.¹ What **Tanya Mohan**, a senior business analyst with Critical Care Services Ontario, wants employers to know is that this isn't "just a skin thing." Those with moderate to severe AD may need work-from-home and other accommodations, as well as access to sometimes costly medications that relieve their symptoms, allowing them to get more sleep and be more hopeful, focused and productive employees.*

When were you diagnosed with AD?

I was a baby. I was really irritable, my sleep was disrupted and I was showing signs of wanting to scratch – and of course rashes appeared that alerted my parents that there was some kind of problem. My family doctor said it was eczema, which is pretty common, especially for winter babies. She prescribed topical creams and my parents went on their way. At the time, the narrative was that babies grow out of this. That didn't happen for me. It's continued into my 40s, it's on 80 per cent of my body and I now accept it as a chronic condition.

What are your symptoms?

Severe itch, which leads to severe scratching, which leads to bleeding, open wounds and sometimes infections. It's psychological warfare. You're so itchy you can't focus. You

scratch day and night. You're not sleeping. When you get into the shower it stings and it burns, and when you put the medicated creams on it's like your skin is on fire. But you have to scratch because if you don't then you go crazy feeling itchy and not doing anything about it.

How has AD affected your quality of life?

I was often told "just stop scratching." So, as a teen to young adult, I would hide my scratching as if it were a bad habit. I would hold on for dear life and not do it in front of others. Then I would run home or run to the bathroom at school, disrobe, scratch until I bled, moisturize, put my clothes back on and walk out. Sometimes, as an adult at work, I would run to the stalls every hour. Then I would go back and sit at my desk and keep working. That itchy feeling takes over your life. It becomes an

obsession. And you know as you're scratching that you're harming yourself. You hate yourself because you can't stop.

How has AD affected your work?

In 2012, I wound up in the emergency department because I had scratched my face so hard in my sleep that I woke up with my eyes swollen shut and a huge gash on my forehead. It was like Wolverine had attacked my face with claws. My husband said, "Okay, you need some serious emergency medical attention." That led to multiple trips to the emergency room and having to take sick leave from work. It was the first time I had told my then-employer that this was something I was suffering with. My boss and I had to sit down and talk about how AD affected my ability to concentrate, to write, to do all the things we need to do to succeed at our jobs. Really, the sick leave

“Employers need to know how AD can affect your ability to concentrate, to write, to do all the things we need to do to succeed at our jobs.”

— Tanya Mohan



highlighted how debilitating AD was for me. Two things helped me get back to work. First, I started taking new treatments prescribed by my doctor, which provided relief. Second, once the itch stopped because of the medications, my mindset shifted. I felt more hopeful because I got more sleep. Even just a few more hours of sleep helped me think clearly, get out of bed and want to tackle tasks, shower, get dressed and go to work. Before that, it was not possible.

Overall, how has treatment helped you?

Over the years, I have tried many therapies to help treat my eczema. Working with my family doctor and several dermatologists, I have finally managed to find a medication that works for me and that I can continue

to use long term. Without treatment, eczema affects your quality of life in such a big way – from sleep deprivation to actual soreness on your whole body. It can force you to stay in bed and not want to leave your house, and honestly the idea of going to work in those times is really challenging. So treatment is absolutely necessary for me to get back to real life.

What would you like employers to know about AD?

I volunteer as an eczema ambassador and I've seen that for a lot of people, AD is a major part of their identity that they hide. It's not like living with cancer, diabetes or heart disease, which are widely accepted as life-threatening and debilitating. This is not a life-threatening condition, but at the same time it affects quality of

life to the nth degree. Employers need to understand that when people with AD call in sick, it's not fake. This is a legitimate, tangible problem. Also, the pandemic has shown that many people can work remotely if they need to, and I think those options should be given to eczema sufferers. Finally, some medications to treat AD are expensive, so they're not accessible to people who don't have coverage through their drug plan. Employers can help people with moderate to severe AD by covering the medications they need. ■

1. www.canadianskin.ca/atopic-dermatitis-eczema



DIGITAL TAKES CENTRE STAGE



How TD Bank is putting technology first to support its employees amid the pandemic

BY LAUREN BAILEY

For years, digital offerings played second banana to in-person options for many employers aiming to connect with and support employees. Not anymore. As employers and employees face down year two of the coronavirus pandemic, digital supports have moved from understudy to centre stage.

“The pandemic has changed the environment significantly, as we all know, and what it brought into focus was well-being over anything else,” says David Fellows, senior vice-president of human resources at the Toronto Dominion Bank.

TD is just one of many employers that rapidly adopted virtual health apps last year to help their employees weather the effects of the pandemic. Employers “were on this path of evolution to get greater adoption of digital apps into use and what

2020 did is it really accelerated that more than we anticipated,” says Nigel Branker, executive vice-president and president of health and productivity solutions with Morneau Shepell Ltd.

According to Branker, the use of these apps isn’t a passing trend. He noted employers are recognizing the appetite among employees for virtual health-care options, and, as the pandemic rages on, digital health solutions have become much more mainstream and widely adopted.

Although TD was already considering expanding on its virtual employee well-being offerings, the pandemic served as an opportunity for it to speed up those plans. Fellows says approximately 60,000 employees at the bank started working from home following the rapid shift to remote work last March. And in response, the company rolled out three virtual programs designed to make the transition easier for employees who are able to work remotely and to provide a safe, healthy work environment for those who must work on site.

Accessing clinical care

One of the first virtual offerings the bank developed in response to the pandemic was an internal health-screening app designed to help keep colleagues, customers and communities safe. Prior to leaving for work at a TD branch, or a third-party location on bank business, employees must answer a few questions to help

them discern whether they exhibit any symptoms of the coronavirus, whether they've had any contact with someone who has the coronavirus and whether they should stay at home. Although employees can opt to complete the form either through the app or on a printed form, Fellows says the app has had heavy adoption since its launch and most employees who are still working on-site use it every day.

In May 2020, the bank also introduced a virtual health-care provision for employees in Canada that's accessible via computer and mobile devices. Designed as a pilot project, the program offers around the clock access to registered nurses and nurse practitioners for most routine health-care concerns, as well as for a range of services such as filling new and repeat prescriptions, lab requisitions, specialist referrals and nutrition consultations.

The program offers TD's employees online consultations and diagnoses, minimizing the need for in-person visits, thus helping to limit the spread of the coronavirus. Employees can have their medication delivered anywhere in Canada, including to local pharmacies or their homes, and the program allows staff to assess their cold and flu symptoms to determine whether they should get tested for the coronavirus. Mental-health support is also available and provided by nurse practitioners under the guidance of an in-house psychiatrist.

"When government and health officials were asking everybody to stay at home, and our health-care system was getting strained, we realized it would be really important for our colleagues to have that kind of online access, particularly if they couldn't get to see their family doctor in person or if they're in a more rural community," Fellows says.

Branker believes there's a wide swath of people interested in, or are more comfortable with, using digital apps, as he says getting access to support or trying to do it during core working hours is difficult for many. Morneau Shepell's internal data shows it's easier for someone to access these health-care services after they've attended to their work and personal obligations, such as at night after putting their kids to bed. The convenience of on-demand clinical care is a motivator and people will continue to use this modality because of that convenience, says Branker.

Case in point: Fellows says TD's online medical services have proven both practical and popular, with the bank consistently seeing a satisfaction rate of over 90 per cent with the services among its employees. The services have been so popular the health-care app was included in the company's overall benefits package in Canada this year.

Prioritizing well-being

While the bank managed to meet employees health-care needs in the immediate aftermath of

the pandemic, Fellows says it recognized in the long term it also needs to engage with employees as the coronavirus crisis drags on. So, TD got to work accelerating the launch of its new well-being app developed through its employee assistance program provider. "It really provides an ability for employees to interact and engage with their colleagues on a wide range of services," notes Fellows. "It's a way of getting real engagement."

The well-being app went live in December 2020, as part of the company's omnichannel strategy to reach employees who prefer to interact in the digital space. Employees in Canada are able to access a wide range of content, including short videos and articles, as well as podcasts and infographics. Via the app, employees can participate in individual well-being challenges, find savings on everyday purchases and unlock more offers by doing assessments, joining challenges and reading or watching content. TD's employee app also connects staff with on-demand access to health-care professionals such as counselors, caregiver support, nutritionists, naturopaths, health coaches, as well as other services such as career management support and financial and legal advisors.

So far the app has gotten rave reviews, with the highest engagement seen in the step and habit-switching challenges, along with the well-being assessment and support resources, including clinically verified content in various formats, such as articles, videos and podcasts.

Offering holistic well-being supports virtually became a key focus for TD due to the pandemic. "The pillars of our well-being strategy are really about creating a culture of care," says Fellows. "Our aim is to help our people thrive in all aspects of their lives."

TD has plans to leverage the app in the future to communicate information on a range of issues, including: vaccines, managing the stresses and strain of the ongoing pandemic environment and diversity and inclusion.

"We live in a hyperconnected society . . . through social media, and with all of the various [digital] platforms available for people to use to interact with each other, we recognize that's become a preference for many people."

Fellows says it doesn't mean TD won't engage with employees in other more traditional and organic ways. "This is just one of the ways we are choosing to engage with people on their terms and based on their preferences. When we think about our well-being strategy, we see it as multi-dimensional — physical, financial, emotional, mental, social. It's all about the colleague experience."

Lauren Bailey is an associate editor at Benefits Canada: lauren.bailey@contexgroup.ca.

BY THE NUMBERS

54%

of Canadian employers are set to invest more in digital health solutions in the next five years

42%

of employees are interested in apps that help them find a doctor or medical care when and where they need it

36%

of employees are interested in telemedicine for simple issues such as a cold or rash

26%

of employee respondents are less likely to move jobs if their employer invests in digital health benefits

48%

said they'd be more, or much more, confident in digital health and well-being solutions promoted by their employer

Sources: 2020 Mercer Marsh Benefits, Mercer and Oliver Wyman

INVESTMENT INSIGHTS

PERSPECTIVES ON INVESTMENT STRATEGIES

In March 2018, Mackenzie announced the appointment of renowned quant investor Arup Datta and his team, signalling its intent to establish a world-class quant boutique based in Boston. In May 2018, the firm launched a suite of emerging markets (EM) products. Little did anyone know these strategies were launching directly into the path of a hurricane for quant managers. To say the last three years have been challenging for quants is an understatement. Throughout the industry, performance has struggled, assets under management (AUM) have declined, and many venerable firms have closed. Yet, through it all, Datta and his team have thrived, and Mackenzie's AUM in quant strategies have risen to nearly \$5 billion. Today, the storm has passed, and Datta and his team believe favourable tailwinds for quants have arrived.

LOOKING BACK OVER THE PAST FEW YEARS, THE MARKET HAS BEEN CHALLENGING FOR QUANTS. WHAT HAPPENED?

For almost all quants, value is part of the fabric of how they invest. Quants also tend to tilt toward lower-cap stocks. When growth markets thrive, value and small-cap stocks tend to suffer. This was true when I faced the internet bubble in 1998–1999, the global financial crisis in 2007–2008, and again in recent years. Strong growth markets made it difficult for many quant strategies, and the pandemic only exacerbated this.

WHAT SHOULD QUANTS LEARN FROM THIS "HURRICANE" EVENT?

What quants should learn from this – and it's something I've always believed in – is that it's important to take a core approach that incorporates value, growth and quality into the process. With a good balance of ideas, quant managers have a better chance of succeeding in every environment.

Also, we spend a lot of time focused on back-testing to see how our models would have done through past crises to help ensure we deliver consistency. It's very important to build an all-weather strategy to have success in various market environments.

YOU'VE LAUNCHED MULTIPLE STRATEGIES ACROSS THE GLOBE SINCE YOU JOINED MACKENZIE. HOW HAS THE FIRM SUPPORTED YOU TO HELP MAKE THAT HAPPEN?

Quantitative models take about six months to develop – then you launch strategies. Launching a full line-up of global and regional strategies in two and a half years was only possible in a firm like Mackenzie, which sourced seed money of up to \$400 million for some of these strategy launches. Just as important, Mackenzie believes in a boutique structure of investment management. Each team is able to do its own thing, but we enjoy the benefits and support structure of a large, well-known Canadian firm. They've helped me grow my team to nine people, and they pay senior portfolio managers based on performance to align our interests to the investor. They also understood the past few years have been challenging for quantitative investing and continued to help me sow seeds for the future by launching new strategies.

HAS YOUR APPROACH EVOLVED OVER THE YEARS?

My basic theory has not changed, but the details keep evolving. For example, historically, we focused primarily on the trajectory of analyst forecasts when evaluating a growth stock – along with

checking that it was good value and good quality. Now, we look beyond the individual company. We want to know if estimates are going up for similar companies, and we define peers in many different ways. We have made major headway in this area at Mackenzie.

We're also spending more time on ESG (environmental, social and governance) because ESG data is better now and most stocks report it. Our approach is not to focus narrowly on a few sectors or industries – like solar power – but to look at how a specific company compares to its peers on ESG factors. Incorporating ESG into our stock selection process helps to add value in all regions of the world.

THE FIRST STRATEGY YOU LAUNCHED AT MACKENZIE FOCUSED ON EM. WHAT'S HAPPENING IN THAT SPACE NOW THAT YOU'RE APPROACHING THE THREE-YEAR MARK?

We have done very well in EM over the past few years, which hasn't been true for many quant managers. A dominant force in EM is China, which represents about 40 per cent of the MSCI Emerging Markets Index, so we have built a China-specific model. For investors, China is very different from other technology-heavy EM countries such as South Korea and Taiwan. One key difference is that value typically works less well there, so we have tilted toward growth for China. Also, the Chinese market is evolving. When I started investing in EM more than a decade ago, we could not access China A-shares. Since 2016, we have been able to access A-shares through the Hong Kong–Shanghai and –Shenzhen connectivity. Back then, the power of quant models was half as good for A-shares compared to H-shares,

because systematic approaches didn't work as well in mainland China's retail-driven market. That didn't deter us as we believed the markets would converge given institutional entries into A-shares like us. Five years later, the quant models work equally well in both markets and we believe we have that captured correctly in our EM strategy.

HOW HAVE YOU MANAGED RISK THROUGH THE PANDEMIC?

Successful quant managers stay in tune with their portfolio risk through custom risk models. We have built our own proprietary risk model, which served us well last year because we believe it's better at predicting risks for our strategies than off-the-shelf risk models.

When the markets were sinking from mid-February to mid-March 2020, we quickly assessed the data to identify the industries that were most affected, such as airlines and real estate investment trusts (REITs), and we've been hands-on in those areas over the past year. Early on, we avoided buying them altogether. A month or two later, we allowed ourselves to buy up to half the weight. In the past three or four months, we've allowed ourselves to buy at full weight. It's a human overlay to a quant process that we rely upon during volatile environments. That's where we're similar to a fundamental manager.

Also, we look at every trade, which most quant managers don't do. The quant model suggests a trade, and then we vet it to make sure the data behind it is correct and complete. That human override was put to the test far more over the past year and benefited our strategies.



"We have built our own proprietary risk model, which served us well last year because we believe it's better at predicting risks for our strategies than off-the-shelf risk models."

ARUP DATTA, MBA, CFA
SENIOR VICE PRESIDENT,
HEAD OF MACKENZIE GLOBAL
QUANTITATIVE EQUITY TEAM



MACKENZIE
Investments

THE RISING TIDE OF VIRTUAL HEALTH CARE

BY KELSEY ROLFE

Employers are offering virtual options to employees by the boatload during the coronavirus crisis, causing ripples in the public-health sector

When Leona Guenette comes down with a bad case of bronchitis, she knows exactly what antibiotics she needs.


Normally for Guenette, the pension and benefits administrator of the Sagkeeng First Nation, that meant scheduling an appointment with her local doctor to get a prescription. But as of June 2020, when Sagkeeng and 350 other First Nations across Canada got access to Teladoc Health Inc.'s telemedicine platform through their benefits provider, CINUP, she can get her prescription through a consultation in a matter of minutes, and pop out to the pharmacy to pick it up.

For Sagkeeng, a community located about an hour northeast

of Winnipeg that has roughly 400 local government employees, virtual care has had numerous benefits. Residents and employees typically need to travel to Winnipeg to see a doctor — something that presents a safety risk in Manitoba's harsh winters and also during the pandemic. The vast majority of the province's coronavirus cases have occurred in the capital city.

"For people having to go in for a doctor's appointment for basic reasons, they're risking themselves and the community," Guenette says. "We have a lot of elders that simply don't drive. The health centre will arrange for a drive, [but] when they're taking a group of people in a small enclosed area, again, it's a COVID issue."

Beyond that, virtual care helps Sagkeeng meet its goals for overall employee health and well-being. "What we want to do as a First Nation is to keep people off disability. If you're discouraged [from] seeing a doctor [because of the inconvenience], what do you do? You wait until the point of no return."



Sagkeeng is just one of many employers across the country that made virtual care available to employees in the last year. The service was already a growing trend in employee benefits prior to the pandemic, with 45 per cent of plan members saying in 2019 they would use virtual care if it was offered as a benefit, according to the Sanofi Canada health-care survey from that year. But the pandemic has accelerated a significant attitude shift.

According to a November 2020 survey by Environics and Dialogue, 82 per cent of Canadians believe it should be available as an employee benefit and 66 per cent said they would likely use it if it was available through their benefits. Meanwhile, an International Foundation of Employee Benefit Plans survey from July 2020 found 19 per cent of Canadian employers had added telehealth services during the pandemic and another 17 per cent were considering doing so.

However, the pandemic has made clear that while private virtual care providers have driven innovation in the space and are thriving during the crisis, publicly insured offerings are inconsistent and technically behind — something that experts say needs to be remedied to ensure all Canadians have equal access to the health-care system.

Improving employee health

Providing virtual care is “definitely attached to a lot of the goals of what a benefits program is meant to provide,” says Ryan Weiss, vice-president of product and experience for group customers at Canada Life, which started offering virtual care as an optional benefit in 2017, in partnership with Dialogue. It made its Consult+ service a standard offering for groups under 400 lives as of March 2020.

For employees, it gives them the ability to get help with a minor injury, diagnose new symptoms or a fill a prescription within minutes and at their own convenience — whether it’s in the middle of the night or on their lunch break. For employers, it ensures staff are healthy and don’t have to spend hours away from their desks, waiting at their family doctor’s, a walk-in clinic or an emergency room.

Despite advances in virtual care, Canadians still often face a challenge of access to timely health care. According to the November survey from Dialogue and Environics, while 86 per cent of Canadians have a family doctor, close to half (46 per cent) said it would typically take four or more days to see a health-care professional for a minor health concern. Another 22 per cent said it would take more than a week. Canadians waited a median of 3.2 hours in the emergency department per visit, reported the Canadian Institute for Health Information in 2019.

“From an employer perspective, it makes scheduling very difficult . . . and it’s not really good for health outcomes. The longer you wait for these things, the longer it means people might be suffering,” says Weiss, pointing

out that putting off a minor injury now could snowball to something major down the line — which comes with associated mental-health or medication costs and possibly disability claims. “There’s a lot of vested interest in employers helping people get the right care quickly as well as advancing their physical and mental wellness.”

As well, says Christy Prada, vice-president of business development for Maple, private virtual-care models sponsored by employers create the opportunity for more proactive care. “We can not only onboard [plan members] but make sure that we’re keeping them engaged. Really, that level of . . . support actually allows employees to shift it from being a reactive-type model of care to actually using it to proactively improve their health.”

The value became even clearer during the pandemic, when these services helped plan members stay at home and away from a public system trying to manage a highly contagious disease.

Public-sector challenges

The public system, meanwhile, was left somewhat flat-footed in the face of the pandemic when it came to virtual care, with the majority of provinces needing to quickly create fee codes to ensure physicians could actually treat patients at a remove. While more than half (60 per cent) of visits with primary physicians at the onset of the pandemic were conducted virtually, according to a Canada Health Infoway survey in September 2020, many physicians were doing so for the first time.

That’s something that Marc Robin, chief medical officer at Dialogue, says is a problem. “We firmly believe virtual care is a specialty in primary care, and if you want to be best-in-class you have to commit to advanced training,” he says, adding that doctors shouldn’t be “improvising in virtual care what [they] do in [their] office.”

Ewan Affleck, a member of a task force created by the Canadian Medical Association, Royal College of Physicians and Surgeons of Canada and the College of Family Physicians of Canada that examined how to scale up publicly insured virtual medical care, agrees. “It’s unfortunate the pandemic had to bring attention [to virtual care] — it’s an important modality of care we’ve been behind in.”

The report Affleck co-authored, released in February 2020 right before the World Health Organization declared the coronavirus to be a global pandemic on March 11, 2020, said there was still a “long way to go” to provide quality publicly-insured virtual care across Canada —despite the technology being around for decades and an “explosion” of interest in pursuing digital health strategies, driven by consumer demand and the challenge of timely and convenient access to health care.

The task force identified several issues with existing public virtual care: there were no standards for patient

The background is a solid, bright yellow. In the top left, there are three yellow dumbbells of varying sizes, arranged diagonally. On the left side, there are several large, vibrant green leaves, some overlapping. In the bottom right corner, there is a stack of red, textured mats or fabrics, possibly yoga mats, with a grid-like pattern.

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TOP 20 | GROUP INSURANCE PROVIDERS

INSURED PREMIUMS AND NON-INSURED DEPOSITS (MILLIONS) AS OF DEC. 31, 2020			
Company	2020	2019	Variance
1 Sun Life Financial	\$11,098.0	\$11,055.0	0.4%
2 Canada Life Assurance Co.*	\$9,274.0	\$9,665.0	-4.0%
3 Manulife Financial Corp.	\$8,790.0	\$9,151.0	-3.9%
4 Desjardins Insurance	\$2,852.1	\$2,756.8	3.5%
5 Green Shield Canada*	\$2,337.7	\$2,387.3	-2.1%
6 SSQ Insurance**	\$2,041.4	\$2,077.9	-1.8%
7 Medavie Blue Cross	\$1,718.2	\$1,688.1	1.8%
8 iA Financial Group	\$1,292.5	\$1,252.5	3.2%
9 Pacific Blue Cross	\$1,277.1	\$1,284.6	-0.6%
10 Alberta Blue Cross	\$1,183.5	\$1,258.7	-6.0%
11 La Capitale assureur de l'administration publique inc.	\$902.0	\$847.3	6.5%
12 Empire Life Insurance Co. of Canada*	\$507.7	\$472.4	7.5%
13 Equitable Life Insurance Co. of Canada	\$496.6	\$497.3	-0.1%
14 RBC Insurance	\$385.6	\$371.4	3.8%
15 Manitoba Blue Cross	\$322.8	\$360.8	-10.5%
16 The Co-operators Life Insurance Co.	\$318.5	\$332.1	-4.1%
17 Saskatchewan Blue Cross	\$120.5	\$133.1	-9.5%
18 Chubb Insurance Co. of Canada*	\$95.5	\$86.7	10.1%
19 UV Mutuelle	\$84.2	\$79.5	5.9%
20 Wawanesa Life Insurance Co.	\$80.5	\$85.4	-5.8%
Top 20	\$45,178.6	\$45,843.1	-1.4%
Industry total	45,178.6	45,843.1	-1.4%

Notes: Figures in this report are based on responses provided by the survey participants. Benefits Canada assumes no responsibility for the accuracy of the data provided. All totals are subject to +/- variance due to rounding *Restated 2019 figures. **As of Dec. 3, 2020, SSQ Insurance officially merged with La Capitale to become one company, Beneva.

Source: *Benefits Canada/Canadian Institutional Investment Network's 2021 survey of group insurance providers*

health information access; physicians need proper training to offer such services; and provincial fee standards for virtual services are inconsistent among various modalities and in comparison to in-person visits.

Filling a need

In the face of those challenges and an already stretched health-care system, private players offer a valuable complement, says David Willows, executive vice-president of digital, innovation and brand experience at Green Shield Canada, which undertook a four-month pilot project with Maple in November 2020 to give plan members four free consultations through the app.

“We think it’s filling a need that doesn’t necessarily exist in-system right now,” he says. “[When]

somebody has the choice to navigate a walk-in clinic or an emergency room, the ability to get care in a number of minutes [virtually] for these smaller acute illnesses certainly makes a lot of sense.”

But there’s more to quality health care than just access, says Affleck: “The problem is, [access] comes at a big cost. . . . There’s study after study that shows continuity of care improves outcomes. Simply [having] access to many [doctors] may not help and may drive substantive costs. The likelihood of error or unsafe care increases, the likelihood of redundant tests and health activity increases. It’s driving all-system costs.”

Virtual-care providers disagree that they’re hindering continuity of care. Prada points out that Maple users can upload their own medical history into the app





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TOP 10 | GROUP LIFE PROVIDERS

INSURED PREMIUMS (MILLIONS) AS OF DEC. 31, 2020			
Company	2020	2019	Variance
1 Manulife Financial Corp.	\$868.0	\$852.0	1.9%
2 Canada Life Assurance Co.	\$858.0	\$868.0	-1.2%
3 Sun Life Financial	\$672.0	\$687.2	-2.2%
4 Desjardins Insurance	\$244.1	\$248.0	-1.6%
5 SSQ Insurance**	\$166.3	\$153.2	8.6%
6 iA Financial Group	\$121.0	\$117.3	3.2%
7 Medavie Blue Cross	\$102.6	\$90.2	13.7%
8 RBC Insurance	\$60.3	\$56.5	6.6%
9 La Capitale assureur de l'administration publique inc.	\$57.6	\$57.9	-0.5%
10 Empire Life Insurance Co. of Canada*	\$41.8	\$38.5	8.6%
Top 10 total	\$3,191.8	\$3,168.9	0.7%
Industry total	\$3,360.6	\$3,330.7	0.9%

Notes: *Restated 2019 figures. **As of Dec. 3, 2020, SSQ Insurance officially merged with La Capitale to become one company, Beneva

TOP 10 | GROUP HEALTH PROVIDERS

INSURED PREMIUMS (MILLIONS) AS OF DEC. 31, 2020			
Company	2020	2019	Variance
1 Sunlife Financial	\$5,283.4	\$4,930.7	7.2%
2 Canada Life Assurance Co.*	\$5,105.0	\$5,144.0	-0.8%
3 Manulife Financial Corp.	\$4,354.0	\$4,455.0	-2.3%
4 Desjardins Insurance	\$2,376.6	\$2,264.1	5.0%
5 SSQ Insurance**	\$1,772.6	\$1,759.6	0.7%
6 iA Financial Group	\$904.2	\$869.4	4.0%
7 Medavie Blue Cross	\$843.5	\$743.2	13.5%
8 La Capitale assureur de l'administration publique inc.	\$828.5	\$772.1	7.3%
9 Green Shield Canada*	\$564.3	\$531.6	6.2%
10 Empire Life Insurance Co. of Canada*	\$409.7	\$376.9	8.7%
Top 10 total	\$22,441.7	\$21,846.7	2.7%
Industry total	\$24,156.6	\$23,587.1	2.4%

Notes: *Restated 2019 figures. **As of Dec. 3, 2020, SSQ Insurance officially merged with La Capitale to become one company, Beneva

Source: *Benefits Canada*/Canadian Institutional Investment Network's 2021 survey of group insurance providers



TOP 10 | ASO PROVIDERS (ASO GROUP LIFE + ASO GROUP HEALTH)

NON-INSURED DEPOSITS (MILLIONS) AS OF DEC. 31, 2020

Company	2020	2019	Variance
1 Sun Life Financial	\$5,142.7	\$5,437.1	-5.4%
2 Manulife Financial Corp.	\$3,568.0	\$3,844.0	-7.2%
3 Canada Life Assurance Co.*	\$3,311.0	\$3,653.0	-9.4%
4 Green Shield Canada*	\$1,773.4	\$1,855.7	-4.4%
5 Alberta Blue Cross	\$1,006.0	\$1,073.5	-6.3%
6 Pacific Blue Cross	\$963.3	\$967.9	-0.5%
7 Medavie Blue Cross	\$772.1	\$854.7	-9.7%
8 iA Financial Group	\$267.3	\$265.8	0.6%
9 Desjardins Insurance	\$231.5	\$244.6	-5.4%
10 Manitoba Blue Cross	\$209.4	\$244.4	-14.3%
Top 10 total	\$17,244.6	\$18,440.7	-6.5%
Industry total	\$17,661.4	\$18,925.3	-6.7%

Notes: *Restated 2019 figures

Source: *Benefits Canada/Canadian Institutional Investment Network's 2021 survey of group insurance providers*

BY THE NUMBERS

The *Benefits Canada/Canadian Institutional Investment Network's 2021 survey of group insurance providers* found a whopping **50%** of benefits providers launched new virtual/online health-care coverage or services in 2020. Benefits providers also launched coverage, or services, in the following areas last year: **27.3%** health-care navigation, **18.2%** pharmacogenetics, **9.1%** pharmacy services and **4.5%** medical cannabis.

The same survey found that benefits providers saw a surge in interest from plan sponsors when it comes to virtual/online health care in 2020, with almost all, **95.4%**, being either significantly or somewhat interested. Most plan sponsors were also significantly, or somewhat, interested in pharmacy services at **86.4%**, pharmacogenetics at **83.3%**, followed by health coaching and navigation at **77.3%**. While the ongoing coronavirus pandemic has spurred interest in online/virtual health care, there's significantly less interest in medical cannabis as benefits providers said more than half, **59.1%**, of plan sponsors have little, or no, interest in this budding benefits offering.

and some have even requested files from their doctors. They can also access the records of any call through the platform to share with their doctor and Maple itself can also transfer records from the platform to a patient's family physician. Dialogue, too, sends users a record of their consultations to "empower" them to share the information with their doctor.

At the moment, privacy legislation stops private providers from consistently sharing information without extensive permissions, Prada adds. "A lot of our privacy legislation was written before digital and didn't consider what it means if you are able to technologically transfer data back and forth."

She says the company intentionally prevents patients from requesting the same doctor: seeing different physicians within the app means they can be seen more quickly. As well, "we don't want to take away relationships that patients have with their family doctors."

Policy vacuum

When it comes to how virtual care is paid for, Prada says, "this is where it gets really complicated."

Virtual care lives in somewhat of a policy vacuum. Because health care is a provincial and territorial responsibility in Canada's public health-care system, each of the provinces have taken their own approaches, with some covering some modalities of virtual care and others, prior to the pandemic, offering no coverage at all. For example, while British Columbia covers video and telephone consultations, Ontario only began offering temporary billing codes for such services in March 2020. None of the provinces cover text-based interactions.

For doctors in the public system, this means there were

services they simply wouldn't offer. For individual consumers using private apps, it means they could be billed directly for services, depending on the place they live or the way they prefer to be treated, creating a system that medical experts say means only those who can afford to pay can be treated quickly.

Willows doesn't see this as inherently problematic. Before its recent pilot with Maple, Green Shield Canada offered plan sponsors the option to add the app to their plans in 2019 and a discounted fee for plan members whose employers didn't do so. "There are different pockets of the system where [paying for health care] certainly exists and people are voting with their pocketbook," he says. "Allowing people to make that choice, it may be more cost-efficient for them not to miss work."

So where do employers fit in? It depends on the providers. Maple, for example, integrates provincial fee codes into its service and employers pay for things that aren't covered publicly — including the technology it takes to run the service. Morneau Shepell Ltd.'s new Lifeworks Telemedicine program completely removes itself from the public system, says Matthew McCreary, vice-president of product management, with on-staff nurse practitioners. Dialogue, which offers its services exclusively to employers and insurers, operates much the same way, with many of its health-care professionals working on salary.

"There's never a financial transaction between a physician and a patient or a province," Robin says. "[That way], there's no benefit of seeing or not seeing or seeing more often; the idea is that [our] team's goal is to get you better faster and there's no incentive to do otherwise."

Rising tides

The pandemic demonstrated virtual care's value proposition to employees and governments alike. Now that the dust is starting to settle, provinces are thinking about how to permanently expand the use of publicly insured virtual care in a sustainable way. Any provincial developments will naturally impact private players, who are deeply intertwined with the public system. But insurers and providers think employers and private virtual-care companies will still have a meaningful role in any future system.

For one, McCreary says, private-sector innovation can be helpful as the provinces develop their own tools and expand public coverage.

"It's the idea that a rising tide lifts all boats. If we can do well, invest in innovation and figure out the next best thing to help people, ultimately it's a matter of time before that serves the public system."

It's not uncommon for employers to contribute to health costs in a way that supplements what's covered provincially, Prada adds, pointing to employer drug plans. "We can have certain types of services funded by the government and then things that are not funded by the government, that's where private pay can pick up the rest of the buck."

And an expansion of publicly insured virtual care won't actually increase the capacity of the public system, Robin says.

"If we see 1,500 patients a day, these are people who are not going to the emergency room or the walk-in clinic. All Canadians benefit from that — employers do, because their employees are at work, and governments do because it takes pressure off the public health-care system."

Kelsey Rolfe is a freelance journalist.

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DON'T

Stray too far from the agenda

BY MICHAEL MCKIERNAN

Pension plan committees pivoted to virtual meetings in March 2020 and learned many lessons to apply to year two of the pandemic and beyond

As the coronavirus pandemic ground the world to a halt in March 2020, stopping was not an option for Gale Rubenstein or her colleagues on the board of trustees at the University Pension Plan Ontario.

The jointly sponsored pension plan had only come into existence two months earlier, and the clock had already begun ticking on the July 1, 2021, deadline for its full implementation as plan administrator, serving members and retirees from the UPP's constituent institutions: Queen's University, University of Guelph and University of Toronto.

"That date can't be changed . . . pandemic or not, that's when the assets and liabilities of the old single-employer plans are transferred to us," says Rubenstein, the UPP board's inaugural chair.

Having eighteen months to transition is shorter than it seems when you're starting from scratch, she adds, explaining that her early priority was getting the rest of the UPP trustees appointed and





up to speed, so that they could engage a recruiter to help them identify a chief executive officer.

“On Friday, March 13, 2020, we had a board meeting with the search firm by phone, and then the world changed,” Rubenstein says.

In Vancouver, Rosalind Gilbert, associate partner in Aon’s retirement solutions division, remembers a wave of calls around the same time from sponsors looking for advice on whether they should proceed with scheduled pension committee meetings.

“Our message was: ‘Don’t delay. Don’t put governance on hold for this.

You need to find a way to pivot to virtual,’” she says.

Continuity in plan oversight and administration is critical in a time of crisis, agrees François Parent, Gilbert’s Montreal-based Aon colleague.

Adjusting to Plan B

“What this pandemic has showed us is that administrators must have a Plan B. For sure, it was — and still is — a big learning curve, not just for the committees but for us consultants.”

Parent adds the size of the adjustment varied according to the unique circumstances of individual pension

committees, but Rubenstein isn’t ashamed to admit that hers has been at the larger end of the scale.

“I’d never even heard of Zoom before all this,” she says.

Still, Rubenstein and her team have adapted quickly, breaking meetings up into shorter chunks in an attempt to avoid screen fatigue and checking in regularly with each other to keep participants engaged.

“You have to work at maintaining relationships,” she says. “By now, everyone is speaking up in virtual meetings but it took some time to bring that kind of comfort.”

“It’s working because everyone is committed to making it work,” Rubenstein adds.

But she can’t help missing some parts of the old committee gatherings.

“I’m a big believer in people meeting and having coffee,” she says. “That sort of social camaraderie, as people eat and drink, is really important.”

The transition was smoother for Winston Woo, the chair of the pension committee at AGS Automotive Systems, thanks to his previous experience at a multi-national technology company.

“It always made sense for us to connect remotely, so our team was pretty used to it,” he says. “I don’t think we lost a beat.”

In fact, Woo says the committee kicked up the frequency of their meetings in the early days of the pandemic — moving from quarterly to monthly — so that they could respond to the heightened risk and uncertainty that the coronavirus crisis brought to the investment market.

“The key to connecting online is getting used to the *Hollywood Squares* style. When you’re speaking to nine screens at once, you can’t get the same kind of eye contact or body language,” he says.

But virtual meetings aren’t all bad, according to Woo, who suggests that our glasses are becoming more rose-tinted the longer we go without face-to-face meetings.

For example, he says the long-haul flights and exhausting inter-city car rides

“When you look at the preparation stage, it needs to be given as much attention as the meeting itself, which something that is lost on a lot of people.

that are required to get the members of many pension committees together in one room can take their toll on participants, not to mention the sponsor's balance sheet and the environment.

In addition, cell-phone distractions and off-topic chit-chat are at least as prevalent in the boardroom as they are online.

“In-person meetings can be dysfunctional as well, so in some ways going virtual has allowed us to be more focused,” Woo says.

Learning from doing

After a year observing virtual pension

committee meetings — sometimes as many as 15 per month — Zaheed Jiwani, a principal at Eckler Ltd.'s Toronto office, says most show clear signs of progression.

“Everybody has struggled and nobody is perfect, but we're starting to get an idea of what works and what doesn't,” he says.

For those looking to improve even further, Jiwani breaks down his advice for the perfect virtual meeting into two baskets: pre-meeting preparation and in-meeting leadership.

“When you look at the preparation stage, it needs to be given as much attention as the meeting itself, which is something that is lost on a lot of people,” he says.

In addition to agreeing which platform to use for their meeting, Jiwani says participants should conduct a test run well in advance of the meeting.

“What you don't want to happen is one or two members turning up halfway through or missing it altogether because they couldn't connect,” he says.

While many would argue a clear agenda was always central to an efficient meeting in pre-pandemic times, Jiwani says it has become even more critical in the virtual world.

“All content needs to be distributed to attendees in a secure manner in advance of the meeting. This way, if there is a technical disruption, people can still refer to their materials and follow along while

they try to reconnect,” he says.

When it comes to timings for each item, Jiwani suggests organizers build in plenty of extra minutes, especially in the early stages of the meeting.

“Individual members are not going to have seen each other in a while, so you find there's a lot more catch-up time needed for everything that would have been said in person out in the hall or as you walked in to the room,” he explains.

Finally, he says all committee members should know ahead of time who will act as chair — not necessarily the person with that title, but the individual most capable of running things in practice — because their role will become crucial once the meeting actually starts.

“They must take control right away, set the ground rules for how the meeting will flow, and importantly, how people can participate,” Jiwani says.

“Then the chair has to be constantly aware of the time, making sure everyone stays on schedule.”

Platforms such as Zoom and Microsoft Teams have their own functions for raising issues and chatting with other attendees that pension committees may wish to use, Jiwani says. Preferences will differ according to the number of people involved, but it's down to the chair to set — and then enforce — the rules.

“The chair should clearly call on people who raised their hands, and make sure their questions or comments are addressed in sequence,” he says.

“That's important, so that nobody is dominating and others feel able to participate.”

Looking to the future

According to Al Kiel, senior vice-president at Morneau Shepell Inc., many pension committees have adapted so well to the online world that they are likely to stick with virtual meetings to at least some extent even when they are no longer necessary.

“It's almost second nature to a lot of us now,” he says. “I expect to see

BUILDING CONNECTIONS REMOTELY

Employees who communicate mainly via video conference find work relationships tougher to build, according to a recent study.

The results of the project — carried out by Wendi Adair, a University of Waterloo psychology professor, along with colleagues at the University of South Carolina and the University of Washington — likely confirm what many pension committee members have discovered for themselves over the last year.

According to the researchers, surveyed workers became three times less effective at building relationships with colleagues after their communication switched to videoconferencing during the pandemic.

Deciphering non-verbal cues and listening intently to the words of other became more difficult over virtual platforms, compared with in-person interactions, participants reported. But the researchers found that those who made the extra effort to focus on these two areas were able to match in-person levels of team efficiency and effectiveness in coordinating team activities.

“Keeping cameras on is really important and so is engaging in active listening,” Adair says.

a bit of a culture shift from this need to meet in person all the time to a more hybrid approach.”

If some good has come of the pandemic Todd Saulnier, the chair of the Association of Canadian Pension Management’s national policy committee, says it has shaken people out of their comfort zones, helping them access previously untapped reserves of flexibility.

“The other day I was on a Microsoft Teams meeting and the power went out at home. There was no internet, so here I am, quickly getting my iPhone, downloading the app and logging back in three minutes later with data,” he says. “I couldn’t imagine that happening a year ago.”

At the UPP, Rubenstein remains keen to get back in the same room as her fellow trustees whenever it’s possible: “I’m still a firm believer that there’s

nothing like being face to face with another person,” she says.

When coronavirus case numbers dipped in the summer of 2020, she even began investigating the possibility of a socially-distanced, in-person board meeting before a fresh spike in infections forced her to abandon the idea.

But the success of her online experience has opened her eyes to the further potential of virtual meetings.

“There are going to be new opportunities coming out of this to reach out to members in ways that we might not have done otherwise,” she says.

“I’m very hopeful that when we’re all free to get together again, we’ll be able to marry that with the best of the virtual technology we’ve all come to live with.”

Michael McKiernan is a freelance writer.



KEY TAKEAWAYS

- Pension plan administration can’t take a break – even when a global pandemic hits – which meant big changes for pension committees across Canada more than a year ago, starting in March 2020.
- With effective pre-meeting preparation and in-meeting leadership, pension committees can run virtual meetings that are almost as efficient as their old-school boardroom versions.
- Online meetings haven’t been all bad. The lack of travel has led to significant time and money savings for pension committees, and many are planning to keep at least some of their gatherings virtual long into the future.



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BOUNCING BACK



As emerging economies recover from the first year of the coronavirus crisis, Asia and the tech sector continue to shine

BY BLAKE WOLFE

ISTOCKPHOTO / NADIA_BORMOTOVA

“Rising incomes and technological change in the emerging economies present considerable investment opportunities for investors with longer-term horizons.”

Investments in emerging markets weren't spared the impacts of the global coronavirus pandemic. But the ongoing crisis has had uneven effects, with economies and sectors reporting widely-varying results while revealing important lessons for investors in 2021 and beyond.

While emerging markets ended 2020 on a high note, the year was also marked by a significant amount of money exiting the sector, says Philip Erhmann, senior portfolio manager for the emerging markets equity team at Manulife Financial Corp.

“It's only been since late 2020 that we've seen a pickup in flows, which is appropriate given the recovery in economies and leverage and the changing nature of many of the sectors and companies that we're investing in.”

He says performance in 2021 will be determined by how quickly global economies can drag themselves out of the “very sharp and deep recession” created by the pandemic. According to the International Monetary Fund, the global economy contracted by 4.4 per cent in 2020, the worst decline since the Great Depression. The organization noted China was the only major economy to report growth last year, while the U.S. shrank by 4.3 per cent.

This recovery will be unevenly distributed based on the relative fiscal positions of individual markets, but it could also lead to reforms that make economies even better prepared to weather the next crisis. “The hope is that the few recalcitrant emerging economies that have talked a lot about structural reforms but have failed to enact them may be pressured to do something.”

Asia: poised for growth

Several key Asian economies — namely China, South Korea and Taiwan — were among the first and most heavily-impacted in the early days of the crisis. The novel coronavirus is widely

BY THE NUMBERS

\$600M

The maximum amount to be invested in India's National Investment and Infrastructure Fund by the CPPIB

\$1B

The target investment, in Brazilian real, of a residential real-estate joint venture with Cyrela Brazil Realty by the CPPIB

\$4B

The CPPIB's total equity allocation, in U.S. dollars, in China's logistics sector through a partnership with the Goodman Group, an Australia-based developer and manager of commercial real estate.

Source: The Canada Pension Plan Investment Board

believed to have started in Wuhan, China, in 2019 before spreading around the globe and was ultimately declared a pandemic by the World Health Organization in March 2020. But with a strong and early response, these markets in the East minimized the economic effects of the global pandemic and not only remained open for business but grew their economies as others faltered. Erhmann says this growth also speaks to strong management of businesses in these economies.

“China's economy was assumed to be the factory of the world. Not only was it the factory of the world, it was the factory that never shut down. China had it very light and the Chinese economy grew by just over two per cent last year in real terms, whereas most of the rest of the world was trying to avoid double-digit declines.”

Underlying those factors in China is consumer spend by a “young, urban, and tech-friendly” market that seeks recognizable brands to symbolize their social status, says Jin Zhang, a portfolio manager at Vontobel Asset Management. He cites the growth of international brands in the country like brewer Anheuser-Busch Co. and Yum! Brands, Inc., the parent company of fast-food brands such as KFC, Pizza Hut and Taco Bell.

In South Korea's case, experience dealing with the severe-acute respiratory syndrome outbreak in 2003 that it applied to this public-health crisis proved vital to keeping the economy afloat in 2020, says Nicholas Field, a fund manager at Schroders.

Tech continues to grow

Asia is also home to several of the world's largest manufacturers of memory chips and semiconductors, products that are in increasingly high demand as the expansion of remote working arrangements and e-commerce accelerated by the pandemic continues to gain steam, Zhang says.

“We're relying more on our smartphones and a good part of that is memory. A lot of our data is also stored in the cloud, which also needs a lot of memory. It's a big driver for Korean companies like SK Hynix and Samsung. They're the number-two and number-one players in memory chips. Samsung has a 50 per cent market share. That's a very consolidated market.”

He also points to Taiwan, where WIN Semiconductors Corp. not only produces an in-demand electronic component, but weathered the economic fallout through strong management similar to other Asian firms.

“They have very good working relationships with their

IN NUMBERS

5.4%

The estimated annual return on emerging-market equities overall from 2021-2030

17.3%

The estimated annual risk from emerging-market equities over the next 20 years

7%

The estimated annual return on Chinese equities between 2021-2030

Source: The Alberta Investment Management Corp.

suppliers and customers. They're a key supplier of specialized semiconductor chips. They have capacity — and they're adding capacity. They'll see another big increase in profits.

"What we're seeing is the high-quality businesses are adaptive during a difficult time," Zhang says. "They've made changes to the environment and bring good value to their customers. The main thing is they continued to operate and didn't just sit on their hands."

How other emerging markets are faring

While Asia's technology offerings have helped buoy those economies during the pandemic, heavily consumer-based emerging markets such as Brazil and South Africa face a tougher recovery, which Field says will be largely determined by how their respective governments are handling the crisis.

"Time is a factor. Brazil and South Africa can't say 'what's another six months?' because it gets more costly to fund longer shutdowns. You've got two types of markets and recovery will depend on how the pandemic was handled."

Still, there are opportunities to be found, Zhang says, citing the example of Brazil-based clothing retailer Lojas Renner, which adapted its business model in response to the pandemic and in the process, outsold international brands such as Hennes & Mauritz AB (or H&M) and Zara SA.

"When the pandemic hit, they were in the process of scaling up the online part of the business and the pandemic was an opportunity to accelerate it. They saw their online business explode. Now they're online and offline is slowly coming back. They're able to overcome difficult situations and bring value to customers."

And Ehrmann says that while China will likely have the best year out of the emerging markets, there's considerable potential in countries like Brazil and India. "Given that they fell sharply and their economies were curtailed and continue to be damaged by the pandemic, it's hard to predict exactly when things will turn. But there's been a move toward normalcy. I expect as the year progresses, some of these larger and strongly performing economies will catch the eye [of institutional investors]."

The pandemic has also highlighted the growing importance of environmental, social and governance factors for both investors and economies, with businesses that implement ESG factors being among the most resilient, he says. "[Environmental, social and governance issues] have been accentuated recently with the need to rebalance health care, including how it applies to [artificial intelligence] and simple tools like vaccines and other pharmaceuticals and providing primary health care throughout society. This is very important for markets like China, India and

Brazil, which have very large and under-served rural populations.

"The best companies have the whole market paying attention, whether it's environmental issues or spending money on their employees. Malfeasance, bad behaviour and inefficiency will all affect performance and the cost of capital a company requires to generate their returns."

The pension perspective

Angela Lin-Reeve, senior portfolio manager of pension investments at the Royal Bank of Canada, says exposure to emerging markets comes from a variety of sources, with the pension's portfolio managers targeting these markets by individual asset classes rather than on a macro level.

While these managers favour China for equities opportunities, she says fixed-income investments have mainly taken place in Latin America, based on factors such as each country's growth rate, current account balances and interest rates. "It's mostly at the country's government-bond level where they're getting exposures. These managers have more exposure to Latin American economies, like Mexico and Brazil and Colombia, based on the view that those economies are faster-growing and have a deferential with the U.S. rates."

Again, each country's pandemic response and subsequent economic recovery will factor into these investments, with China, Taiwan and South Korea favoured for strong performances in 2021, she says. "Given the amounts of fiscal stimulus going into developed countries versus emerging markets, factors like the increased need for inflation and reflation that will arise from the developed economies will put emerging economies into a better backdrop in terms of their abilities for [gross domestic product] growth and outlook for currency appreciation versus the U.S. dollar, which is forecasted to decrease as a result of the fiscal stimulus.

"I wouldn't be surprised if more money flowed into emerging markets through these mandates but we haven't yet seen a huge shift. Maybe later in 2021 we'll see more of that happen."

Alain Carrier, senior managing director and head of international at the Canada Pension Plan Investment Board, says emerging markets factor into all of the CPPIB's investment programs and represent a growing area of focus within its overall investment strategy.

Focusing on a theme of the growing middle class and this consumption in emerging markets, the CPPIB is focusing on emerging-market investment in a number of sectors such as retail, logistics, education, health care, real estate and technology, with growth concentrated in Brazil, China and India, three markets in which the CPPIB maintains offices. With investments in these markets providing diversification benefits, an increased opportunity set and potential for higher risk-adjusted returns, he says the CPPIB plans to increase its emerging markets allocation to one-third of the fund by 2025.

"Economic conditions and resources available in emerging markets are creating a vast new consumer base and new-found prosperity for billions of people. This environment can foster favourable economic and corporate growth."

Carrier says that while the pandemic brought unprecedented challenges to economies around the world — and volatility to global financial markets — the emerging-market economies

in which the CPPIB invests were not only large and diverse enough to mitigate severe financial fallout, but faced the worst of the pandemic at different times.

“Each one is at a different stage of its own crisis and subsequent recovery. These economies are also developing at a different pace from one another. We don’t expect the pandemic to greatly alter the long-term trajectory for growth for emerging market economies.”

He says the pandemic has also provided both new opportunities, as well as the chance for the CPPIB’s various investment programs to recommit to long-term convictions around a number of existing portfolio companies in these markets.

With the uneven rollout of coronavirus vaccines among different countries, the United Nations said global herd immunity — a percentage which is still being determined by the World Health Organization — is unlikely this year. As of mid-March, the U.S. had administered approximately 96 million vaccine doses, according to the U.S. Centers for Disease Control and Prevention, while China had only vaccinated approximately 50 million citizens by mid-February.

Despite this, the IMF predicts global growth in 2021 will be as high as 5.2 per cent and this surge is set to be led by China and India, which the organization forecasts will grow by 8.2 per cent and 8.8 per cent, respectively. “We’re optimistic about an economic recovery taking place throughout the rest of 2021. For us, though, optimistic doesn’t mean we make material changes to our portfolio in the short term, it means we continue to view

our long term capital market expectations as being consistent with where we think the global economy is headed.

“Rising incomes and technological change in the emerging economies present considerable investment opportunities for investors with longer-time horizons. As the economic engine shifts increasingly east and south and capital markets develop in tandem, emerging markets are expected to offer returns in excel of the developed world. Overall, we see room for the emerging market economies to continue to develop and play an increasing role in driving global growth.”

**Blake Wolfe is an associate editor at *Benefits Canada*:
blake.wolfe@contexgroup.ca**



KEY TAKEAWAYS

- The logistics and technology sectors received a major boost from the pandemic and will continue to provide investment opportunities.
- The recovery of an emerging market’s economy is largely based on how early, and how strongly, its government has responded to the ongoing pandemic.
- Environmental, social and governance factors are becoming increasingly important indicators of corporate resiliency.

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GETTING TO KNOW

Jennifer Coulson

JOB TITLE: Vice-president of ESG and public markets for the British Columbia Investment Management Corp.

JOINED THE BCI: January 2012

PREVIOUS ROLES: Manager of shareholder engagement and then senior manager of ESG at the BCI

WHAT KEEPS HER UP AT NIGHT: Continuing uncertainty associated with the coronavirus pandemic and its effects on the economy

OUTSIDE THE OFFICE SHE CAN BE FOUND: Outdoors as much as possible, often walking her dog on the beach

ESG FACTORS AT THE HEART OF THE BCI'S INVESTING STRATEGY

BY ALISON MACALPINE

Jennifer Coulson has been engaged in responsible investing and environmental, social and governance factors for two decades and remembers a time when it was difficult to get access to chief executive officers to discuss her concerns. Not anymore. Today, senior leaders have a much better understanding of the importance of ESG factors and actively seek out her perspective.

“[ESG] was such a niche product 20 years ago, versus now, where it’s just part of our decision-making process,” says the Victoria, B.C.-based vice-president of ESG and public markets for the British Columbia Investment Management Corp., which manages more than \$170 billion in assets for 12 public sector pension plans, three insurance funds and various special purpose funds in B.C. “I’m thrilled to see the momentum.”

The BCI’s commitment to ESG factors started with strategic proxy voting, engagement with companies and public policy work. Then, as the firm built up its internal active management capabilities, it integrated ESG considerations into the investment selection process. In 2020, the BCI released an updated ESG strategy describing how overall investment strategies take ESG factors into account across the corporation.

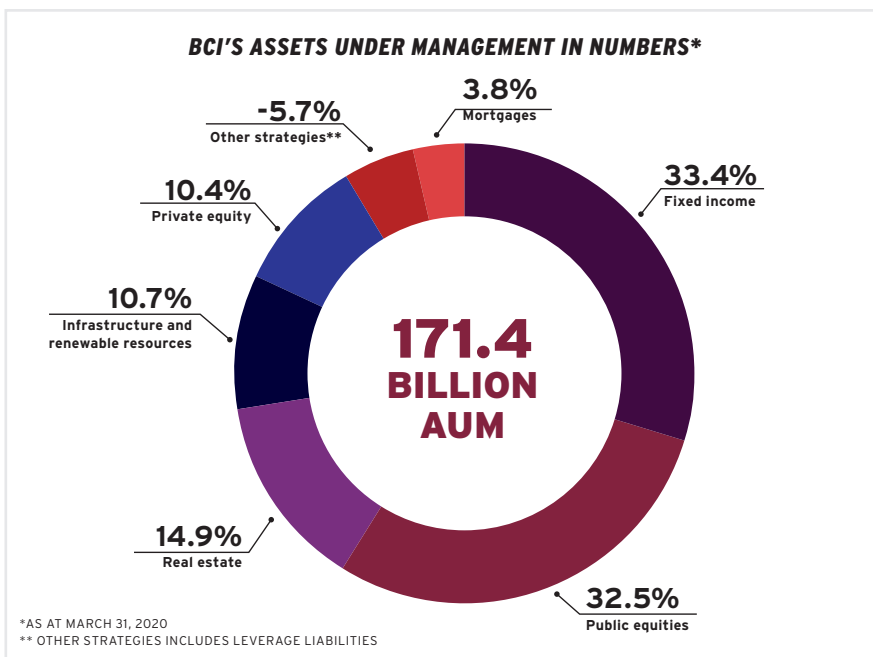
“We have a mandate to strictly act in the best financial interest of our clients. If you’re not looking at ESG, I would say that you can miss out on certain things when it comes to monitoring financial performance,” Coulson says.

The BCI’s quantitative strategies consider specific ESG factors linked with a high degree of confidence to financial performance. “It’s really putting ESG up in the front and having the ESG performance drive the composition of the portfolio,” says Coulson.

Tracking progress

Once a company is in the portfolio, the firm participates in ongoing engagement on ESG issues. The BCI has established engagement priorities that relate to the most material risks for the portfolio and regularly reviews exposure to risk and potential missed opportunities. So, how does it know if its engagement efforts are working?

“For all of those engagement priorities . . . we have specific [key performance] indicators that we are tracking to show where we are making a difference and where we might need to actually



put in more effort. It’s a good management tool for us, as well as really demonstrating to the external world that our engagement efforts do really make a difference.”

When it comes to effecting positive change in the area of ESG factors, there’s strength in numbers. Coulson says that treating relationships with pension plans as collaborative partnerships makes it possible to send clear and consistent messages to corporate boards. The BCI is further amplifying its impact by signing on as the only Canadian partner in the SDI Asset Owner Platform, available to Canadian pension plans through distributor Qontigo. Coulson is also proud of BCI’s participation in another global initiative, the 30% Club, which advocates for gender diversity on boards and senior management teams; she chairs the 30% Club Canada Investor Group.

“We’ve been sending that signal to companies together to say, ‘This is not just one or two of us. This is the broad market saying . . . we’d like you to establish policies, establish targets, know what you’re working towards. That has been, again, very effective because we’ve been going to companies with a single voice with the same expectations.’”

To smaller pension funds that want to contribute to positive ESG change, she advises, “Be very careful about who you partner with. That’s a big lever that you have to use, and you can actually yield a lot of influence with that external manager selection and appointment process.”

Alison MacAlpine is a freelance journalist.

BALANCING ACT



While Canadian pension plans have been moving away from a traditional 60:40 balanced portfolio for decades, some argue there are still advantages

BY BLAKE WOLFE

While the typical balanced fund is becoming a rarity among pension plans, a segment of plan sponsors continue to utilize these funds — albeit with added diversification.

Traditionally, such funds have invested 60 per cent in equities and 40 per cent in bonds. But with investment options for pension plans expanding over the last 20 years, institutional investors have become more sophisticated, looking beyond the balanced fund to diversify their asset classes and increase returns, says Erwan Pirou, chief investment officer for retirement solutions in Canada at Aon. “The problem [with balanced funds] is you miss out on the risk of alternatives, which can give you a good diversification and protect you from equity risk to a certain extent. Most balanced funds tend to be heavy on equity risk, because it’s the only lever they use to add value.”

Amid the coronavirus pandemic in 2020, he says that a lack of diversification particularly impacted balanced funds focusing on value stocks, when the asset class underperformed by as much as 10 per cent. “In a market condition where everything’s balanced and grows in value at a similar rate, it’s no big deal, but that rarely happens. Last year, you’d be unlucky to have a manager who only invests in those stocks.”

Diversification is also important to consider in the fixed-income portion of a balanced fund, which typically favour Canadian bonds, says Ian Riach, senior vice-president and

portfolio manager at Franklin Templeton Investment Solutions. “As interest rates have declined, it’s been more difficult to get the types of yield from a fixed income portfolio, so people have been willing to stretch more and with it comes more risk. Some of the portfolios have evolved to where the overall bond portion of the portfolio needs a single-A rating.”

Changing the balance

One example of a diversified balanced fund is the one offered in the University of British Columbia Faculty Pension Plan. Orla Cousineau, executive director of pensions at the UBC, says the fund, which currently sits at \$2 billion, invests in a variety of asset classes including Canadian equity (20 per cent), global equity (30 per cent), fixed income (40 per cent) and real estate (10 per cent).

While real estate isn’t typically associated with balanced funds, Cousineau says the plan is looking to increase allocation in that asset class to 15 per cent, widening the scope of that particular investment strategy for members. “We started off with only Canadian real estate. As of Jan. 4 this year, we had our first draw-down on a commitment to U.S. real estate and we’re going to be adding global real estate as well.”

While the balanced fund dates back 50 years, a new range of options under the main fund first became available to Canadian institutional investors in 1993. In addition to the main balanced fund, the UBC also offers a low-carbon balanced fund option to members that launched in April 2020 and currently sits at \$55 million, she says.

Cost and convenience

Among smaller plans, Pirou says a balanced fund offers the advantages of convenience and cost-effective service, adding that plan sponsors need to ensure their managers are proficient

in each of the asset classes they invest in. “You have one point of contact, you sign one agreement and you don’t have as many meetings. It’s easier when you’re looking to rebalance cash flows and if you need cash to pay benefits, you only have to deal with one manager. It also tends to be cheaper than a multiple-manager solution. You have all of your assets with one manager so there’s economies of scale there. Balanced funds also tend to invest in cheaper public asset classes like bonds and equities.”

Dealing with a single manager also allows pension plan sponsors to establish a relationship and tailor their investments accordingly, Riach says. “It starts with getting to know the nature of the plan, including the demographics, the risk tolerance, the return objectives and whether they’re looking for liability matching or if they want growth.”

And for defined benefit plans, he says, a balanced fund can help plan sponsors avoid top-up payments if growth is sufficient to meet funding obligations.

What the future holds

Cousineau says that the UBC balanced fund also provides plan members with a means of

decumulation, with 70 per cent leaving their money in the balanced fund after retirement, taking advantage of the fund’s oversight and low fees. It’s for those reasons that the university has chosen to keep the balanced fund instead of a target-date fund. “Our total fees on the balanced fund is 0.4 per cent, including all operating expenses. [Members are] confident in the fund and in retirement, they don’t need to make any changes.”

And while the balanced fund may not disappear entirely, Riach says it will be subject to increased diversification in the future, citing the broadening of the risk spectrum for Canadian pensions and subsequent developments like the decline of home-country bias in both the bond and equity portions. “The smaller plans are starting to realize the benefit of having assets that aren’t correlated with equities and bonds. If interest rates start rising, the bond portion won’t provide that robust correlation benefit to equities as it has in the past. Risk is becoming a larger part of the conversation.”

Blake Wolfe is an associate editor at *Benefits Canada*: blake.wolfe@contexgroup.ca

BY THE NUMBERS

\$2B

the amount in the UBC’s balanced fund at the end of 2020

70%

the number of UBC employees who keep their money in the balanced fund after retirement

10%

the amount allocated to real estate in the balanced fund

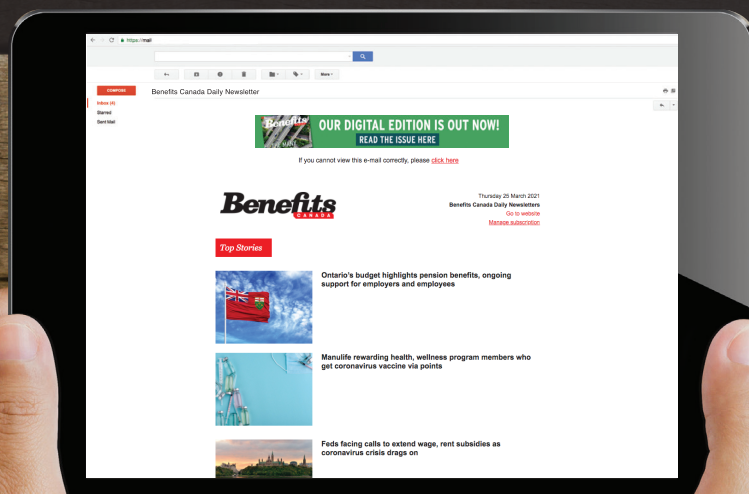
Source: UBC

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Q&A

with Carolyn Byer



BY MELISSA
DUNNE

Microsoft Canada's head of human resources talks about the challenges of the coronavirus pandemic, implementing DEI measures and supporting employee mental health

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Microsoft Canada

June 2016 -
September 2018

HR leader (commercial
and technical sales)
and talent director,
Microsoft Canada

November 2014 -
June 2016

Global HR business unit
leader, IBM's global
business partners

February 2011 -
November 2014

Global talent partner,
STG sales, IBM

February 2008 -
February 2011

Senior compensation
manager, IBM
Canada

April 2005 -
January 2008

Human resource busi-
ness partner, global
technology services,
IBM Canada

May 2001 -
April 2005

Compensation profes-
sional, IBM Canada

May 1999 -
May 2001

Benefits administrator,
IBM Canada

Q What top challenges do you face in your role?

A It will come as no surprise that many of the challenges I currently face in my role result from the pandemic. As our chief executive officer, Satya Nadella said recently, 'we have participated in the largest at-scale remote work experiment the world has seen and it has had a dramatic impact on the employee experience.' This applies to countless organizations across the globe, including Microsoft. We've long had a flexible work culture, but I don't think we can underestimate how mentally taxing it can be to focus on work in the middle of an event as monumental as a global pandemic, especially for those responsible for childcare or the care of a loved one.

Q What new programs or initiatives are you looking to implement?

A I look forward to continuing our work in creating a more diverse, equitable and inclusive culture at our company. This past February, we announced the evolution of our partnership with the Black Professionals in Tech Network — an initiative that will help bridge the talent gap and provide a platform for members of the Black community to thrive. I look forward to seeing this partnership come to life and building the tools we need to attract, hire, retain and promote Black technical and non-technical talent.

Q What programs do you consider the most successful or that you're most proud of?

A We understand that every individual is facing unique changes in their personal and professional lives during this ongoing pandemic and that it's not been easy. To offer greater flexibility and to alleviate some of the stressors of juggling so many priorities, we offered a variety of support options to help our employees and their families, such as a paid pandemic school and childcare closure leave.

Q What key human resources issues do you expect in the year ahead?

A Looking at the year ahead, I think we'll have to work harder than ever to ensure all employees feel engaged and included in their workplaces. Employee engagement can be especially difficult when working in a hybrid culture and many organizations are still figuring out what their norms will be post-pandemic. But hybrid work cultures also have a lot of upside. It's critical to ensure all employees have the right tools to stay connected, collaborative and productive no matter where they're working and to encourage practices that enable more asynchronous work.

Q What do you like to do in your free time? What are your hobbies?

A The pandemic has had a profound impact on me on many fronts and I'm spending a lot of time practicing gratitude and really connecting with my loved ones. Right now, I'm reading *Solve for Happy* by Mo Gawdat. Mo talks about how we can change our beliefs and trade up our thinking to achieve lifelong happiness and enduring contentment. I highly recommend it.

Q What's your favourite employee benefit and why?

A It's not so much a singular benefit, but a statement about our culture. At Microsoft, we like to say 'it's OK to not be OK' and we stand by that. We communicate to employees about mental and emotional well-being throughout the year, while also coaching managers so they can build this foundational support with their teams. Our culture places a large emphasis on leading with empathy, and it's an incredible privilege to help continue building and supporting this.

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