

# **bcIMC's Business Plan**

## **Implementing Vision 2025**

### **2012-2013 to 2014-2015**

**Adopted and Approved by the  
bcIMC Board of Directors**

**April 12, 2012**



**Investment  
Management  
Corporation**



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## Accountability Statement

This business plan for the British Columbia Investment Management Corporation (“bcIMC”) was prepared by bcIMC’s management under the direction of bcIMC’s Board of Directors.

The plan outlines a longer-term vision that will enable bcIMC to enhance the investment management services we offer our clients. Our performance will be measured against the dynamic nature of the global capital markets, our investment returns and this plan.

bcIMC operates under a dual accountability model as set out in *the Public Sector Pension Plans Act*. The Board of Directors oversees the overall management of bcIMC, ensures that appropriate controls and accountabilities are in place, including the business plan and annual report, and approves policies for bcIMC’s pooled funds. bcIMC’s Chief Investment Officer is accountable to the Board of Directors for the efficiency and effectiveness of bcIMC’s operations.

The Board of Directors is not responsible for setting client investment policies and asset mix policies – this responsibility rests with our clients. The Chief Investment Officer is accountable to each client for the management and investment performance of funds placed with bcIMC.

Given the dual accountability model, the Board of Directors and the Chief Investment Officer are jointly accountable for achieving the objectives outlined in this business plan.

/s/ R. Mahler

**Rick Mahler**

**Chair, bcIMC Board of Directors**

**April 12, 2012**

/s/ D. Pearce

**Doug Pearce**

**Chief Executive Officer / Chief Investment Officer**

**April 12, 2012**

## Background

bcIMC's core business is the delivery of investment management services that meet and/or exceed our clients' investment return and service expectations. Our commitment to our clients involves:

- Generating client wealth by meeting their investment objectives, while protecting their capital.
- Continuing to build a culture of wealth creation supported by a forward-looking and global mindset.

This business plan is the result of the review of the corporate strategy undertaken by the bcIMC Board in October 2011 with input from executive management and further discussions with the Board in December 2011. The conceptual business plan was discussed with our core pension plan clients between January and March 2012; client input was considered and incorporated into the plan.

This document outlines the initiatives that will enhance bcIMC's activities within the ever-changing investment environment, as well as the ongoing programs that meet our clients' expectations. It:

- Sets out bcIMC's mandate and provides an overview of our clients and investment services.
- Clarifies our vision, mission, corporate values and the key components of our business.
- Outlines our operating context and the trends that we consider in our business planning.
- Communicates our corporate focus for the next two to five years.
- Links the business plan activities with bcIMC's operating budget.

## Overview of bcIMC

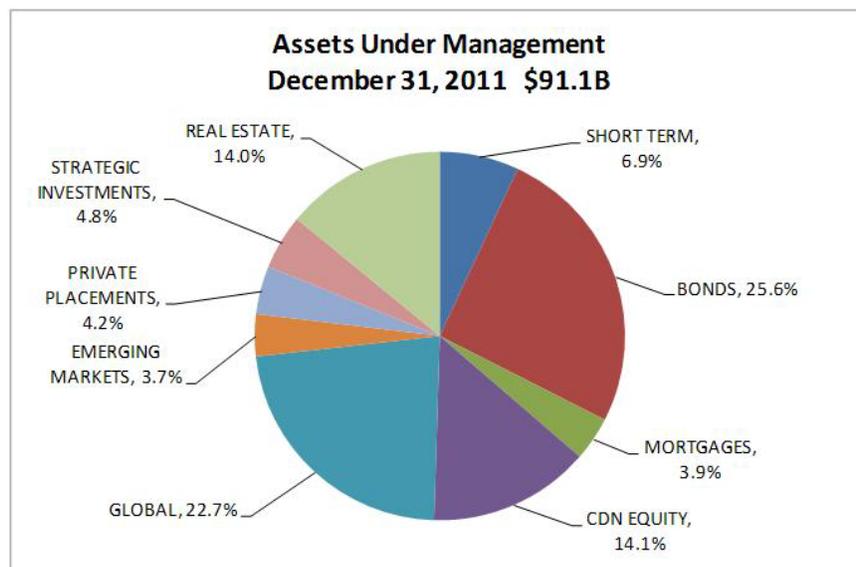
### About bcIMC

Based in Victoria, British Columbia, bcIMC is one of Canada's largest institutional investors in the global capital markets. Investment services are offered to public sector clients in British Columbia. bcIMC has industry-leading investment expertise in all major asset classes: fixed income, mortgages, public equities, private equity, real estate and infrastructure.

bcIMC is a trust company established by the *Public Sector Pension Plans Act*. We are governed by a seven-member board that is representative of clients. The board chair is appointed by the B.C. Minister of Finance.

### Assets under Management

bcIMC manages a substantial globally diversified portfolio of holdings across sectors, geographies and asset classes including publicly listed equities, fixed income, commercial mortgages, private equity, infrastructure and real estate. Assets under management were \$91.1 billion as at December 31, 2011.



## Our Clients

bcIMC manages the assets of public sector pension funds, publicly-administered trust funds, provincial government bodies (Crown corporations and institutions), and the Province of British Columbia. Clients have voluntarily entrusted their funds to bcIMC. Our clients differ in their investment needs and their mandates range from money market accounts to diversified portfolios.

Pension plans are our largest client group, accounting for 76.6 per cent of the assets we manage. Pension funds have long-term investment horizons and generally positive cash flows. Trustees may take greater market and liquidity risk to enhance their long-term returns and reduce costs to plan sponsors.

Government and government bodies account for almost 21 per cent of assets. We manage these assets in accordance with the individual client's investment horizon and risk appetite.

Publicly administered trust funds account for 2.5 per cent of total assets. These clients have different outlooks – some emphasize capital protection, while others place priority on liquidity and short-term performance.

Our investment activities help to finance the retirement benefits of more than 500,000 pension plan members, including university and college instructors and staff, municipal employees, healthcare workers, teachers, firefighters, police officers, and public servants — as well as insurance funds that cover 2.3 million workers and over 200,000 employers in British Columbia.

## bcIMC's Investment Services

bcIMC has a skilled team of investment professionals and external managers working for our clients. Our services (detailed in Appendix 1) include investment management, investment counselling, investment management administration, risk management, corporate engagement, and investment education. These may be customized according to client needs.

## bcIMC's Strategic Context

### Our Vision

We will be the responsible fund manager of choice for the British Columbia public sector, at the forefront of the industry and consistently exceeding our clients' performance and service expectations.

### Our Mission

We are accountable to our clients to provide professional fund management for all asset classes, exercising the highest standards of prudence and fiduciary responsibility. We deliver to our clients the highest return for a given level of risk, at a reasonable cost, while recognizing our responsibility to the broader society through our governance, social and environmental related activities.

### Our Values

- Respect:** We treat others with courtesy, professionalism, and dignity.
- Integrity:** We act fairly and ethically in all our dealings.
- Honesty:** We are sincere and candid in our accountability to clients and other stakeholders.
- Trust:** We earn client confidence by acting with prudence, diligence, and transparency.

### Our Five Pillars

The Five Pillars are the components of our business and are integrated into our business plan. They provide the framework for the evaluation of corporate and staff performance.

- Investment Returns:** We aim to generate client wealth, meet our clients' investment objectives and protect their capital.
- Risk Management:** We will continue to identify and manage enterprise-wide and portfolio risks that affect investment outcomes and impact operational efficiency.
- Responsible Investing:** We aim to integrate environmental, social, and governance issues into our investment analysis and decision-making processes, as well as our culture.
- Client Service:** We aim to provide exemplary service to our clients by creating a culture of service and exceeding our clients' return and service expectations, ensuring we remain their manager of choice.
- Building bcIMC:** We aim to build a culture of wealth creation that is supported by a forward-looking and global mindset.

## Environmental Scan

In looking ahead, we have identified the drivers that influence our business and operations. An overview of the drivers is provided below.

### *Capital Markets are Fundamentally Different*

The global economy is recovering. While the risk of a European banking crisis appears to have passed, the European sovereign debt problems have not been resolved. As a result, capital markets remain fragile and investors lack conviction that the market recovery witnessed in early 2012 will be sustained. Many developed economies remain highly indebted, and the financial sector and markets have been distorted by an extended period of low interest rates. Along with economic uncertainty, this has led to highly volatile public markets, increased sovereign debt, banking problems in the euro area, depressed labour markets, and declining yields.

Looking forward, global economic growth will continue to pick up slowly. The overhang of debt and the process of financial institutions, governments and households putting finances on a sounder footing will restrain growth prospects. The strengthening of corporate balance sheets outside the financial sector provides potential for greater growth if confidence in policy and the financial system is renewed.

Political decisions are increasingly affecting markets and economic growth. Since 2008, governments have become bigger forces in their economies. The nature of political risk has changed – political uncertainty contributes to ongoing market turbulence and regulatory reform could potentially change the investment landscape. Elections and political transitions in 2012 could affect about 50 per cent of the global economy.<sup>1</sup> In the near term, politics impacts investor sentiment and market positioning; longer term politics affect broader economic trends. Public policy issues may influence investment opportunities, and government relations may become more important.

Investors are also questioning the fundamental tenets of investing. Are there alternative ways of allocating capital that take into account the highly connected and complex investment environment? Have the capital markets lost sight of their main purpose – intermediating between savers and borrowers, and allocating capital efficiently and to its best use? How do long-term investors effectively deploy capital when competing with investors that have a short-term outlook?

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<sup>1</sup> Citigroup Global Markets

## ***Low Return Environment***

The past decade has been challenging from an investment perspective, and for many pension plans, the 10-year annualized returns have not met actuarial targets. Contributing factors include the 2000–2001 dot-com bubble, 9-11, corporate scandals (Worldcom, Enron, etc.), the Iraqi war, the 2008–2009 credit crisis and recession, and the euro-zone crisis in 2010–2011. A protracted period of low returns will negatively impact the investment objectives of many pension plans and increase budget constraints. Within a low-return environment there will be increased pressure on investment managers to deliver superior returns. Consequently we are entering a period where the emphasis will be on protecting clients' capital, while also creating wealth.

## ***Changing Client Dynamics***

bclMC manages the assets of more than 40 clients – each with different return and service expectations. For many reasons, clients have increasingly different views on asset mix, investment strategy, and responsible investing. This may lead to more customized products and/or client support.

Our clients are also favouring real assets (such as private equity, real estate, and infrastructure) and their expectations of bclMC's ability to deploy additional capital will increase. Diverging opinions and strategies may affect the economies of scale offered by pooling clients' assets, while an increasing emphasis on real assets (which are more expensive to manage per dollar invested) will increase costs.

Within this challenging environment, we anticipate increased client engagement and oversight of investments. Maintaining our clients' trust is important, and a culture of client service is central to our business. Communicating with clients and managing the relationships is an ongoing priority.

## ***Supporting the Changing Requirements of Investment Management***

As the environment is constantly changing, investing is an intrinsically dynamic activity. Investment approaches, strategies and themes must be adjusted to maximize the long-term returns that the environment presents. Adjustments to our skill profile may be required.

Globalization is changing businesses and technology. Investment activity must be supported by scalable and flexible technology. The changing environment also requires data that sustains a forward-looking, strategic and global mindset. Although the industry is inherently "data hungry," bclMC is not unique in our challenge of managing data for investment analysis, decision making and reporting. Although our

technological architecture and systems are adequate, we believe additional investment is required to support our future needs and evolving investment strategies.

Our clients' global and real asset focus is increasing investment and operational complexity. Global investing amplifies the complexity of cash flow and trade settlements, requires the understanding of foreign regulations and tax matters, and introduces new compliance obligations. Risk management, accounting processes and systems are also becoming more complex, placing further demands on staff and our technology.

### ***bcIMC's Demographic Profile***

Our own demographic profile is changing, and succession planning is becoming more important as age clusters and pending retirements become more of a reality. We may need to introduce advanced hiring practices to ensure the implementation of strategic initiatives, as well as the mentoring and transfer of corporate knowledge to the leaders and managers of tomorrow.

## bcIMC's SWOT Analysis

### Opportunities

- Interconnectivity of the capital markets presents investment opportunities
- Global growth and imbalances of supply and demand provide opportunities for concentrated investments and value-adding strategies
- Ongoing financial crisis has fundamentally changed the characteristics and dynamics of the capital markets, providing opportunities for new investment strategies and approaches, as well as contributing to the sale of attractive assets
- Questioning of fundamental tenets of investing provides opportunities to assess strategies and approaches

### Strengths

- bcIMC has a well-established reputation and is highly regarded within the industry
- Managing large pools of capital allows bcIMC to participate in large transactions
- bcIMC has a well-established governance framework at board and management level
- Clients consider bcIMC to be dependable, trustworthy and with reasonable fees
- Investment strategies based on a long-term perspective
- Strong risk management
- Stable workforce with dedicated employees

### Threats

- A protracted period of low returns may contribute to budget constraints for some pension plans, and will likely result in expectations for superior returns
- Defined benefit plans are under pressure and media scrutiny
- Investing in global companies with integrated supply chains presents different/unknown risks
- Potential for increased government involvement and intervention
- Different client views on asset allocations and investment strategies potentially threaten bcIMC's economies of scale

### Weaknesses

- bcIMC's technology is not optimally positioned to support the requirements of an evolving investment environment
- Pending retirements and age clusters within bcIMC will become a reality in the near future
- bcIMC's lean organization sometimes impacts the ability to resource strategic initiatives
- Current skill profile does not adequately match the demands of our changing investment focus
- Escalating complexity of investments, supporting processes, reporting and compliance requirements

## Our Strategic Initiatives

Our emphasis will be on Investment Returns (Pillar 1) and Building bclMC (Pillar 5) in Horizons 1 (next 18 months) and Horizon 2 (two to five years). The significance of the other pillars is not diminished; Risk Management (Pillar 2), Responsible Investing (Pillar 3) and Client Services (Pillar 4) will continue to receive attention, allowing us to maintain and strengthen our corporate programs and activities.

The Pillar 1 and Pillar 5 initiatives (shown in Figure 1 and outlined on pages 11 to 14, with more detail provided in Appendix 3 and Appendix 4) will fundamentally transform the way in which bclMC invests and operates. This will enhance our ability to manage our clients' assets in an evolving and complex investment environment. Some of the initiatives are longer term in nature and require transformational thinking – the results of which will be integrated into our ongoing corporate programs and activities through future business plans (Figure 2).

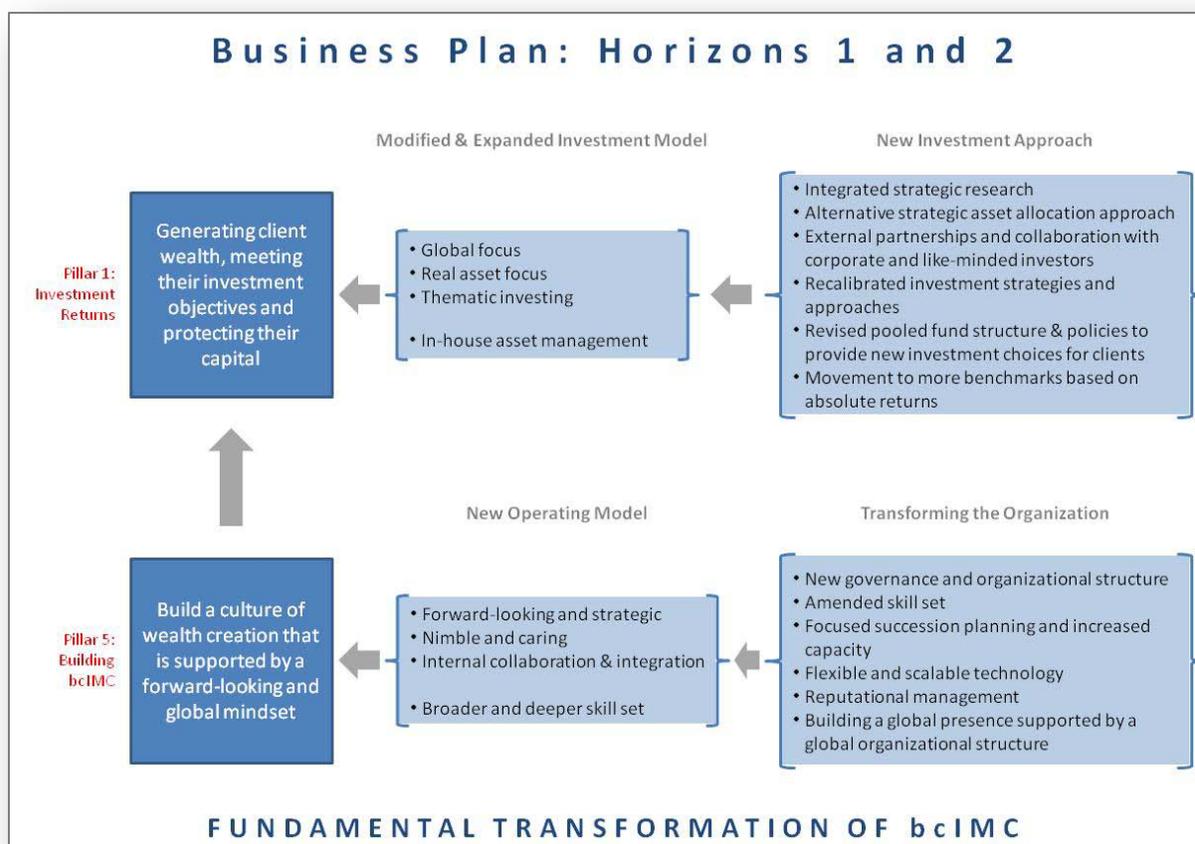


Figure 1: bclMC's Business Plan Focus and Strategic Initiatives for Horizon 1 and Horizon 2

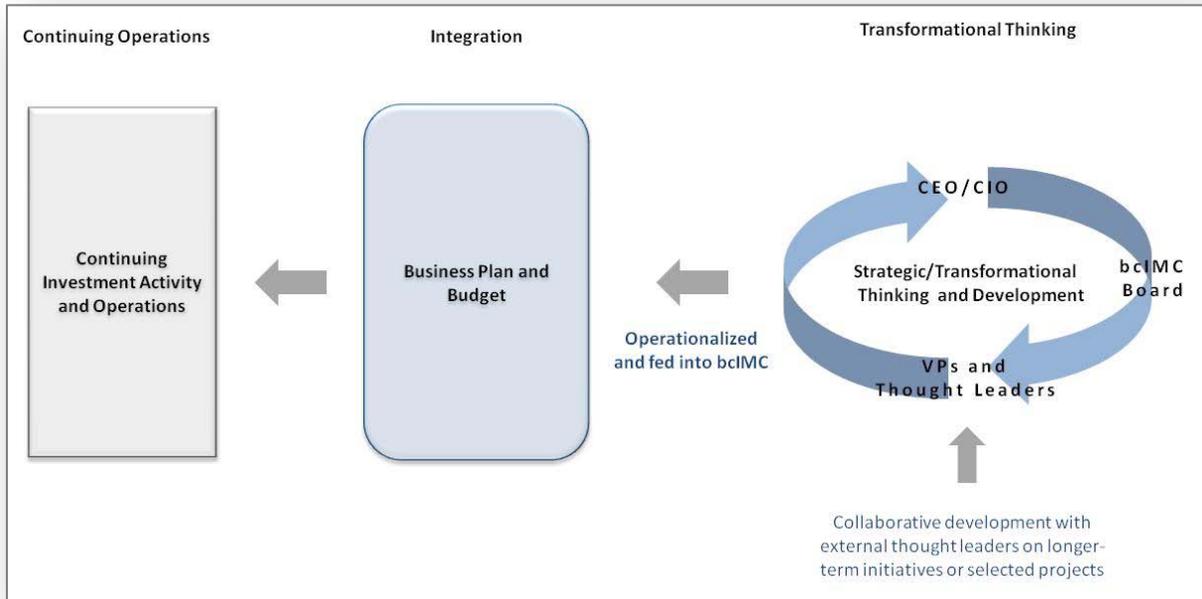


Figure 2: Integration of Transformational Thinking into bcIMC's Continuing Operations

### ***Investment Returns (Pillar 1)***

We aim to generate client wealth, meet our clients' investment objectives and protect their capital.

We will modify and expand our investment model, and in so doing we will:

- a. Focus on global opportunities and increase our clients' exposure to economies with higher growth by investing in public/private companies and assets that participate in or benefit from global economic growth.
- b. Focus on real assets by acquiring directly-held platform companies that operate in the infrastructure and renewable resources space, as well as real estate.
- c. Introduce thematic investing by building portfolios of concentrated investments around themes/sectors that reflect areas of growth or where imbalances of supply and demand exist.
- d. Increase in-house asset management so as to minimize total client costs and increase net returns.

We will also alter our investment approach to support our expanded investment model by:<sup>2</sup>

1. Continually integrating strategic thought leadership into our investment strategy, the identification of opportunities, and the investment management of bcIMC's platform companies.
2. Applying an alternative strategic asset allocation methodology that is based on qualitative market and return assessments of global risk factors within a highly connected and complex environment.
3. Recalibrating our investment strategies and approaches to support longer-term wealth creation and the protection of client capital.
4. Building value-adding partnerships and alliances with like-minded investors and corporates.
5. Revising our pooled fund structures and policies to provide new investment choices for clients.
6. Measuring the performance of selected pooled funds against absolute returns.

Our performance in this area will be measured as follows:

- The creation of a global investment portfolio based on great companies rather than borders, supported by a global mindset throughout bcIMC's activities and profiles.
- More than 30 per cent of our total assets under management will be exposed to real assets by 2014-2015. In moving towards this allocation, we will commit the following amounts each year:
  - \$1.0 to \$1.4 billion to infrastructure
  - \$1.2 billion to private equity
  - \$1.0 billion to real estate
- Demonstration that integrated strategic research informs and identifies investment themes.
- 70 per cent of assets to be managed in-house by 2014-2015, moving to 75 per cent by 2018-2019.

## ***Risk Management (Pillar 2)***

We will continue to identify and manage enterprise-wide and portfolio risks that affect investment outcomes and impact operational efficiency.

We will:

1. Continue to enhance our Enterprise-Wide Risk Management Framework and embed the culture of risk management into daily operations.
2. Carry on managing market and credit risks while mitigating operational, legal and environmental risks.
3. Continue to report on the management of risks to the bcIMC Board (quarterly and annually).

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<sup>2</sup> Further details of the intentions and scope of activities of each of the six points are available in Appendix 3.

Our performance in this area will be measured as follows:

- Receiving clean external audit opinions on corporate and pooled fund financial statements and the Report on Controls.
- Regular internal audits of bcIMC's internal controls and procedures.
- Regular reports to the bcIMC Board, which includes the quarterly reports on bcIMC's enterprise-wide risks and the annual reports for the individual risk management frameworks.

### ***Responsible Investing (Pillar 3)***

We will continue to integrate environmental, social, and governance issues into our investment analysis and decision-making processes, as well as our culture.

We will:

1. Maintain existing responsible investing initiatives and continue to embed responsible investing principles into bcIMC's culture, investment processes and funds.

Our performance in this area will be measured by:

- bcIMC's ranking in the annual United Nations' survey on the implementation of the Principles for Responsible Investing. bcIMC aims to be ranked in the 75th or higher percentile of at least four of the six UN Principles for Responsible Investing.<sup>3</sup>

### ***Client Services (Pillar 4)***

We will continue to provide exemplary service to our clients by creating a culture of service and exceeding our clients' return and service expectations, ensuring we remain their manager of choice.

We will:

1. Strengthen relationships with our clients and their stakeholders.
2. Maintain a corporate culture of client service and staff understanding of "know our clients."

Our performance in this area will be measured by:

- Full retention of our core clients – if a client leaves, they do so for reasons not related to bcIMC's service or performance.

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<sup>3</sup> Appendix 2 lists the six UN Principles for Responsible Investing.

## ***Building bcIMC (Pillar 5)***

We aim to build a culture of wealth creation that is supported by a forward-looking and global mindset.

We will develop a new operating model, in which bcIMC is:

- a. Forward-looking and strategic – we will be perceptive, anticipatory and targeted in our approach, and our activities will be informed by strategic research and a global mindset.
- b. Nimble and caring in our cultural attitude – we will be agile in our decisions, operations and activities while knowing our social licence.
- c. Collaborative and integrated – our activities will be based on teamwork with asset classes and supporting functions, supported by robust data and information technology.
- d. Supported by a broader and deeper skill set and capabilities aligned with bcIMC's modified and expanded investment model and approach.

In moving to this new operating model, bcIMC will transform the organization by:<sup>4</sup>

1. Introducing a governance and organizational structure/approach that facilitates a forward-looking and strategic approach within an integrated, collaborative and nimble working environment.
2. Augmenting our skill set with new expertise to support real asset and thematic investing.
3. Strengthening bcIMC's long-term capacity through focused succession planning, strategic recruitment, and training and development.
4. Transforming and modernizing our information technology to ensure it is flexible and scalable.
5. Reputational management.
6. Building a global presence supported by a global organizational structure.

Our performance in this area will be measured by:

- Management's opinion of the progress made towards transforming bcIMC's organization and operating model.

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<sup>4</sup>Further details of the intentions and scope of activities of each of the six points are available in Appendix 4.

## Financial Outlook and Budget Alignment

Our costs are determined by a number of factors. Changes within these factors will contribute to increased costs. External manager, custodial, legal, audit and other external fees are more than 70 per cent of total costs for 2011–2012. The market value of assets under management largely drives the fees charged for external investment management and custodial services.

### *Asset Allocation*

Decisions on asset allocation are based on underlying liabilities and risk vs. return objectives. bcIMC's costs increase when clients' asset allocation decisions determine that a greater percentage of assets are allocated to more expensive asset classes.

### *Type of Management*

Decisions concerning indexed vs. active and internal vs. external management are based largely on investment considerations and net returns, with cost implications being a secondary consideration. bcIMC's costs will vary with the type of management chosen.

### *Allocation of Funds among External Managers*

Higher fees are usually paid to external fund managers that produce superior investment returns or provide additional expertise that benefits our clients. While fees are considered during the manager selection process, they are secondary to performance goals. As such, a shift in assets from one manager to another may be the appropriate course of action, even if it results in higher costs.

### *Complexity and Sophistication*

Investing in real assets involves pursuit and due diligence costs. As we move towards bcIMC's expanded investment model, we will also incur higher costs to enhance our technology and supporting systems by strengthening their robustness, flexibility and scalability.

## **bcIMC's 2011–2012 Forecast and Fiscal 2012–2013 Budget**

As many of the factors outlined on page 15 are largely beyond bcIMC's control,<sup>5</sup> three-year forecasts are subject to a high degree of change. As a result, financial projections are provided only for the first year (2012–2013) of the planning period.

bcIMC's fiscal 2011–2012 forecast and fiscal 2012–2013 budget are summarized below:

	2011–2012 Budget	2011–2012 Budget (Basis Points)	January 2012 Forecast	January 2012 Forecast (Basis Points)	2012–2013 Final Budget	2012–2013 Final Budget (Basis Points)
<b>Revenues</b>	166,576	19.0	170,050	19.1	198,580	21.7
<b>Expenses</b>						
<b>Internal Expenses (note 1)</b>	48,326	5.5	48,350	5.4	56,780	6.2
<b>Direct Costs (note 1)</b>	118,250	13.5	121,700	13.6	141,800	15.5
<b>Total Expenses (note 2)</b>	166,576	19.0	170,050	19.0	198,580	21.7
<b>Net Excess of Cash (note 3)</b>	-		-		-	
<b>Average AUM (\$ billion) (note 4)</b>	87.5		89.2		91.4	

### Notes:

1. Internal expenses reflect bcIMC's operating costs, such as compensation, information systems, and office rent.
2. To provide funds management services, bcIMC enters into contracts with third parties for investment management, custodial, legal and other services. Third party costs attributable to a specific pooled investment portfolio are charged to that portfolio. These costs are referred to as direct costs.
3. Excludes depreciation and amortization expense.
4. Average AUM – the average of assets under management for the year.

<sup>5</sup> bcIMC's clients determine fund growth and are responsible for asset allocation decisions.

## Appendix 1: bclMC's Portfolio of Services

### Investment Management

- Asset mix management
- Currency hedging & overlay
- Portfolio management
- Trade execution
- Security lending
- Selection & management of external managers
- Settlement & custody of securities

### Investment Management Administration

- Cash management services
- Investment accounting & reporting
- Performance reporting
- Responsible investing reporting

### Corporate Engagement

- Engagement
- Proxy voting

### Investment Consulting

- Asset liability studies
- Economic & market analysis
- Investment advice
- Investment policy analysis
- Legal, regulatory, & policy compliance

### Risk Management

- Credit reviews & monitoring
- Risk analysis & measurement

### Investment Education

- New trustee orientation
- Trustee conferences
- Trustee seminars & events

## Appendix 2: Principles for Responsible Investing

The United Nations' Principles for Responsible Investment reflects the relevance of environmental, social, and corporate governance (ESG) issues in investment strategies by promoting best practices in responsible investing.

bcIMC voluntarily commits to fulfilling the Principles where consistent with our investment strategy and day-to-day operations. The Principles are:<sup>6</sup>

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

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<sup>6</sup> Further information on the Principles for Responsible Investing can be found at <http://www.unpri.org/>

## Appendix 3: Investment Return Activities (Pillar 1)

This appendix provides further details of the initiatives that will enable bclMC to alter our investment approach to support the modified and expanded investment model – namely a global and real asset focus, the introduction of thematic investing, and increasing in-house asset management.

1. Continually integrating strategic thought leadership into our investment strategy, the identification of opportunities, and the investment management of platform companies:
  - 1.1. Investment strategies will be informed by global trends that impact the supply and demand of consumer products and assets. These strategies may be pursued through thematic investing or by specific asset classes. The impact of global trends on supply and demand will be assessed through strategic research that is informed by a research agenda. Our investment strategies will also be based on fundamental research and an understanding of the impact that changing business models have on existing companies.
  - 1.2. Collaboration with external research organizations (e.g., McKinsey & Company) to identify and develop the strategic investment themes that could be pursued by bclMC.
  - 1.3. Expanding the sharing and integration of strategic insights, ideas, knowledge and opportunities across asset classes.
  - 1.4. The development and introduction of a sophisticated information and knowledge management technology platform to enhance the sharing of strategic insights and research, as well as assist with retaining corporate knowledge and strategic insight.
2. Applying an alternative strategic asset allocation methodology that is based on qualitative market and return assessments of global risk factors within a highly connected and complex environment:
  - 2.1. Collaborate with UBC's Sauder School of Business over a two-year period to develop an approach to forecasting asset class<sup>7</sup> returns in the future.
  - 2.2. Question the validity of conventional perspectives by reviewing and challenging our current definitions, beliefs, outlooks, strategies and approaches.

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<sup>7</sup> Within the scope of this initiative, the term “asset class” is broadly defined and may include sectors, industries, geographies, as well as traditional asset classes.

3. Recalibrating our investment strategies and approaches to support longer-term wealth creation and the protection of client capital:
  - 3.1. Assess and revise the methodologies used to construct portfolios.
  - 3.2. Where appropriate, introduce newer investment styles into bcIMC's investment approach (e.g., consider introducing fundamental indexing into selected funds).
  - 3.3. Acquire information that is more globally oriented and metrics that are more appropriate to a highly connected and complex investment environment.
  - 3.4. Enhance our systems to allow bcIMC to more accurately measure our investment exposure, as well as assess the impact that global/regional events may have on our investment portfolios.
  - 3.5. Where appropriate, investing strategies may involve two or more asset classes, requiring integration/coordination of risk management and other initiatives.
4. Building value-adding partnerships and alliances with like-minded investors and corporates:
  - 4.1. Develop and implement a strategy that allows bcIMC to adopt an increasingly relationship-based and proactive/hunting approach to identify investment opportunities and open the channels for deal flow.
  - 4.2. Develop relationships that increase bcIMC's potential to deploy capital through private markets thereby minimizing the competitive aspect of public auctions.
  - 4.3. Leverage relationships and alliances to increase the understanding of the value drivers of the platform companies within bcIMC's portfolios.
5. Revising our pooled fund structures and policies to provide new investment choices for clients:
  - 5.1. Review existing product line to determine the optimal fit between clients' needs and bcIMC's product offerings.
  - 5.2. Reconstitute some of the current pooled funds to align with bcIMC's expanded investment model and recalibrated investment strategies.
  - 5.3. Create new pooled fund products (e.g., dividend focus, renewable resources, thematic, etc).
6. Measuring the performance of selected pooled funds against absolute returns:
  - 6.1. Assess the appropriateness and relevance of current benchmarks against the need for bcIMC and our clients to measure investment performance. This will involve a review of benchmarks and an assessment of key performance indicators as a way of measuring performance.

## Appendix 4: Building bcIMC Activities (Pillar 5)

This appendix provides details of the initiatives that will enable bcIMC to move to a new operating model that will support and enable the implementation of bcIMC's modified and expanded investment model and approach – namely a global and real asset focus, the introduction of thematic investing and increasing in-house asset management.

1. Introducing a governance and organizational structure/approach that facilitates a forward-looking and strategic approach within an integrated, collaborative and nimble working environment:
  - 1.1. Enhancing the functionality of a matrix organization and management style.
  - 1.2. Aligning governance models and processes with the growth and expansion of bcIMC and its ever-increasing operational complexity.
2. Augmenting our skill set with new expertise to support real asset and thematic investing:
  - 2.1. Develop in-house expertise to support robust and progressive governance and management of bcIMC's platform companies.
  - 2.2. Add new expertise to support real asset and thematic investing (e.g., deal makers, former business managers, industry specialists, functional experts, operational expertise, etc.).
3. Strengthening bcIMC's long-term capacity through focused succession planning, strategic recruitment, and training and development:
  - 3.1. Where warranted, implement a proactive hiring strategy in advance of anticipated retirements. Hiring in advance will facilitate the transfer of corporate knowledge.
  - 3.2. Supplement strategically important positions by recruiting additional expertise and introducing programs that allow for ongoing mentoring and development of incumbents.
  - 3.3. Aligning training and development programs with the needs of bcIMC's investment approach and platform companies, as well as the requirements of a changing global environment.
  - 3.4. Ensuring the retention of broader corporate knowledge through training and the use of appropriate technology.

4. Transforming and modernizing our information technology to ensure it is flexible and scalable:
  - 4.1. Modernizing our network architecture and telecommunications in line with our business objectives and needs.
  - 4.2. Transforming our enterprise application architecture and data/information management to fill the information gaps and to support bcIMC's expanded investment model and approach.
5. Reputational management:
  - 5.1. Implement measures to enhance bcIMC's profile.
6. Building a global presence supported by a global organizational structure:
  - 6.1. Expanding bcIMC's network of strategic relationships with like-minded investors and corporates to ensure value-adding partnerships and alliances.
  - 6.2. bcIMC's global profile and investment strategies could potentially be supported or enhanced through strategically located foreign offices.

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Investment  
Management  
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