Risk and Insurance Studies Centre

Team

03.

Governance Quality, Failures, and Investment Outcomes for Long-term Institutional Investors

How much does governance architecture actually matter for Canada's largest pension funds?

Canada's Maple 8 pension funds manage over $2 trillion for more than three million Canadians, yet no integrated framework exists to compare their governance quality.



Governance research has developed in silos: performance analysts, legal scholars, and organisational theorists each assess one layer in isolation. This project addresses that gap by constructing and applying the first nine-element integrated governance scorecard across all eight Maple 8 funds, producing a reproducible, evidence-based measure of whether structural governance quality shapes long-term investment outcomes and member security.

Methodology

Step 1: Designed an integrated governance scorecard across all eight Maple 8 funds.

Step 2: Standardized metrics across 13 funds.

Step 3: Calculated the Herfindahl-Hirschman Index for portfolio concentration, Net Value Added against reference portfolios, and the Cost Justification Ratio for every fund.

A collaborative project with:

UNIVERSITY OF TORONTO

YORK UNIVERSITÉ UNIVERSITY

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Key Findings

- **Canada Pension Plan Investment Board** ranked highest in governance quality, while **Alberta Investment Management Corporation** ranked lowest, showing major differences across the Maple 8 funds.
- **Ontario Teachers' Pension Plan** had the strongest board structure score, but still showed negative long-term active investment returns.
- **Healthcare of Ontario Pension Plan** delivered the strongest long-term investment returns despite having the lowest board independence score.
- **Alberta Investment Management Corporation** showed weak accountability and unclear decision-making after the VOLTS losses, reinforcing the need for stronger oversight.

Recommendations

- The team developed a **three-layer scorecard** which provides an annual benchmark for comparing governance quality across the Maple 8.
- This helps identify **structural weaknesses, track leaders and laggards, and strengthen accountability.**

Control Systems (Layer 1)	Accountability and Adaptation (Layer 2)	Decision Authority (Layer 3)
• Risk Oversight • Performance Measurement • Costs	• Transparency • Conflicts • Learning Aftershocks	• Independence • Board Structure • Delegation

Next Steps?

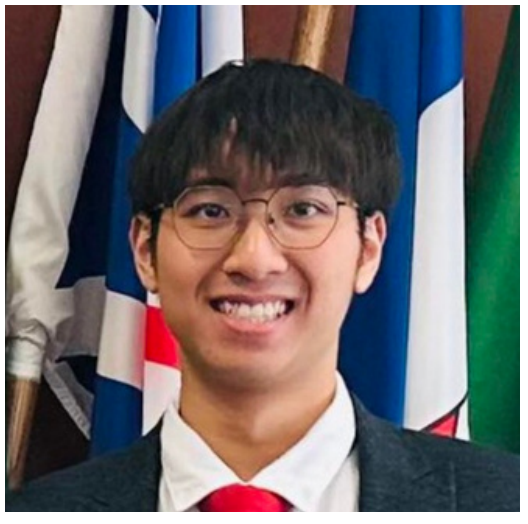
Scores are limited by public disclosure quality and fiscal year differences. Future research should use regulatory filings, actuarial reports, and multi-year analysis to improve accuracy and track real governance changes.

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Team Members



Nam Kha Le
Actuarial Science
University of Toronto



Justice Kelvin K. Dzameshie
Master of Financial Insurance
University of Toronto



Sadia Tasnim
Data Science
York University



Industry Mentor:
Serguei Zernov, PhD
CEO, SZ Investment Consulting Inc.



Academic Mentor:
Urmi Khatri , PhD
Assistant Professor,
Fanshawe College