September 30, 2015 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans

3rd Quarter 2015

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Pension Plans Results Overview

(Gross Returns for the 12 months ended September 30th, 2015)

The Total Plan returned 2.5% for the last 12 months, an underperformance of 2.9% versus its composite benchmark.

Canadian Equity

- The Canadian equity portfolio returned -8.8% over the past year, lagging the S&P/TSX by 0.4%.
- Results are mixed for the plan's large cap managers. CC&L has been steadily outperforming over all reported periods with a one-year outperformance of 5.1%. Burgundy and Sionna lagged by 3.5% and 3.1% respectively over the last year.
- Despite the relatively poor performance of small cap stocks in Canada, the plan's manager (Sionna) performed extremely well, outperformed the index by 11.6%.

U.S. Equity

- U.S. equity markets performed very well in Canadian dollar terms, with a one-year return of 19.2% for the S&P500.
- The plan's U.S. equity investments performed well with a return of 20.8%, outperforming the benchmark by 160 basis points.
- The plan's large cap manager (Barrow) beat the Russel 1000 Value index by 3.7%. Significant value was added versus their respective indices by the small-(5.5%) and mid-cap portfolios (6.2%) managed by Wedge.

Global/Non-North American Equity

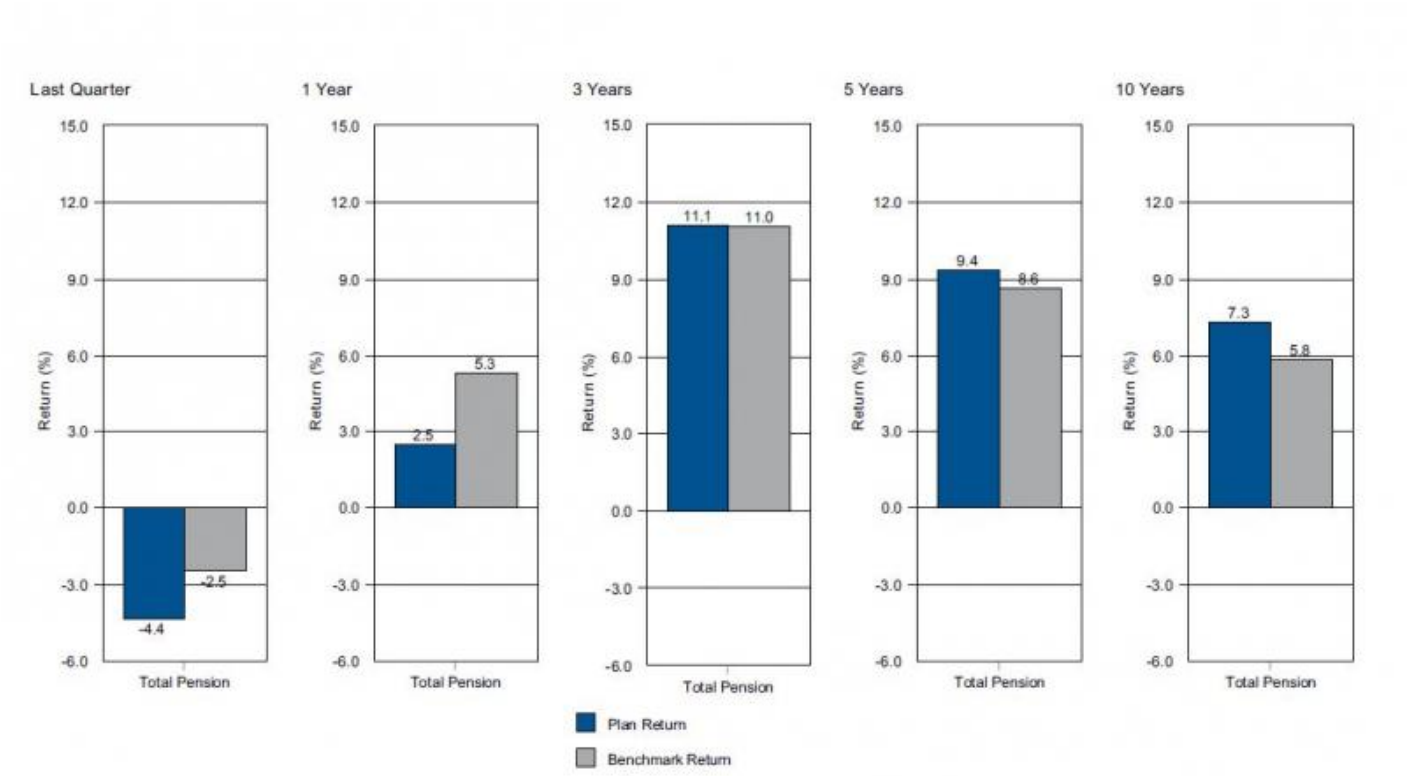
- In Canadian dollars, Non-North American equity largely underperformed the U.S., but outperformed Canada with the MSCI EAFE index returning 10.0%.
- The plan's Non-North American equity performance deteriorated during the past year with a 0.8% underperformance. Both LSV and Tweedy Browne trailed the MSCI EAFE over the last year.
- Global equity, as measured by the MSCI World ex-Canada index, performed very well in Canadian dollars with a return of 15.5% over the last year. However, the pension's only Global equity manager, Acadian, underperformed the index by 70 basis points.

Fixed Income

- The Canadian fixed income portfolio is indexed to the FTSE TMX Universe and, as expected, matched its return of 5.3% over the past year.
- The 3.3% two-year return for Cash includes a private equity investment that was held at book for many years and was written up to market value and exited in May 2014.
- The real estate portfolio managed by Greystone underperformed its index by 1.4%.
- Currency hedging, which is implemented for risk control rather than to generate returns, was a drag on performance as it cost the portfolio 3.0%.

Total Pension Portfolio Vs Composite Benchmark

As of September 30, 2015 (Gross of Fees, Annualized for Periods over 1 year)



Returns are presented gross of fees in CAD
Current Composite Benchmark: 25% S&P/TSX Comp Capped + 20% MSCI EAFE ($CAD) + 20% S&P 500 ($CAD) + 28% FTSE TMX Universe + 2% FTSE TMX 91 Day T-Bill + 5% IPD Canada Annual Property Index.

Annualized Asset Class Performance

As of September 30, 2015 (Gross of Fees)
Annualized Asset Class Performance

	Allocation Market Value ($)	Performanc % of portfoli
Canadian Equity	279,674,082	22.1
S&P/TSX Composite Index		
Relative Performance		

US Equity	223,998,602	17.7
S&P 500		
Relative Performance		
Non-North American Equity	215,762,303	17.1
MSCI EAFE (net)		
Relative Performance		
Global Equity	107,234,458	8.5
MSCI World Ex Canada		
Relative Performance		
Canadian Fixed Income	377,871,354	29.9
FTSE TMX Canada Universe Bond Index		
Relative Performance		
Real Estate	58,883,160	4.7
IPD Canadian Property Index		

Relative Performance		
Internal Cash (STIF)*	5,221,193	0.4
FTSE TMX Canada 91 Day T-Bill		
Relative Performance		
Total Pension (Net of Fees)	1,264,216,162	100.0
Composite Benchmark		
Relative Performance		
Total Pension (Gross of Fees)	1,264,216,162	100.0
Composite Benchmark		
Relative Performance		
Total Pension ex. Currency Hedge	1,268,645,153	100.4
Composite Benchmark		
Relative Performance		
Effect of Passive Currency Hedge		

Current Composite Benchmark: 25% S&P/TSX Comp Capped + 20% MSCI EAFE Net ($CAD) + 20% S&P500 ($CAD) + 28% FTSE TMX Universe + 2% FTSE MX 91 Day T-Bill + 5% IPD Canada Annual Property Index.

*Cash amounts and percentages presented exclude residual manager cash balances and FX overlay (currency hedging). However, they include the proceeds of the former Banyan Private Equity position, which explains its high 2-year return of 3.3%. All returns are reported gross of fees in CAD except for the Total Pension Plan where returns are displayed both net and gross of fees.
EAFE Stands for Europe, Australasia and Far East. The IPD Canadian Property Index is published quarterly with a 2-month lag, it is approximated by taking the previous quarter's return and converting it to a monthly basis (index data from CIBC Mellon).

Annual Asset Class Performance

(Gross of Fees)
Annual Asset Class Performance

	Performance(%) Oct 2014 to Sep 2015
Canadian Equity	-8.8
S&P/TSX Composite Index	-8.4
Relative Performance	-0.4
US Equity	20.8
S&P 500	19.2
Relative Performance	1.6
Non-North American Equity	9.2
MSCI EAFE (net)	9.5
Relative Performance	-0.3

Global Equity	14.8
MSCI World Ex Canada	15.5
Relative Performance	-0.7
Canadian Fixed Income Composite	5.3
FTSE TMX Canada Universe Bond Index	5.3
Relative Performance	0.0
Real Estate	5.7
IPD Canadian Property Index	7.1
Relative Performance	-1.4
Internal Cash (STIF)*	0.6
FTSE TMX Canada 91 Day T-Bill	0.8
Relative Performance	-0.2
Total Pension (Net of Fees)	2.1
Composite Benchmark	5.3

Relative Performance	-3.2
Total Pension (Gross of Fees)	2.5
Composite Benchmark	5.3
Relative Performance	-2.8
Total Pension ex. Currency Hedge	5.5
Composite Benchmark	5.3
Relative Performance	0.2

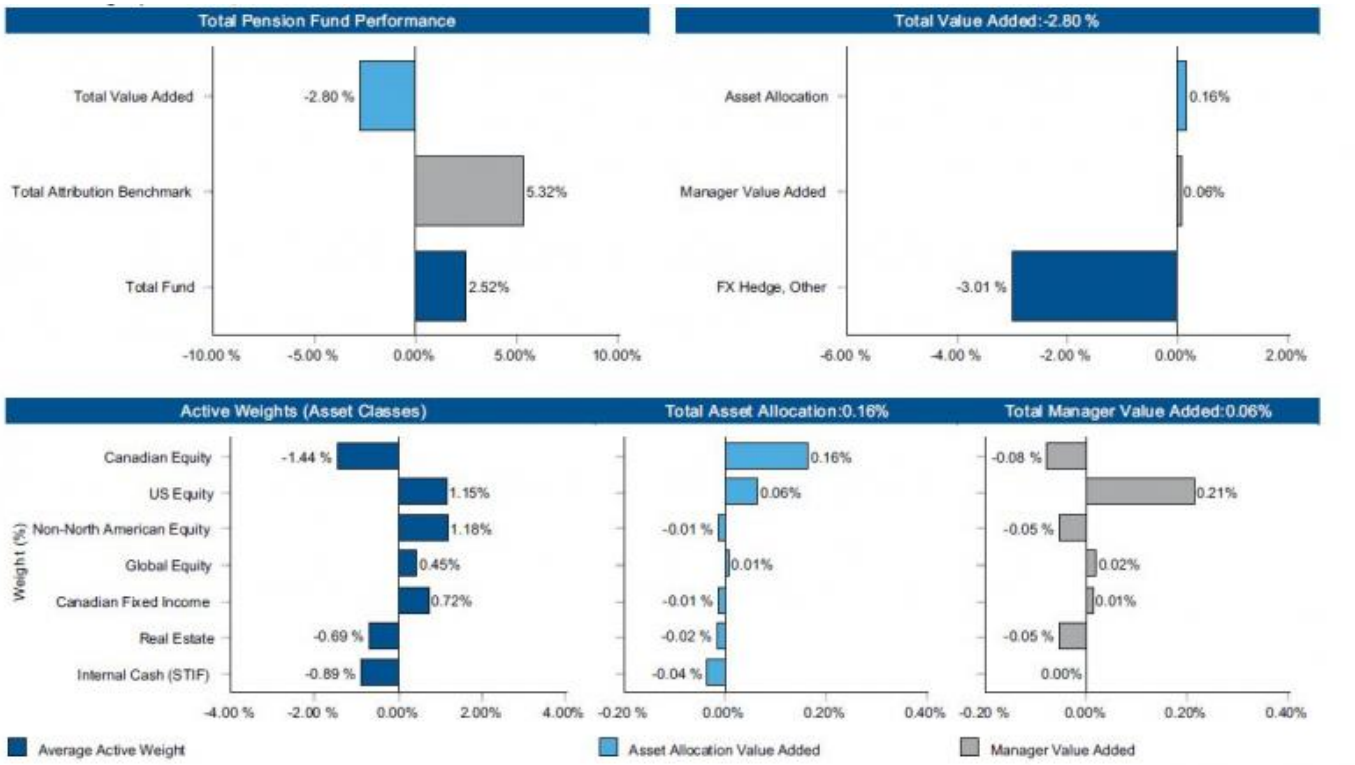
Current Composite Benchmark: 25% S&P/TSX Comp Capped + 20% MSCI EAFE Net ($CAD) + 20% S&P 500 ($CAD) + 28% FTSE TMX Universe + 2% FTSE TMX 91 Day T-Bill + 5% IPD Canada Annual Property Index.

*All returns are reported gross of fees in CAD except for the Total Pension Plan where returns are displayed both net and gross of fees.
Cash amounts and percentages presented exclude residual manager cash balances and FX overlay (currency hedging). However, they include the proceeds of the former Banyan Private Equity
position, which explains the high 2014 return of 6.3%. The 2006 cash return was caused by marking to market value a private equity position that was held at book value since inception.
EAFE Stands for Europe, Australasia and Far East.

The IPD Canadian Property Index is published quarterly with a 2-month lag, it is approximated by taking the previous quarter's return and converting it to a monthly basis (Index data from CIBC
Mellon).

Performance Attribution

Total Pension Plans Vs Attribution Benchmark
1 Year ending September 30, 2015



Returns are presented gross of fees in CAD

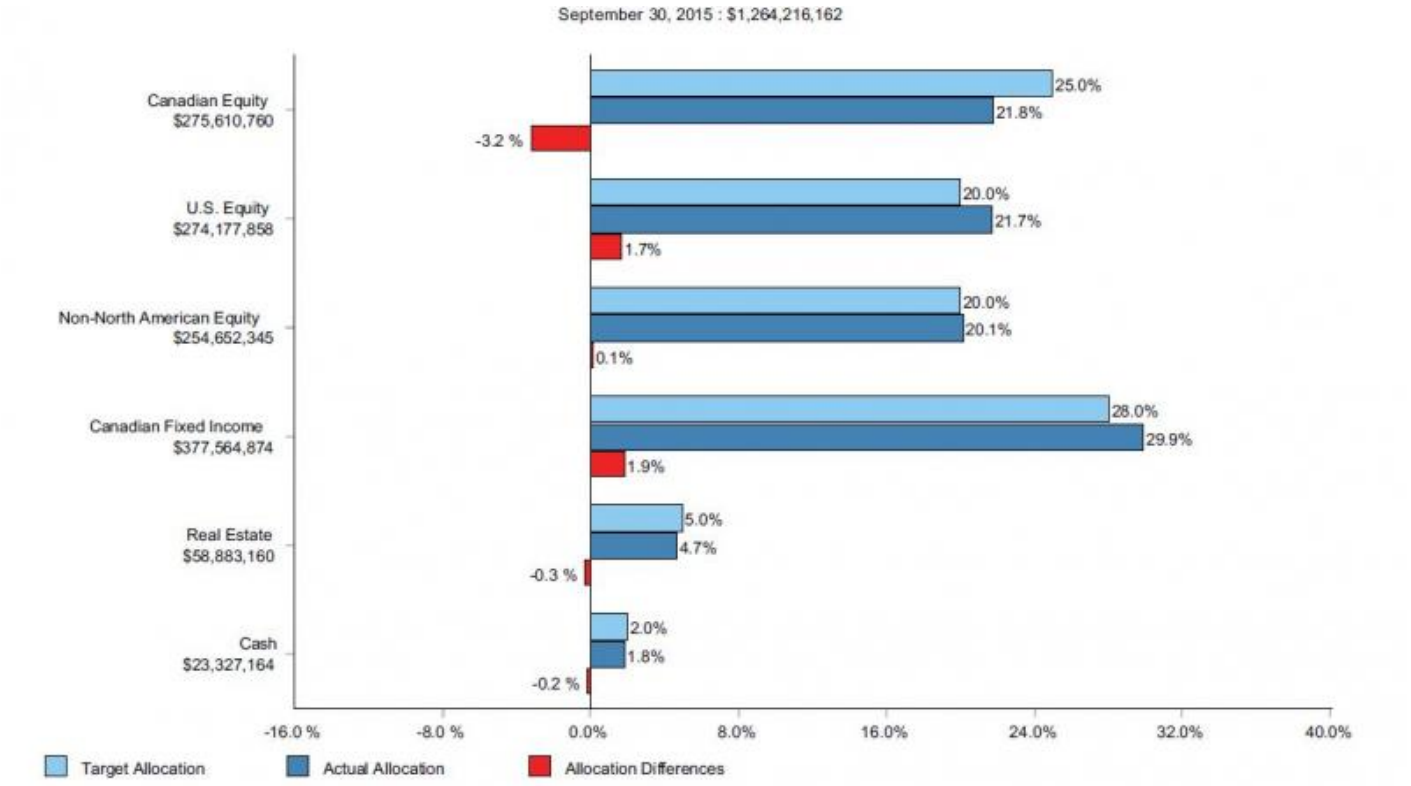
The Attribution Benchmark was created to account for small variations of asset allocation between the Total Pension Plans and their Composite Benchmark. Its composition is as follows: 25% S&P/TSX Comp Capped + 16% S&P 500 ($CAD) + 16% MSCI EAFE Net ($CAD) + 8% MSCI World + 28% FTSE TMX Universe + 5% IPD Canada Annual Property Index + 2% FTSE TMX 91 Day T-Bill.

The Benchmarks do not assume currency hedging.

"Other" includes the effects of all other factors on the Total Pensions Plans' relative return, including rebalancing and residual trading returns.

Pension Plans Asset Mix

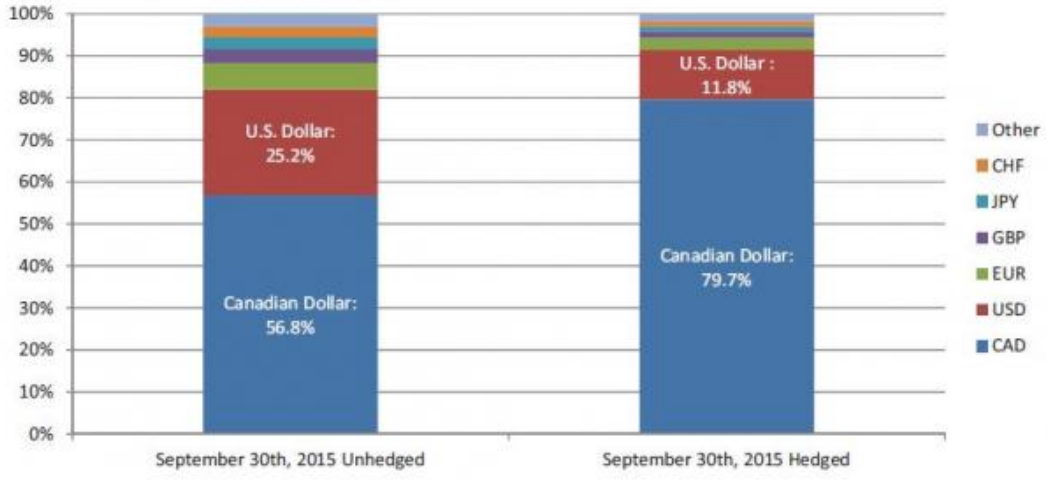
Actual Allocation Vs Investment Policy Allocation
As of September 30, 2015



Note: this actual allocation displays the aggregate managers' holdings regardless of their mandate. Cash presented includes internal cash (STIF) and manager residual cash balances (data from CIBC Mellon). Real Estate includes Greystone Real Estate and a residual position in Banyan Private Equity ($3,239).

Pension Currency Exposure

As of September 30, 2015



Currency	September 30th, 2015 Unhedged	Gross Exposure (CAD)	Hedge (CAD)	September 30th, 2015 Hedged	Net Hedged Exposure (CAD)
Canadian Dollar	56.8%	721,040,636	286,247,387	79.7%	1,007,288,022
U.S. Dollar	25.2%	319,862,192	-171,119,398	11.8%	148,742,794
Euro	6.3%	80,075,431	-43,762,549	2.9%	36,312,883
British Pound	3.4%	42,519,275	-22,581,699	1.6%	19,937,576
Swiss Franc	2.5%	32,312,593	-16,861,300	1.2%	15,451,294
Japanese Yen	2.8%	35,738,729	-20,521,080	1.2%	15,217,649
Other	2.9%	37,114,818	-15,830,353	1.7%	21,284,466

Note: The Net Hedged Exposure equals the fund's original currency exposure to its total investments (Gross Exposure) plus the currency hedge implemented by Mesirow, which is designed to protect the pension fund from excessive foreign currency fluctuations.

Growth of Pension Assets

September Market Values and Net 1-year Returns to September 30, 30th of Each Year



Over the last 12 months the Total Pension portfolio increased $18.9 M to $1,264.2 M consisting of:

– Total contributions of $ 62.2 M and disbursements of $ 66.9 M
– 1-year return (net of investment management fees) of 2.1% compared to 15.0% one year ago.

Source URL:https://www.uoguelph.ca/finance/september-30-2015-pension-quarterly-investment-report