December 2015 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans 4th Quarter 2015

Prepared by:

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Pension Plans Results Overview

(Gross returns for the 12 months ended December 31st, 2015)

The Total Plan returned 3.0% for the last 12 months, an underperformance of 4.0% vs. its composite benchmark

Canadian Equity

- The Canadian equity portfolio returned -9.0% over the past year, lagging the S&P/TSX index by 70 basis points.
- · Results are mixed for the plan's large cap managers. CC&L has been steadily outperforming over all
 - reported periods with a 1-year outperformance of 3.9%. Burgundy and Sionna lagged by 4.7% and 0.4% respectively over the last year.
- · Canadian small caps performed poorly, with an index return of -13.8%, although the plan's manager (Sionna) limited losses with an outperformance of 1.4%.

Global/Non-North American Equity

- In Canadian dollars, Non-North American equities outperformed Canada but lagged the U.S., with the MSCI EAFE Index (net of dividend withholding taxes) returning 19.0%.
- The plan's Non-North American equity performance deteriorated during the past year with an underperformance of 50 basis points. LSV beat the MSCI EAFE by 1.8%, but Tweedy Browne lagged by 3.7%.
- · Global equity, as measured by the MSCI World ex-Canada index, performed very well in Canadian dollars with a return of 20.8% over the last year. However, the pension's only Global equity manager, Acadian, underperformed the index by

U.S. Equity

- U.S. large caps performed very well in Canadian dollar terms, with a 1-year return of 21.7% for the S&P 500.
- The plan's U.S. equity investments (including U.S. small and mid caps) did not perform as well with a return of 15.9%, underperforming the S&P 500 by
- The plan's large cap manager (Barrow) beat the Russel 1000 Value index by 2.5%. Significant value was added (5.0%) versus its index by the small-cap portfolio managed by Wedge, although the firm's mid-cap strategy lagged the Russel Mid Cap Index by 1.2%.

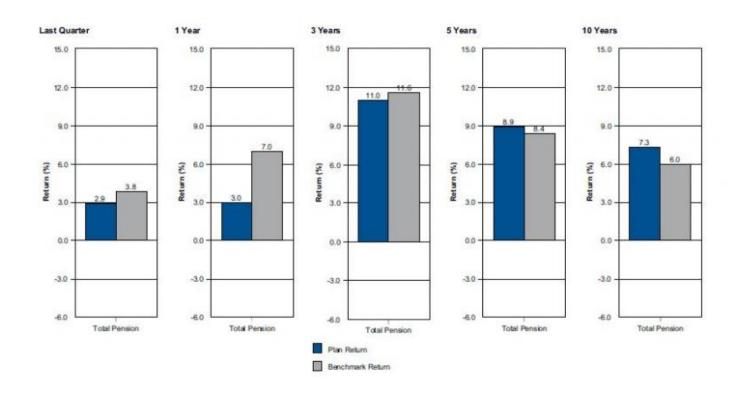
Fixed Income

- The Canadian fixed income portfolio is indexed to the FTSE TMX Universe and, as expected, closely matched its return of 3.5% over the past year.
- The 4.7% 2-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 outperformed its index by 50 basis points.
- · Currency hedging, which is implemented for risk control rather than to generate returns, was a drag on performance as it cost the portfolio 3.3%.

1.8%.

Total Pension Portfolio Vs Composite Benchmark

As of December 31, 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 Net (\$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

osite

As of December 31, 2015 (Gross of Fee	es)								
Annualized Asset Class Performance	Allocation	Perforr	nance						
	Market % of	Year to	1 Year	2 Year	s 3 Yeai	s 4 Yea	rs 5 Yea	rs 6 Yea	rs 7 Yeai
	Value portfoli (\$)	o Date							
	anadia275,85221.2 Equity ,885	-9.0	-9.0	0.3	7.1	8.7	4.2	6.3	10.2
S8	kP/TS Comp	-8.3	-8.3	0.7	4.6	5.3	2.3	4.7	8.6

Index Relative Perform ance		-0.7	-0.7	-0.4	2.5	3.4	1.9	1.6	1.6
US Equity	237,341 18.3 ,138	15.9	15.9	20.5	27.8	25.0	20.1	18.7	17.6
S&P	,130	21.7	21.7	22.8	28.6	24.7	20.4	18.4	16.8
500 Relative Perform ance		-5.8	-5.8	-2.3	-0.8	0.3	-0.3	0.3	8.0
Non- North A merican		18.5	18.5	11.5	18.1	18.0	13.3	12.0	13.2
Equity MSCI EAFE (net)		19.0	19.0	11.1	17.3	16.7	10.8	9.3	9.7
Relative Perform		-0.5	-0.5	0.4	0.8	1.3	2.5	2.7	3.5
ance Global Equity	117,230 9.0 ,127	19.0	19.0	18.5	24.6	21.7	17.9	16.1	13.9
MSCI World Ex	,121	20.8	20.8	17.9	24.0	21.5	16.3	14.5	13.9
Canada Relative Perform ance		-1.8	-1.8	0.6	0.6	0.2	1.6	1.6	0.0
Canadia n Fixed	381,50829.4 ,755	3.6	3.6	6.2	3.7	3.7	4.9	5.2	5.2
Income FTSE TMX Canada Univers		3.5	3.5	6.1	3.6	3.6	4.8	5.1	5.2
e Bond Index									
Relative Perform ance		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Real Estate	60,339, 4.6 331	6.3	6.3	6.3	8.1	N/A	N/A	N/A	N/A
IPD Ca nadian Propert	331	5.8	5.8	6.4	7.8	9.9	11.0	11.0	9.3
y Index Relative Perform		0.5	0.5	-0.1	0.3	N/A	N/A	N/A	N/A
ance Internal Cash (STIF)*	11,095, 0.9 962	3.1	3.1	4.7	3.1	8.0	0.7	0.6	0.6
FTSE		0.6	0.6	0.8	0.8	0.9	0.9	0.8	8.0

2.5	2.5	3.9	2.3	-0.1	-0.2	-0.2	-0.2
2.6	2.6	6.4	10.6	10.8	8.5	8.7	9.5
7.0	7.0	8.9	11.6	10.9	8.4	8.7	9.7
-4.4	-4.4	-2.5	-1.0	-0.1	0.1	0.0	-0.2
3.0	3.0	6.9	11.0	11.3	8.9	9.1	9.9
7.0	7.0	8.9	11.6	10.9	8.4	8.7	9.7
-4.0	-4.0	-2.0	-0.6	0.4	0.5	0.4	0.2
6.3	6.3	9.0	12.9	12.5	N/A	N/A	N/A
7.0	7.0	8.9	11.6	10.9	8.4	8.7	9.7
-0.7	-0.7	0.1	1.3	1.6	N/A	N/A	N/A
-3.3	-3.3	-2.1	-1.9	-1.2	N/A	N/A	N/A
	2.6 7.0 -4.4 3.0 7.0 -4.0 6.3 7.0	2.6 2.6 7.0 7.0 -4.4 -4.4 3.0 3.0 7.0 7.0 -4.0 -4.0 6.3 6.3 7.0 7.0 -0.7 -0.7	2.6 2.6 6.4 7.0 7.0 8.9 -4.4 -4.4 -2.5 3.0 3.0 6.9 7.0 7.0 8.9 -4.0 -4.0 -2.0 6.3 6.3 9.0 7.0 7.0 8.9 -0.7 -0.7 0.1	2.6 2.6 6.4 10.6 7.0 7.0 8.9 11.6 -4.4 -4.4 -2.5 -1.0 3.0 3.0 6.9 11.0 7.0 7.0 8.9 11.6 -4.0 -4.0 -2.0 -0.6 6.3 6.3 9.0 12.9 7.0 7.0 8.9 11.6 -0.7 -0.7 0.1 1.3	2.6 2.6 6.4 10.6 10.8 7.0 7.0 8.9 11.6 10.9 -4.4 -4.4 -2.5 -1.0 -0.1 3.0 3.0 6.9 11.0 11.3 7.0 7.0 8.9 11.6 10.9 -4.0 -4.0 -2.0 -0.6 0.4 6.3 6.3 9.0 12.9 12.5 7.0 7.0 8.9 11.6 10.9 -0.7 -0.7 0.1 1.3 1.6	2.6 2.6 6.4 10.6 10.8 8.5 7.0 7.0 8.9 11.6 10.9 8.4 -4.4 -4.4 -2.5 -1.0 -0.1 0.1 3.0 3.0 6.9 11.0 11.3 8.9 7.0 7.0 8.9 11.6 10.9 8.4 -4.0 -4.0 -2.0 -0.6 0.4 0.5 6.3 6.3 9.0 12.9 12.5 N/A 7.0 7.0 8.9 11.6 10.9 8.4 -0.7 -0.7 0.1 1.3 1.6 N/A	2.6 2.6 6.4 10.6 10.8 8.5 8.7 7.0 7.0 8.9 11.6 10.9 8.4 8.7 -4.4 -4.4 -2.5 -1.0 -0.1 0.1 0.0 3.0 3.0 6.9 11.0 11.3 8.9 9.1 7.0 7.0 8.9 11.6 10.9 8.4 8.7 -4.0 -4.0 -2.0 -0.6 0.4 0.5 0.4 6.3 6.3 9.0 12.9 12.5 N/A N/A 7.0 7.0 8.9 11.6 10.9 8.4 8.7 -0.7 -0.7 0.1 1.3 1.6 N/A N/A

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.

EAFE Stands for Europe, Australasia and Far East. The IPD Canadian Property Index is published quarterly with a

^{*}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. 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.

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		Performan	ice						
			Jan-2014 to Dec	Jan-2013 to	Jan-2012 to	Jan-2011 to	Jan-2010 to	Jan-2009 to	Jan-2008 to
		Dec-2015						Dec-2009	
	anadian	-9.0	10.6	21.9	13.8	-11.9	17.1	37.2	-32.2
	quity &P/TSX	0 2	10.6	13.0	7.2	-8.7	17.6	35.1	-33.0
	omposite		10.0	13.0	1.2	-0.7	17.0	33.1	-33.0
	dex								
R	elative P	-0.7	0.0	8.9	6.6	-3.2	-0.5	2.1	8.0
er	rformanc								
е	0.5. "	45.0	05.0	40.7	40.0	0.0	40.4	40.0	47.4
	S Equity		25.3	43.7	16.9	2.6	12.1	10.8	-17.4
	&P 500 elative P		23.9 1.4	41.2 2.5	13.5 3.4	4.6 -2.0	9.1 3.0	7.7 3.1	-21.4 4.0
	rformanc	-5.0	1.4	2.5	3.4	-2.0	3.0	3.1	4.0
e	Torriano								
	on-North	18.5	4.9	32.5	17.9	-3.8	5.6	20.5	-25.9
	merican								
	quity								
		19.0	3.6	31.0	14.8	-10.0	2.1	12.2	-29.3
	AFE								
•	net) elative P	-0.5	1.3	1.5	3.1	6.2	3.5	8.3	3.4
	rformanc	0.0	1.0	1.0	0.1	0.2	0.0	0.0	0.4
е									
G	lobal	19.0	17.9	37.9	13.4	3.8	7.3	1.8	-31.2
	quity								
		20.8	15.2	37.0	14.3	-2.2	6.0	10.2	-25.1
	orld Ex								
	anada elative P	_1 R	2.7	0.9	-0.9	6.0	1.3	-8.4	-6.1
	rformanc	-1.0	2.1	0.9	-0.9	0.0	1.5	-0.4	-0.1
e									
	anadian	3.6	8.8	-1.1	3.6	9.8	6.7	5.3	5.7
Fi	ixed								
	come								
	omposite			4.0	0.0		0.7	- 4	0.4
	TSE MX	3.5	8.8	-1.2	3.6	9.7	6.7	5.4	6.4
	ivi∧ anada								
	niverse								
	ond								
	ıdex								
	elative P	0.1	0.0	0.1	0.0	0.1	0.0	-0.1	-0.7
	rformanc								
е									

								•
Real Estate	6.3	6.3	11.7	N/A	N/A	N/A	N/A	N/A
IPD Canadian Property Index	5.8	7.0	10.6	16.4	15.4	11.2	-0.4	3.8
Relative P erformance		-0.7	1.1	N/A	N/A	N/A	N/A	N/A
Internal Cash (STIF)*	3.1	6.3	-0.1	-5.6	0.3	0.2	0.3	7.0
FTSE TMX Canada 91 Day T- Bill	0.6	0.9	1.0	1.0	1.0	0.5	0.6	3.3
Relative P erformanc e		5.4	-1.1	-6.6	-0.7	-0.3	-0.3	3.7
Total Pension (Net of Fees)	2.6	10.5	19.3	11.5	-0.3	9.6	14.6	-14.4
Composite Benchmar k		10.9	17.2	8.9	-0.9	9.7	16.0	-19.0
Relative P erformanc e		-0.4	2.1	2.6	0.6	-0.1	-1.4	4.6
Total Pension (Gross of Fees)	3.0	10.9	19.8	12.0	0.1	10.2	14.9	-14.2
Composite Benchmar k		10.9	17.2	8.9	-0.9	9.7	16.0	-19.0
Relative P erformanc e		0.0	2.6	3.1	1.0	0.5	-1.1	4.8
Total Pension ex. Currency Hedge	6.3	11.8	21.1	11.4	N/A	N/A	N/A	N/A
Composite Benchmar k		10.9	17.2	8.9	-0.9	9.7	16.0	-19.0
Relative P erformanc e		0.9	3.9	2.5	N/A	N/A	N/A	N/A

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.

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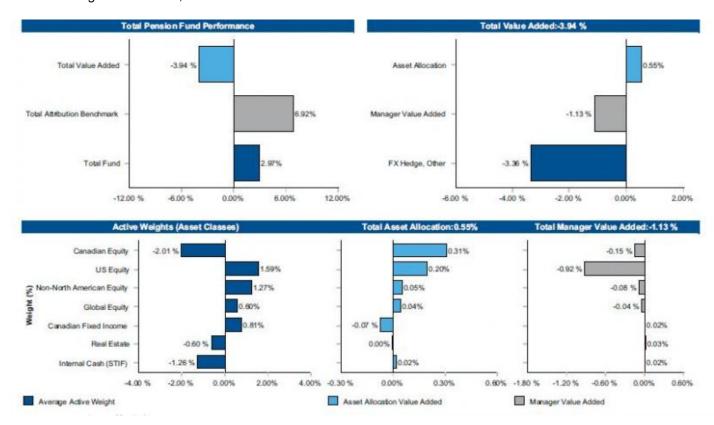
Cash amounts and percentages presented exclude residual manager cash balances and FX overlay (currency hedging). However, they include the proceeds of the former Banyan Private Equity position, which explains the high 2014 return. The 2006 cash return was caused by marking to market value a private equity 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 December 31, 2015



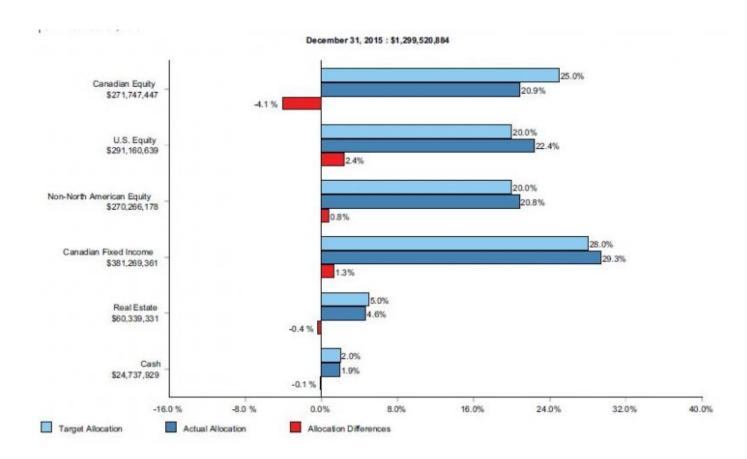
Returns are presented gross of fees in CAD.

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

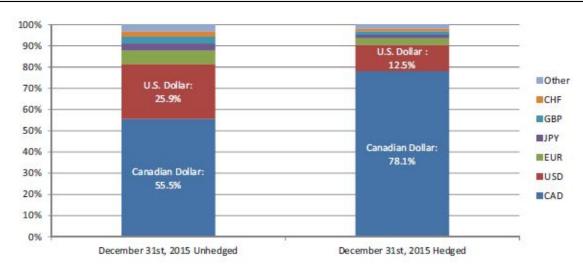
Actual Allocation vs. Investment Policy Allocation As of December 31, 2015



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).

Pension Currency Exposure

As of December 31st, 2015

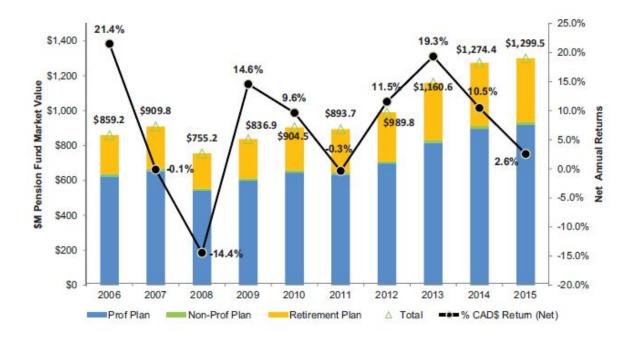


Currency	December 31st, 2015 Unhedged	Gross Exposure (CAD)	Hedge (CAD)	December 31st, 2015 Hedged	Net Hedged Exposure (CAD)
Canadian Dollar	55.5%	728,335,325	286,165,109	78.1%	1,014,500,434
U.S. Dollar	25.9%	339,985,242	-178,108,259	12.5%	161,876,983
Euro	6.4%	83,308,374	-44,291,602	3.0%	39,016,771
British Pound	3.3%	43,181,901	-21,164,025	1.7%	22,017,876
Swiss Franc	3.3%	42,975,528	-21,941,208	1.6%	21,034,321
Japanese Yen	2.5%	33,227,859	-17,000,725	1.2%	16,227,134
Other	3.1%	40,894,056	-15,977,530	1.9%	24,916,526

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

December Market Values and Net 1-year Returns to December 31st of Each Year



Over the last 12 months the Total Pension portfolio increased \$25.1 M to \$1,299.5 M consisting of:

- Total contributions of \$ 64.1 M and disbursements of \$ 68.6 M
- 1-year return (net of investment management fees) of 2.6% compared to 10.5% one year ago.

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