December 2015 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans
4th Quarter 2015

Prepared by:

Pavilion Advisory Group Ltd.
1250 René-Lévesque Blvd. West, Suite 4030 Montreal, Quebec
H3B 4W8 Canada

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 5.8%.
- 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%.

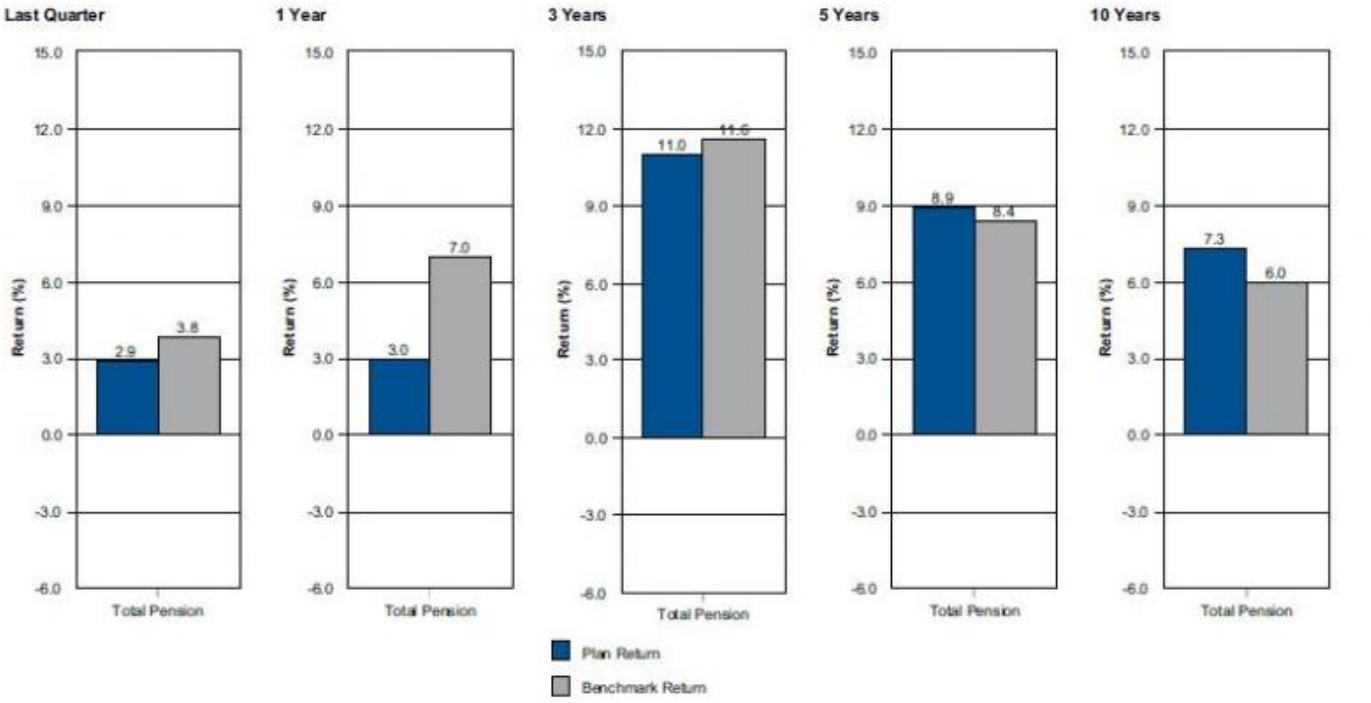
Fixed Income

- 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

As of December 31, 2015 (Gross of Fees)
Annualized Asset Class Performance

	Allocation Market Value ($)	% of portfolio	Performance Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Year
Canadian Equity	275,852,885	21.2	-9.0	-9.0	0.3	7.1	8.7	4.2	6.3	10.2
S&P/TSX Composite			-8.3	-8.3	0.7	4.6	5.3	2.3	4.7	8.6

Index										
Relative Performance			-0.7	-0.7	-0.4	2.5	3.4	1.9	1.6	1.6
US Equity	237,341,138	18.3	15.9	15.9	20.5	27.8	25.0	20.1	18.7	17.6
S&P 500			21.7	21.7	22.8	28.6	24.7	20.4	18.4	16.8
Relative Performance			-5.8	-5.8	-2.3	-0.8	0.3	-0.3	0.3	0.8
Non-North American Equity	228,470,927	17.6	18.5	18.5	11.5	18.1	18.0	13.3	12.0	13.2
MSCI EAFE (net)			19.0	19.0	11.1	17.3	16.7	10.8	9.3	9.7
Relative Performance			-0.5	-0.5	0.4	0.8	1.3	2.5	2.7	3.5
Global Equity	117,230,127	9.0	19.0	19.0	18.5	24.6	21.7	17.9	16.1	13.9
MSCI World Ex Canada			20.8	20.8	17.9	24.0	21.5	16.3	14.5	13.9
Relative Performance			-1.8	-1.8	0.6	0.6	0.2	1.6	1.6	0.0
Canadian Fixed Income	381,508,755	29.4	3.6	3.6	6.2	3.7	3.7	4.9	5.2	5.2
FTSE TMX Canada Universe Bond Index			3.5	3.5	6.1	3.6	3.6	4.8	5.1	5.2
Relative Performance			0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Real Estate	60,339,331	4.6	6.3	6.3	6.3	8.1	N/A	N/A	N/A	N/A
IPD Canadian Property Index			5.8	5.8	6.4	7.8	9.9	11.0	11.0	9.3
Relative Performance			0.5	0.5	-0.1	0.3	N/A	N/A	N/A	N/A
Internal Cash (STIF)*	11,095,962	0.9	3.1	3.1	4.7	3.1	0.8	0.7	0.6	0.6
FTSE			0.6	0.6	0.8	0.8	0.9	0.9	0.8	0.8

TMX Canada 91 Day T-Bill										
Relative Performance			2.5	2.5	3.9	2.3	-0.1	-0.2	-0.2	-0.2
Total Pension (Net of Fees)	1,299,520,884	100.0	2.6	2.6	6.4	10.6	10.8	8.5	8.7	9.5
Composite Benchmark			7.0	7.0	8.9	11.6	10.9	8.4	8.7	9.7
Relative Performance			-4.4	-4.4	-2.5	-1.0	-0.1	0.1	0.0	-0.2
Total Pension (Gross of Fees)	1,299,520,884	100.0	3.0	3.0	6.9	11.0	11.3	8.9	9.1	9.9
Composite Benchmark			7.0	7.0	8.9	11.6	10.9	8.4	8.7	9.7
Relative Performance			-4.0	-4.0	-2.0	-0.6	0.4	0.5	0.4	0.2
Total Pension ex. Currency Hedge	1,311,839,124	100.9	6.3	6.3	9.0	12.9	12.5	N/A	N/A	N/A
Composite Benchmark			7.0	7.0	8.9	11.6	10.9	8.4	8.7	9.7
Relative Performance			-0.7	-0.7	0.1	1.3	1.6	N/A	N/A	N/A
Effect of Passive Currency Hedge			-3.3	-3.3	-2.1	-1.9	-1.2	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.

*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.
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							
	Jan-2015 to Dec-2015	Jan-2014 to Dec -2014	Jan-2013 to Dec-2013	Jan-2012 to Dec-2012	Jan-2011 to Dec-2011	Jan-2010 to Dec-2010	Jan-2009 to Dec-2009	Jan-2008 to Dec-2008
Canadian Equity	-9.0	10.6	21.9	13.8	-11.9	17.1	37.2	-32.2
S&P/TSX Composite Index	-8.3	10.6	13.0	7.2	-8.7	17.6	35.1	-33.0
Relative Performance	-0.7	0.0	8.9	6.6	-3.2	-0.5	2.1	0.8
US Equity	15.9	25.3	43.7	16.9	2.6	12.1	10.8	-17.4
S&P 500	21.7	23.9	41.2	13.5	4.6	9.1	7.7	-21.4
Relative Performance	-5.8	1.4	2.5	3.4	-2.0	3.0	3.1	4.0
Non-North American Equity	18.5	4.9	32.5	17.9	-3.8	5.6	20.5	-25.9
MSCI EAFE (net)	19.0	3.6	31.0	14.8	-10.0	2.1	12.2	-29.3
Relative Performance	-0.5	1.3	1.5	3.1	6.2	3.5	8.3	3.4
Global Equity	19.0	17.9	37.9	13.4	3.8	7.3	1.8	-31.2
MSCI World Ex Canada	20.8	15.2	37.0	14.3	-2.2	6.0	10.2	-25.1
Relative Performance	-1.8	2.7	0.9	-0.9	6.0	1.3	-8.4	-6.1
Canadian Fixed Income Composite	3.6	8.8	-1.1	3.6	9.8	6.7	5.3	5.7
FTSE TMX Canada Universe Bond Index	3.5	8.8	-1.2	3.6	9.7	6.7	5.4	6.4
Relative Performance	0.1	0.0	0.1	0.0	0.1	0.0	-0.1	-0.7

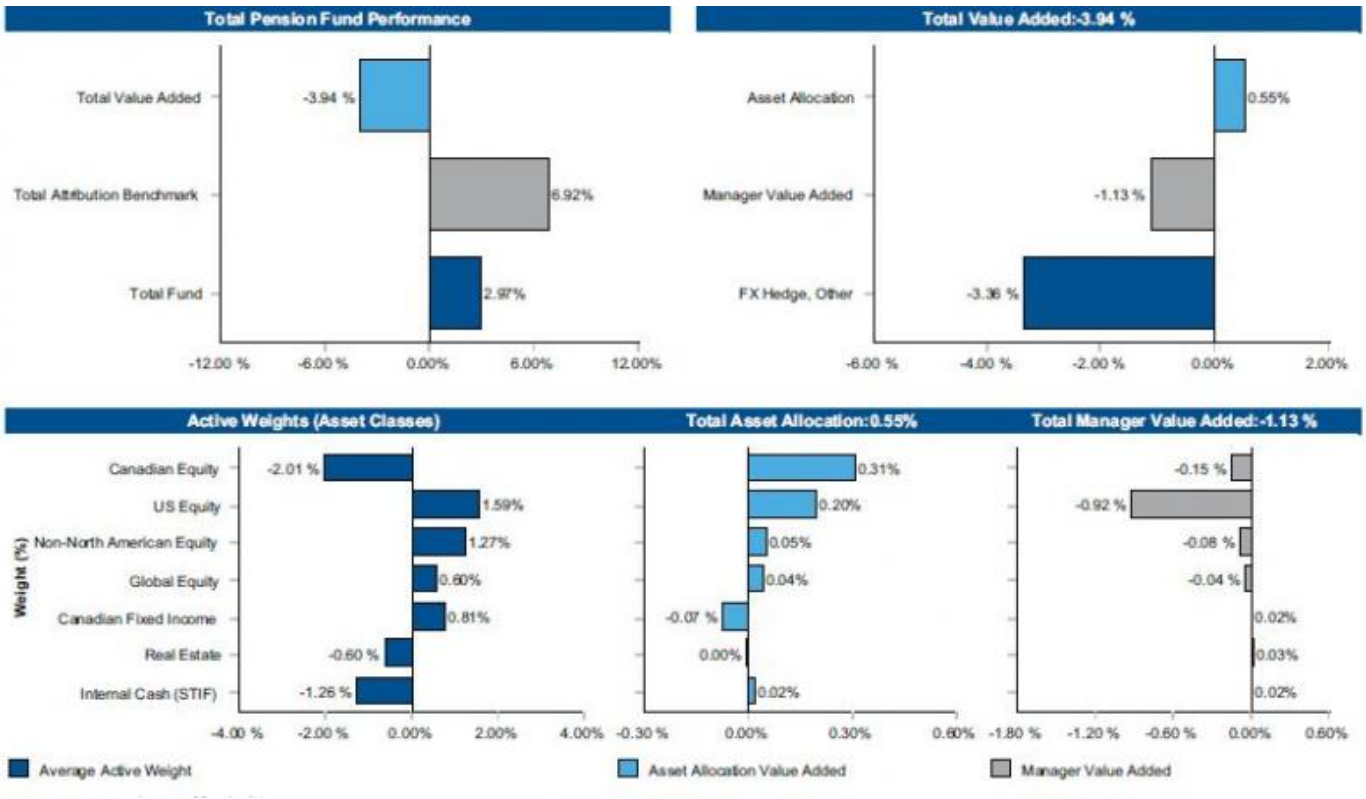
Real Estate	6.3	6.3	11.7	N/A	N/A	N/A	N/A	N/A
IPD Canadian Property Index	5.8	7.0	10.6	16.4	15.4	11.2	-0.4	3.8
Relative Performance	0.5	-0.7	1.1	N/A	N/A	N/A	N/A	N/A
Internal Cash (STIF)*	3.1	6.3	-0.1	-5.6	0.3	0.2	0.3	7.0
FTSE TMX Canada 91 Day T-Bill	0.6	0.9	1.0	1.0	1.0	0.5	0.6	3.3
Relative Performance	2.5	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 Benchmark	7.0	10.9	17.2	8.9	-0.9	9.7	16.0	-19.0
Relative Performance	-4.4	-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 Benchmark	7.0	10.9	17.2	8.9	-0.9	9.7	16.0	-19.0
Relative Performance	-4.0	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 Benchmark	7.0	10.9	17.2	8.9	-0.9	9.7	16.0	-19.0
Relative Performance	-0.7	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.

*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. 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

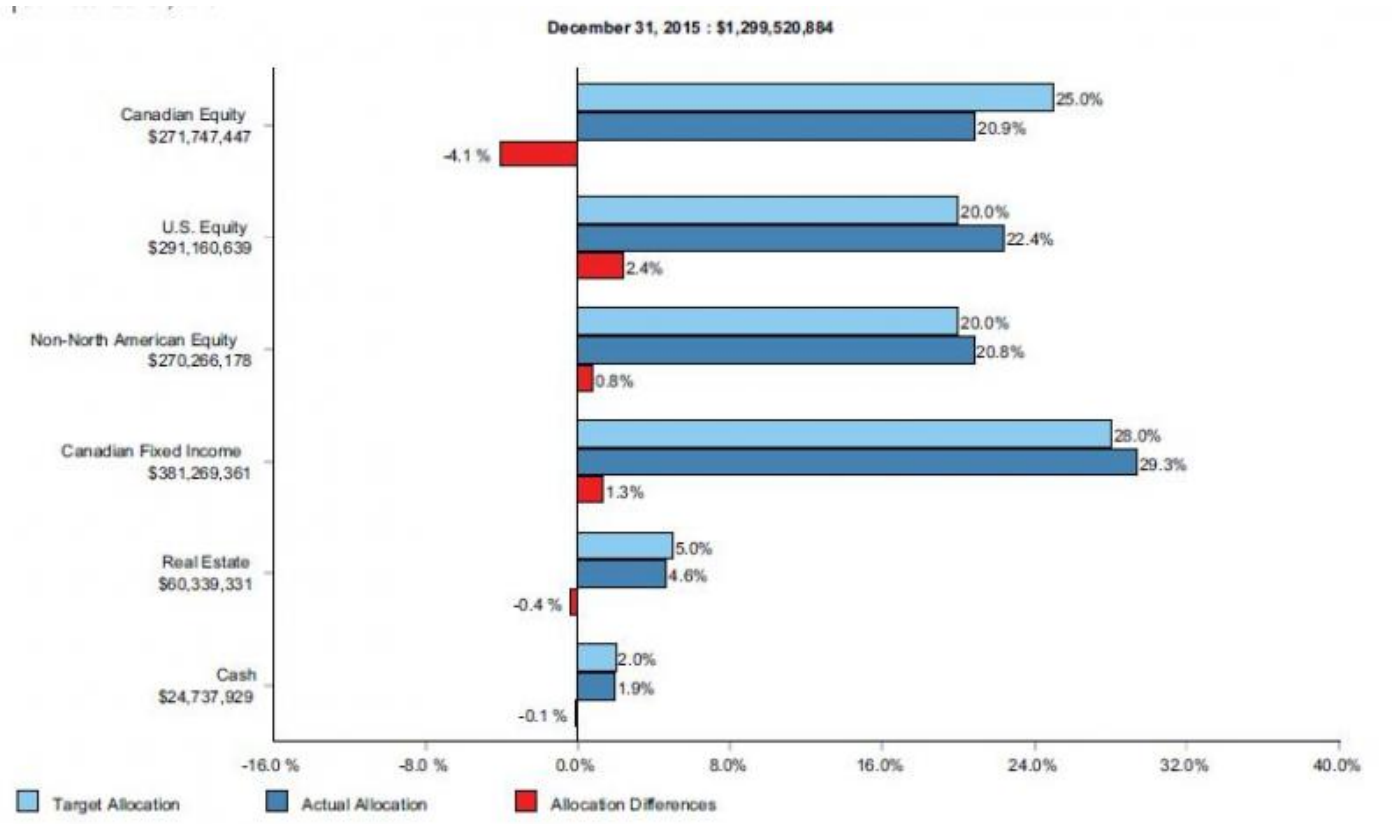


Returns are presented gross of fees in CAD.
The Attribution Benchmark was created to account for small variations of asset allocation between the Total Pension Plans and their Composite Benchmark. Its composition is as follows: 25% S&P/TSX Comp Capped
+ 16% S&P 500 ($CAD) + 16% MSCI EAFE Net ($CAD) + 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

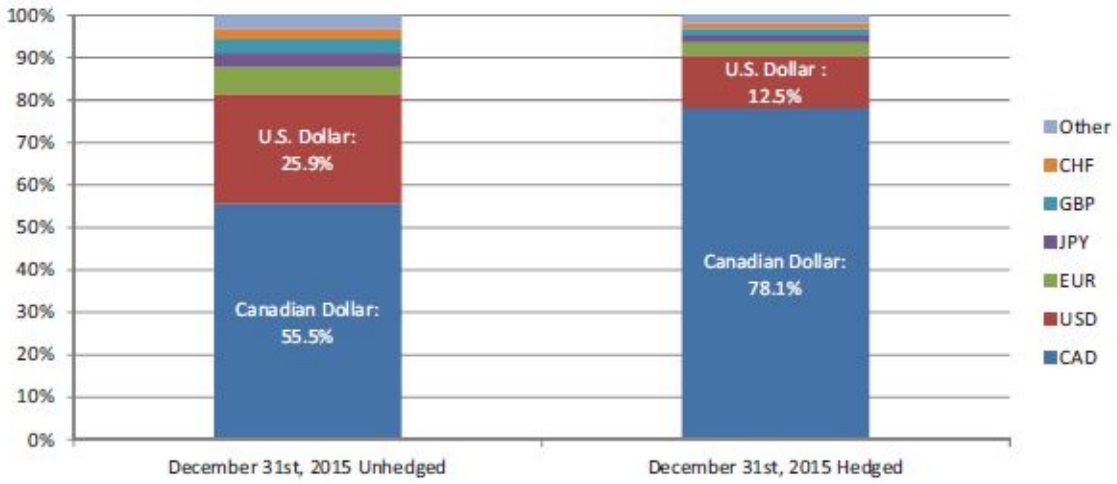
Actual Allocation vs. Investment Policy Allocation
As of December 31, 2015



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

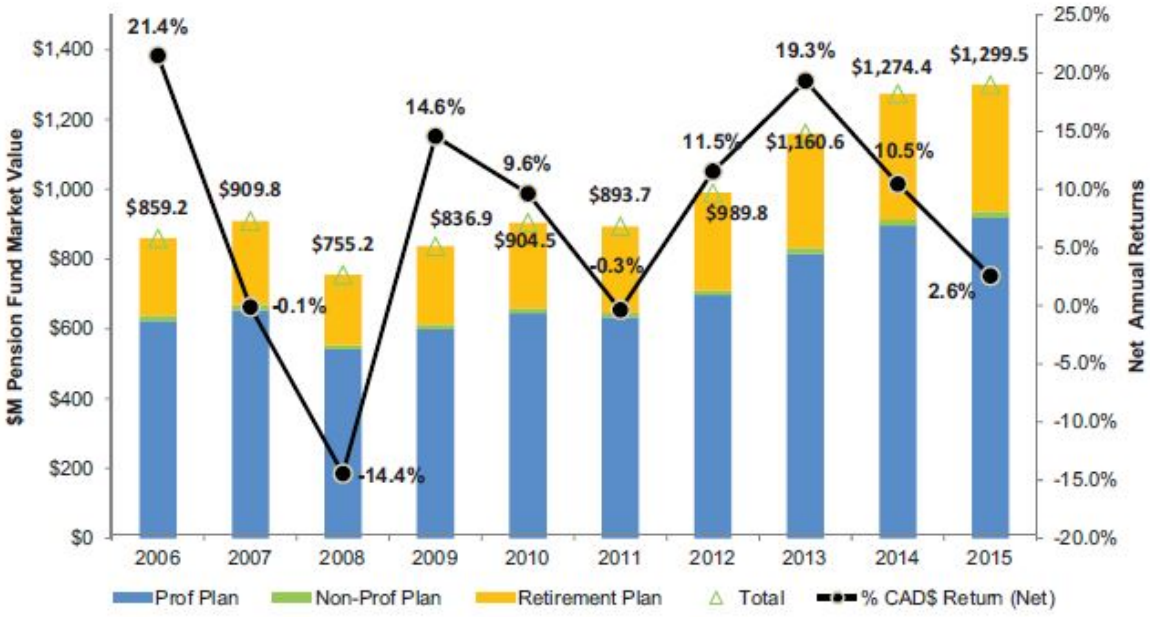


Currency	December 31st, 2015 Unhedged	Gross Exposure (CAD)	Hedge (CAD)	December 31st, 2015 Hedged	Net Hedged Exposure (CAD)
Canadian Dollar	55.5%	728,335,325	286,165,109	78.1%	1,014,500,434
U.S. Dollar	25.9%	339,985,242	-178,108,259	12.5%	161,876,983
Euro	6.4%	83,308,374	-44,291,602	3.0%	39,016,771
British 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.

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