

March 31, 2016 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans
1st Quarter 2016

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Pension Plans Results Overview

(Gross returns for the 12 months ended March 31st, 2016)

The Total Plan lost 3.4% over the last 12 months, an underperformance of 1.4% vs. its hedged benchmark and 2.1% vs. its unhedged benchmark.

Canadian Equity

- The Canadian equity portfolio returned -7.5% over the past year, lagging the S&P/TSX index by 90 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 0.5%. However, Burgundy lagged by 2.6% while Sionna matched the TSX over the last year (-6.6%).
- Canadian small caps performed poorly, with an index return of -7.2%, and the plan's manager (Sionna) underperforming by 2.4%.

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 -6.4%.
- The plan's Non-North American equity performance improved during the past year with an outperformance of 3.4%. LSV beat the MSCI EAFE by 2.2%, and Tweedy Browne by 3.6%.
- Global equities, as measured by the MSCI World ex-Canada index, returned -0.7% over the last year. Moreover, the pension plans's only Global equity manager, Acadian, underperformed the index by 3.8%.

U.S. Equity

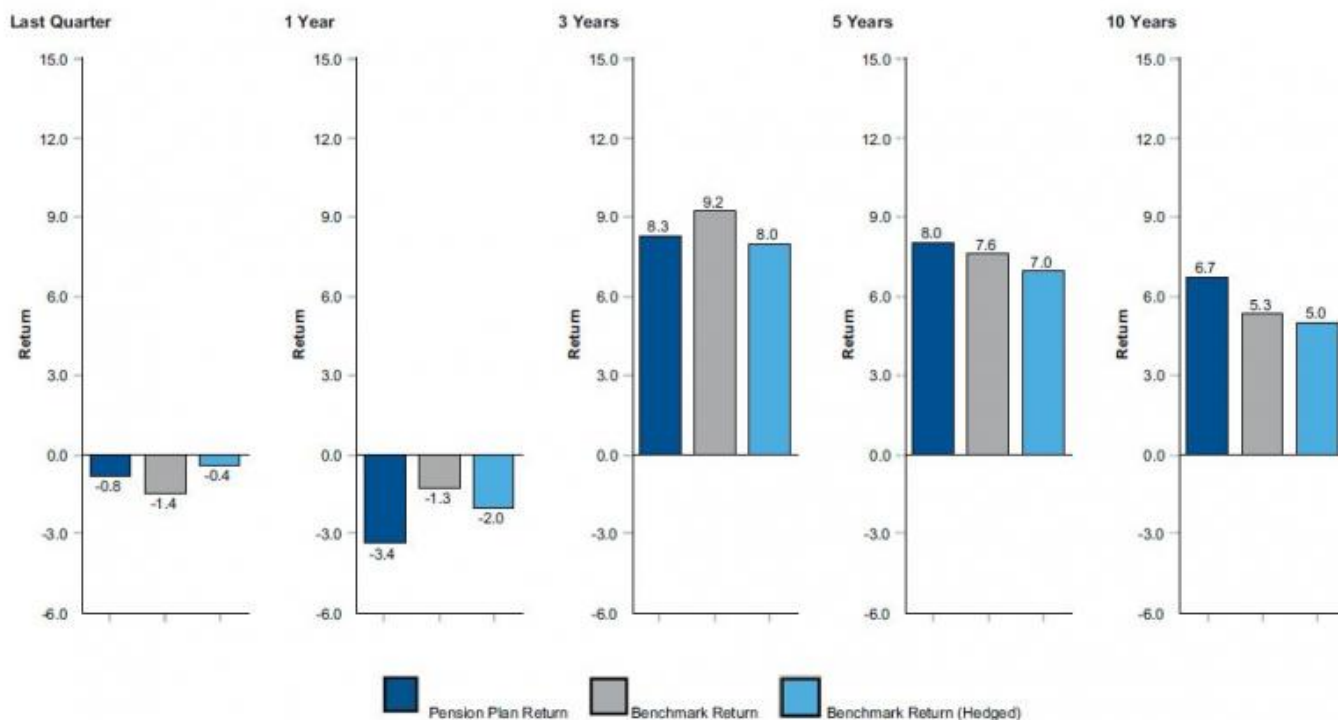
- U.S. large caps performed well in Canadian dollar terms, with a 1-year return of 3.9% for the S&P 500.
- The plan's U.S. equity investments (including U.S. small and mid caps) did not perform as well with a return of -2.8%, underperforming the S&P 500 by 6.7%.
- The plan's large cap manager (Barrow) lagged the Russel 1000 Value index by 2.3%. Significant value was added (5.1%) 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 3.5%.

Fixed Income

- The Canadian fixed income portfolio is indexed to the FTSE TMX Universe and, as expected, closely matched its return of 0.8% 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 lagged its index by 4.3%.

Total Pension Portfolio Vs Composite Benchmark

As of March 31, 2016 (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. The Hedged Benchmark has the same composition as the Composite Benchmark, but all foreign indices are 50% hedged back to Canadian dollars.

Annualized Asset Class Performance

As of March 31, 2016 (Gross of Fees)

Annualized Asset Class Performance

e	Allocation		Performance(%)							
	Market Value (\$)	% of portfolio	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years
Canada Equity	282,001,073	22.1	4.6	-7.5	-0.4	6.5	8.2	4.0	6.4	11.1
S&P/TSX Composite Index			4.5	-6.6	0.0	5.0	5.3	2.1	4.9	9.6
Relative Performance			0.1	-0.9	-0.4	1.5	2.9	1.9	1.5	1.5
US	217,565	17.1	-6.5	-2.8	12.5	19.1	19.8	17.1	16.8	18.5

Equity	,225								
S&P		-5.7	3.9	15.9	21.1	19.8	18.1	16.8	17.4
500									
Relative		-0.8	-6.7	-3.4	-2.0	0.0	-0.1	0.0	1.1
Perform									
ance									
Non-	209,591	16.4	-8.0	-3.0	3.8	11.9	13.2	10.9	10.6
North A	,329								13.4
merican									
Equity									
MSCI		-9.7	-6.4	3.2	10.7	11.4	8.3	7.8	10.1
EAFE									
(net)									
Relative		1.7	3.4	0.6	1.2	1.8	2.6	2.8	3.3
Perform									
ance									
Global	103,278	8.1	-8.3	-4.5	9.4	16.5	16.4	15.0	14.5
Equity	,479								14.7
MSCI		-7.5	-0.7	10.5	16.9	16.4	13.9	13.1	14.4
World									
Ex									
Canada									
Relative		-0.8	-3.8	-1.1	-0.4	0.0	1.1	1.4	0.3
Perform									
ance									
Canada	386,841	30.3	1.4	0.8	5.5	3.9	4.1	5.2	5.2
n Fixed	,481								5.2
Income									
FTSE		1.4	0.8	5.4	3.9	4.0	5.1	5.1	5.1
TMX									
Canada									
Univers									
e Bond									
Index									
Relative		0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1
Perform									
ance									
Real	60,684,	4.8	0.6	6.0	5.9	7.4	N/A	N/A	N/A
Estate	241								N/A
IPD Ca		3.5	10.3	8.6	9.3	10.5	11.4	11.6	10.2
nadian									
Propert									
y Index									
Relative		-2.9	-4.3	-2.7	-1.9	N/A	N/A	N/A	N/A
Perform									
ance									
Internal	8,261,0	0.6	0.1	3.0	4.7	3.1	0.8	0.7	0.7
Cash	80								0.6
(STIF)*									
FTSE		0.1	0.5	0.7	0.8	0.9	0.9	0.9	0.8
TMX									
Canada									
91 Day									
T-Bill									
Relative		0.0	2.5	4.0	2.3	-0.1	-0.2	-0.2	-0.2

Performance										
Total Pension 75,487 (Net of Fees)	1,274,8	100.0	-0.9	-3.8	3.8	7.9	8.9	7.6	8.3	10.1
Composite Benchmark			-1.4	-1.3	5.8	9.2	9.2	7.6	8.2	10.2
Relative Performance			0.5	-2.5	-2.0	-1.3	-0.3	0.0	0.1	-0.1
Composite Benchmark (Hedged)			-0.4	-2.0	4.9	8.0	8.3	7.0	7.7	9.7
Relative Performance			-0.5	-1.8	-1.1	-0.1	0.6	0.6	0.6	0.4
Total Pension 75,487 (Gross of Fees)	1,274,8	100.0	-0.8	-3.4	4.2	8.3	9.4	8.0	8.7	10.5
Composite Benchmark			-1.4	-1.3	5.8	9.2	9.2	7.6	8.2	10.2
Relative Performance			0.6	-2.1	-1.6	-0.9	0.2	0.4	0.5	0.3
Composite Benchmark (Hedged)			-0.4	-2.0	4.9	8.0	8.3	7.0	7.7	9.7
Relative Performance			-0.4	-1.4	-0.7	0.3	1.1	1.0	1.0	0.8

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. The Hedged Benchmark has the same composition as the Composite Benchmark, but all foreign indices are 50% hedged back to Canadian dollars.

*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 (%)

	Apr-2015 to Mar-2016	Apr-2014 to Mar-2015	Apr-2013 to Mar-2014	Apr-2012 to Mar-2013	Apr-2011 to Mar-2012	Apr-2010 to Mar-2011	Apr-2009 to Mar-2010	Apr-2008 to Mar-2009
Canadian Equity	-7.5	7.2	22.0	13.2	-11.3	19.7	43.9	-30.6
S&P/TSX Composite Index	-6.6	6.9	16.0	6.1	-9.8	20.4	42.1	-32.4
Relative Performance	-0.9	0.3	6.0	7.1	-1.5	-0.7	1.8	1.8
US Equity	-2.8	30.2	33.4	21.8	6.9	15.3	29.4	-22.4
S&P 500	3.9	29.4	32.2	16.0	11.5	10.5	21.2	-24.1
Relative Performance	-6.7	0.8	1.2	5.8	-4.6	4.8	8.2	1.7
Non-North American Equity	-3.0	11.1	29.9	17.2	2.1	9.6	31.6	-30.4
MSCI EAFE (net)	-6.4	13.7	27.5	13.3	-3.2	5.5	25.0	-34.4
Relative Performance	3.4	-2.6	2.4	3.9	5.3	4.1	6.6	4.0
Global Equity	-4.5	25.3	32.1	16.3	9.4	12.0	15.7	-33.0
MSCI World Ex Canada	-0.7	22.9	30.7	14.8	4.8	8.9	22.8	-29.0
Relative Performance	-3.8	2.4	1.4	1.5	4.6	3.1	-7.1	-4.0
Canadian Fixed Income	0.8	10.3	0.8	4.6	9.8	5.1	5.3	4.1
Composite FTSE TMX Canada Universe Bond Index	0.8	10.3	0.8	4.5	9.7	5.1	5.1	4.9
Relative Performance	0.0	0.0	0.0	0.1	0.1	0.0	0.2	-0.8
Real Estate	6.0	5.8	10.3	N/A	N/A	N/A	N/A	N/A
IPD Canadian Property	10.3	6.8	10.7	14.5	15.1	12.2	2.4	2.7

Index								
Relative Performance	-4.3	-0.1	-0.4	N/A	N/A	N/A	N/A	N/A
Internal Cash (STIF)*	3.0	6.5	-0.1	-5.6	0.3	0.2	0.1	7.1
FTSE TMX Canada	0.5	0.9	1.0	1.0	0.9	0.8	0.3	2.4
91 Day T-Bill								
Relative Performance	2.5	5.6	-1.1	-6.6	-0.6	-0.6	-0.2	4.7
Total Pension (Net of Fees)	-3.8	11.9	16.5	12.2	2.5	11.5	21.7	-16.3
Composite Benchmark	-1.3	13.5	16.3	9.0	1.5	11.1	22.8	-20.8
Relative Performance	-2.5	-1.6	0.2	3.2	1.0	0.4	-1.1	4.5
Composite Benchmark (Hedged)	-2.0	12.4	14.3	9.3	1.9	11.1	22.9	-20.8
Relative Performance	-1.8	-0.5	2.2	2.9	0.6	0.4	-1.2	4.5
Total Pension (Gross of Fees)	-3.4	12.4	17.0	12.6	2.9	12.0	22.2	-16.1
Composite Benchmark	-1.3	13.5	16.3	9.0	1.5	11.1	22.8	-20.8
Relative Performance	-2.1	-1.1	0.7	3.6	1.4	0.9	-0.6	4.7
Composite Benchmark (Hedged)	-2.0	12.4	14.3	9.3	1.9	11.1	22.9	-20.8
Relative Performance	-1.4	0.0	2.7	3.3	1.0	0.9	-0.7	4.7

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. The Hedged Benchmark has the same composition as the Composite Benchmark, but

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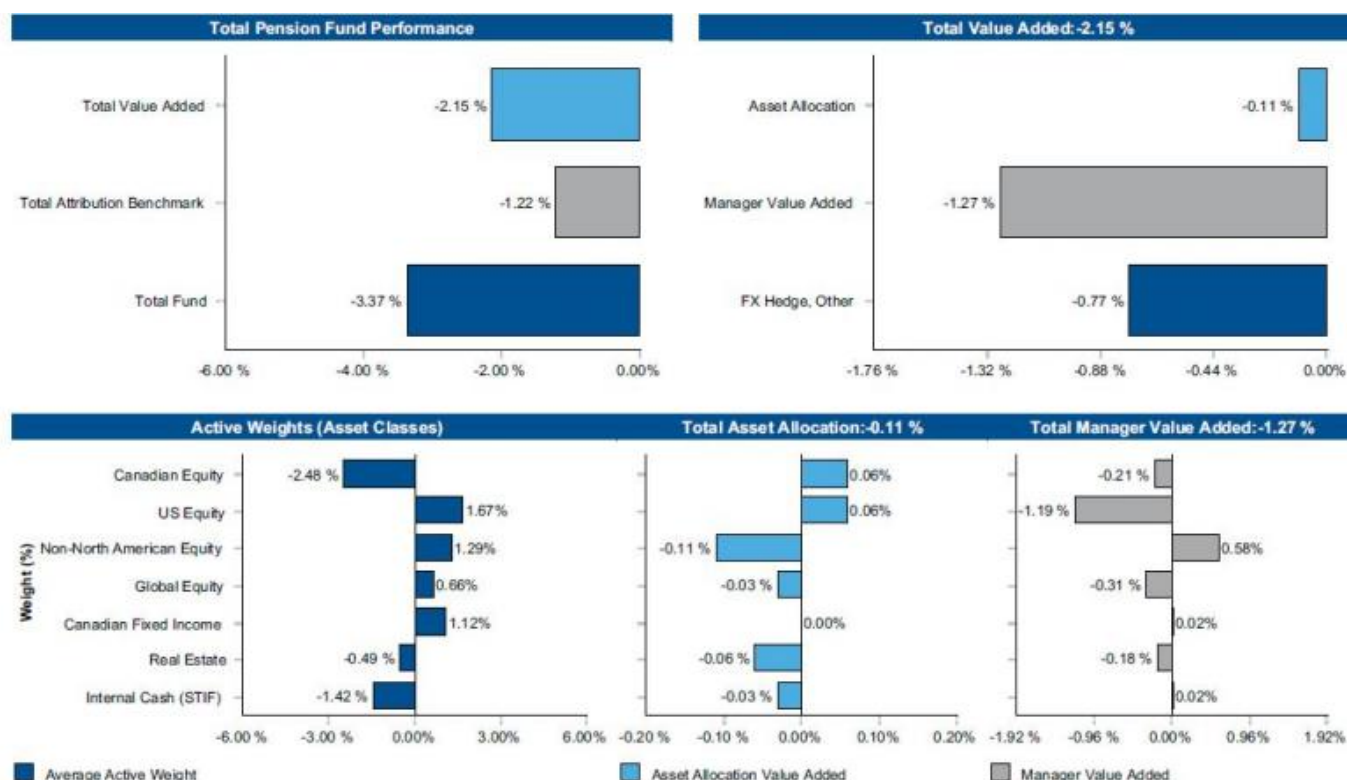
Cash amounts and percentages presented exclude residual manager cash balances and FX overlay (currency hedging). However, they include the proceeds of the former Banyan Private Equity position, which explains the high 2014 return. The 2006 cash return was caused by marking to market value a private equity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

Total Pension Plans Vs Attribution Benchmark

1 Year Ending March 31, 2016



Returns are presented gross of fees in CAD.

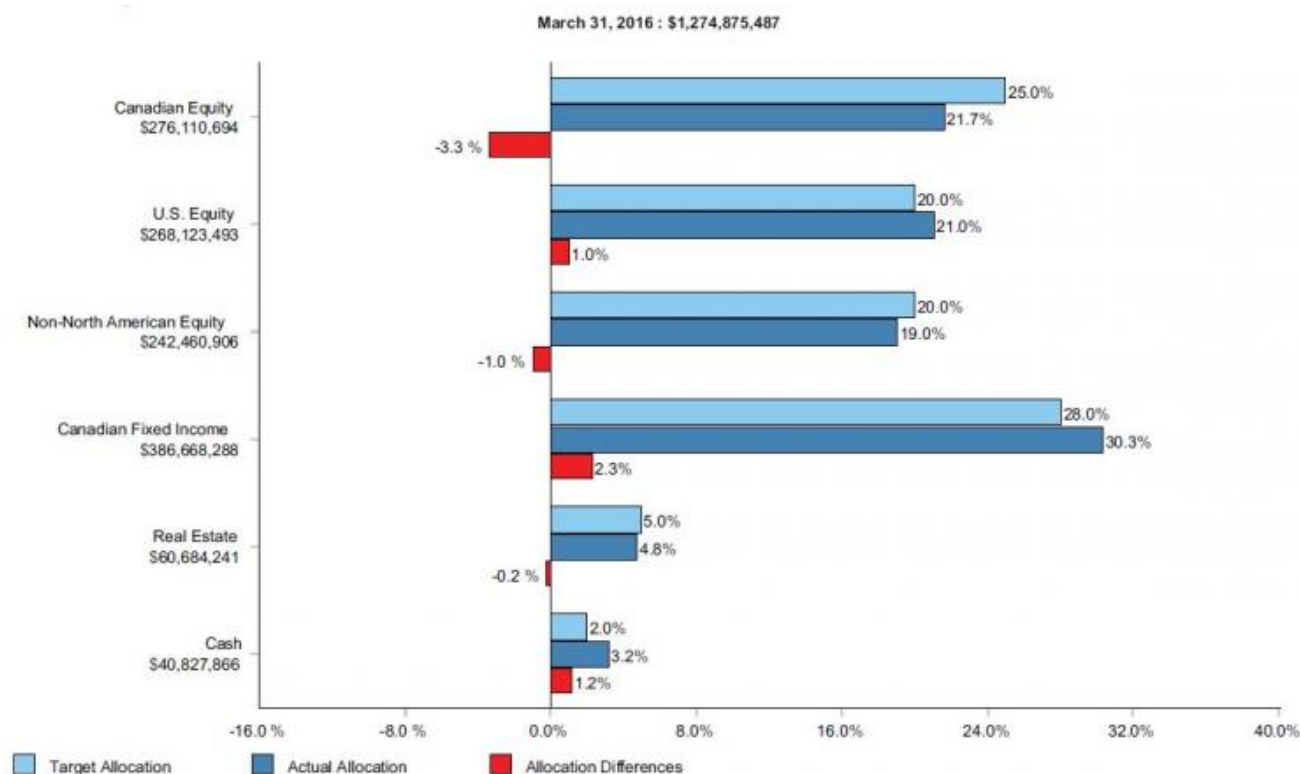
The Attribution Benchmark was created to account for small variations of asset allocation between the Total Pension Plans and their Composite Benchmark. Its composition is as follows: 25% S&P/TSX Comp Capped + 16% S&P 500 (\$CAD) + 16% MSCI EAFE Net (\$CAD) + 8% MSCI World + 28% FTSE TMX Universe + 5%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

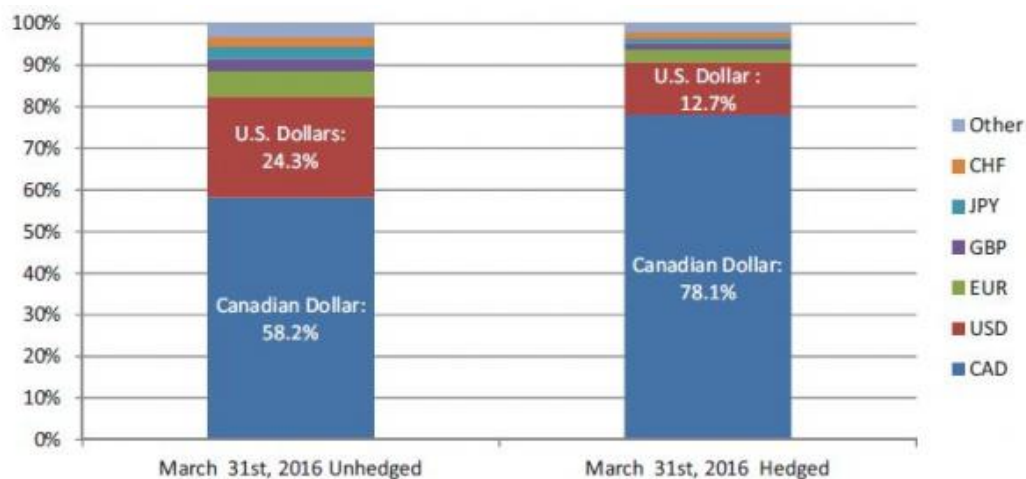
Actual Allocation vs. Investment Policy Allocation
As of March 31, 2016



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 March 31st, 2016

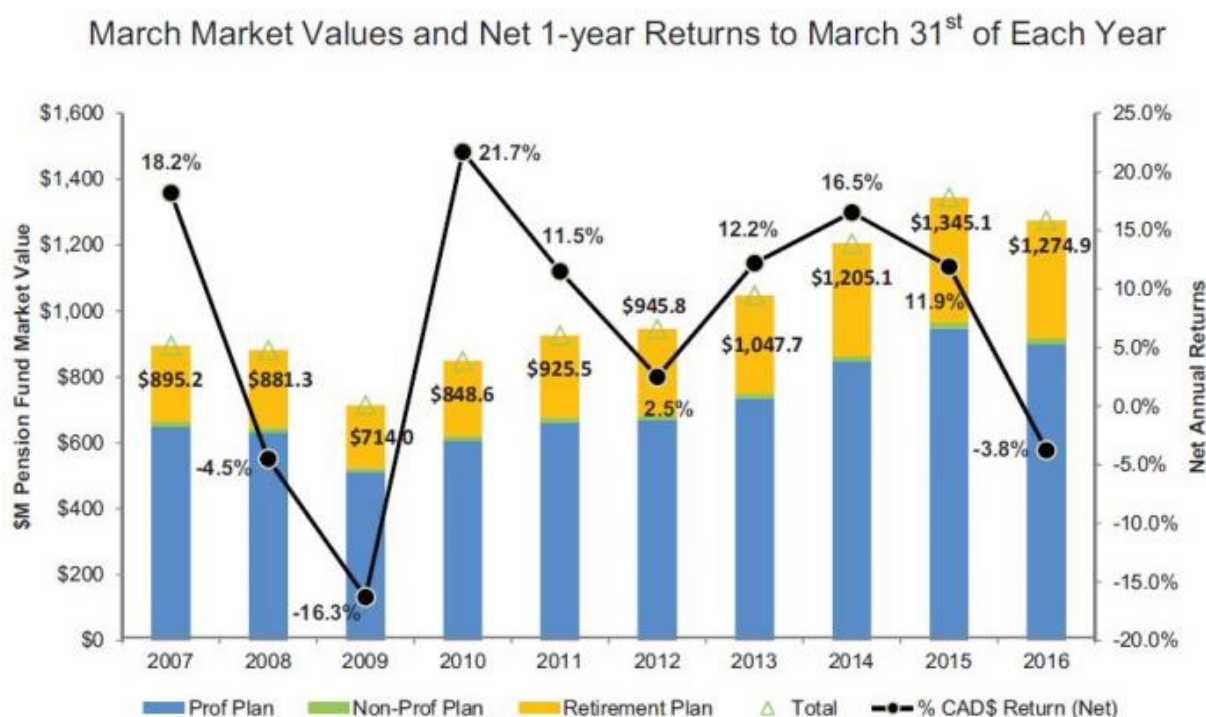


Currency	March 31st, 2016 Unhedged	Gross Exposure (CAD)	Hedge (CAD)	March 31st, 2016 Hedged	Net Hedged Exposure (CAD)
Canadian Dollar	58.2%	737,770,336	257,296,926	78.1%	995,067,262
U.S. Dollar	24.3%	308,151,684	-146,118,278	12.7%	162,033,406
Euro	6.1%	77,316,074	-38,530,414	3.0%	38,785,660
British Pound	3.0%	38,081,672	-18,898,250	1.5%	19,183,423
Swiss Franc	2.9%	36,750,649	-21,881,703	1.4%	14,868,945
Japanese Yen	2.3%	29,431,425	-11,006,485	1.2%	18,424,941
Other	3.2%	40,738,862	-14,209,218	2.1%	26,529,645

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

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



Over the last 12 months the Total Pension portfolio decreased \$ 70.2 M to \$1,274.9 M consisting of:

- Total contributions of \$ 61.6 M and disbursements of \$ 77.8 M
- 1-year return (net of investment management fees) of -3.8% compared to 11.9% one year ago.



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