
June 30, 2016 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans
2nd Quarter 2016

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Pension Plans Results Overview

(Gross returns for the 12 months ended June 30th, 2016)

The Total Plan gained 0.1% over the last 12 months, an underperformance of 1.4% vs. its hedged benchmark and 2.3% vs. its unhedged benchmark.

Canadian Equity

- The Canadian equity portfolio returned -3.0% over the past year, lagging the S&P/TSX index by 2.8%.
- All plan's large cap managers underperformed the TSX over the last year, lagging 3.9%, 0.8% and 1.5% for Burgundy, CC&L and Sionna respectively.
- The plan's Canadian small caps manager (Sionna) performed poorly, lagging the BMO Small Cap index by 15.1%.

U.S. Equity

- U.S. large caps performed well in Canadian dollar terms, with a 1-year return of 8.2% 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 2.1%, underperforming the S&P 500 by 6.1%.
- The plan's large cap manager (Barrow) lagged the Russell 1000 Value index by 5.1%. Some value was added (2.5%) versus its index by the small-cap portfolio managed by Wedge, although the firm's mid-cap strategy lagged the Russell Mid Cap Index by 5.7%.

Global/Non-North American Equity

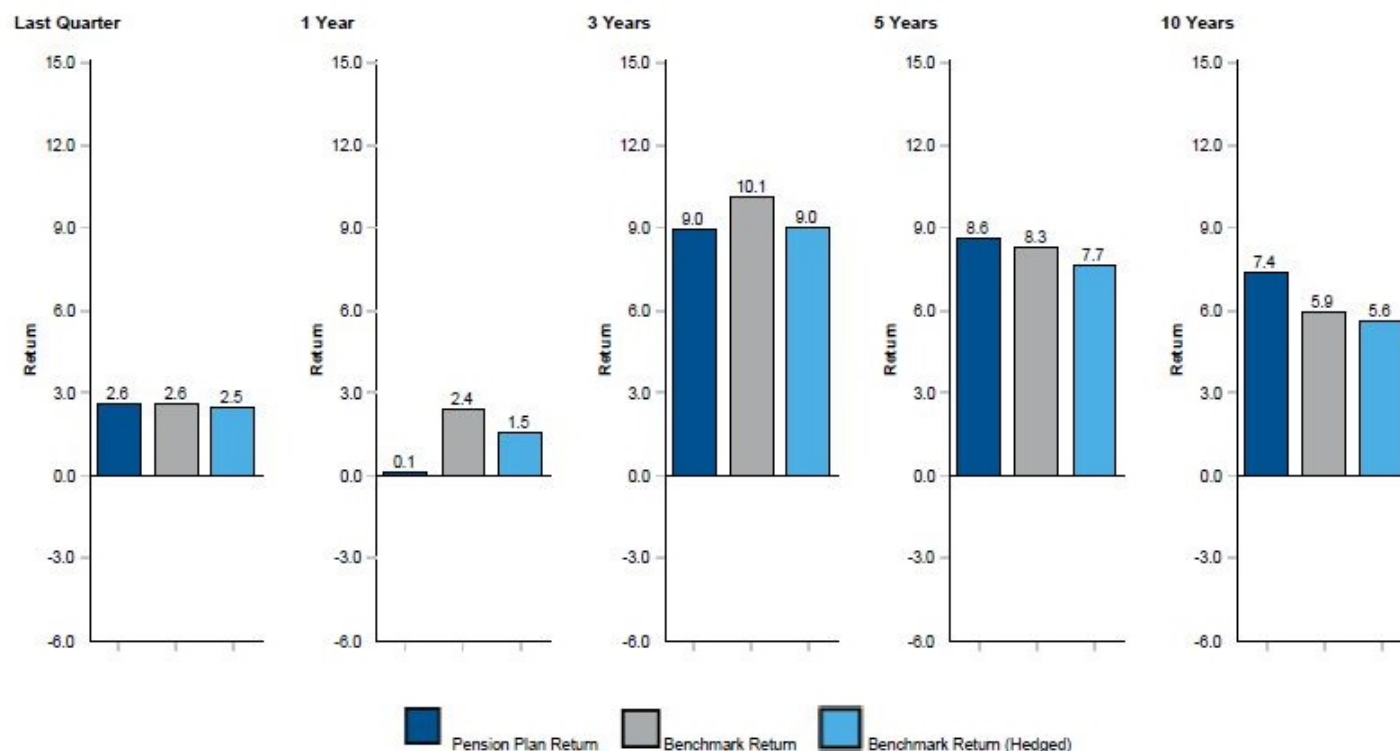
- In Canadian dollars, Non-North American equities underperformed both Canada and the U.S., with the MSCI EAFE Index returning -6.1%.
- Tweedy Browne beat the MSCI EAFE significantly by 8.1%, while LSV lagged by 1.4%. As a result, the plan's Non-North American equity performance improved during the past year with an outperformance of 3.3%.
- Global equities, as measured by the MSCI World ex- Canada index, returned 1.8% over the last year. Moreover, the pension plan's only Global equity manager, Acadian, underperformed the index by 2.1%.

Fixed Income

- The Canadian fixed income portfolio is indexed to the FTSE TMX Universe and, as expected, closely matched its return of 5.2% over the past year.
- The 1.3% QTD return and the 4.1% 1-year return for Cash are due to income distribution from private equities in June 2016 and December 2015.
- The real estate portfolio managed by Greystone lagged its index by 1.5%.

Total Pension Portfolio Vs Composite Benchmark

As of June 30, 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 since December 2011.

Asset Class Performance

As of June 30, 2016 (Gross of Fees)

Allocation Market % of	Annualized Performance(%)					Annual Performance(%)				
	Quarter	1 Year	3 Years	5 Years	10	2015 to 2014	2014 to 2013	2013 to 2012	2012 to 2011	2011 to 2010

	Value	portfolio to Date					Years	2016	2015	2014	2013	2012	2011
	(\$)												
Canada	292,383,684	22.4	3.8	-3.0	8.0	6.0	6.6	-3.0	-0.5	30.7	15.8	-8.4	20.6
n Equity													
S&P/TS			5.1	0.2	8.3	4.2	4.9	-0.2	-1.2	28.7	7.9	-10.3	20.9
X Comp													
osite													
Index													
Relative			-1.3	-2.8	-0.3	1.8	1.7	-2.8	0.7	2.0	7.9	1.9	-0.3
Perform													
ance													
US	221,616,074	17.0	3.7	2.1	18.0	18.1	9.2	2.1	28.2	25.5	30.9	6.7	21.6
Equity													
S&P			2.9	8.2	19.7	19.0	9.1	8.2	25.9	25.8	24.8	11.4	18.7
500													
Index													
(CAD)													
Relative			0.8	-6.1	-1.7	-0.9	0.1	-6.1	2.3	-0.3	6.1	-4.7	2.9
Perform													
ance													
Non-	207,381,977	15.9	0.3	-2.8	10.9	10.4	6.1	-2.8	10.4	27.2	24.7	-3.4	20.9
North A													
merican													
Equity													
MSCI			-0.8	-6.1	9.9	8.4	3.6	-6.1	12.7	25.3	23.3	-8.5	18.9
EAFE C													
omposit													
e													
Relative			1.1	3.3	1.0	2.0	2.5	3.3	-2.3	1.9	1.4	5.1	2.0
Perform													
ance													
Global	104,897,271	8.0	1.7	-0.3	15.3	14.7	6.1	-0.3	20.8	27.2	25.3	3.5	24.3
Equity													
MSCI			1.5	1.8	15.5	14.2	6.7	1.8	20.4	25.8	24.2	1.7	19.2
World													
Ex													
Canada													
Relative			0.2	-2.1	-0.2	0.5	-0.6	-2.1	0.4	1.4	1.1	1.8	5.1
Perform													
ance													
Canada	397,130,661	30.5	2.7	5.3	5.6	5.2	5.7	5.3	6.3	5.3	0.0	9.5	4.8
n Fixed													
Income													
FTSE			2.6	5.2	5.6	5.2	5.6	5.2	6.3	5.3	-0.2	9.5	4.7
TMX													
Canada													
Univers													
e Bond													
Index													
Relative			0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.2	0.0	0.1
Perform													
ance													
Real	61,714,777	4.7	1.7	6.2	7.0	N/A	N/A	6.2	5.7	9.1	N/A	N/A	N/A
Estate													
IPD Ca			1.4	7.7	8.0	10.4	9.8	7.7	6.8	9.6	13.4	14.8	13.3

nadian													
Property Index													
Relative Performance		0.3	-1.5	-1.0	N/A	N/A	-1.5	-1.1	-0.5	N/A	N/A	N/A	
Internal Cash (STIF)*	9,410,792	0.7	1.3	4.1	3.6	1.0	14.8	4.1	1.0	5.6	0.0	-5.3	0.2
FTSE TMX Canada 91 Day T-Bill			0.1	0.5	0.8	0.9	1.6	0.5	0.9	1.0	1.0	1.0	0.9
Relative Performance			1.2	3.6	2.8	0.1	13.2	3.6	0.1	4.6	-1.0	-6.3	-0.7
Total Pension	1,303,241,368	100.0	2.6	0.1	9.0	8.6	7.4	0.1	7.6	20.1	15.2	1.6	15.9
Gross of Fees													
Net of Fees			2.5	-0.3	8.5	8.2	7.0	-0.3	7.2	19.6	14.7	1.1	15.4
Relative Performance			0.1	0.4	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Composite Benchmark (Hedged)			2.5	1.5	9.0	7.7	5.6	1.5	7.6	18.7	11.5	0.2	15.1
Relative Performance			0.1	-1.4	0.0	0.9	1.8	-1.4	0.0	1.4	3.7	1.4	0.8
Total Pension (Gross of Fees)	1,303,241,368	100.0	2.6	0.1	9.0	8.6	7.4	0.1	7.6	20.1	15.2	1.6	15.9
Total Pension ex. FX overlay			2.6	1.0	10.2	9.4	N/A	1.0	9.5	20.8	15.5	1.4	15.9
Relative Performance			0.0	-0.9	-1.2	-0.8	N/A	-0.9	-1.9	-0.7	-0.3	0.2	0.0

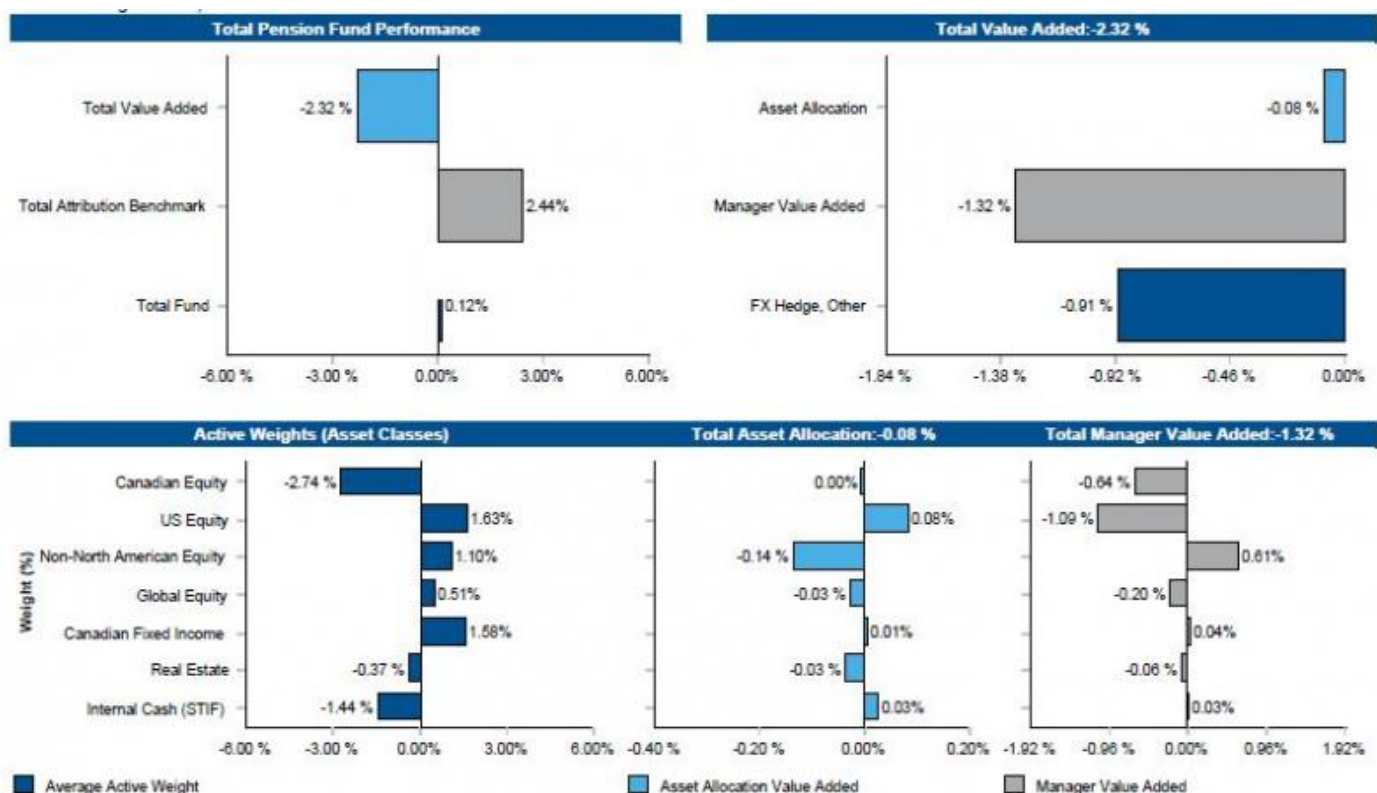
Current Composite Benchmark (Hedged): 25% S&P/TSX Comp Capped + 20% MSCI EAFE Net (\$CAD) + 20% S&P 500 (\$CAD) + 28% FTSE TMX Universe + 2% FTSE TMX 91 Day T-Bill + 5% IPD Canada Annual Property Index. All foreign indices are 50% hedged back to Canadian dollars since December 2011.

*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).

Performance Attribution

Total Pension Plans Vs Attribution Benchmark
1 Year Ending June 30, 2016



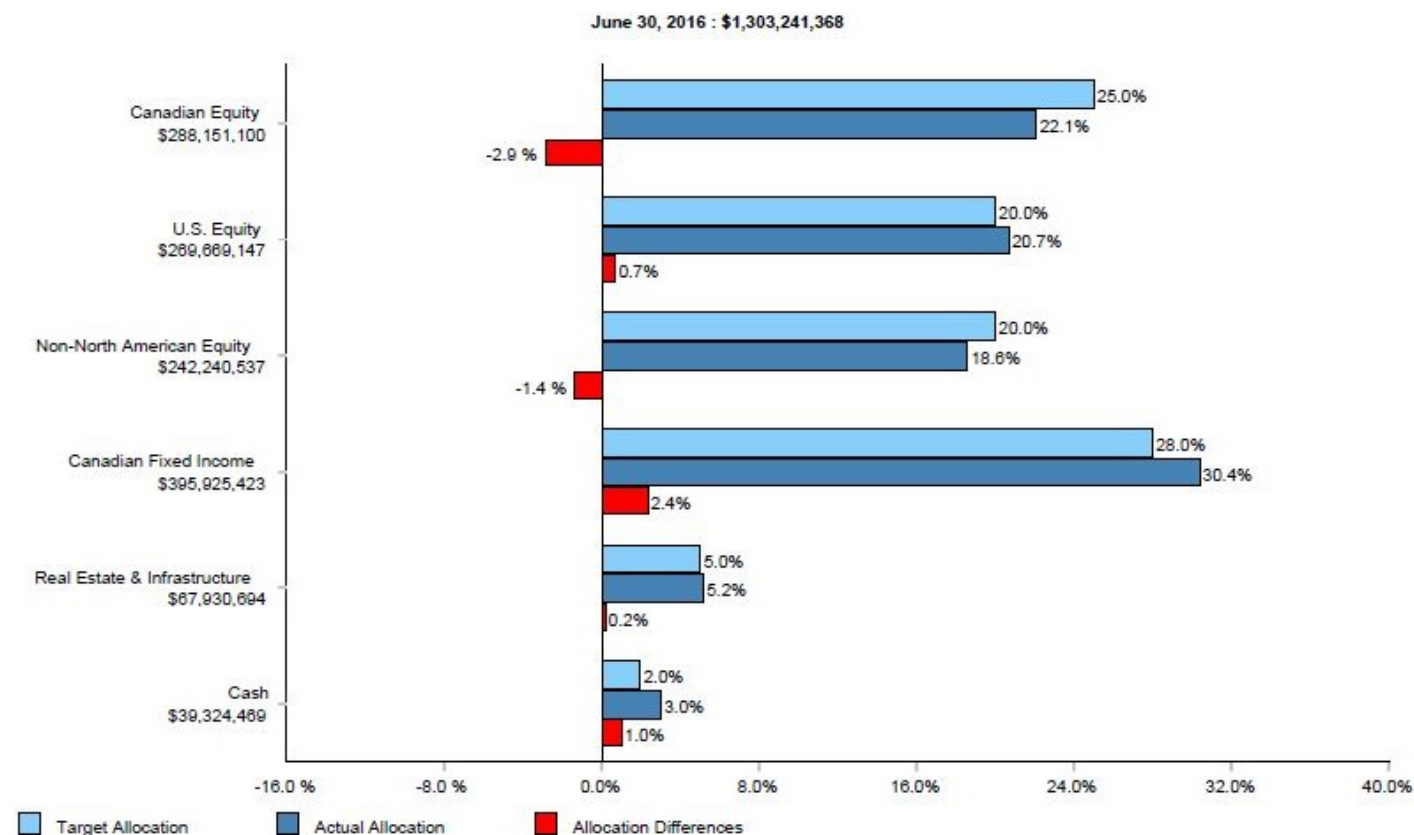
Returns are presented gross of fees in CAD.

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 June 30, 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).

Growth of Pension Assets

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

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



Over the last 12 months the Total Pension portfolio decreased \$ 22.2 M to \$1,303.2 M consisting of:

- Total contributions of \$ 63.8 M and disbursements of \$ 78.6 M
- 1-year return (net of investment management fees) of -0.3% compared to 7.2% one year ago.

Source URL: <https://www.uoguelph.ca/finance/june-30-2016-pension-quarterly-investment-report>