
September 30, 2016 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans 3rd Quarter 2016

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Pension Plans Results Overview

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

The Total Plan gained 9.4% over the last 12 months, matching its unhedged benchmark and underperforming its hedged benchmark by 0.2%.

Canadian Equity

- The Canadian equity portfolio returned 14.9% over the past year, beating the S&P/TSX index by 0.7%.
- All plan's large cap managers outperformed the TSX over the last year, beating the index by 1.4%, 0.1% and 2.3% for Burgundy, CC&L and Sionna respectively.
- The plan's Canadian small caps manager (Sionna) performed poorly, lagging the BMO Small Cap index by 21.1%.

U.S. Equity

- U.S. large caps performed well in Canadian dollar terms, with a 1-year return of 13.2% for the S&P 500.
- The plan's U.S. equity investments (including U.S. small and mid-caps) also generated a solid return of 10.4%, though underperforming the S&P 500 by 2.8%.
- All plan's U.S. equities managers lagged their benchmarks. The large cap strategy managed by Barrow lagged the Russell 1000 Value index by 4.1%. The mid cap and small cap strategies managed by Wedge underperformed their corresponding Russell indices by 5.5% and 1.7%.

Global/Non-North American Equity

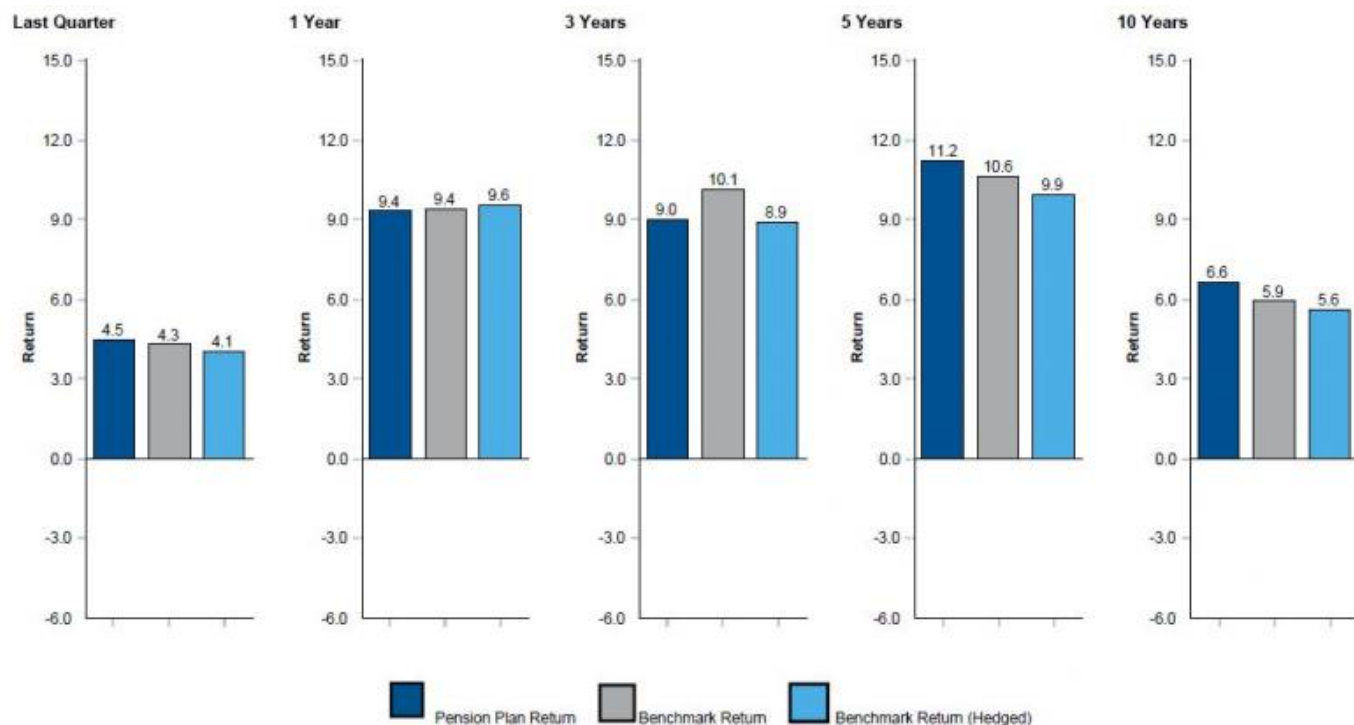
- In Canadian dollars, Non-North American equities underperformed both Canada and the U.S., with the MSCI EAFE Index returning 4.9%.
- Tweedy Browne and LSV beat the MSCI EAFE index by 1.4% and 1.2% respectively. As a result, the plan's Non-North American equity performance improved during the past year with an outperformance of 1.3%.
- Global equities, as measured by the MSCI World ex-Canada index, returned 9.7% over the last year. Moreover, the pension plan's only Global equity manager, Acadian, underperformed the index by 1.0%.

Fixed Income

- The Canadian fixed income portfolio is indexed to the FTSE TMX Universe and, as expected, closely matched its return of 6.3% over the past year.
- The high Cash returns include income distributions from private equities.
- The real estate portfolio managed by Greystone lagged its index by 1.4%.

Total Pension Portfolio Vs Composite Benchmark

As of September 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 September 30, 2016 (Gross of Fees)

Asset Class Performance	Allocation Market Value (\$)	% of portfolio	Annualized Performance(%)						Annual Performance(%)				
			Quarter 1 year to Date	3 years	5 Years	10 years	2015 to 2016	2014 to 2015	2013 to 2014	2012 to 2013	2011 to 2012		
Canadian Equity	313,100,436	23.1	7.2	14.9	8.1	11.0	6.8	14.9	-8.8	20.5	16.6	14.5	
S&P/TSX Composite Index			5.5	14.2	8.0	8.1	5.3	14.2	-8.4	20.4	7.1	9.2	
Relative Performance			1.7	0.7	0.1	2.9	1.5	0.7	-0.4	0.1	9.5	5.3	
US Equity	233.68	17.2	6.3	10.4	19.1	22.8	9.5	10.4	20.8	26.6	33.0	24.3	

Equity 1,073												
S&P 500 Index (CAD)			5.1	13.2	20.7	21.9	9.0	13.2	19.2	30.2	24.7	22.9
Relative Performance			1.2	-2.8	-1.6	0.9	0.5	-2.8	1.6	-3.6	8.3	1.4
Non-North American Equity MSCI EAFE Composite	219,971	16.2	7.0	6.2	10.5	14.3	6.2	6.2	9.2	16.4	29.4	11.8
Relative Performance			7.8	4.9	9.5	13.0	4.0	4.9	10.0	13.8	29.8	7.9
Global Equity MSCI World Ex Canada	108,598	8.0	6.4	8.7	16.3	18.3	6.3	8.7	14.8	26.2	26.4	16.4
Relative Performance			6.2	9.7	15.8	18.1	6.9	9.7	15.5	22.7	27.3	15.9
Canadian Fixed Income FTSE TMX Canada Universe Bond Index	401,867	29.6	1.2	6.4	6.0	4.4	5.4	6.4	5.3	6.4	-1.2	5.5
Relative Performance			1.2	6.3	6.0	4.4	5.2	6.3	5.3	6.3	-1.3	5.5
Real Estate IPD Canadian Property Index	62,491	4.6	1.3	6.1	6.7	N/A	N/A	6.1	5.7	8.3	10.7	N/A
Relative Performance			1.4	7.5	7.9	9.9	9.5	7.5	7.1	9.2	12.4	13.6
Infrastructure Dow Jones Brookfi	11,498	0.8	2.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			3.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Global I											
nfrastru											
cture											
Index											
Relativ	-1.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
e Perfor											
mance											
Internal 9,744,9 0.7	0.2	4.3	3.6	1.0	0.4	4.3	0.6	6.0	-0.1	-5.6	
Cash 00											
(STIF)*											
FTSE	0.1	0.5	0.7	0.8	1.5	0.5	0.8	0.9	1.1	0.9	
TMX											
Canada											
91 Day											
T-Bill											
Relativ	0.1	3.8	2.9	0.2	-1.1	3.8	-0.2	5.1	-1.2	-6.5	
e Perfor											
mance											
Total P 1,357,6 100.0	4.5	9.4	9.0	11.2	6.6	9.4	2.5	15.5	15.8	13.5	
ension 77,477											
Gross											
of Fees											
Net of	4.3	8.8	8.5	10.7	6.2	8.8	2.1	15.0	15.4	13.0	
Fees											
Relativ	0.2	0.6	0.5	0.5	0.4	0.6	0.4	0.5	0.4	0.5	
e Perfor											
mance											
Compo	4.1	9.6	8.9	9.9	5.6	9.6	2.6	14.9	11.6	11.3	
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nchmar											
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Relativ	0.4	-0.2	0.1	1.3	1.0	-0.2	-0.1	0.6	4.2	2.2	
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mance											
Total P 1,357,6 100.0	4.5	9.4	9.0	11.2	6.6	9.4	2.5	15.5	15.8	13.5	
ension 77,477											
(Gross											
of											
Fees)											
Total P	4.7	9.1	10.4	12.0	N/A	9.1	5.5	16.8	16.5	12.6	
ension											
ex. FX											
overlay											
Relativ	-0.2	0.3	-1.4	-0.8	N/A	0.3	-3.0	-1.3	-0.7	0.9	
e Perfor											
mance											

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

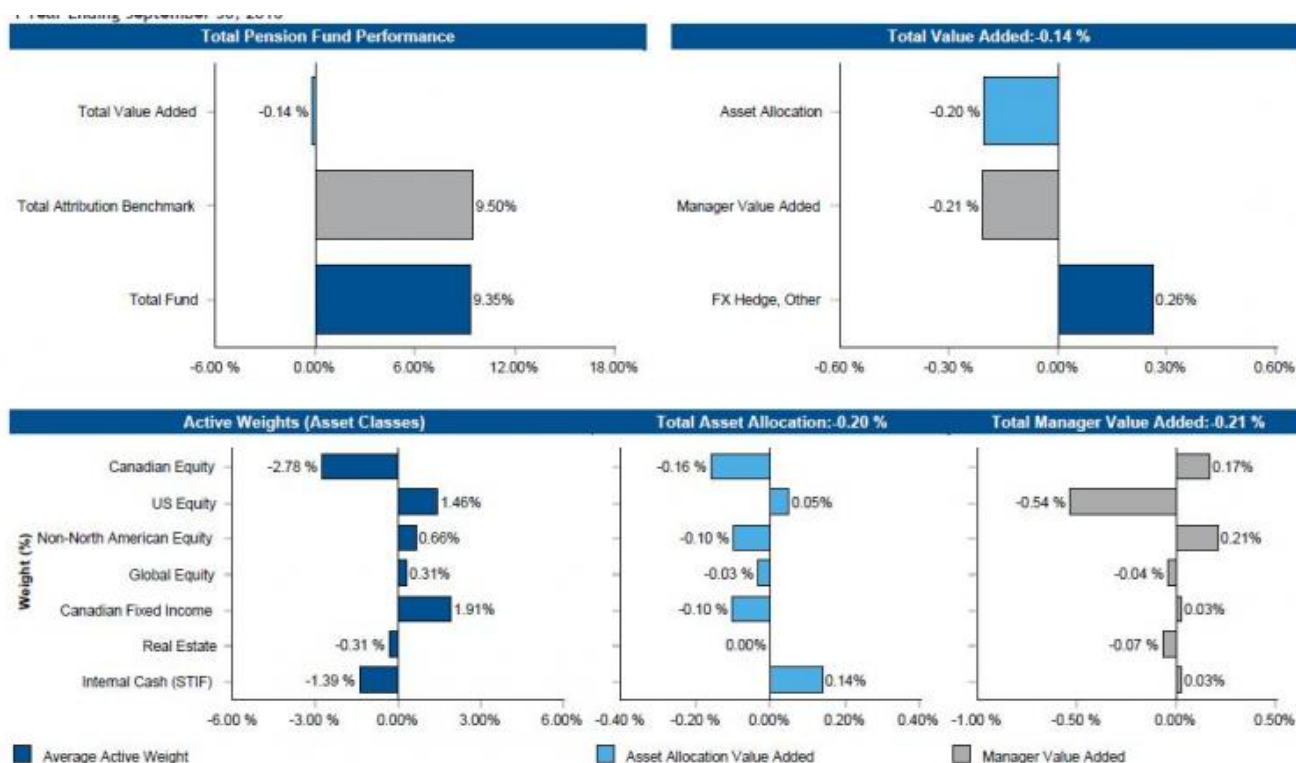
displayed both net and gross of fees.

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 September 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.

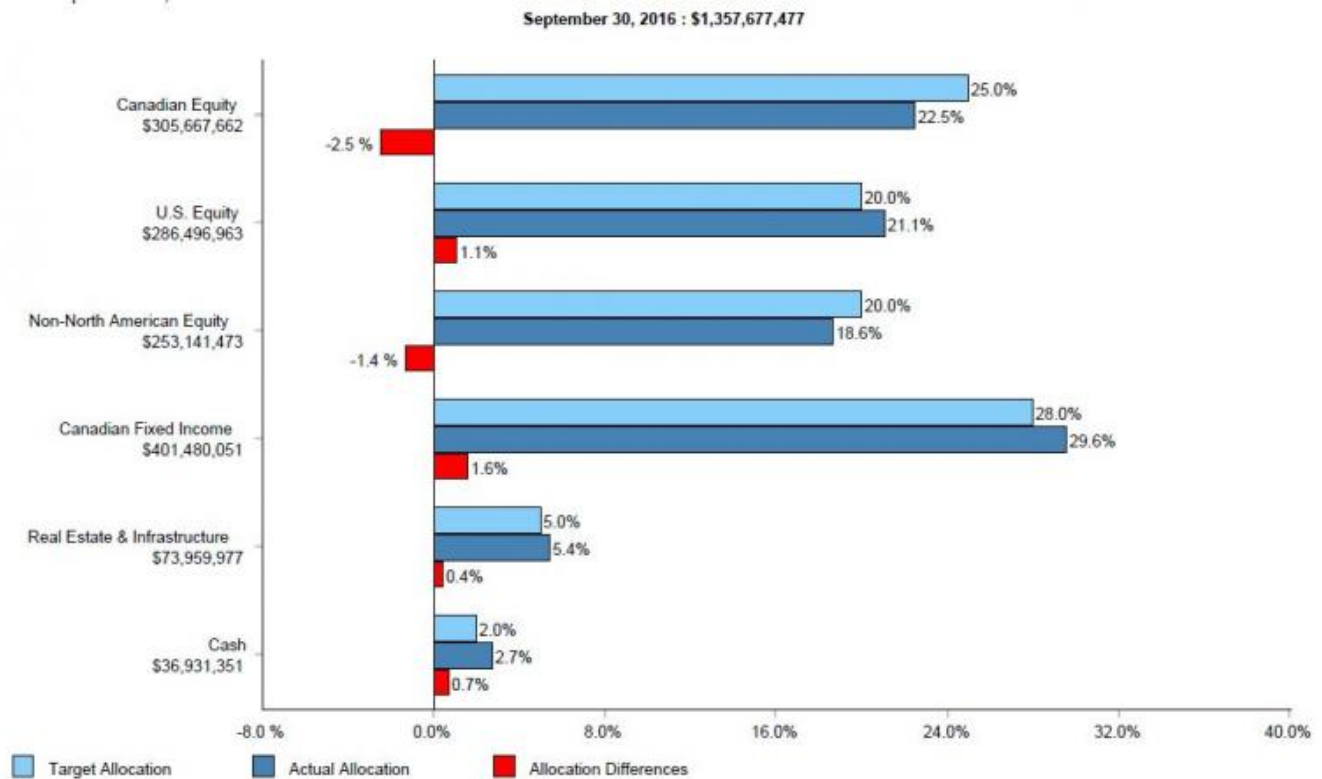
The Benchmarks do not assume currency hedging.

"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

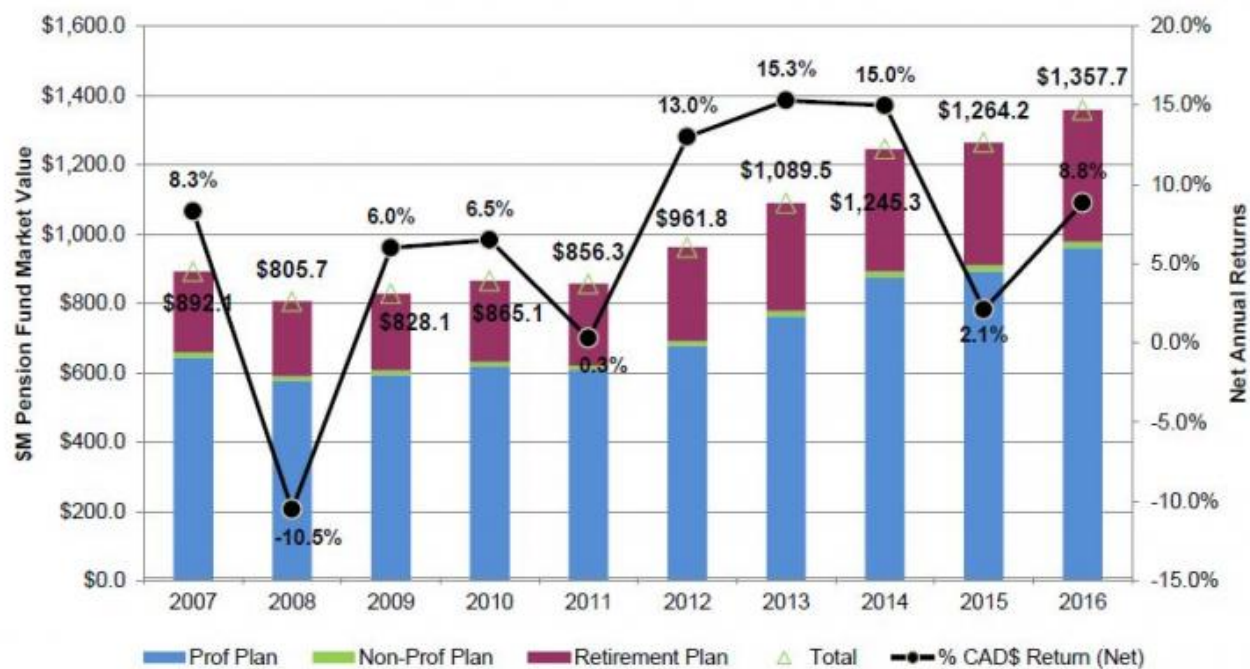
As of September 30, 2016



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

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



Over the last 12 months the Total Pension portfolio increased \$ 93.5 M to \$1,357.7 M consisting of:

- Total contributions of \$ 64.1 M and disbursements of \$ 78.8 M
- 1-year return (net of investment management fees) of 8.8% compared to 2.1% one year ago.

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