

March 31, 2017 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans
1st Quarter 2017

Prepared by:

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Pension Plans Results Overview

(Net of fees returns for the 12 months ended March 31st, 2017)

The Total Plan gained 13.2% over the last 12 months, an outperformance of 0.8% vs. its unhedged and hedged benchmarks.

Canadian Equity

- The Canadian equity portfolio returned 19.6% over the past year, beating the S&P/TSX index by 1.0%.
- Results are mixed for the plan's large cap managers.
- Burgundy and Sionna outperformed the S&P/TSX by 2.6% and 1.9% respectively. However, CC&L lagged the benchmark by 1.9%.
- The plan's Canadian small cap manager (Sionna) performed poorly over the last year, lagging the BMO Small Cap index by 8.2%.

Global/Non-North American Equity

- In Canadian dollars, Non-North American equities underperformed both Canada (18.6%) and the U.S. (20.8%), with the MSCI EAFE Index returning 15.7%.
- Tweedy Browne and LSV beat the MSCI EAFE index by 0.2% and 1.8% respectively. As a result, the plan's Non-North American equity outperformance during the past year was 1.0%.
- Global equities, as measured by the MSCI World ex-Canada index, returned 19.0% over the last year. The pension plan's only Global equity manager, Acadian, outperformed the index by 0.1%.

U.S. Equity

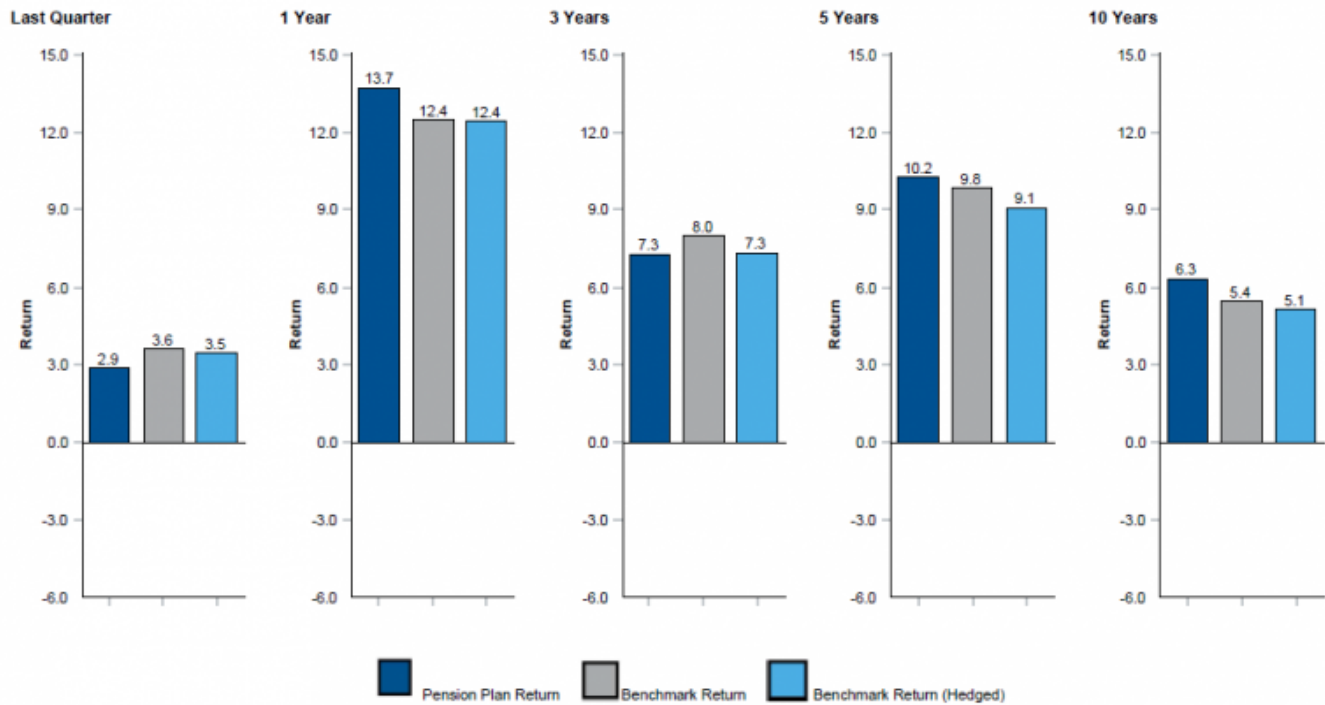
- U.S. large caps had solid performance as the S&P 500 returned 20.8% in Canadian dollar terms over the last year.
- The plan's U.S. equity investments (including U.S. small and mid-caps) generated a good return of 24.1%, outperforming the S&P 500 by 3.3%.
- The plan's large cap manager (Barrow) beat the Russell 1000 Value index by 0.7%. The mid-cap portfolio managed by Wedge added 0.4% versus its index, but the firm's small-cap strategy lagged the Russell 2000 Value Index by 7.0%.

Fixed Income

- The Canadian fixed income portfolio, which added the CIBC Short-Term Bond and CIBC Long-Term Bond products in December 2016, underperformed its benchmark by 0.6%.
- We note that the bond portfolio is being transitioned from a FTSE/TMX Universe index to a combination of the Short-Term and Long-Term indexes. During this period it will be difficult to benchmark.
- The high Cash returns include income distributions from private equities.
- The real estate portfolio managed by Greystone beat its index by 1.0%.

Total Pension Portfolio Vs Composite Benchmark

As of March 31, 2017 (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) + 5.5% FTSE TMX Canada Bond Universe + 5% FTSE TMX ST Bond Index + 17.5% FTSE TMX LT Bond Index + 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 from December 2011 to February 2017, 37.5% hedged since March 2017.

Asset Class Performance

As of March 31, 2017 (Gross of Fees)

Allocation Market Value (\$)	% of portfolio	Annualized Performance (%)					Annual Performance (%)					
		Quarter to Date	1 year	3 years	5 years	10 years	2016 to 2017	2015 to 2016	2014 to 2015	2013 to 2014	2012 to 2013	2011 to 2012
Canada Equity, 180	23.6	0.8	20.0	6.0	10.4	6.1	20.0	-7.5	7.2	22.0	13.2	-11.3
S&P/TSX Composite Index		2.4	18.6	5.8	7.8	4.7	18.6	-6.6	6.9	16.0	6.1	-9.8
Relative Performance		-1.6	1.4	0.2	2.6	1.4	1.4	-0.9	0.3	6.0	7.1	-1.5
US Equity, 503	17.9	3.5	24.7	16.4	20.7	9.9	24.7	-2.8	30.2	33.4	21.8	6.9
S&P 500		5.5	20.8	17.6	20.0	9.1	20.8	3.9	29.4	32.4	15.8	11.5

Index (CAD)													
Relative Performance		-2.0	3.9	-1.2	0.7	0.8	3.9	-6.7	0.8	1.0	6.0	-4.6	
Non-North American Equity MSCI Composite	238,923,855	16.7	7.1	7.7	8.2	14.1	5.1	17.7	-3.0	11.1	29.9	17.2	2.1
Relative Performance			0.3	2.0	0.7	1.5	2.1	2.0	2.9	-3.1	1.6	3.6	4.8
Global Equity MSCI World Ex Canada	119,851,127	18.4	6.5	19.8	12.8	17.1	5.5	19.8	-4.5	25.3	32.1	16.3	9.4
Relative Performance			6.1	19.0	13.3	16.9	6.4	19.0	-0.6	22.9	30.7	14.8	4.8
Canada Fixed Income Benchmark	389,938,692	27.3	1.4	0.8	3.9	3.4	4.7	0.8	0.8	10.3	0.8	4.6	9.8
Relative Performance			1.5	1.4	4.1	3.5	4.8	1.4	0.8	10.3	0.8	4.5	9.7
Real Estate IPD Canadian Property Index	65,600,518	4.6	0.9	8.1	6.6	N/A	N/A	8.1	6.0	5.8	10.3	N/A	N/A
Relative Performance			2.3	6.0	6.8	9.1	9.0	6.0	7.7	6.8	10.7	14.5	15.1
Relative Performance			-1.4	2.1	-0.2	N/A	N/A	2.1	-1.7	-1.0	-0.4	N/A	N/A
Infrastructure	14,113,543	1.0	-0.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dow Jones Brookfield Global Infrastructure Index			7.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Relative Performance			-7.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

ance													
Internal	8,127,407	0.6	0.5	2.1	3.8	1.1	2.0	2.1	3.0	6.5	-0.1	-5.6	0.3
Cash (STIF)*													
FTSE			0.1	0.5	0.6	0.8	1.3	0.5	0.5	0.9	1.0	1.0	0.9
TMX													
Canada													
91 Day													
T-Bill													
Relative			0.4	1.6	3.2	0.3	0.7	1.6	2.5	5.6	-1.1	-6.6	-0.6
Perform													
ance													
Total	1,428,815	100.0	2.9	13.7	7.3	10.2	6.3	13.7	-3.4	12.4	17.0	12.6	2.9
Pension	37,150												
Gross													
of Fees													
Net of			2.7	13.2	6.8	9.8	5.9	13.2	-3.8	11.9	16.5	12.2	2.5
Fees													
Relative			0.2	0.5	0.5	0.4	0.4	0.5	0.4	0.5	0.5	0.4	0.4
Perform													
ance													
Compos			3.5	12.4	7.3	9.1	5.1	12.4	-2.1	12.4	14.3	9.3	1.9
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hmark													
Relative			-0.6	1.3	0.0	1.1	1.2	1.3	-1.3	0.0	2.7	3.3	1.0
Perform													
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Total	1,428,815	100.0	2.9	13.7	7.3	10.2	6.3	13.7	-3.4	12.4	17.0	12.6	2.9
Pension	37,150												
(Gross													
of Fees)													
Total			2.9	13.9	8.1	11.1	N/A	13.9	-2.6	13.7	19.3	12.5	2.5
Pension													
ex. FX													
overlay													
Relative			0.0	-0.2	-0.8	-0.9	N/A	-0.2	-0.8	-1.3	-2.3	0.1	0.4
Perform													
ance													

Current Fixed Income Benchmark: 20% FTSE TMX Canada Bond Universe + 18% FTSE TMX ST Bond Index + 62% FTSE TMX LT Bond Index.

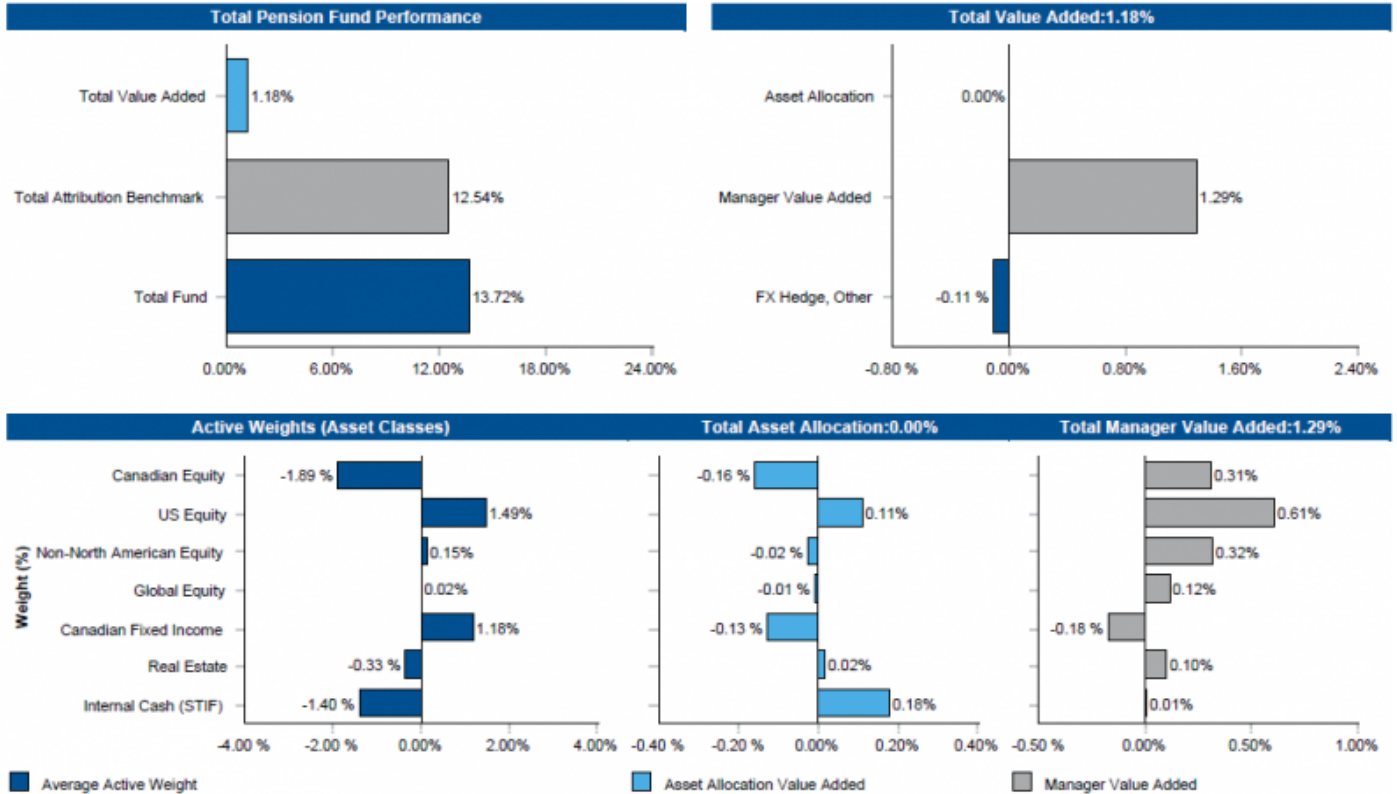
Current Composite Benchmark (Hedged): 25% S&P/TSX Comp Capped + 20% MSCI EAFE Net (\$CAD) + 20% S&P 500 (\$CAD) + 5.5% FTSE TMX Canada Bond Universe + 5% FTSE TMX ST Bond Index + 17.5% FTSE TMX LT Bond Index + 2% FTSE TMX 91 Day T-Bill + 5% IPD Canada Annual Property Index. All foreign indices are 50% hedged back to Canadian dollars from December 2011 to February 2017, 37.5% hedged since March 2017.

*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 CIBC Mellon.

Performance Attribution

Total Pension Plans Vs Attribution Benchmark
 1 Year Ending March 31, 2017



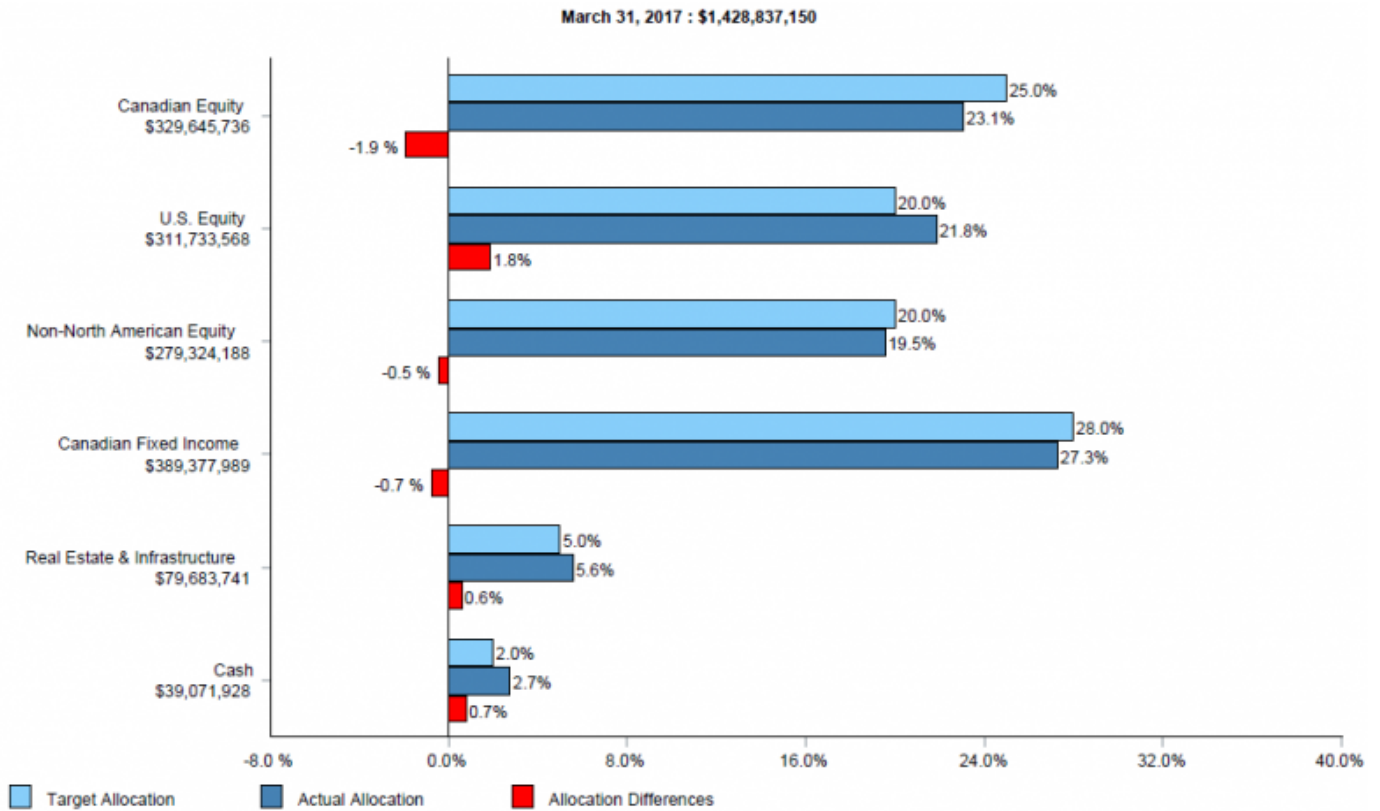
Returns are presented gross of fees in CAD.

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 follow: 25% S&P/TSX Comp Capped + 16% S&P 500 (\$CAD) + 16% MSCI EAFE Net (\$CAD) + 8% MSCI World + 5.5% FTSE TMX Canada Bond Universe + 5% FTSE TMX ST Bond Index + 17.5% FTSE TMX LT Bond Index + 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, 2017

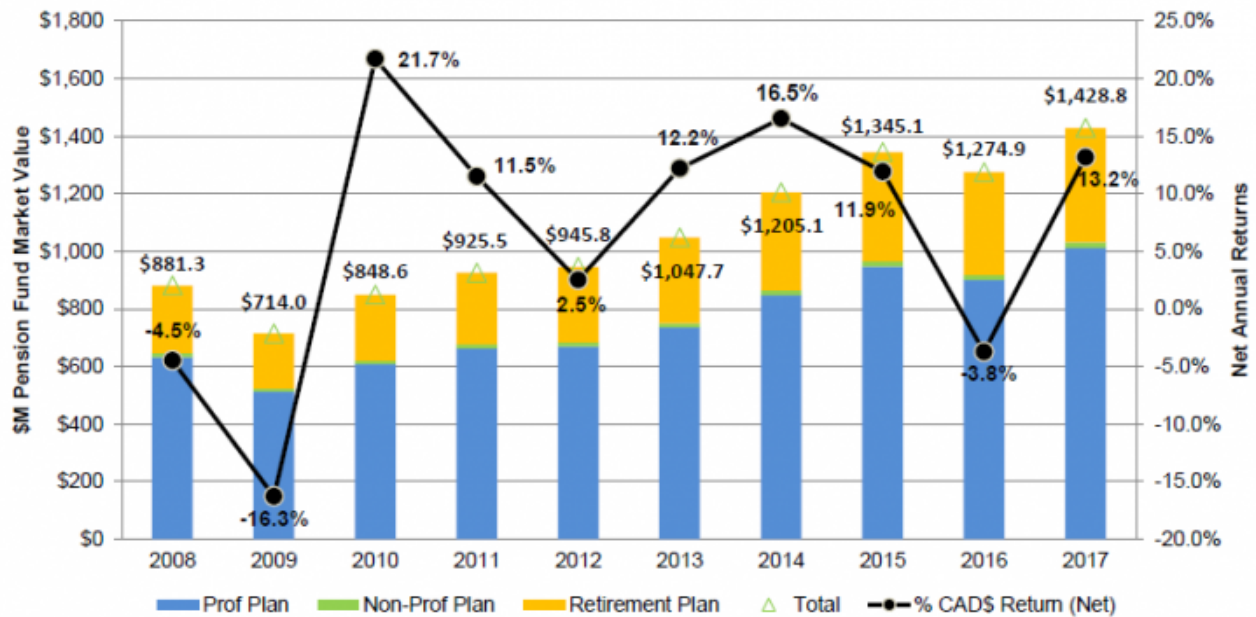


Note: This actual allocation displays the aggregate managers' holdings regardless of their mandate. Cash presented includes internal cash (STIF) and manager residual cash balances (data from CIBC Mellon).

Growth of Pension Assets

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

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



Over the last 12 months the Total Pension portfolio increased from \$1,274.9 M to \$1,428.8 M consisting of:

- Total contributions of \$ 65.7 M and disbursements of \$ 77.2 M.
- 1-year return (net of investment management fees) of 13.2% compared to -3.8% one year ago.

Source URL: <https://www.uoguelph.ca/finance/march-31-2017-pension-quarterly-investment-report>