

June 30, 2017 Pension Quarterly Investment Report

Performance Review

University of Guelph Pension Plans
2nd Quarter 2017

Prepared by:

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Pension Plans Results Overview

(Net of fees returns for the 12 months ended June 30th, 2017)

The Total Plan gained 11.5% over the last 12 months, an outperformance of 0.5% vs. its unhedged benchmark and 0.4% vs. its hedged benchmark.

results overview Pension Plan Results Overview

Canadian Equity

- The Canadian equity portfolio returned 12.5% over the past year, beating the S&P/TSX index by 1.5%.
- Results are mixed for the plan's large cap managers. Burgundy and Sionna outperformed the S&P/TSX by 2.0% and 3.8% respectively. However, CC&L lagged the benchmark by 1.8%.
- The plan's Canadian small cap manager (Sionna) had solid performance (15.2%) over the last year, beating the BMO Small Cap index by 6.8%.

Global/Non-North American Equity

- In Canadian dollars, Non-North American equities outperformed both Canada (11.0%) and the U.S. (17.9%), with the MSCI EAFE Index returning 20.8%.
- LSV beat the MSCI EAFE index by 4.3%, while Tweedy Browne lagged the index by 4.9%. As a result, the plan's Non-North American equity underperformance during the past year was 0.5%.

U.S. Equity

- U.S. large caps had solid performance as the S&P 500 returned 17.9% 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 19.9%, outperforming the S&P 500 by 2.0%.
- The plan's large cap manager (Barrow) beat the Russell 1000 Value index by 4.4%. The mid-cap portfolio managed by Wedge also added 4.4% versus its index, but the firm's small-cap strategy lagged the Russell 2000 Value Index by 5.8%.

Fixed Income

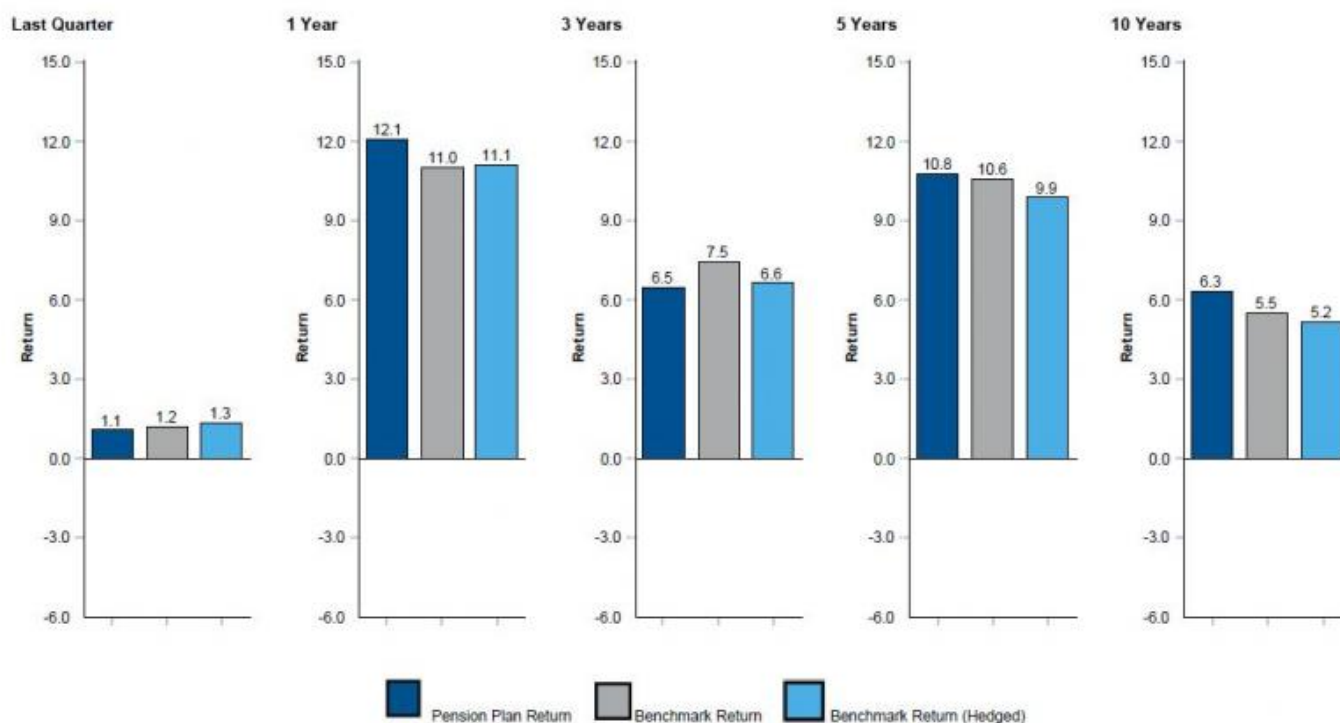
- The Canadian fixed income portfolio, which added the CIBC Short-Term Bond and CIBC Long-Term Bond products in December 2016, underperformed its benchmark by 1.1%.
- We note that the bond portfolio is being transitioned from a FTSE/TMX Universe index to a combination of the Short-Term and Long-Term indexes. During this period it will be difficult to benchmark.

Pension Plan Results Overview

- Global equities, as measured by the MSCI World ex- Canada index, returned 19.1% over the last year. The pension plan's only Global equity manager, Acadian, outperformed the index by 1.3%.
- The high Cash returns include income distributions from private equities.
- The real estate portfolio managed by Greystone beat its index by 3.9%, while the new infrastructure investment managed by Brookfield lagged its index by 4.8%.

Total Pension Portfolio Vs Composite Benchmark

As of June 30, 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, 25% hedged since June 2017.

Asset Class Performance

As of June 30, 2017 (Gross of Fees)

	Allocation Market % of Value (\$)	Allocation % of portfolio	Annualized Performance (%) Quarter 1 year to Date	3 years	5 years	10 years	Annual Performance (%)						
							2016 to 2017	2015 to 2016	2014 to 2015	2013 to 2014	2012 to 2013	2011 to 2012	
Canada n Equity S&P/TS	322,510,533	22.4	-2.3	12.9	2.9	10.5	5.0	12.9	-3.0	-0.5	30.7	15.8	-8.4
			-1.6	11.0	3.1	8.7	3.9	11.0	-0.2	-1.2	28.7	7.9	-10.3

X Composite Index Relative Performance		-0.7	1.9	-0.2	1.8	1.1	1.9	-2.8	0.7	2.0	7.9	1.9
US Equity S&P 500 Index (CAD) Relative Performance	250,301 17.4	0.2	20.5	16.4	21.0	10.2	20.5	2.1	28.2	25.5	30.9	6.7
Non-North American Equity MSCI EAFE Composite Relative Performance	246,474 17.1	3.4	21.4	9.2	15.6	5.7	21.4	-2.8	10.4	27.2	24.7	-3.4
Global Equity MSCI World Ex Canada Relative Performance	123,098 8.6	2.9	21.2	13.4	18.4	5.9	21.2	-0.3	20.8	27.2	25.3	3.5
Canada Fixed Income Benchmark Relative Performance	373,821 26.0	2.3	0.5	4.0	3.4	5.1	0.5	5.3	6.3	5.3	0.0	9.5
Real Estate IPD Canadian Property Index Relative Performance	67,779, 4.7	3.3	9.8	7.2	N/A	N/A	9.8	6.2	5.7	9.1	N/A	N/A
Infrastructure	19,655, 1.4	-3.2	14.9	N/A	N/A	N/A	14.9	N/A	N/A	N/A	N/A	N/A

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Dow Jones B	1.3	8.9	N/A	N/A	N/A	8.9	N/A	N/A	N/A	N/A	N/A	N/A
rookfiel												
d Global												
Infrastru												
cture												
Index												
Relative	-4.5	6.0	N/A	N/A	N/A	6.0	N/A	N/A	N/A	N/A	N/A	N/A
Perform												
ance												
Internal 28,261, 2.0	1.6	2.4	2.5	2.6	1.7	2.4	4.1	1.0	5.6	0.0	-5.3	
Cash 217												
(STIF)*												
FTSE	0.1	0.5	0.6	0.8	1.2	0.5	0.5	0.9	1.0	1.0	1.0	
TMX												
Canada												
91 Day												
T-Bill												
Relative	1.5	1.9	1.9	1.8	0.5	1.9	3.6	0.1	4.6	-0.1	-6.3	
Perform												
ance												
Total 1,437,6 100.0	1.1	12.1	6.5	10.8	6.3	12.1	0.1	7.6	20.1	15.2	1.6	
Pension 56,676												
Gross												
of Fees												
Net of	1.0	11.5	6.0	10.3	5.9	11.5	-0.3	7.2	19.6	14.7	1.1	
Fees												
Relative	0.1	0.6	0.5	0.5	0.4	0.6	0.4	0.4	0.5	0.5	0.5	
Perform												
ance												
Compos	1.3	11.1	6.6	9.9	5.2	11.1	1.4	7.6	18.7	11.5	0.2	
ite Benc												
hmark (
Hedged												
)												
Relative	-0.2	1.0	-0.1	0.9	1.1	1.0	-1.3	0.0	1.4	3.7	1.4	
Perform												
ance												
Total 1,437,6 100.0	1.1	12.1	6.5	10.8	6.3	12.1	0.1	7.6	20.1	15.2	1.6	
Pension 56,676												
(Gross												
of Fees)												
Total	1.1	12.2	7.5	11.6	N/A	12.2	1.0	9.5	20.8	15.5	1.4	
Pension												
ex. FX												
overlay												
Relative	0.0	-0.1	-1.0	-0.8	N/A	-0.1	-0.9	-1.9	-0.7	-0.3	0.2	
Perform												
ance												

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

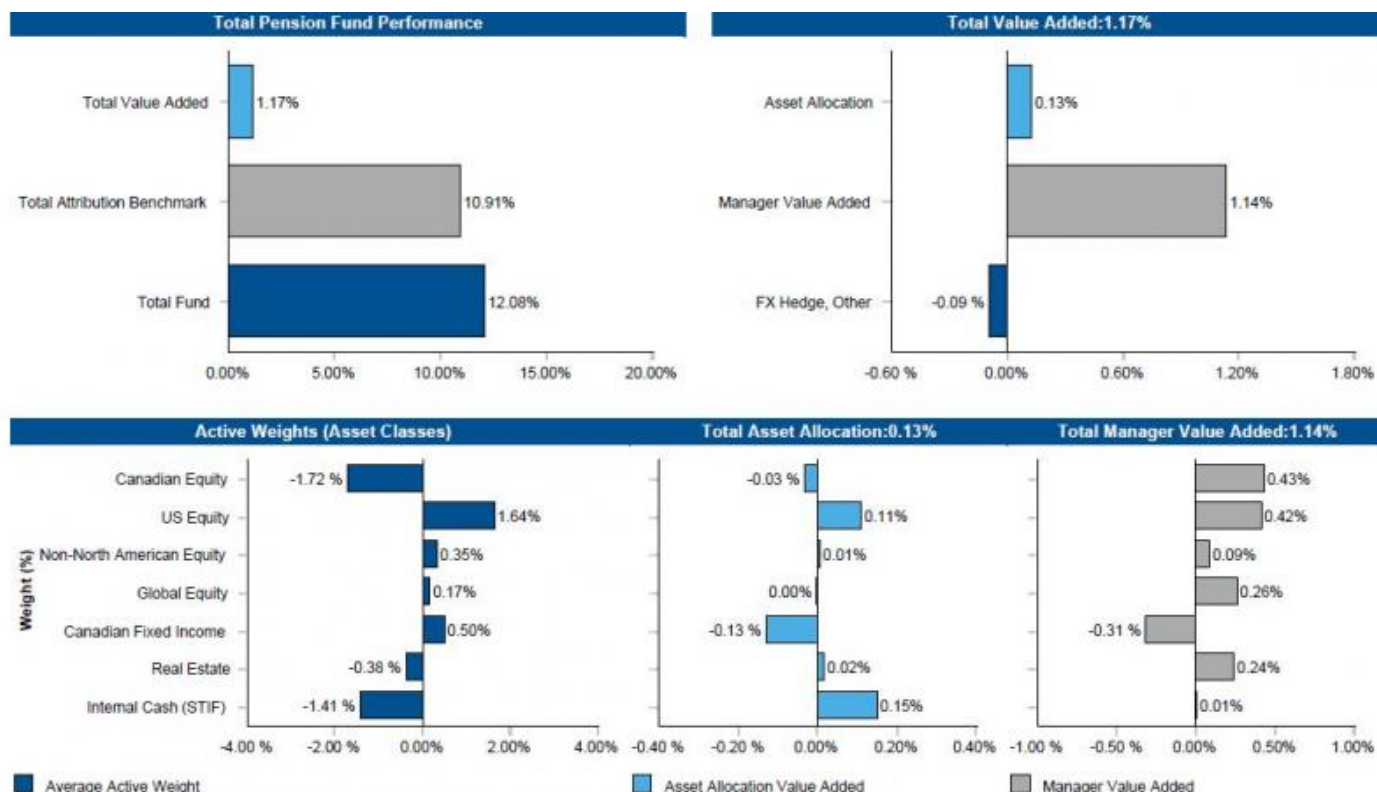
Current Composite Benchmark (Hedged): 25% S&P/TSX Comp Capped + 20% MSCI EAFE Net (\$CAD) + 20% S&P 500 (\$CAD) + 5.5% FTSE TMX Canada Bond Universe + 5% FTSE TMX ST Bond Index + 17.5% FTSE TMX LT Bond Index + 2% FTSE TMX 91 Day T-Bill + 5% IPD Canada Annual Property Index. All foreign indices are 50% hedged back to Canadian dollars from December 2011 to February 2017, 37.5% hedged since March 2017, 25% hedged since June 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 June 30, 2017



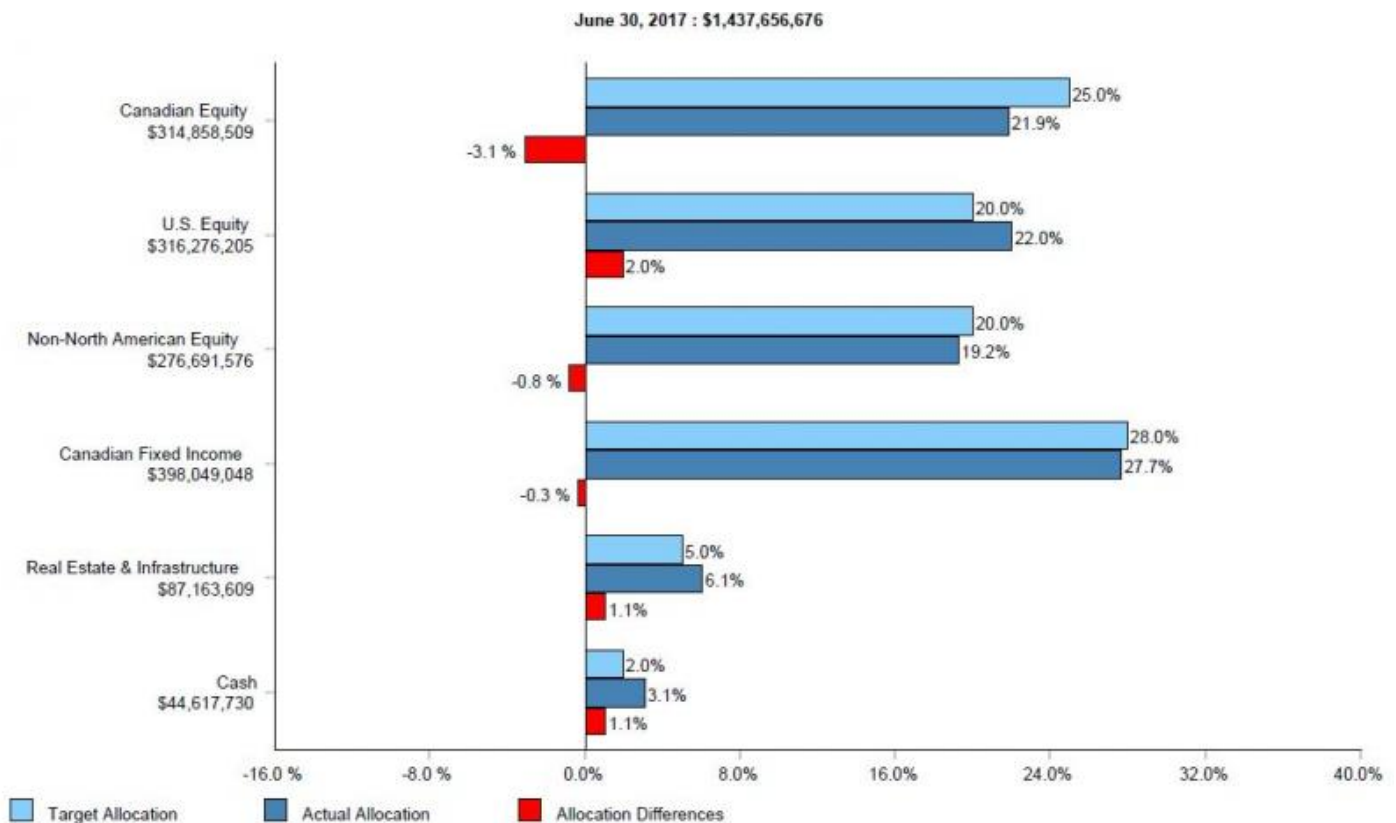
Returns are presented gross of fees in CAD.

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 June 30, 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

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



Over the last 12 months the Total Pension portfolio increased from \$1,303 M to \$1,438 M consisting of:

- Total contributions of \$ 61.7 M and disbursements of \$ 75.1 M.
- 1-year return (net of investment management fees) of 11.5% compared to -0.3% one year ago.

Source URL: <https://www.uoguelph.ca/finance/june-30-2017-pension-quarterly-investment-report>