



University  
of Windsor

# **Open Pension Meeting**

**November 19, 2018**



University of Windsor

# Agenda

- Opening Comments & Welcome – Rita LaCivita
- Key Events, Capital Markets and Overall Performance – Todd Nelson (Mercer)
- Investment Manager Presentations
  - Background on Firm
  - Performance as of June 30, 2018
  - Investment Outlook
- Questions and Discussion



# Key Events During the Year – Financial Markets

- The **global economy** continued to expand at a **slower rate** as growth became less synchronized.
- **Growth in the US remained strong** as fiscal stimulus kicked in, while European and Japanese growth was relatively weak.
- Monetary and fiscal policies should remain supportive across most regions, but **escalating trade tensions** could weigh on the growth outlook.



# Key Events During the Year – Financial Markets

- The **Bank of Canada** raised **interest rates** multiple times throughout the year.
- **Extreme volatility in bond markets** – transition from falling interest rates to rising interest rate environment.
- Recent **high volatility** in Canadian and Global **equity markets**.



# Key Events During the Year – Investment Policy

## Updates to the Statement of Investment Policies & Procedures for the Pension Plan Fund:

### May 2018

- To reflect the new infrastructure managers selected (JP Morgan, IFM) and related benchmarks.
- Implementation of these new infrastructure mandates is underway. Investment of approximately 3% of Pension Fund is planned.



# Capital Market Performance



# Capital Market Performance: June 30, 2018

	Q2 2018	Year ending June 30, 2018
FTSE Canada 91 Day T-Bill	0.3%	1.0%
FTSE Canada Universe Bond Index	0.5%	0.8%
FTSE Canada Long Bond Index	0.9%	1.8%
S&P/TSX Composite Index	6.8%	10.4%
MSCI All Country World Index	2.8%	12.7%
MSCI World Index	4.0%	13.1%



# Capital Market Performance: Sept 30, 2018

	Q3 2018	Year ending Sept 30, 2018
FTSE Canada 91 Day T-Bill	0.3%	1.2%
FTSE Canada Universe Bond Index	-1.0%	1.7%
FTSE Canada Long Bond Index	-2.4%	3.6%
S&P/TSX Composite Index	-0.6%	5.9%
MSCI All Country World Index	2.6%	14.0%
MSCI World Index	3.3%	15.6%





# Key Issues Facing Pension Plans

- **Volatile markets** can cause fluctuations in pension costs
  - Use of diversified asset classes can help in mitigating volatility.
  - New infrastructure investment, which typically exhibits lower volatility than equities, will help mitigate risk.
- **Rising interest rates** can be an opportunity for pension plans
  - As interest rates rise, present value of liabilities falls more than the assets.



# Key Issues Facing Pension Plans

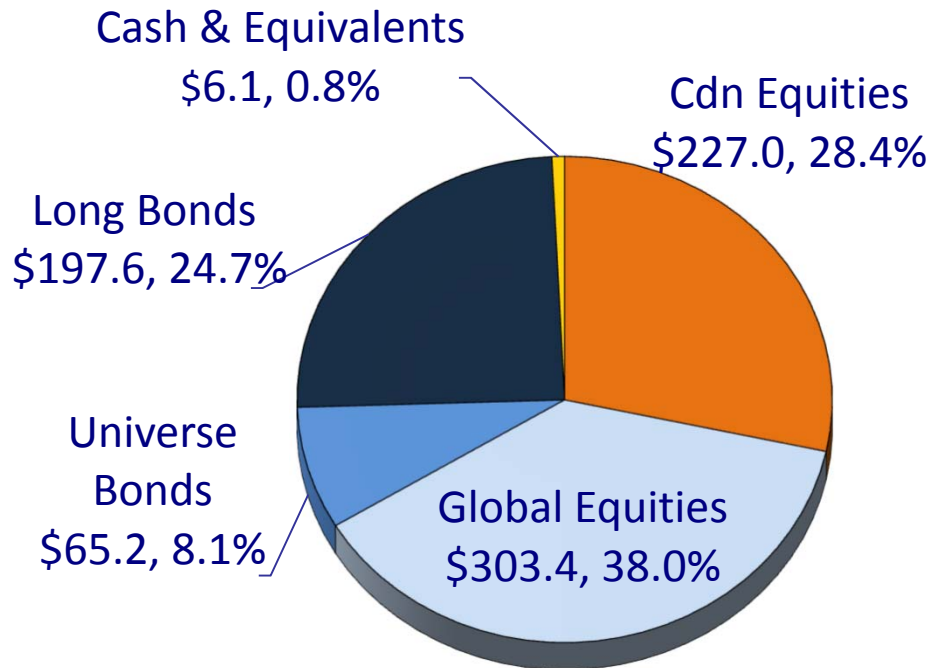
- **Global trade tensions** call for more diversification within the global equity space.
- **Managing risk and diversification** in pension portfolios
  - Alternative asset classes such as real estate and infrastructure continue to increase in usage.
  - Global equity diversification trend continues as home country bias allocation to Canadian equity decreases.



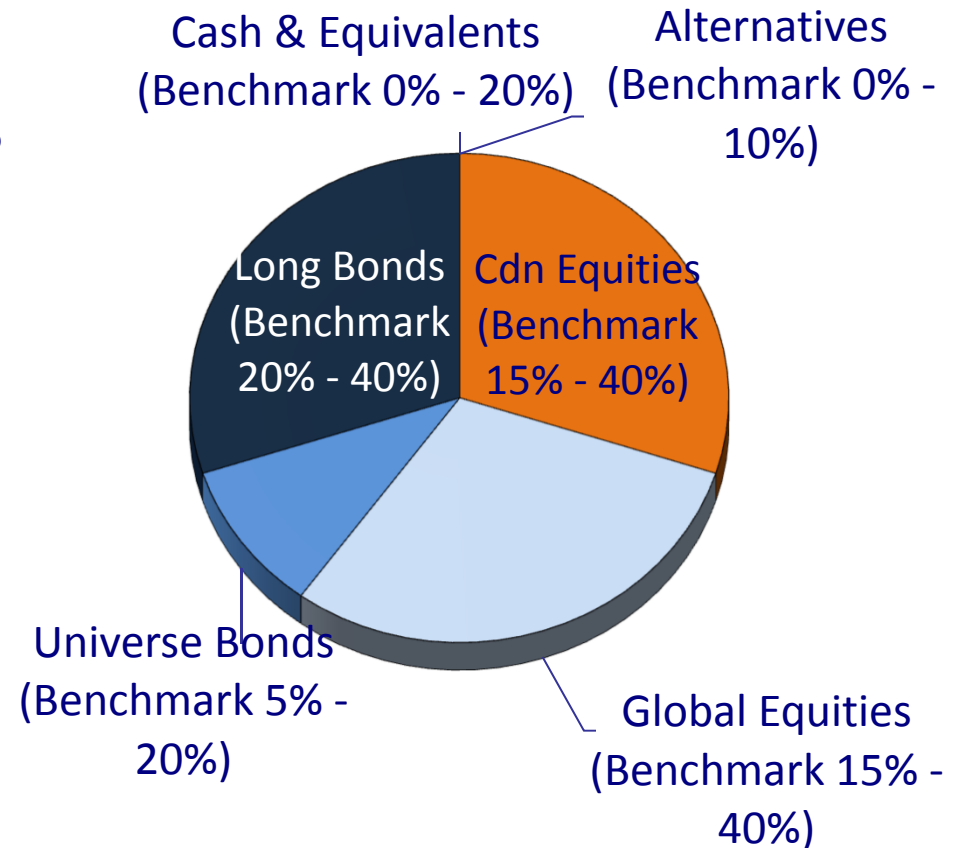
# Performance Results



# Pension Plan - Asset Mix (\$M) - June 30, 2018



**Actual Mix**  
**Total \$799.3M**

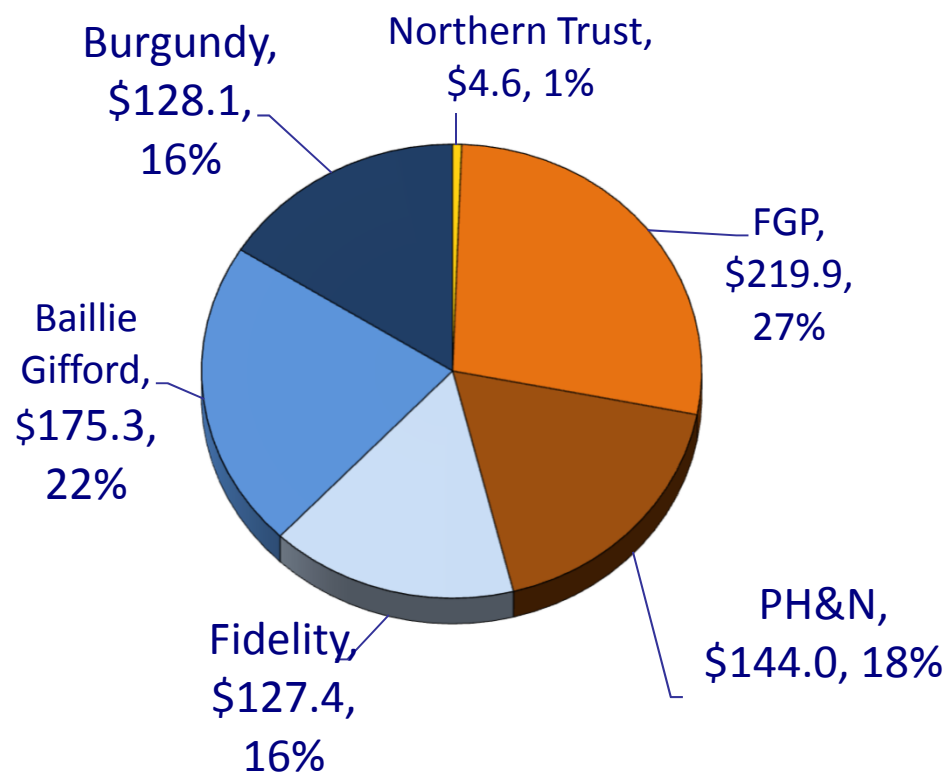


**Benchmark Asset Mix**



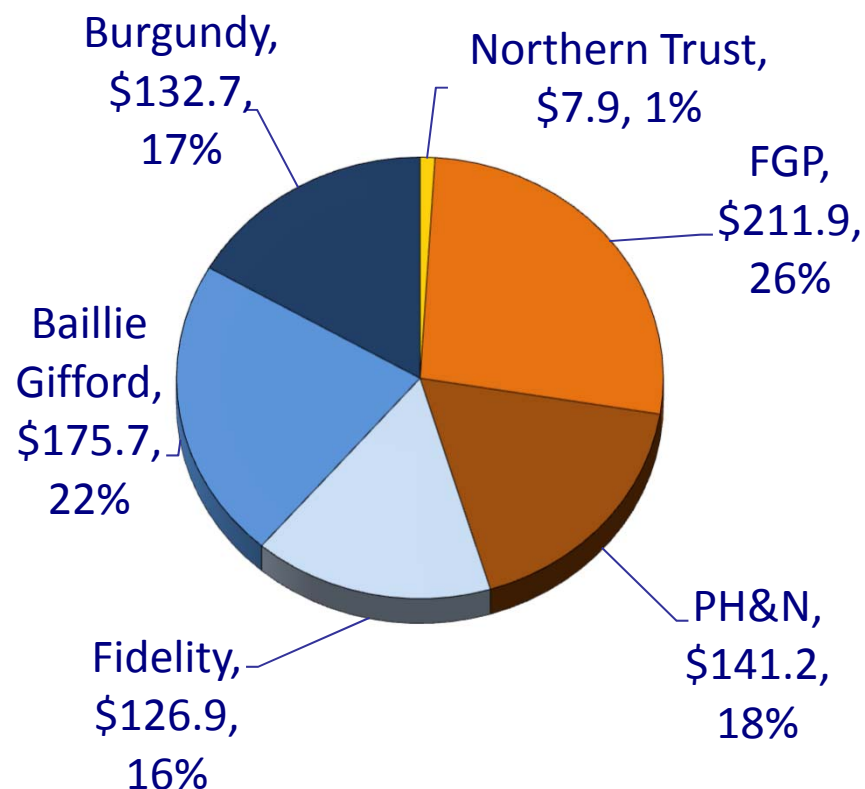
# Asset Allocation by Manager (in \$M)

**June 30, 2018**



**Total Market Value  
\$799.3M**

**September 30, 2018**



**Total Market Value  
\$796.3M**



# Total Pension Fund Returns as of June 30, 2018

	Market Value (\$M)	3 Months	1 Year	2 Year	3 Year
<b>Total Fund</b>	\$ 799.3	3.2%	9.7%	10.5%	7.9%
<b>University of Windsor Benchmark</b>		3.3%	7.5%	8.2%	6.6%
<b>Faculty Plan Portion</b>	\$ 548.3	68.6%			
<b>Employee Plan Portion</b>	\$ 251.0	31.4%			



# Asset Returns by Manager

	Market Value (\$M)  June 30, 2018	Annual Returns			
		1 year	2 years	3 years	4 years
<b>Foyston, Gordon &amp; Payne</b>	<b>220</b>	8.4%	7.9%	6.2%	4.8%
<b>Phillips, Hager &amp; North</b>	<b>144</b>	2.5%	2.2%	4.0%	5.0%
<b>Fidelity</b>	<b>127</b>	11.0%	10.8%	8.2%	7.4%
<b>Baillie Gifford</b>	<b>175</b>	19.7%	24.2%	15.1%	16.7%
<b>Burgundy</b>	<b>128</b>	6.9%	9.8%	N/A	N/A
<b>Cash</b>	<b>5</b>	1.0%	0.7%	0.6%	0.7%
<b>Total Fund</b>	<b>799</b>	9.7%	10.5%	7.9%	7.8%
<b>U of Windsor Benchmark</b>		7.5%	8.2%	6.6%	7.0%



## Total Pension Fund Returns as of Sept 30, 2018

	Market Value (\$M)	3 Months	1 Year	2 Year	3 Year
<b>Total Fund</b>	\$ 796.3	-0.2%	9.0%	7.8%	8.9%
<b>University of Windsor Benchmark</b>		0.1%	7.2%	6.0%	7.7%
<b>Faculty Plan Portion</b>	\$ 546.3	68.6%			
<b>Employee Plan Portion</b>	\$ 250.0	31.4%			





# Impact of Investment Performance for Faculty Plan

**June 30, 2018**

Gross Fund Return: **9.62%**

Net Fund Return: **9.07%**

- Money Purchase balances increased by 9.07% for active members
- Money Purchase pensions decreased by 0.76% for all retirees who retired before July 1, 2004
- Money Purchase pensions increased by 2.10% for those who retired on and after July 1, 2004
  - Actual increase is the difference between the return and 6% plus the mortality adjustment
- Minimum Guaranteed pensions for all retirees increased by 1.88%



# Impact of Investment Performance for Employees Plan

**June 30, 2018**

Gross Fund Return: **9.65%**

Net Fund Return: **9.03%**

- Rate of credited interest on employee contributions for the year ending June 30, 2018 is 1.30%
- 4 year Average Fund Return for pension increases is 7.18%
- Pensions increased by 0.79%
- Actual increase is 50% of excess average return over 5.60%, limited to 50% of the CPI increase (1.88% at June 30, 2018)



# Investment Manager Presentations

1. **Foyston, Gordon & Payne** – Steve Copeland
2. **Phillips, Hager & North** – Terri Cugno
3. **Fidelity** – Lawrence Lim
4. **Baillie Gifford** – Ben Drury
5. **Burgundy Asset Management** – Mike Sandrasagra



# Foyston, Gordon & Payne Presentation



University of Windsor

# Open Pension Committee Meeting

**November 19, 2018**

Stephen Copeland, CFA, CFP, Senior Vice President – Investments & Head of Private Client Services

# PERFORMANCE: UNIVERSITY OF WINDSOR PENSION FUND

as of June 30, 2018

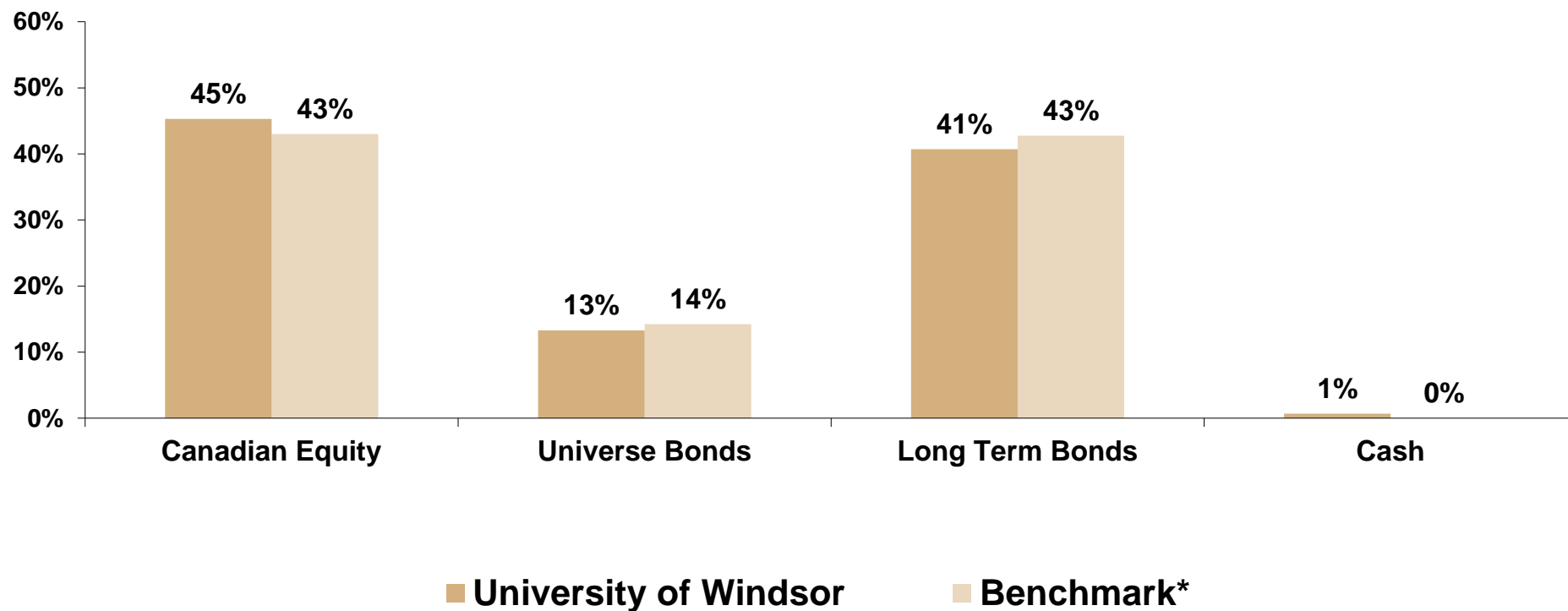
ANNUALIZED RETURNS AS AT June 30, 2018	1 YR (%)	2 YRS (%)	3 YRS (%)	4 YRS (%)	5 YRS (%)	7 YRS (%)	10 YRS (%)	SINCE INCEPTION* (%)
Total Portfolio	8.4	7.9	6.2	4.8	7.1	6.9	7.0	7.9
Benchmark	5.9	5.3	4.8	4.6	6.6	5.4	5.2	5.2
Value Added	+2.5	+2.6	+1.4	+0.2	+0.5	+1.5	+1.8	+2.7

CALENDAR YEAR RETURNS	YTD** (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
Total Portfolio	0.1	7.9	13.4	-3.2	8.9	9.7	8.2	5.7	12.6	18.0
Benchmark	-0.1	7.0	9.9	-1.7	11.1	3.7	5.5	3.0	12.6	14.4
Value Added	+0.2	+0.9	+3.5	-1.5	-2.2	+6.0	+2.7	+2.7	0.0	+3.6

\*Inception Date: March 31, 1998

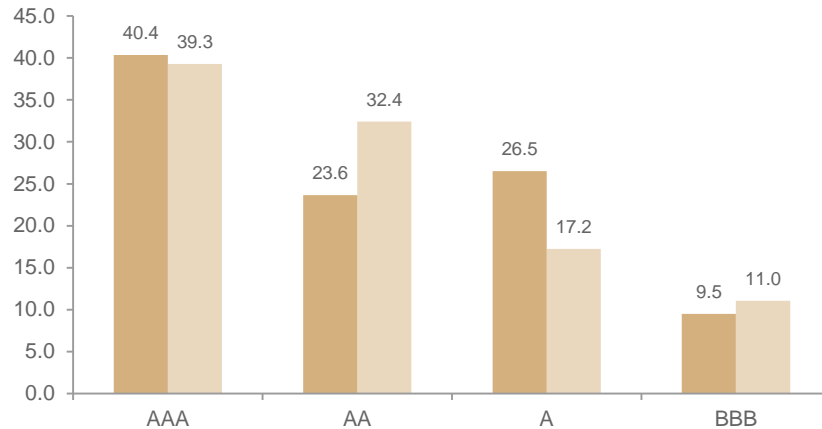
**\*\*YTD to September 30, 2018**

See appendix for notes & disclosures

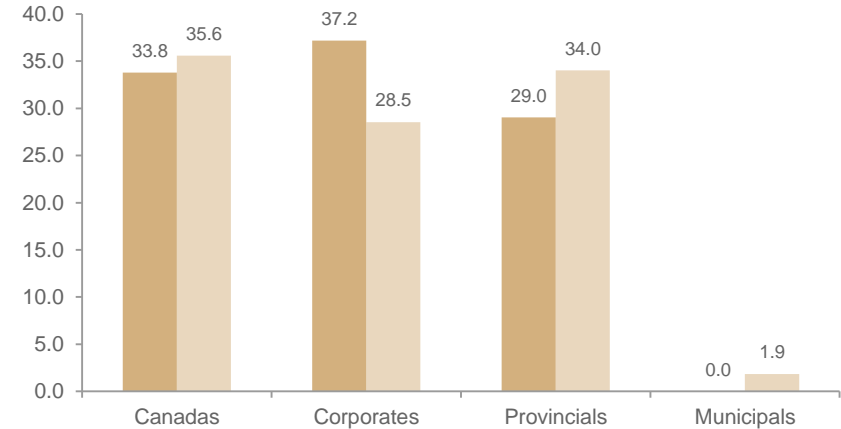


AUM	
Fund Value at June 30, 2018	\$219,811,883

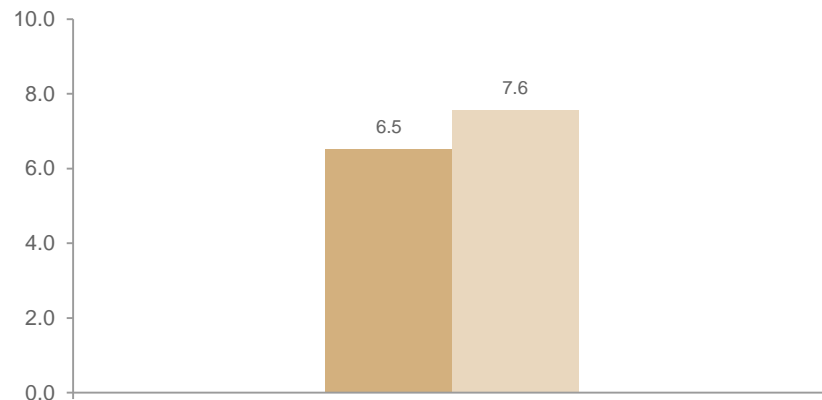
### Credit Quality (%)



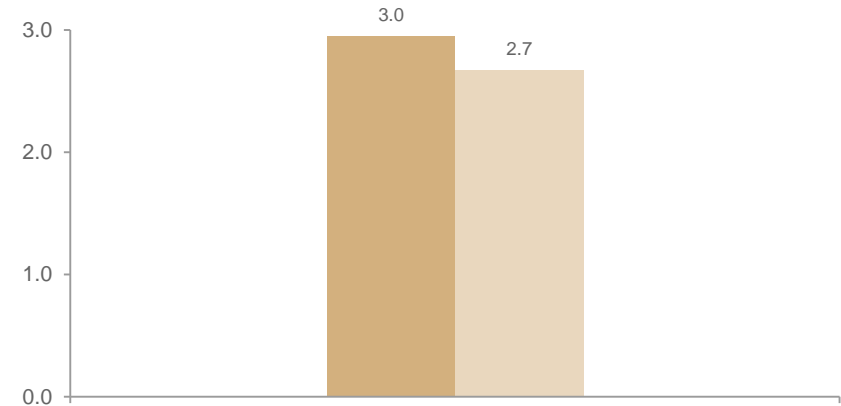
### Sector Allocation (%)



### Modified Duration in years



### Yield (%)

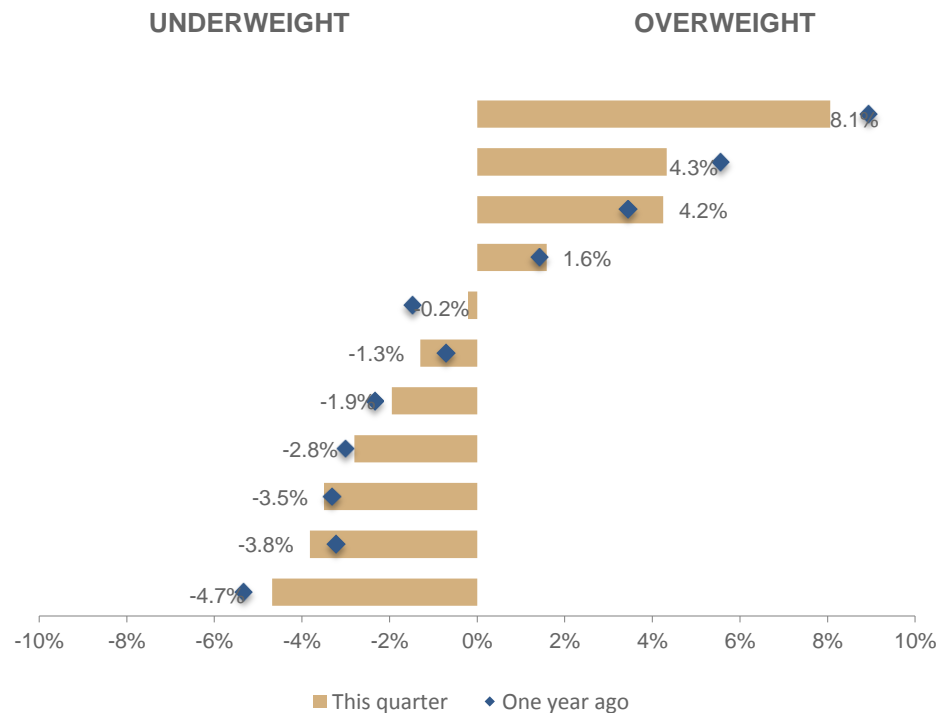


FGP Universe Bond Fund  
 FTSE TMX Canada Universe Bond Index \*

\*Source: PC Bond Analytics – June 30, 2018  
 Note: Credit Quality based on FTSE TMX Canada Universe Bond Index ratings methodology  
 Totals may not add to 100% due to rounding.  
 See appendix for notes & disclosures



	S&P/TSX* (%)	FGP (%)
Financials	33.2	41.3
Consumer Discretionary	5.5	9.8
Energy	20.2	24.4
Information Technology	3.9	5.5
Telecommunication Services	4.4	4.2
Health Care	1.3	0.0
Consumer Staples	3.5	1.5
Real Estate	2.8	0.0
Utilities	3.5	0.0
Materials	11.7	7.9
Industrials	10.0	5.3



Stock selection drives sector allocation

\*Source: TD Securities – June 30, 2018  
See appendix for notes & disclosures

Investment returns and assets under management are expressed in Canadian dollars unless otherwise noted. Investment returns are gross of investment management fees, net of fund expenses for FGP pooled funds, and include reinvestment of dividends and income. Returns are time weighted and annualized for periods greater than one year. Values change frequently and past investment performance may not be repeated.

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FGP Small Cap Canadian Equity Fund was launched January 23, 2006. Historical performance from February 28, 2002 to March 2006 is based on a segregated Small Cap Canadian Equity portfolio. On March 1, 2006 this portfolio was transferred into the Fund. Performance from this date onwards is based entirely on the Fund.

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# Phillips, Hager, & North Presentation





# Presentation to University of Windsor Open Pension Meeting

November 19, 2018

Presented by  
Terri Cugno, Portfolio Manager



Global Asset  
Management

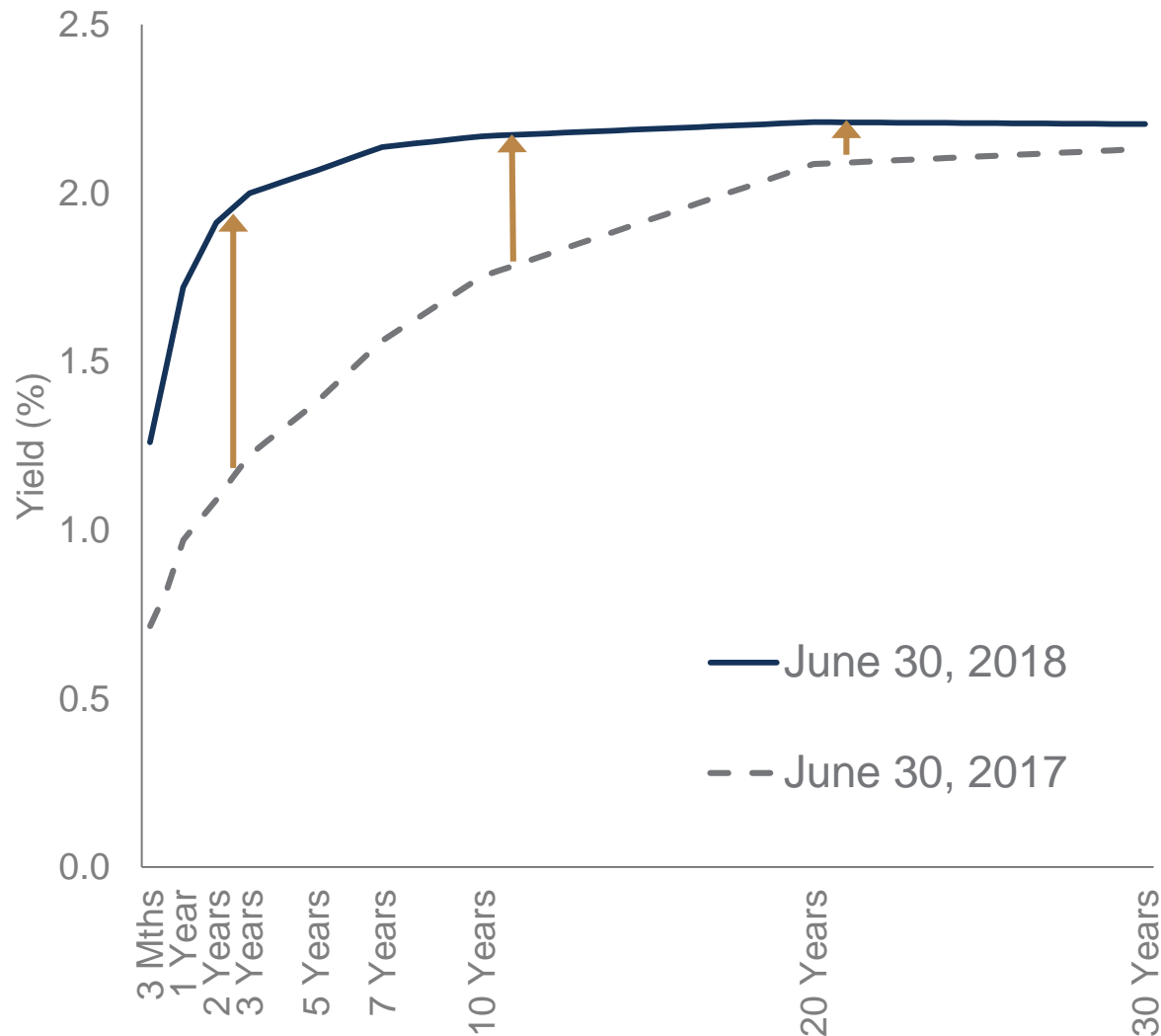
# Monetary Policy at Work



# Bond Market Review

## Short Term Yield Materially Higher Over the Past Year

Government of Canada Yield Curve



Total Returns As of June 30, 2018	1 Yr %	4 Yrs %
Universe Bond Index*	0.8	3.0
Long Term Overall Bond Index*	1.8	5.5

\* Representative components of the FTSE TMX Canada bond indices

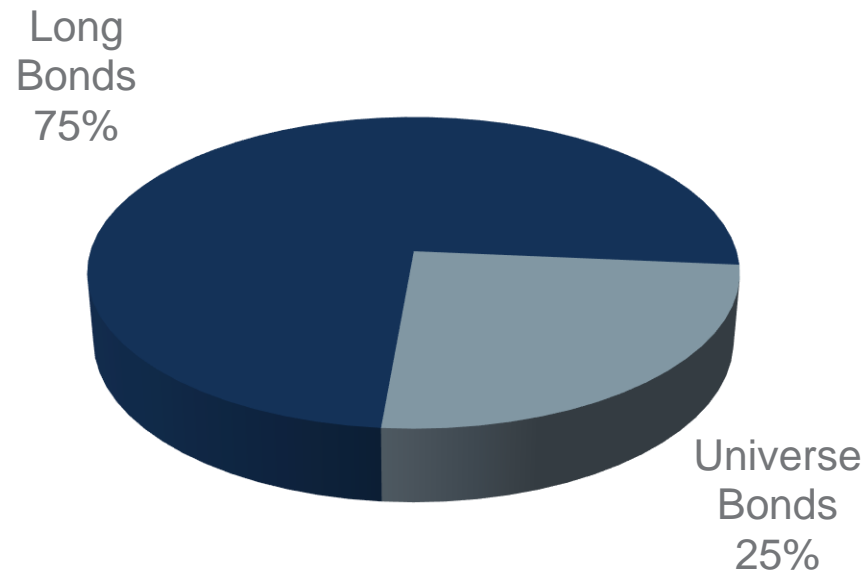
Source: FTSE TMX Global Debt Capital Markets Inc.

# University of Windsor Pension Plan Performance Summary\*

## Performance In-Line with Long-Term Expectations

	1 Yr %	4 Yrs %
U of W Pension Plan Consolidated	2.50	5.02
<i>Benchmark</i>	<u>2.37</u>	<u>4.24</u>
<b>Value-Added</b>	<b>+0.13</b>	<b>+0.78</b>

### Current Portfolio Distribution

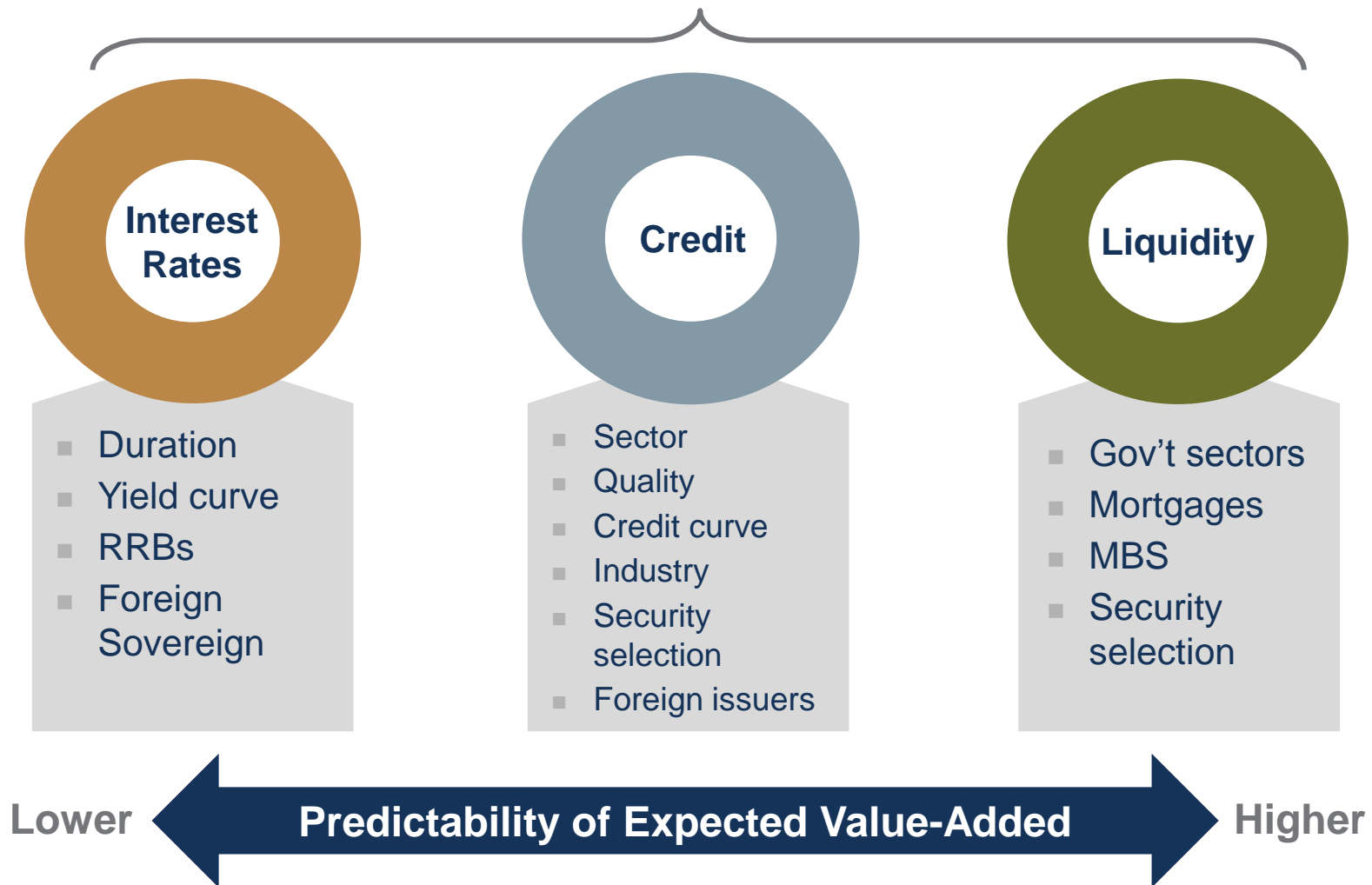


\* As of June 30, 2018

# PH&N Fixed Income Investment Philosophy

## Multiple Sources of Risk/Opportunity

*Diversified portfolio with attractive reward-for-risk characteristics*

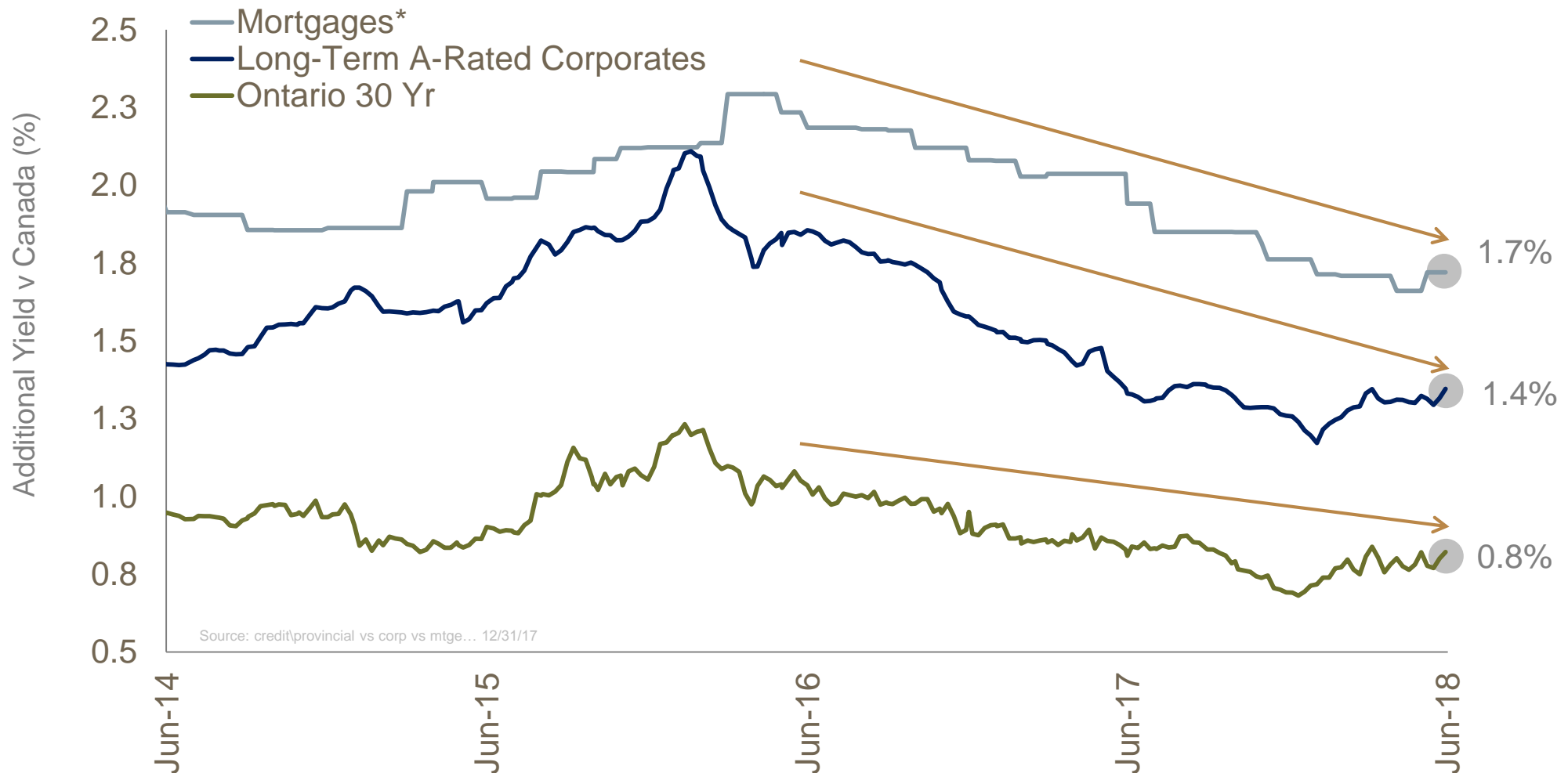




# Credit & Liquidity Strategies

## Strong Performance Since 2016, Less Attractive at Current High Prices

### Additional Yield Over Similar Term Government of Canada Bonds

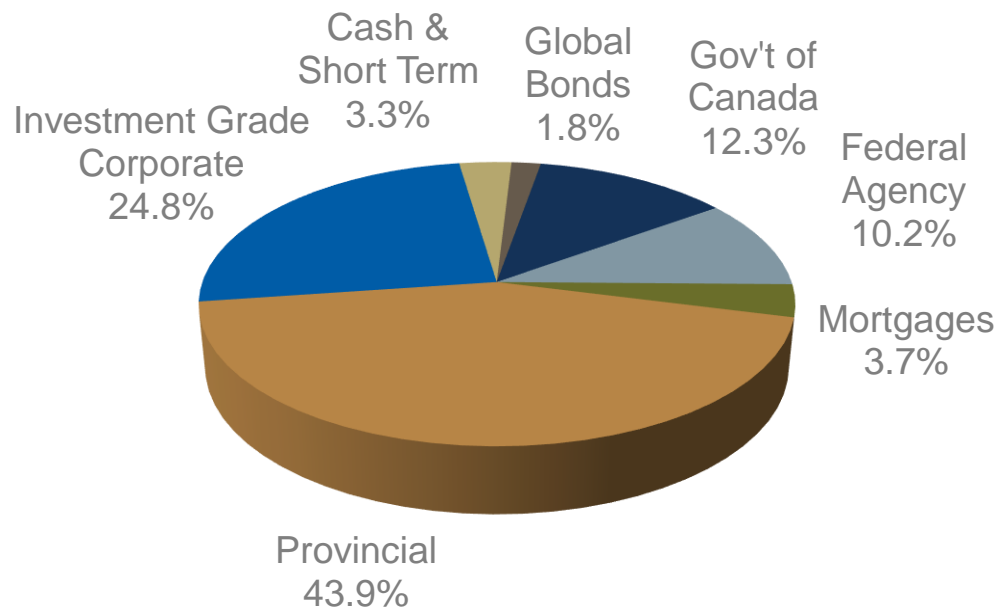


\* Mortgages in the PH&N Long Mortgage Pension Trust  
Source: FTSE TMX Global Debt Capital Markets Inc., BondLab

# University of Windsor Pension Plan

## Have Reduced Risk, Positioned Well for Future Opportunities

### Sector Distribution June 30, 2018



Portfolio Yield:	3.02%
Benchmark Yield:	<u>2.96%</u>
Incremental	+0.06%

- Active management of exposures to de-risk portfolio since 2016
- Current conservative portfolio holds more than 65% in Government bonds
- Corporate bonds biased towards higher quality issuers

# Disclaimer

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# Fidelity Presentation



University of Windsor

# Canadian Focused Equity

## Q3 2018

November 19, 2018

**Lawrence Lim**  
Director, Institutional Client Management

Presentation to:



University  
of Windsor

# Canadian Focused Equity

## Strategy overview

<b>Portfolio Manager</b>	<ul style="list-style-type: none"><li>▪ Joe Overdevest</li><li>▪ 16 years experience, 16 years with Fidelity</li></ul>
<b>Research Team</b>	<ul style="list-style-type: none"><li>▪ Fidelity Canada Asset Management: 18 Fundamental Analysts</li><li>▪ + Global research team</li></ul>
<b>Risk Control Parameters</b>	<ul style="list-style-type: none"><li>▪ Benchmark: S&amp;P/TSX Capped Composite Index</li><li>▪ Sector weights: Index weights +/- 7.5%</li><li>▪ Style and capitalization: Core, all-cap</li><li>▪ No. of holdings: 40 to 80</li></ul>



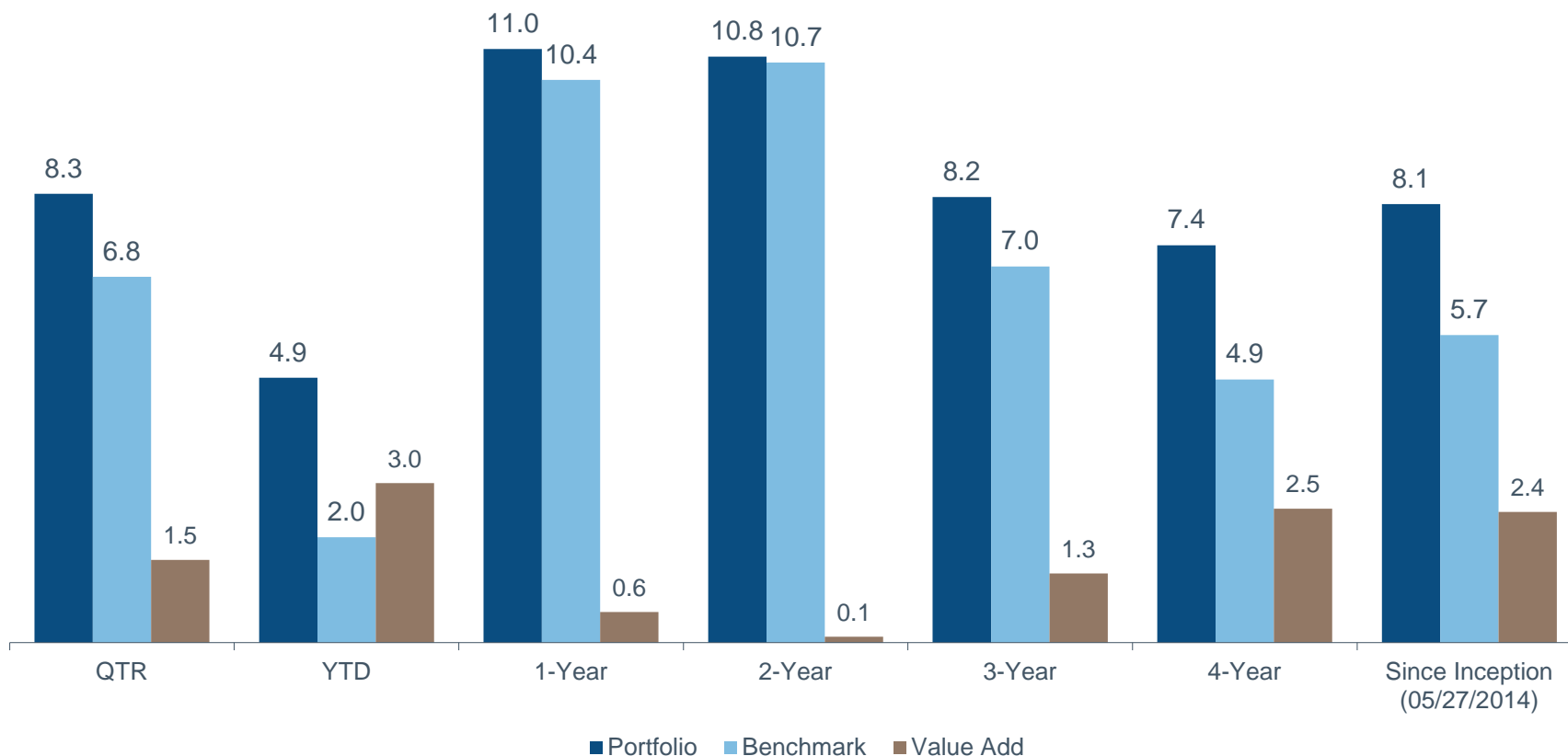
10 Year	
<ul style="list-style-type: none"><li>▪ Excess Return (Gross):</li><li>▪ Tracking Error:</li><li>▪ Information Ratio:</li></ul>	<ul style="list-style-type: none"><li>3.1%</li><li>3.8%</li><li>0.8</li></ul>

Inception date of strategy is Mar 31, 2003. Data as at September 30, 2018. Returns based on composite performance. While the fund is typically managed to this constraint, the portfolio manager retains the discretion to deviate from it, and it is not included as part of the fund's investment strategy. Composite Benchmark: S&P/TSX Capped Composite Index.

# Canadian Focused Equity

## Gross performance vs. S&P/TSX Capped Composite

For period ending June 30, 2018



Client account information is shown. Returns in Canadian dollars. Past performance is no guarantee of future results. Performance is shown gross of any fees and expenses, including advisory fees, which when deducted will reduce returns. See the GIPS Composite Performance Data for annual performance figures that are net of the maximum investment advisory fee charged to any client employing this strategy. Pool benchmark: S&P/TSX Capped Composite Index.

# Canadian equity market performance

## S&P/TSX Composite Index



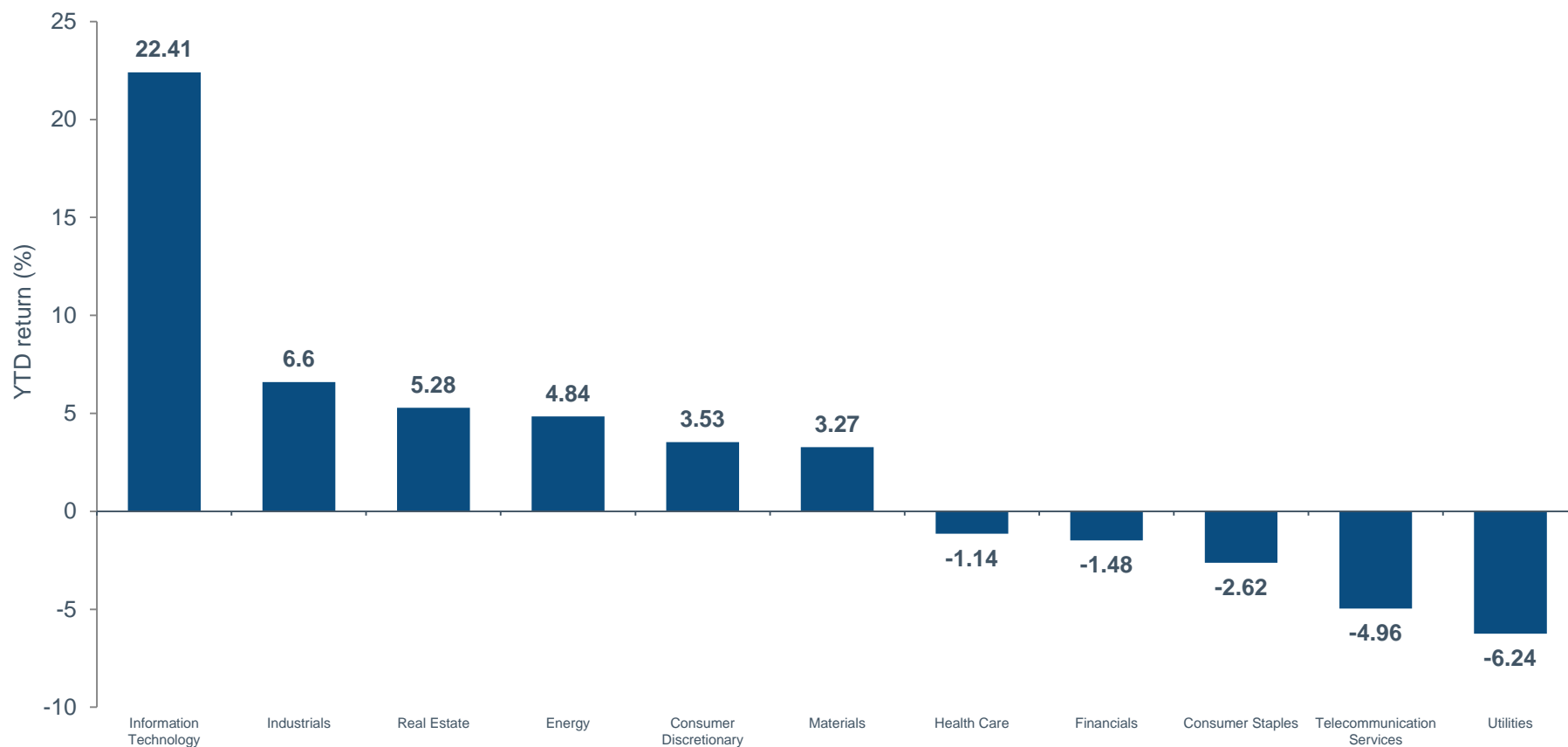
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD
Price Return (%)	14.5	7.2	-35.0	30.7	14.5	-11.1	4.0	9.6	7.4	-11.1	17.5	6.0	0.3
Total Return (%)	17.3	9.8	-33.0	35.1	17.6	-8.7	7.2	13.0	10.6	-8.3	21.1	9.1	2.3

Source: Datastream, as at August 31, 2018.



# S&P/TSX sector returns

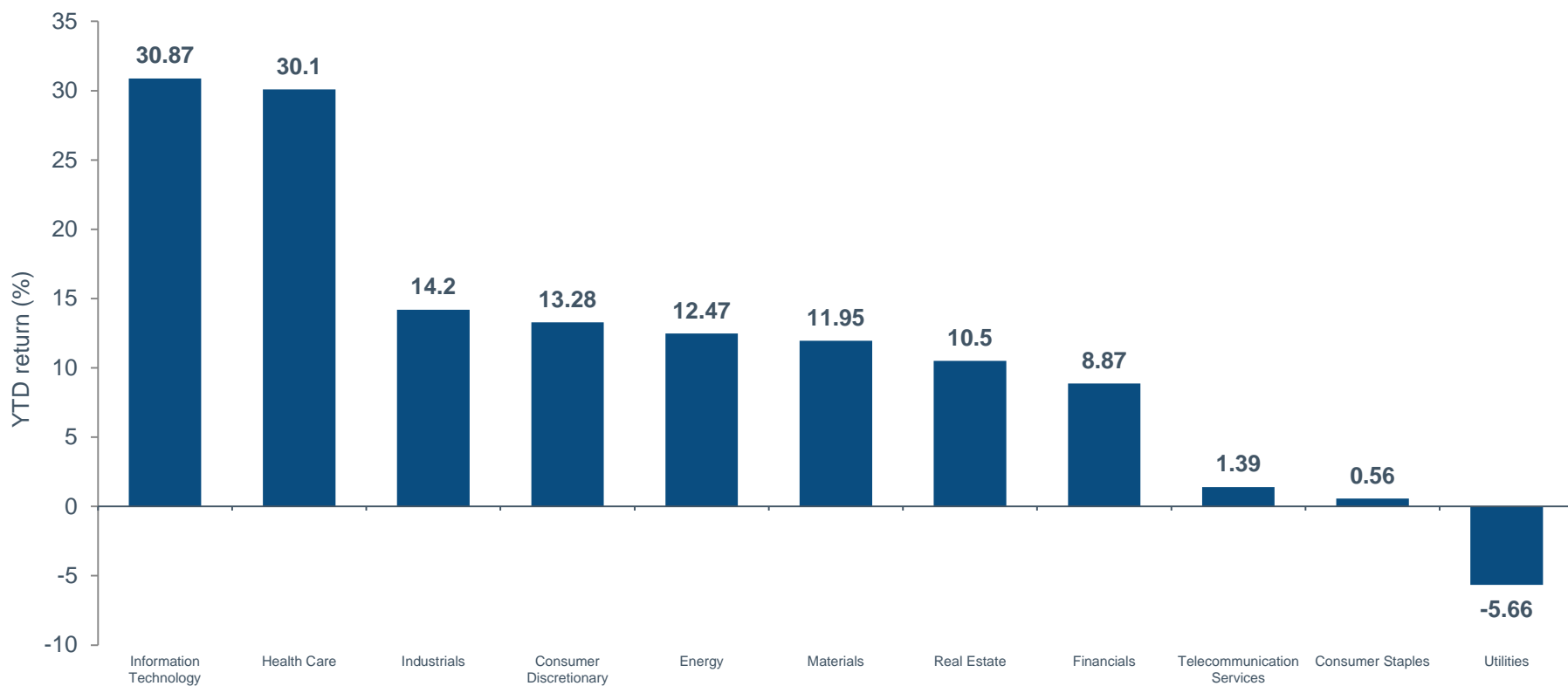
## YTD total returns



Source: Fidelity Investments, as at June 30, 2018.

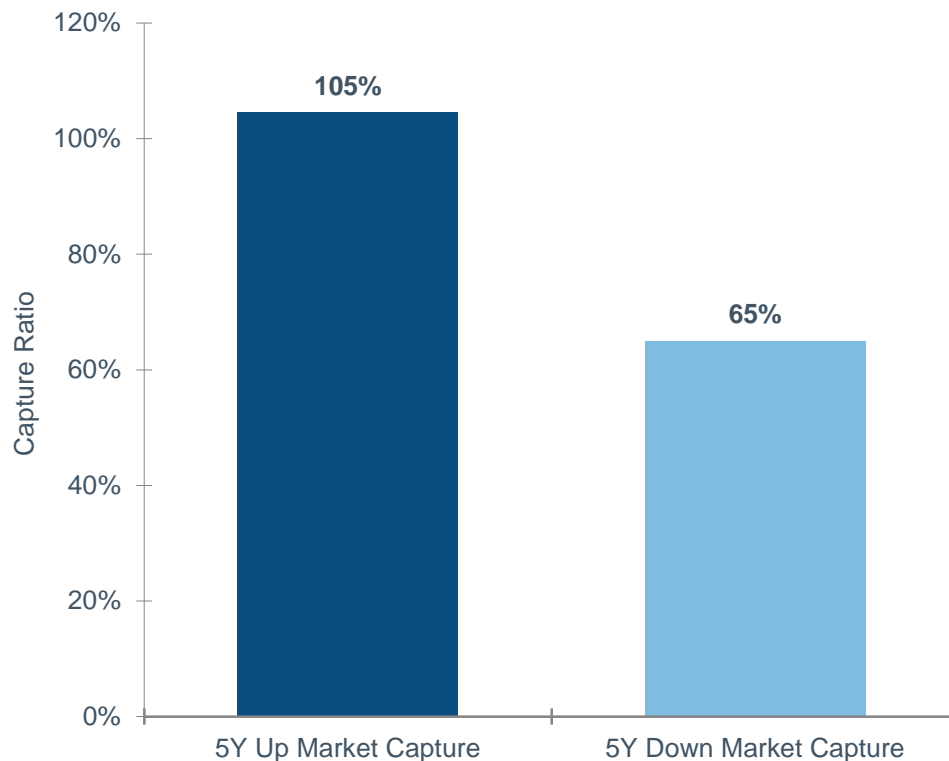
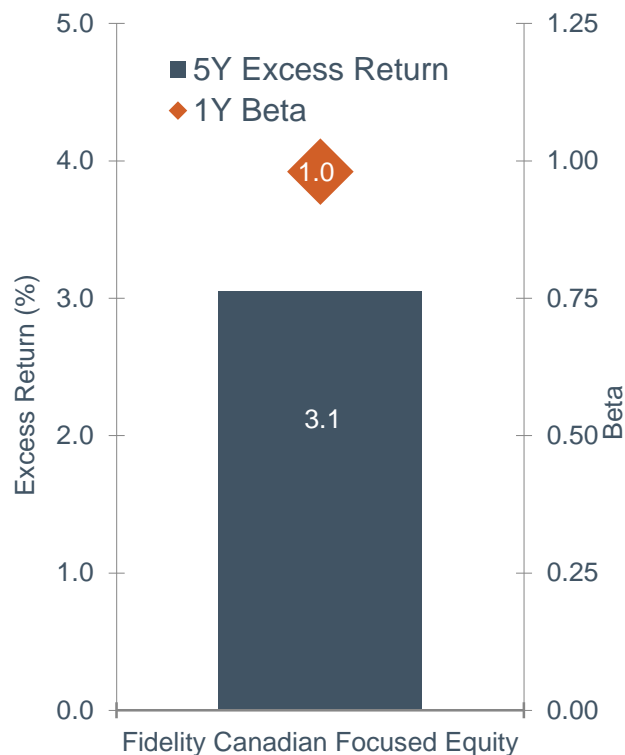
# S&P/TSX sector returns

## 12 month total returns



Source: Fidelity Investments, as at June 30, 2018.

# Canadian Focused Equity



	No. of periods	% of periods
Periods of outperformance*	139	100%
Periods of underperformance	0	0%
Total no. of 4-year periods	139	100%

Source: Fidelity Investments . Data as at September 30, 2018. Pool account information is shown. Returns in Canadian dollars. Performance shown gross of fees. Past performance is no guarantee of future results. Performance for periods greater than one year has been annualized. The upside/downside capture ratio measures performance in up/down markets relative to the Fund's benchmark (as defined by S&P/TSX Capped Composite Index). It is calculated by compounding and annualizing the monthly returns for the Fund and the index in periods when the index was up/down. The annualized return of the Fund is divided by the annualized return of the index to produce the capture ratio for corresponding up/down market performance periods. \*Composite information is shown.

# FIC GIPS Composite Performance Data

## Canadian Focused Equity Composite (CAD) Versus S&P/TSX Capped Composite As of September 30, 2018

Period	Composite Return (Gross%)	Composite Return (Net%)	Benchmark Return (%)	Value Added (%)*	Number of Portfolios	Total Composite Assets End of Period (\$M)	Composite 3 Year Standard Deviation (%)	Benchmark 3 Year Standard Deviation (%)	Asset Weighted Standard Deviation (%)	Percent of Firm's Assets
2018 YTD	4.31	4.00	1.36	2.95	26	4,761	6.49	6.24	N/A	4%
2017 Annual	9.11	8.68	9.10	0.01	27	4,458	7.83	7.40	0.24	less than 1%
2016 Annual	15.98	15.52	21.08	(5.10)	25	3,895	8.75	8.32	1.05	less than 1%
2015 Annual	1.73	1.32	(8.32)	10.05	23	2,910	8.60	8.47	0.93	N/A
2014 Annual	12.84	12.39	10.55	2.29	23	2,803	8.06	8.31	0.75	N/A
2013 Annual	29.38	28.86	12.99	16.39	19	1,799	9.61	10.24	0.74	N/A
2012 Annual	9.44	9.00	7.19	2.25	15	900	11.52	11.64	0.43	N/A
2011 Annual	(6.15)	(6.53)	(8.71)	2.56	14	649	14.50	15.01	0.14	N/A
2010 Annual	17.88	16.94	17.61	0.27	11	594	20.28	20.23	0.43	N/A
2009 Annual	34.51	33.44	35.05	(0.54)	11	610	19.64	19.74	0.79	N/A
2008 Annual	(30.00)	(30.56)	(33.00)	3.00	7	318	17.84	17.27	0.20	N/A

\* Value Added is calculated by taking the gross composite return less the benchmark return.

### Notes

#### Definition of the "Firm"

For GIPS purposes, the "Firm" includes all of the portfolios managed by the investment management units of the Fidelity Investments Canada group of companies ("FIC").

#### Changes to Definition of the "Firm"

Effective January 1, 2018, portfolios managed by other members of the Fidelity Investments organization including FIAM LLC and Fidelity Institutional Asset Management Trust Company (together, "FIAM"), Fidelity Management & Research Company and its subsidiaries and/or Fidelity Investments Money Management, Inc., that are also substantially similar to mandates advised by FIC and managed by the same portfolio management team were removed from the firm definition due to organizational changes. The Firm was newly created as of January 1, 2016 to reflect organizational changes. However, the Firm includes accounts that were also included in the firm of FIAM, which claimed compliance with GIPS.

#### Basics of Presentation

The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for periods January 1, 2016 through December 31, 2016. Accounts that are part of the Firm were part of FIAM, which was verified for the periods January 1, 1990 through December 31, 2015. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all of the composite requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The Firm's list of composite descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

#### Returns

Gross composite returns do not reflect the deduction of investment advisory ("IA"), administrative or custodial fees, but do include trading expenses. Net composite returns are calculated by deducting the maximum standard IA fee that could have been charged to any client employing this strategy during the time period shown, exclusive of performance fee or minimum fee arrangements. IA fees paid by a client vary depending upon a variety of factors, including portfolio size and the use of any performance fee or minimum fee arrangement. Actual returns will be reduced by the IA fee and any administrative, custodial, or other fees and expenses incurred. Returns could be higher or lower than those shown. A client's fees are generally calculated based on the average month-end assets at market value during the quarter as calculated by the Firm, and are billed quarterly in arrears. More information regarding fees is available upon request. These investment performance statistics were calculated without a provision for any income taxes. Performance information shown includes performance achieved under a different Firm definition.

#### Composite Description

The investment objective of this composite is to seek long-term capital appreciation by investing in a concentrated portfolio of Canadian equities. The composite is composed of all fee-paying discretionary accounts that are managed by the Firm in this style.

#### Composite Creation Date

This composite was created in 2016

#### Benchmark Change

Prior to January 1, 2016 the benchmark for this composite was the MSCI Canada Index (Net). Effective January 1, 2016 the benchmark was replaced by the S&P/TSX Capped Composite Index. The change was made to provide a more meaningful benchmark for performance comparisons.

#### Pool Portfolio

The composite contains a pool portfolio that is presented net of custody and audit fees. Investment security transactions for the pool portfolio are accounted for on trade date-plus-one.

#### Fee Schedule

The maximum scheduled investment advisory fee for this strategy is 40 basis points, which may be subject to certain decreases as assets under management increase. The investment advisory fee applicable to a portfolio depends on a variety of factors, including but not limited to portfolio size, the level of committed assets, service levels, the use of a performance fee or minimum fee arrangement, and other factors.

#### Effect of Investment Advisory Fee

Returns will be reduced by the investment advisory fee and any other expenses incurred in the management of the portfolio. For example, an account with a compound annual return of 10% would have increased by 61% over five years. Assuming an annual advisory fee of 40 basis points, the net return would have been 58% over five years.

#### Percent of Firm Assets

Returns prior to January 2016 were achieved from portfolios managed by the portfolio managers while employed by a prior firm, FIAM; therefore, total firm assets and composite percentages of firm assets for such periods are not applicable.

#### Derivative Exposure

Typically, portfolios may make limited use of derivative instruments to manage and invest cash inflows of underlying accounts within the composite. They are not used for hedging purposes. Derivative instruments are only used when and as client guidelines permit.

#### Known Inconsistencies in Exchange Rates

The composite base currency is Canadian Dollar (CAD). One or more of the current or historic constituent portfolios have a base currency that differs from the composite and uses a valuation point that differs from other constituent portfolios.

#### Calculation Methodology Change

Due to the implementation of a new performance calculation system in 2015, the translation methodology changed for composites that contain one or more underlying constituents whose base currency and valuation point differs from this composite's valuation point. From inception through 12/31/2015, the composite was calculated in this scenario using the underlying constituent's valuation point; from 1/1/2016 forward, the composite was calculated in this scenario using the composite's valuation point.

#### Currency Change

Prior to January 1, 2016, the base currency of this composite was US Dollars (USD). On January 1, 2016 the base currency of this composite was changed to Canadian Dollars (CAD) effective retroactively.

Past performance is no guarantee of future results.

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# Important Information

Issued by Fidelity Investments Canada ULC ("FIC"). Read this important information carefully before making any investment. Speak with your relationship manager if you have any questions.

"Fidelity Investments" and/or "Fidelity" refers collectively to: i) FMR LLC, a US company, and its subsidiaries, such as Fidelity Management & Research Company (FMR Co.) and FIAM LLC; and ii) FIC and its affiliates.

Fidelity Investments Canada ULC ("FIC") is a firm claiming compliance with the Global Investment Performance Standards (GIPS®).

FIC has prepared this presentation for, and only intends to provide it to, institutional and sophisticated investors in one-on-one or comparable presentations. Do not distribute or reproduce this report.

## Risks

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money.

Performance results for individual accounts will differ from performance results for composites and representative accounts due to factors such as portfolio size, especially if currently only funded with affiliated fee paying seed capital, timing of investments, market conditions, account objectives and restrictions, and factors specific to a particular investment structure.

The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Nearly all accounts are subject to volatility in foreign exchange markets.

Derivatives may be volatile and involve significant risk, such as, credit risk, currency risk, leverage risk, counterparty risk and liquidity risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances. Derivatives may have limited liquidity and may be harder to value, especially in declining markets. Derivatives involve leverage because they can provide investment exposure in an amount exceeding the initial investment. Leverage can magnify investment risks and cause losses to be realized more quickly. A small change in the value of an underlying asset, instrument, or index can lead to a significant loss. Assets segregated to cover these transactions may decline in value and are not available to meet redemptions. Government legislation or regulation could affect the use of these transactions and could limit the ability to pursue such investment strategies.

These materials may contain statements that are "forward-looking statements," which are based on certain assumptions of future events. Forward-looking statements are based on information available on the date hereof, and Fidelity Investments Canada ULC ("FIC") does not assume any duty to update any forward-looking statement. Actual events may differ from those assumed by FIC when developing forward-looking statements. There can be no assurance that forward-looking statements, including any projected returns, will materialize or that actual market conditions and/or performance results will not be materially different or worse than those presented.

# Important Information

**Performance Data**

Performance data is generally presented gross of any fees and expenses, including advisory fees, which when deducted will reduce returns. See the FIC GIPS® Composite Performance Data for performance figures that are net of the maximum investment advisory fee charged any client employing this strategy. Some clients may request a performance fee arrangement, which, if imposed, will also reduce returns when deducted. For additional information about advisory fees related to applicable advisory entities, speak with your relationship manager. All results reflect realized and unrealized appreciation and the reinvestment of dividends and investment income, if applicable. Taxes have not been deducted. In conducting its investment advisory activities, Fidelity Investments Canada ULC utilizes certain assets, resources and investment personnel of other Fidelity entities, which may not claim compliance with the Global Investment Performance Standards (GIPS®).

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Certain data and other information in this presentation have been supplied by outside sources and are believed to be reliable as of the date of this document. Data and information from third-party databases, such as those sponsored by eVestment Alliance and Callan, are self-reported by investment management firms that generally pay a subscription fee to use such databases, and the database sponsors do not guarantee or audit the accuracy, timeliness or completeness of the data and information provided including any rankings. Rankings or similar data reflect information at the time rankings were retrieved from a third-party database, and such rankings may vary significantly as additional data from managers is reported. FIC has not verified and cannot verify the accuracy of information from outside sources, and potential investors should be aware that such information is subject to change without notice. Information is current as of the date noted.

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# Baillie Gifford Presentation



University of Windsor



# UNIVERSITY OF WINDSOR PENSION PLANS

Ben Drury. November 2018



Where Baillie Gifford pooled funds are held, please note the fund portfolio information contained within this report is confidential, proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.



# Our Relationship

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## Appointed

—June 2010

## Portfolio Value as at June 30, 2018

—C\$175,295,825

## Baillie Gifford

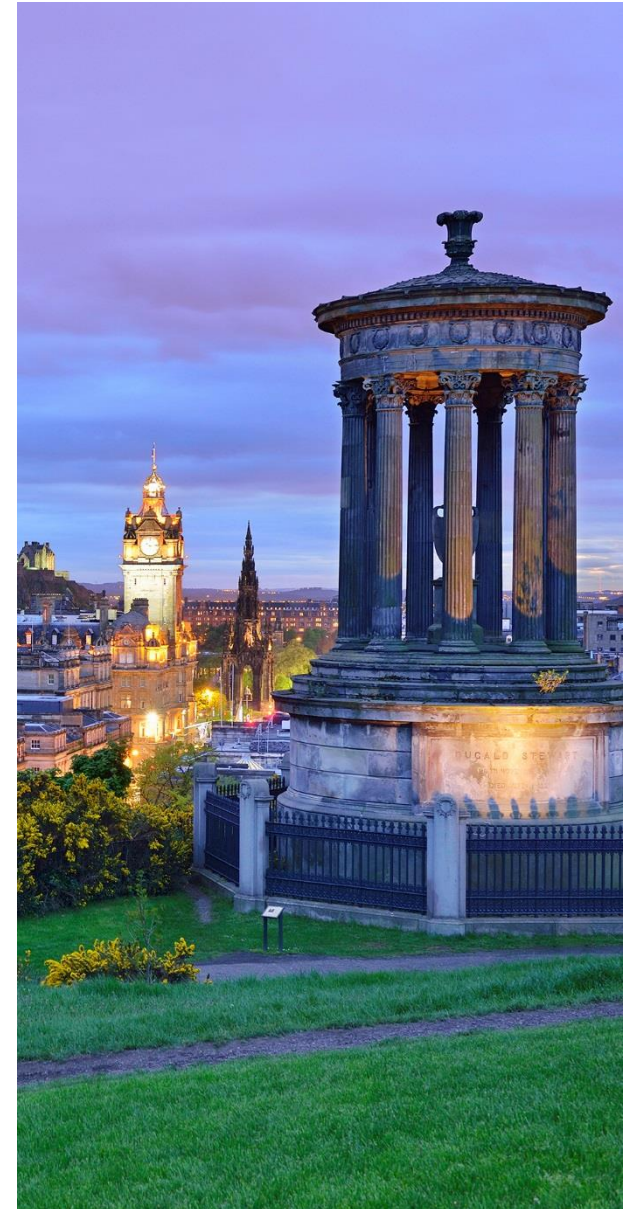
—An independent Edinburgh based asset management firm

## Global Alpha

—A Global equity strategy

- Growth
- Best Ideas
- Long Term

Source: Baillie Gifford & Co.



# Portfolio Performance

## Performance Objective

—To exceed return of the MSCI All Country World Index over time

## Investment Returns to June 30, 2018

	Fund (%)	Benchmark (%)	Difference (%)
Since Inception* (p.a.)	17.5	14.1	+3.4
5 Years (p.a.)	18.7	14.9	+3.8
12 Months	19.7	12.7	+7.0

Source: StatPro, MSCI. Fund performance shown above is based on the NAV calculated by RBC Investor Services Trust, and is gross of fees.

Benchmark: MSCI AC World GDR.

\*June 30, 2010.

All investment strategies have the potential for profit and loss.  
Past performance is not a guide to future returns.

## Top and Bottom Ten Stock Contributors 12 Months to June 30, 2018

	Fund (%)	Benchmark (%)	Contribution (%)
Amazon.com	4.1	1.1	1.4
Abiomed**	0.7	0.0	0.7
Grubhub	0.9	0.0	0.6
Naspers	4.0	0.2	0.6
Moody's	2.1	0.1	0.5
MasterCard	1.6	0.3	0.5
CyberAgent	0.8	0.0	0.5
NVIDIA	0.9	0.3	0.4
Autohome	0.6	0.0	0.4
Fiat Chrysler Automobiles	1.2	0.0	0.4
A.P. Møller - Mærsk	0.8	0.0	-0.4
Microsoft*	0.0	1.4	-0.4
Signify	0.5	0.0	-0.4
ICICI Bank	1.5	0.0	-0.3
Apple*	0.0	1.9	-0.3
DIA	0.4	0.0	-0.3
Prudential	3.2	0.1	-0.2
MS&AD Insurance	1.4	0.0	-0.2
Svenska Handelsbanken	0.8	0.0	-0.2
Ctrip.com International	0.9	0.0	-0.2

Source: StatPro, MSCI.

Benchmark: MSCI AC World GDR.

\*Not held.

\*\*No longer held.

# Global Alpha Research Agenda 2018

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**THE IMPACT OF A DATA  
DRIVEN WORLD**



**STEWARDSHIP AND  
GROWTH GOVERNANCE**



**VALUATIONS AND  
PRAISE FOR  
DIVERSIFICATION**



**PLATFORMS PART III**



**INVESTING FOR  
INSIGHT**

Images: © Bloomberg/Getty Images, © MSA.

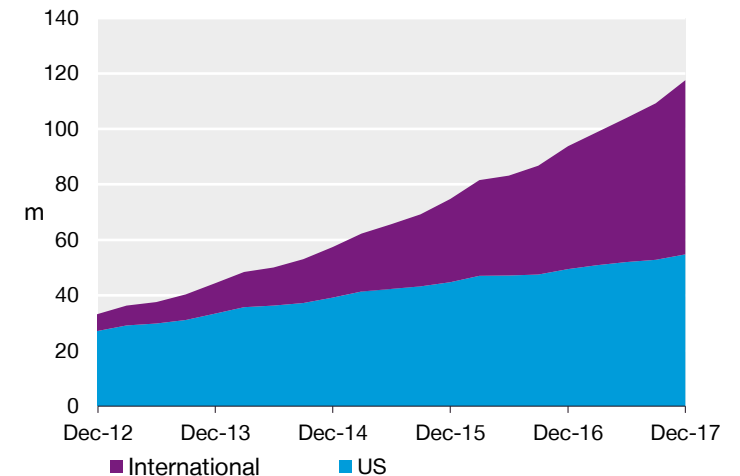
# Netflix – “Content is King”

Founder-led on-demand streaming service

Rapidly taking share from pay-tv market

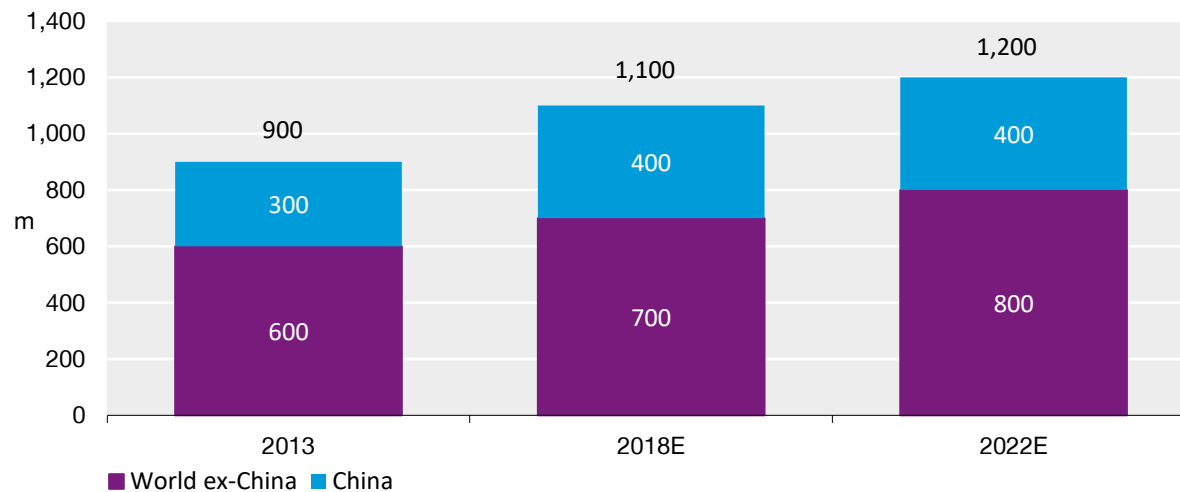
Highly scalable business – expanded into 130 countries in January 2016 in one day

Number of Netflix Streaming Subscribers



Source: Statista

Global Pay-TV Households



Source: SNL Kagan, Bernstein analysis.

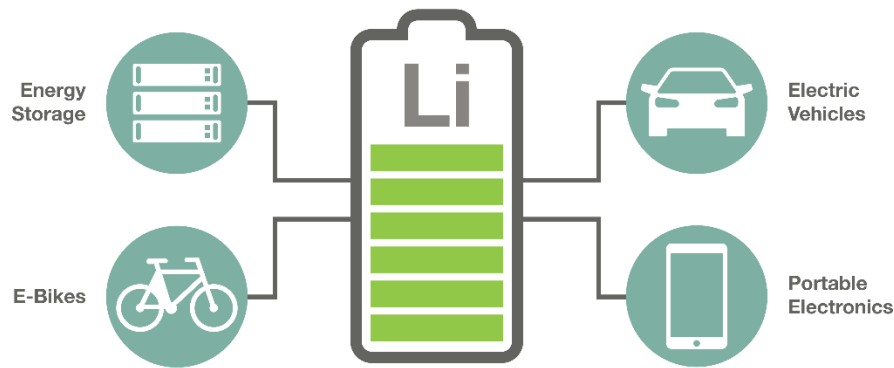


Source: © iStockphoto.com/LPETTET

# Albemarle – New Buy

**Chemical speciality business with growing exposure to lithium**

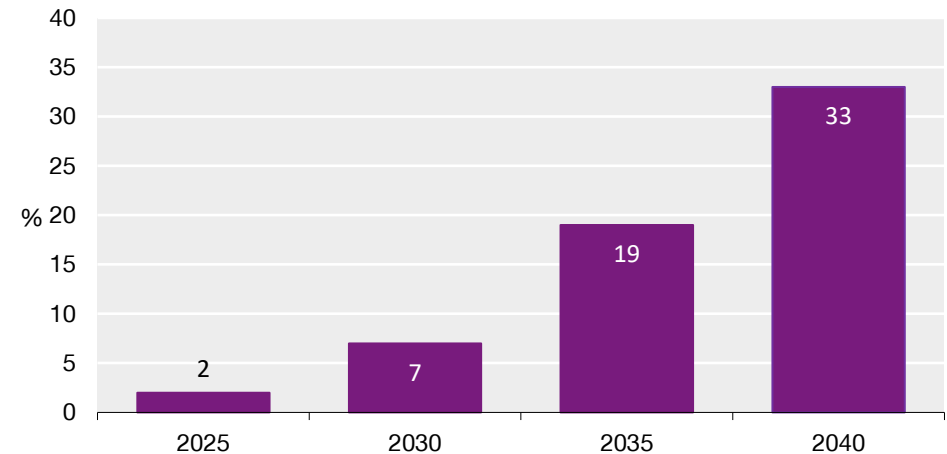
**Upside driven by increased demand for lithium**



**Competitive advantage driven by**

- Vertical integration from raw material mining to chemical version
- Chemical engineering expertise
- Well aligned corporate culture

**Electric Vehicles as a Share of the Global Light Duty Vehicle Fleet from 2025 to 2040**

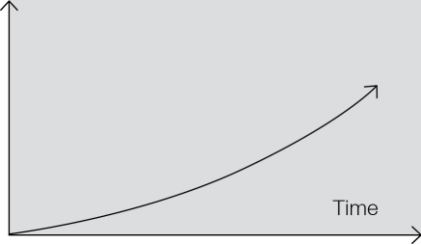
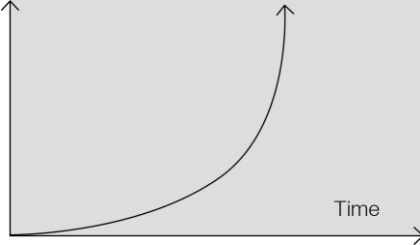
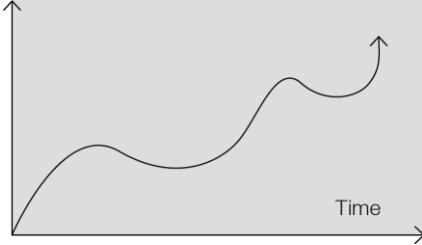
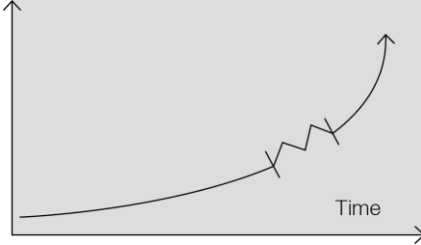


Source: Statista.





# Growth Profiles

<p><b>Stalwart</b></p> <p>Growth Expectations</p> <p>Earnings</p>  <p>c.10% p.a. earnings growth</p> <p><b>Company Characteristics</b></p> <ul style="list-style-type: none"> <li>Durable franchise</li> <li>Deliver robust profitability in most macroeconomic environments</li> <li>Competitive advantage includes dominant local scale, customer loyalty and strong brands</li> </ul>	<p><b>Rapid</b></p> <p>Growth Expectations</p> <p>Earnings</p>  <p>c.15% to 25% p.a. earnings growth</p> <p><b>Company Characteristics</b></p> <ul style="list-style-type: none"> <li>Early stage businesses with vast growth opportunity</li> <li>Innovators attacking existing profit pools or creating new markets</li> </ul>	<p><b>Cyclical</b></p> <p>Growth Expectations</p> <p>Earnings</p>  <p>c.10% to 15% p.a. earnings growth through a cycle</p> <p><b>Company Characteristics</b></p> <ul style="list-style-type: none"> <li>Subject to macroeconomic and capital cycles with significant structural growth prospects</li> <li>Strong management teams highly skilled at capital allocation</li> </ul>	<p><b>Latent</b></p> <p>Growth Expectations</p> <p>Earnings</p>  <p>Earnings growth to accelerate over time</p> <p><b>Company Characteristics</b></p> <ul style="list-style-type: none"> <li>Company specific catalyst will drive above average earnings in future</li> <li>Unspectacular recent operational performance and therefore out of favour</li> </ul>
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## A balanced approach to growth

# Global Alpha Portfolio

Holding Size	Growth Stalwarts 26.9%	Rapid Growth 34.7%	Cyclical Growth 23.0%	Latent Growth 14.7%	Total
~2.0%	Prudential Anthem SAP MasterCard AIA Moody's Visa	Amazon.com Naspers Alphabet Alibaba Ping An Insurance	TSMC	Apache	33.6%
~1.0%	Schindler Thermo Fisher Scientific ResMed AJ Gallagher Pernod Ricard Verisk Analytics Waters Olympus Bureau Veritas Service Corporation International	ICICI Bank Grubhub Facebook HDFC Baidu.com Schibsted Seattle Genetics Ryanair CyberAgent Zillow Myriad Genetics	CRH Royal Caribbean Cruises EOG Resources Banco Bradesco Markel Martin Marietta Materials CH Robinson Wabtec Richemont Atlas Copco First Republic Bank TD Ameritrade SMC	MS&AD Insurance Fiat Chrysler Automobiles Fairfax Financial Sumitomo Mitsui Trust BHP Billiton Kirby Corp Bank of Ireland Sberbank	43.6%
~0.5%	Chipotle Mexican Grill Kansai Paint	Netflix 58.com MarketAxess Tesla Inc Ctrip.com International Autohome Spotify Meituan Dianping B3 Interactive Brokers Group Infineon Shopify LendingTree Just Eat Mail.ru Group Genmab NetEase LINE Corporation Alnylam Pharmaceuticals China Biologic Products	Deutsche Boerse Advantest Svenska Handelsbanken Jefferies Financial Group Teradyne Ritchie Bros. Auctioneers Epiroc Hays Jardine Matheson Albemarle Persol Holdings Orica SiteOne Landscape Supply Sands China OC Oerlikon	Signify Stericycle A.P. Møller - Mærsk Rohm Advanced Micro Devices Howard Hughes DistributionNOW Tsingtao Brewery HTC DIA	22.1%

Source: Baillie Gifford & Co, as at June 30, 2018. Cash: 0.6%.  
Based on the Baillie Gifford Global Alpha Fund.  
Totals may not sum due to rounding.

# Outlook

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**We remain resolutely bottom-up and focused on the facts**

**The fundamentals across the portfolio remain supportive**

**We remain vigilant with regard to valuations, and open-minded in search for diversification**





# Legal Notices

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## **Contracting Entity**

Baillie Gifford & Co

## **MSCI**

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# Burgundy Presentation





**UNIVERSITY OF WINDSOR PENSION PLAN**  
Investment Review

Mike Sandrasagra, Senior Institutional Relationship Manager

November 19, 2018

# INVESTMENT PHILOSOPHY

## Protect and Grow Capital

- 1) Avoid incurring permanent loss of capital
- 2) Own a portfolio of high-quality businesses for the long-term
- 3) Contrarian and opportunistic: *“Be fearful when others are greedy and greedy when others are fearful.”* – Warren Buffett

# WHAT WE LOOK FOR

HIGH QUALITY BUSINESSES AVAILABLE AT A DISCOUNT

## Quality

### **Business Characteristics**

- Barriers to entry
- Limited competition
- Economic resilience
- Industry leadership

### **Managerial Characteristics**

- Capable, honest management
- Excellent capital allocation record
- Equity ownership
- Good corporate governance

### **Financial Characteristics**

- Growth in free cash flow
- Low capital requirements
- High return on invested capital
- Strong balance sheet

# WHAT WE LOOK FOR

HIGH QUALITY BUSINESSES AVAILABLE AT A DISCOUNT

## Valuation

**Good companies grow intrinsic value over the long term**

- In-house valuation using a discounted cash flow (“DCF”) analysis:
  - 5-year forecasts of revenue, earnings and cash flows
  - Conservative estimates of growth (0-2%) and discount rates (8.0% or greater)

## Buy Decision



# UNIVERSITY OF WINDSOR PENSION PLAN

- Assets as at June 30, 2018:
  - Pension Plan: \$128,119,829
- Burgundy hired in December 2015
- Strategy Overview - Burgundy Global Equity Fund:

Concentrated	Benchmark Agnostic	Opportunistic
<ul style="list-style-type: none"><li>▪ Between 40-60 holdings</li><li>▪ Maximum 10% in any name</li></ul>	<ul style="list-style-type: none"><li>▪ Built bottom-up, company by company</li><li>▪ Sector weights 0-40%</li></ul>	<ul style="list-style-type: none"><li>▪ Market cap range, \$3 billion plus</li><li>▪ Up to 15% may be invested in emerging markets</li></ul>

# UNIVERSITY OF WINDSOR PENSION PLAN

PERFORMANCE AS AT JUNE 30, 2018

## Performance (%)

	Quarter	YTD	1 Year	2 Years	Since Inception <sup>(1)</sup>
<b>Total Portfolio</b>	<b>1.7</b>	<b>2.8</b>	<b>6.9</b>	<b>9.8</b>	<b>7.8</b>
MSCI World Index	4.1	5.8	13.3	15.9	10.3

## Calendar Year Performance (%)

	2017	2016
<b>Total Portfolio</b>	<b>11.8</b>	<b>3.8</b>
MSCI World Index	15.0	4.9

(1) Inception Date: December 21, 2015

Performance reported in Canadian dollars, gross of fees.

Performance for periods greater than one year is annualized.



# BURGUNDY GLOBAL EQUITY FUND

PERFORMANCE AS AT JUNE 30, 2018

## Performance (%)

	Quarter	YTD	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	Since Inception <sup>(1)</sup>
<b>Total Portfolio</b>	<b>1.6</b>	<b>2.8</b>	<b>6.9</b>	<b>9.8</b>	<b>10.4</b>	<b>13.6</b>	<b>15.4</b>	<b>12.2</b>	<b>11.7</b>
MSCI World Index	4.1	5.8	13.3	15.9	11.1	13.0	15.6	9.6	9.5

## Calendar Year Performance (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	Mar '08 to Dec '08
<b>Total Portfolio</b>	<b>11.8</b>	<b>3.8</b>	<b>26.7</b>	<b>17.4</b>	<b>36.5</b>	<b>13.9</b>	<b>5.5</b>	<b>7.7</b>	<b>5.9</b>	<b>(5.8)</b>
MSCI World Index	15.0	4.9	18.9	15.1	35.9	14.2	(2.8)	6.6	11.4	(18.5)

**Negative market performance**

(1) Inception Date: February 29, 2008

Performance reported in Canadian dollars, gross of fees.

Performance for periods greater than one year is annualized.

**BURGUNDY**

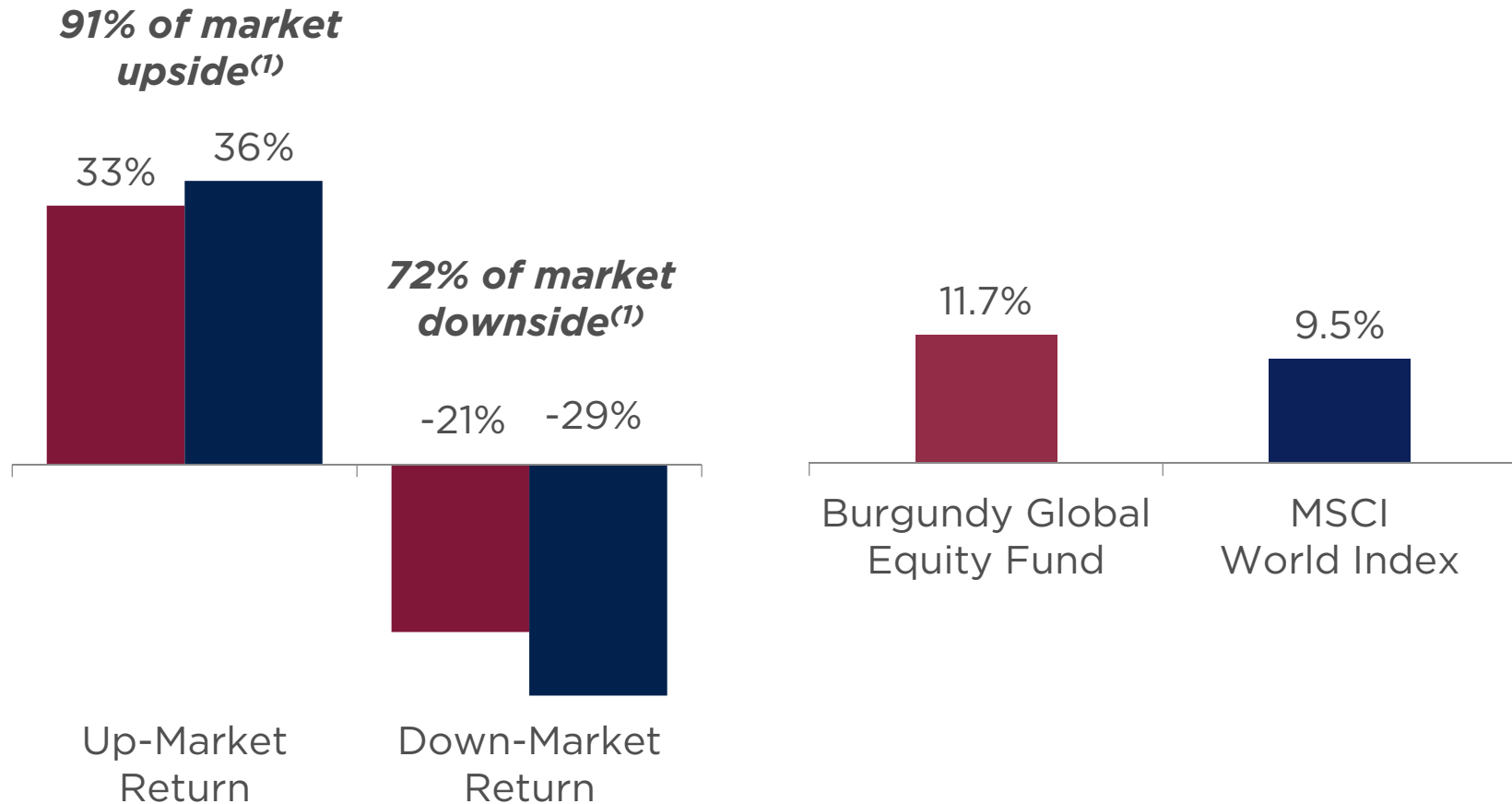
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# GLOBAL EQUITY PERFORMANCE

CAPITAL PRESERVATION IS KEY TO LONG-TERM SUCCESS

## Long-Term Outperformance

*Since Inception<sup>(1)</sup> to June 30, 2018*



Source: eVestment, monthly returns since inception to June 30, 2018

Inception: February 29, 2008

YTD ending June 30, 2018. Performance reported in Canadian dollars, gross of fees.

**BURGUNDY**

# LOOKING FORWARD

- Fundamentals of the world economy still appear reasonably sound.
- The conclusion of the USMCA removes a big uncertainty, and we hope the other trade frictions caused by this very aggressive U.S. administration reach similarly peaceful conclusions.
- Technology stocks continues to be the predominant market theme beyond the FAANG (Facebook, Apple, Amazon, Netflix, Google) stocks.
- Our focus remains on investing in quality businesses, with a margin of safety.

*“History doesn’t repeat itself, but it does rhyme”  
– Mark Twain*

# BENCHMARK INFORMATION & DEFINITIONS

## Benchmark Information:

The Global Equity strategy is benchmarked against the MSCI World Index. The Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure equity market performance of developed markets.

## Definitions:

**Intrinsic Value:** Intrinsic value refers to the value of a company that Burgundy has determined by internal models based on tangible and intangible factors without reference to the company's current market value. Intrinsic value models may rely on such inputs as brand name, trademarks, copyrights, business models, governance, financial statement analysis, the company's free cash flow, and cost of capital.

**Margin of Safety:** Margin of safety is the difference between Burgundy's internal estimation of the intrinsic value of a company and its current market value. Burgundy's intrinsic value estimates are subjective and determined by internal models based on tangible and intangible factors. If the intrinsic value and current market value are the same then there is no margin of safety. The lower the current market value compared to the intrinsic value, the greater margin of safety.

**Active Share:** A measure that compares the proportion of security holdings within the product against those of the respective benchmark. The value represents the percentage difference between fund and benchmark. Source: eVestment Analytics

# DISCLAIMERS AND CONTACT INFORMATION

All rates of return are time-weighted historical annual compounded total returns and are presented before investment management fees, but after operating expenses. Investments in Burgundy pooled funds assume the reinvestment of all dividends and distributions and do not attract any sales, redemption, distribution or optional charges or commissions or trailing commissions that would reduce returns. The rates of return also do not take into account any income taxes payable by the unitholder, where applicable.

The benchmark provided for each Burgundy pooled fund is an appropriate standard against which the performance of the fund can be measured over longer time periods. The benchmark is an index or a blend of indices that represents the investment universe from which managers typically select securities. However, the Burgundy portfolio construction process is benchmark agnostic. The securities selected for inclusion in Burgundy pooled funds are not influenced by the composition of the benchmark. As such, pooled fund performance deviations relative to the benchmark may be significant, particularly over shorter time periods.

Investors are advised that their investments are not guaranteed, their values change frequently and past performance may not be repeated. Burgundy funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

Investing in foreign markets may involve certain risks relating to interest rates, currency exchange rates, and economic and political conditions. Because Burgundy's portfolios make concentrated investments in a limited number of companies, a change in one security's value may have a more significant effect on the portfolio's value.

Portfolio characteristics are for illustrative purposes only and may exclude certain financial sector companies, companies with negative earnings, and any outliers, as determined by Burgundy.

Select securities may be used as examples to illustrate Burgundy's investment philosophy. A full list of security holdings are provided in quarterly report statements and are also available upon request. For more information, please contact Burgundy directly.

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Fax: (416) 869-9036  
Email: [info@burgundyasset.com](mailto:info@burgundyasset.com)      Web: [www.burgundyasset.com](http://www.burgundyasset.com)

# Questions and Discussion





University  
of Windsor

# **Open Pension Meeting**

**November 19, 2018**



University of Windsor