

Open Pension Meeting

December 5, 2012

thinking forward

Agenda

- Opening comments
 - Sandra Aversa
- Key Events, Capital Markets and Overall Performance
 - Rob Stapleford
- Manager Presentations
 - ✓ Background on firm
 - ✓ Performance as of June 30, 2012 and 3Q12
 - ✓ Investment Outlook
- Questions and Discussion

Key events during the year

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Key events during the year

- Changed Canadian Equity manager
- 3Q11 was very difficult for pension plans with further declines in interest rates and a substantial stock market retreat
- New investment monitoring dashboard was developed to strengthen investment monitoring process
- Ontario Minister of Finance commissioned report from the Pension Investment Advisor to consider a pooled asset management framework for Ontario's broader public sector pension plans
 - Report released in November 2012

Capital Markets

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Capital Market Performance: June 30, 2012

	Year ending June 30, 2012
91 Day CDN T-Bill	1.0%
DEX Universe Bond Index	9.5%
DEX Long Bond Index	18.8%
S&P/TSX Composite Index	-10.3%
MSCI All-Country World Index (\$Cdn)	-0.7%
MSCI World Index (\$Cdn)	1.0%
Median Manager in Mercer Balanced Universe	0.1%

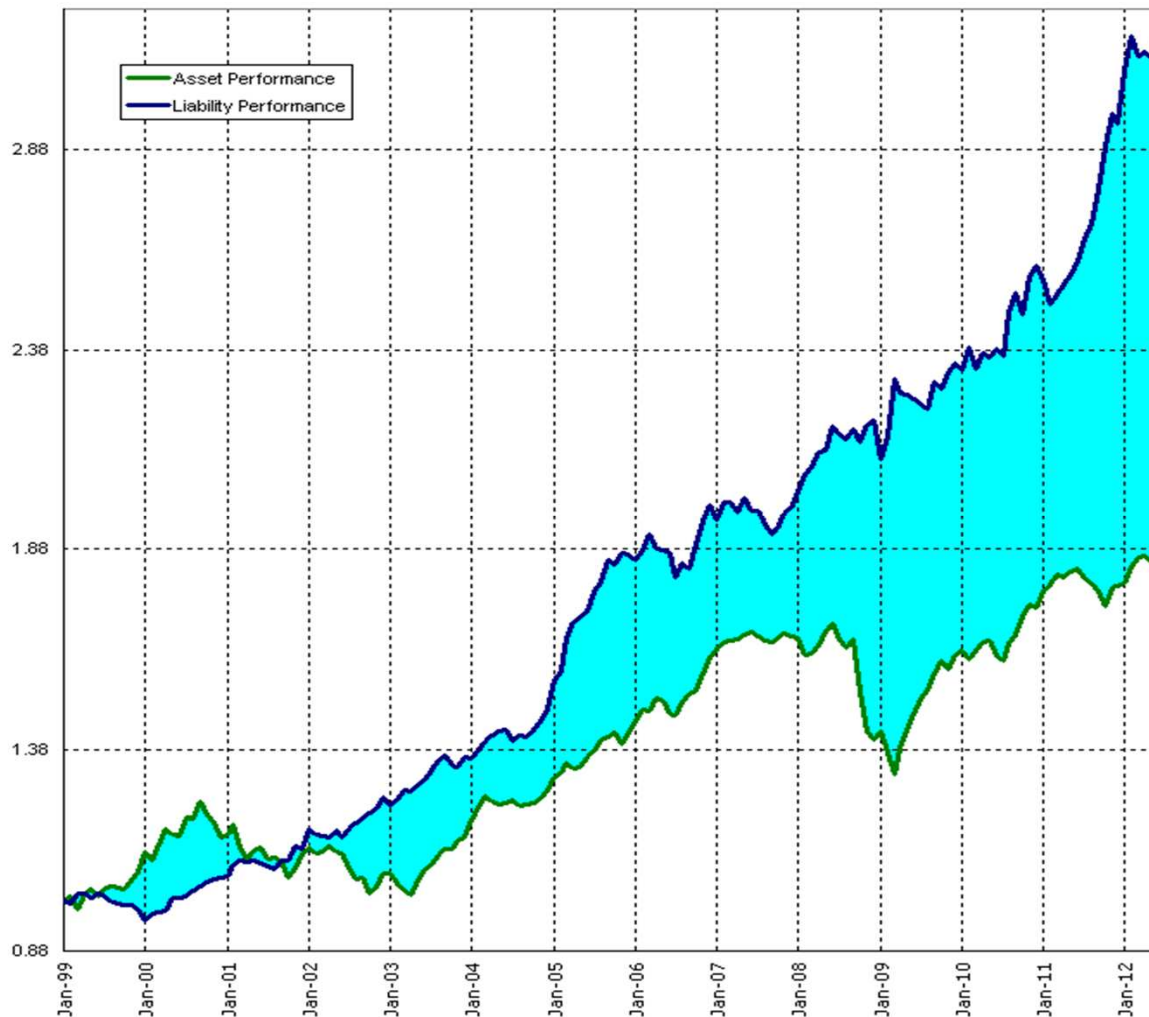
Capital Market Performance: Since June 2012

	Q3 2012	Q4 to Nov 29
91 Day CDN T-Bill	0.2%	0.2%
DEX Universe Bond Index	1.2%	0.4%
DEX Long Bond Index	1.9%	0.4%
S&P/TSX Composite Index	7.0%	-0.5%
MSCI All-Country World Index (\$Cdn)	3.2%	1.4%
MSCI World Index (\$Cdn)	3.1%	1.4%
Median Manager in Mercer Balanced Universe	3.4%	--

Key Issues Facing Pension Plan Sponsors

- ✓ Volatile markets and currencies can cause large fluctuations in pension costs
- ✓ Low interest rate environment and low returns on investments result in increased pension costs for plan sponsors
- ✓ Longevity improvements continue to increase pension costs
- ✓ Managing risk and diversification in pension portfolios

Illustration: Managing the Difference Between Assets and Liabilities



■ Asset Performance
■ Liability Performance

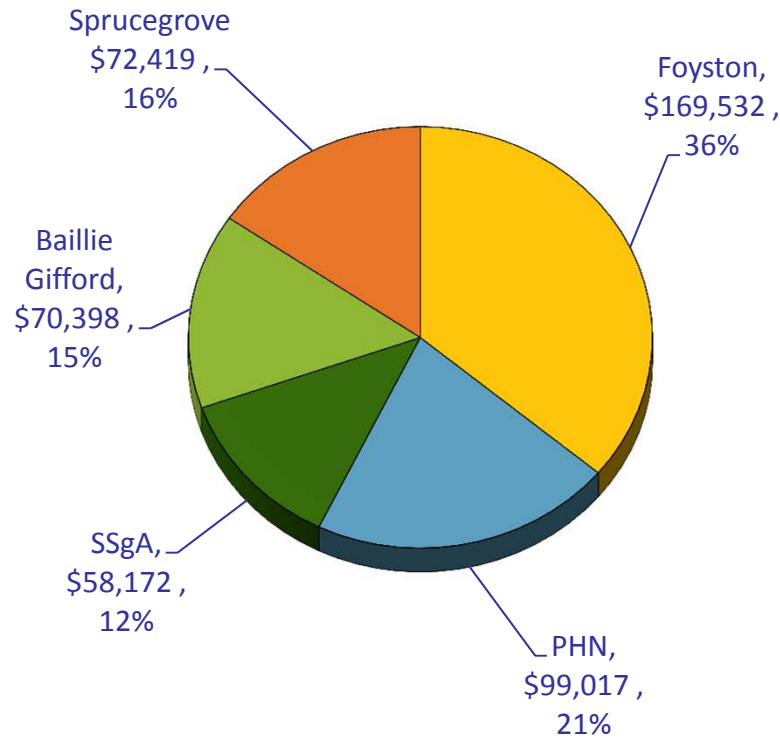
- Graph intended to illustrate the gap between assets and liabilities for a model pension plan over time and does not represent the asset and liability performance of the UW plans specifically.
- Assets assumed to be invested in Mercer Passive Portfolio, which represents the long term average asset mix for balanced funds. Policy benchmark will differ for the UW plans.

Performance Results

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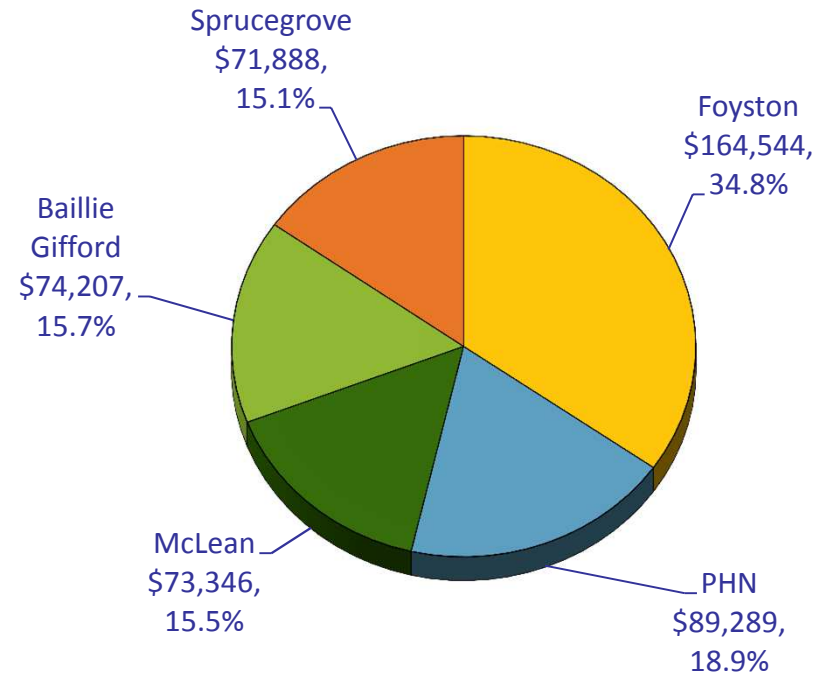
Asset Allocation by Manager (\$000)

June 30, 2012



**Total Market value of the Plan -
\$472,722,000**

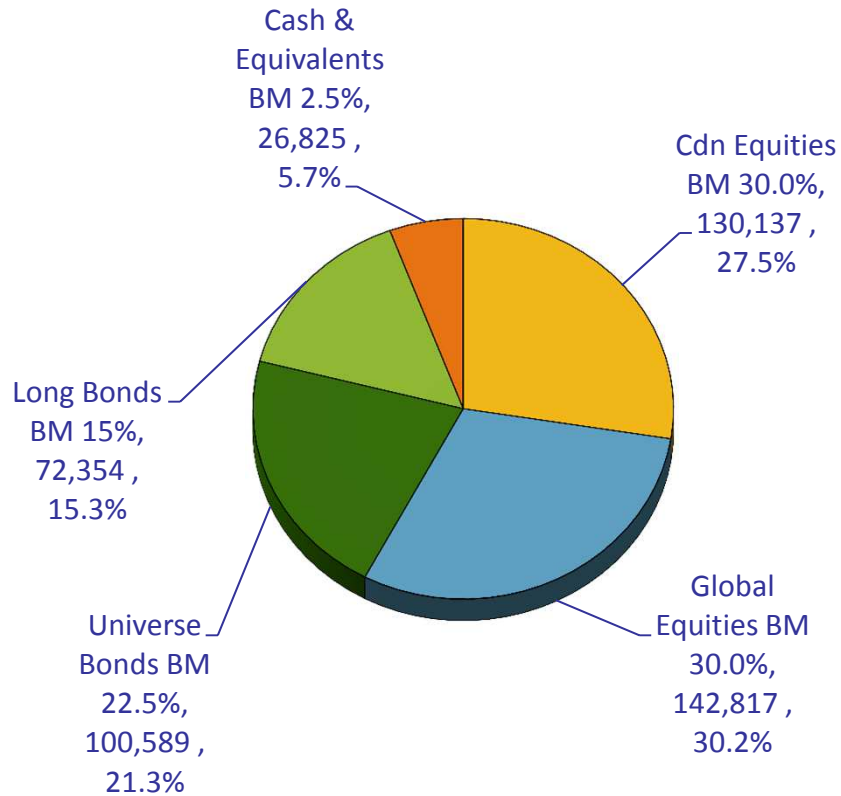
June 30, 2011



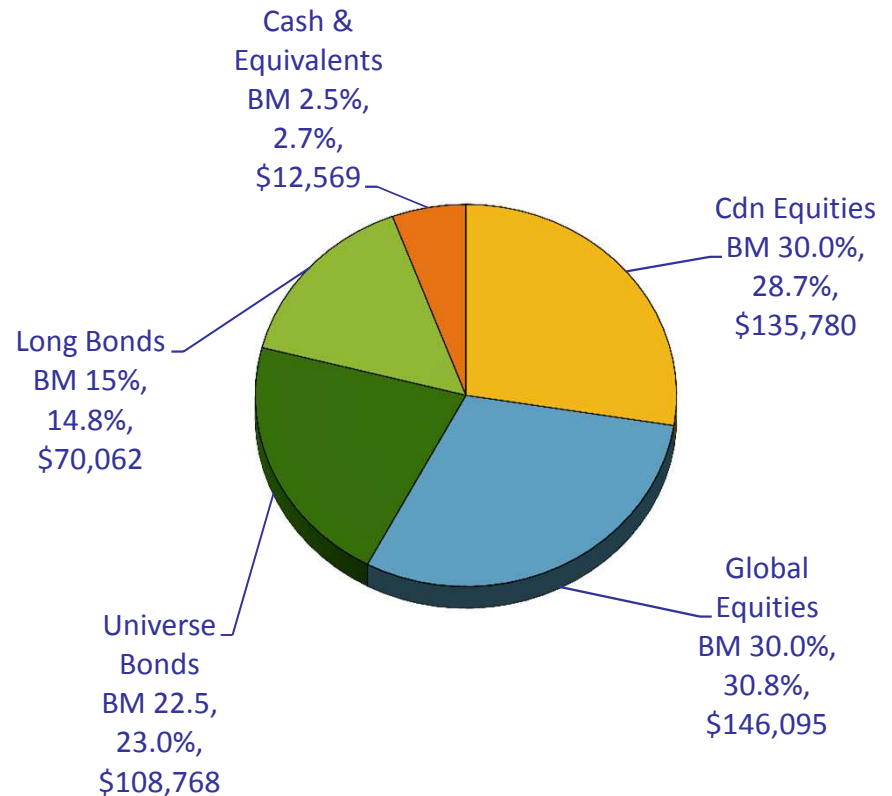
**Total Market value of the Plan -
\$475,507,000**

Asset Mix (\$000)

June 30, 2012



June 30, 2011



Total Pension Fund Returns as of June 30, 2012

	Mkt value at Jun 30/12 (000's)	Recent QTR at Jun 30/12 (3 mths)	One Year at Jun 30/12	Annualized to June 30, 2012		
				2 Years	3 Years	4 Years
Total Fund	\$ 472,722	-1.91%	0.61%	7.49%	7.64%	3.44%
U of Windsor Benchmark		-1.53%	1.86%	7.75%	7.72%	2.78%
Faculty Plan portion	\$ 324,196	68.6%				
Non-Faculty Plan portion	\$ 148,526	31.4%				

Annual Rates of Return as of June 30, 2012

	Market Value June 30/12 (000's)	% MV	Annual to Jun 30/12	Annual to Jun 30/11	Annual to Jun 30/10	Annual to Jun 30/09	Annual to Jun 30/08
Total Fund	\$472,722		0.6%	14.8%	7.9%	-8.2%	-2.3%
U of Windsor Benchmark			1.9%	14.0%	7.7%	-10.6%	-0.5%
<u>Allocation by Manager:</u>							
Foyston, Gordon & Payne	\$ 169,532	35.9%	3.4%	13.9%	11.8%	-3.0%	1.0%
Phillips, Hager & North	99,017	20.9%	11.8%	6.0%	11.2%	-3.0%	3.2%
McLean Budden	N/A	N/A	N/A	21.2%	6.3%	-25.5%	6.1%
SSgA	58,172	12.3%	N/A				
Baillie Gifford	70,398	14.9%	-1.1%	22.1%	N/A		
Sprucegrove	72,419	15.3%	0.7%	15.8%	N/A		
Cash	3,184	0.7%					
	<u>\$472,722</u>	<u>100%</u>					

Impact of Investment Performance for Faculty Plan

Gross fund return 0.57% for the year ended June 30, 2012

Net return of 0.05%

- Money Purchase balances increased by 0.05% for active members
- Money Purchase pensions for all retirees decreased by:
 - 7.09% for those who retired before July 1, 2004
 - 5.96% 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 2.00%

Impact of Investment Performance for Employees' Plan

Gross fund return 0.64% for the year ended June 30, 2012

Net return of 0.01%

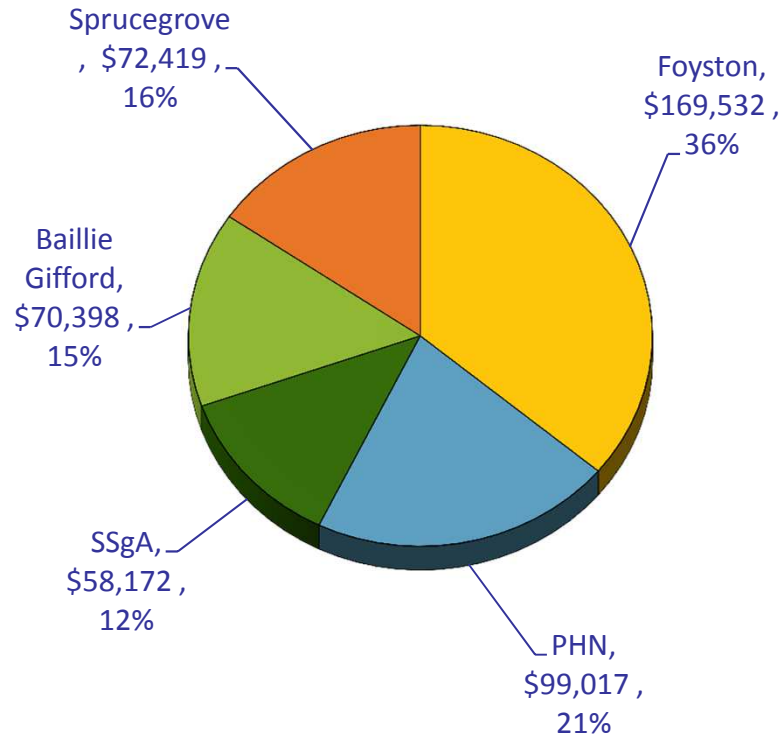
- Rate of credited interest on employee contributions for the year ending June 30, 2012 is 1.55%
- Average Fund Return for pension increases is 3.03%
 - 4 year average of fund return
- Pensions remain unchanged
 - Actual increase is 50% of excess average return over 5.6%, limited to 50% of the CPI increase (2.40% at June 30, 2012)

Total Pension Fund Returns as of Sept. 30, 2012

	Mkt Value at Sept 30/12 (000's)	Recent QTR				
		To Date (3 mths)	One Year To Sept 30/12	Annualized to Sept 30, 2012		
				2 Years	3 Years	4 Years
Total Fund	\$ 488,817	3.63%	10.60%	5.38%	6.56%	6.55%
U of Windsor Benchmark		3.62%	10.27%	5.69%	6.62%	6.04%
Faculty Plan portion	\$ 335,157 68.6%					
Non-Faculty Plan portion	\$ 153,660 31.4%					

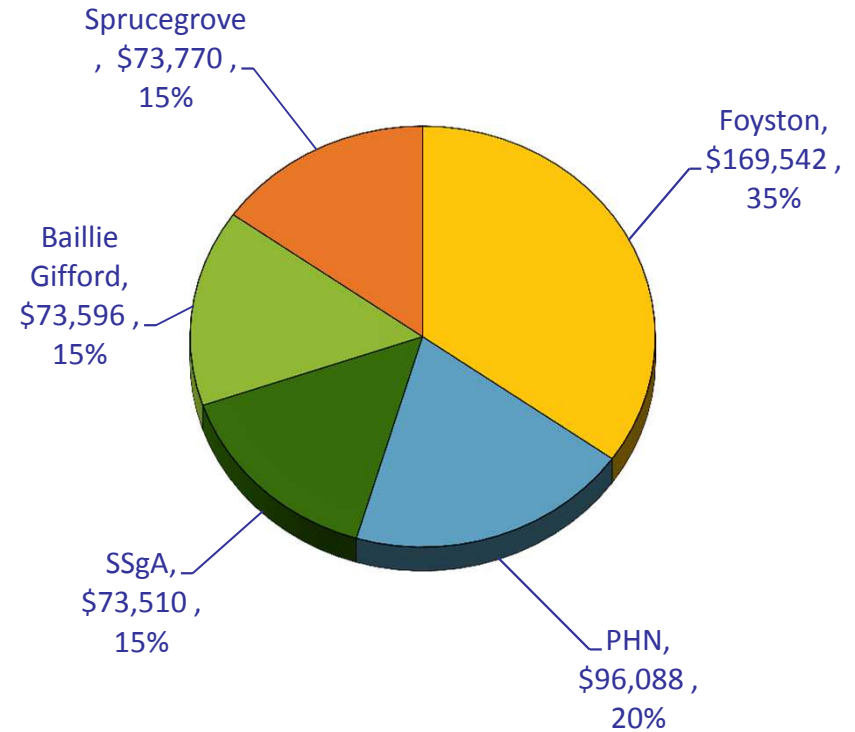
Asset Allocation by Manager (\$000)

June 30, 2012



**Total Market value of the Plan -
\$472,722,000**

September 30, 2012



**Total Market value of the Plan -
\$488,817,000**

Investment Manager Presentations

1. Phillips, Hager & North
 - Kevin De Souza & Etienne Dube
2. Foyston, Gordon & Payne
 - Steve Copeland
3. State Street Global Advisors
 - Dawn Jia & Anthony Spagnolo
4. Baillie Gifford
 - Geraldine Deighan & Tim Gooding
5. Sprucegrove
 - Marcel Leroux

Questions and Discussion

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