

Open Pension Meeting

December 1, 2011

Agenda

- Discussion of Key Events during 2010/11
- Capital Markets Performance to June 30, 2011 with 3rd and 4th Quarter Updates
- Overview of Pension Fund as of June 30, 2011 & September 30, 2011
 - ✓ Asset allocation by Manager and Asset Mix
 - ✓ Fund performance
- Manager Presentations
 - ✓ Background on firm
 - ✓ Performance as of June 30, 2011 and 3/4Q11
 - ✓ Investment Outlook
- Questions

Key events during the year

thinking forward

Key events during the year

- Implemented new governance structure
 - Created single Investment Committee to provide oversight on the investment operations of the pension plans, endowment fund, and the University's operating funds
 - Consolidated responsibilities previously managed by the Pension Committee and Investment Committee
 - Members include staff, volunteers and representatives of members/retirees of Faculty and Staff Pension Plan
 - Reasons for change:
 - Consolidate expertise on investment issues
 - Leverage committee across all investment funds
 - Create economies of scale

Key events during the year (cont'd)

- Implemented Sprucegrove and Baillie Gifford to manage global equities
 - Sprucegrove was chosen because of its value style that emphasizes bottom up, fundamental research
 - Baillie Gifford was chosen because it favors growth companies and for its expertise in emerging markets
- Decided to terminate McLean Budden. Reasons:
 - Performance
 - Volatility of performance
 - Service
 - Change of ownership
- Search for new Canadian equity managers conducted in 3rd and 4th Quarter of 2011
 - Met four finalists candidates on November 3, 2011
 - SSgA approved by the Board of Governance on November 22, 2011

Capital Markets

thinking forward

Capital Market Performance: June 30, 2011

Year Ending June 30, 2011

DEX 91-Day T-Bill Index	0.9%
DEX Universe Bond Index	4.7%
DEX Long Bond Index	7.0%
S&P/TSX Composite Index	20.9%
S&P 500 Index (\$Cdn)	18.7%
MSCI EAFE Index (\$Cdn)	18.9%
MSCI Emerging Markets Index (\$Cdn)	16.4%
Median Manager in Mercer Balanced Universe	13.8%

Capital Market Performance: Since June 30, 2011

	Q3 2011	Q4- To Nov 18
DEX 91-Day T-Bill Index	0.3%	0.1%
DEX Universe Bond Index	5.1%	0.5%
DEX Long Bond Index	9.8%	0.9%
S&P/TSX Composite Index	-12.0%	2.6%
S&P 500 Index (\$Cdn)	-7.0%	6.0%
MSCI EAFE Index (\$Cdn)	-12.5%	0.6%
MSCI Emerging Markets Index (\$Cdn)	-16.3%	4.5%
Median Manager in Mercer Balanced Universe	-6.2%	--

Key Issues Facing Pension Plan Sponsors

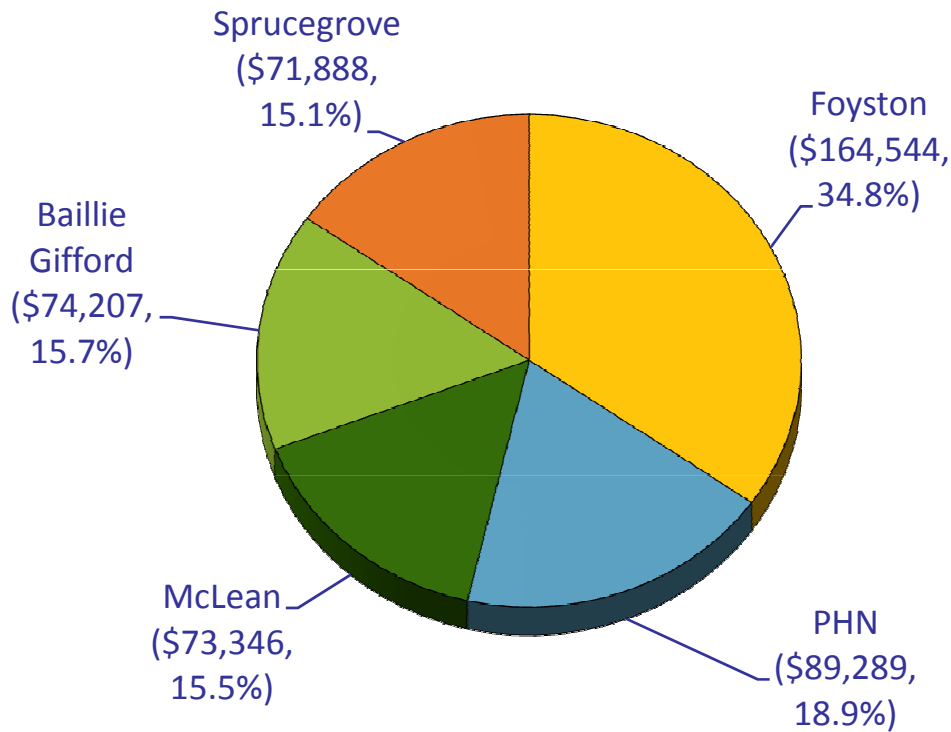
- ✓ Volatile markets and currencies cause great fluctuations in pension costs
- ✓ Low interest rates and low returns on pension funds result in increased pension costs for plan sponsors
- ✓ Much uncertainty about performance of markets and direction of interest rates
- ✓ Managing risk and diversification in pension portfolios

Performance Results

thinking forward

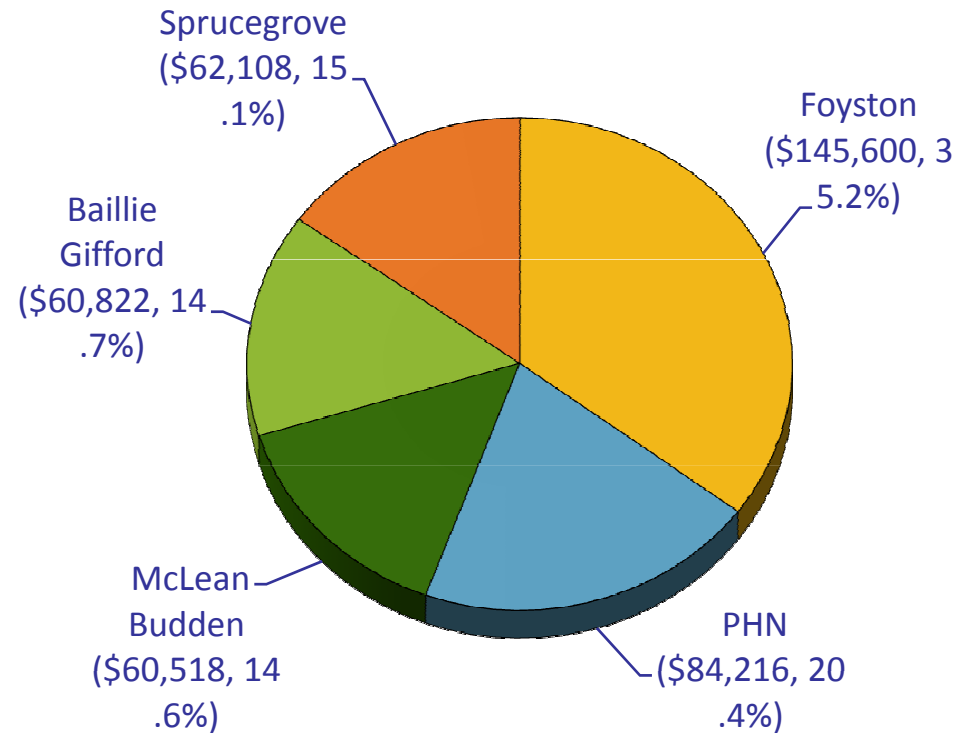
Asset Allocation by Manager (\$000)

June 30, 2011



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

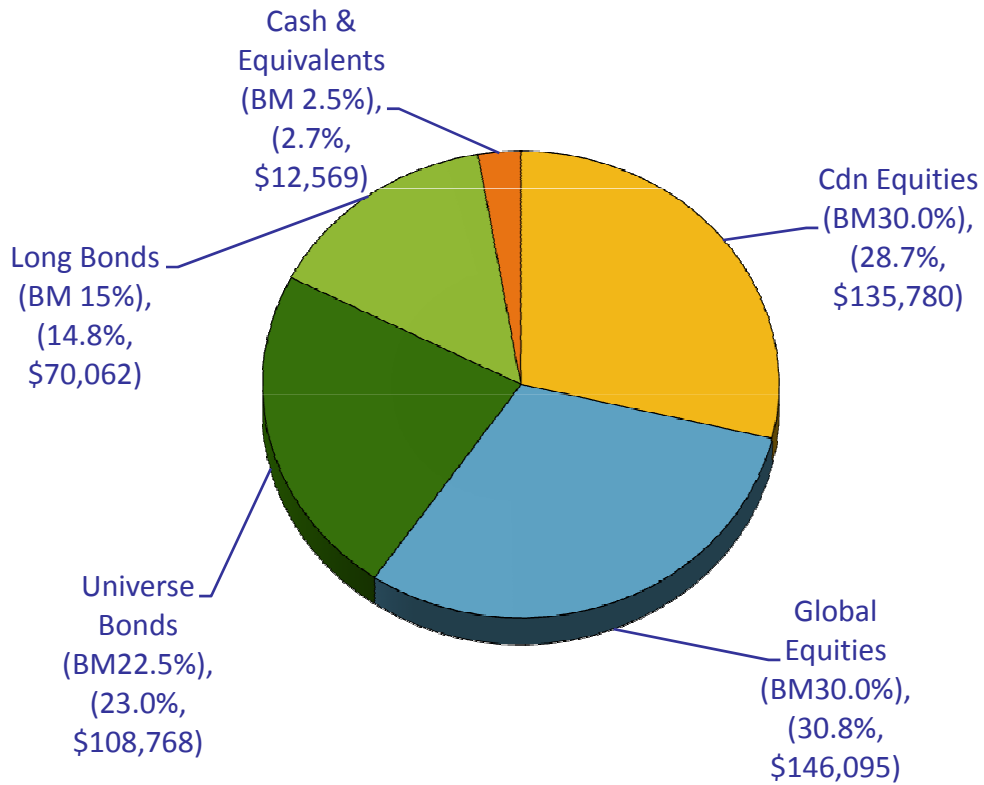
June 30, 2010



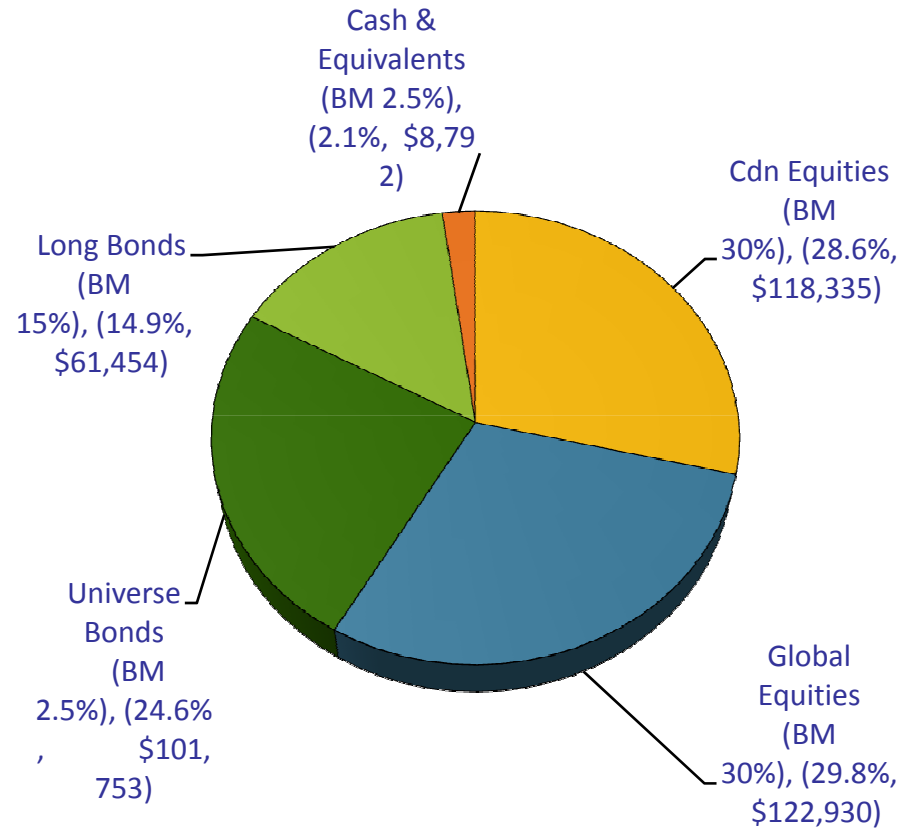
**Total Market value of the Plan -
\$415,406,000**

Asset Mix (\$000)

June 30, 2011



June 30, 2010



Total Pension Fund Returns as of June 30, 2011

	Mkt Value at Jun 30/11 (000's)	Recent QTR				
		To Date (3 mths)	One Year To Jun 30/11	Annualized to June 30, 2011		
				2 Years	3 Years	4 Years
Total Fund	\$ 475,507	-0.67%	14.84%	11.33%	4.40%	2.67%
U of Windsor Benchmark		-0.50%	13.99%	10.78%	3.09%	2.19%
Faculty Plan portion	\$ 328,990	69.2%				
Non-Faculty Plan portion	\$ 146,517	30.8%				

Annual Rates of Return as of June 30, 2011

	Market Value June 30/11 (000's)	% MV	Annual to Jun 30/11	Annual to Jun 30/10	Annual to Jun 30/09	Annual to Jun 30/08	Annual to Jun 30/07
Total Fund	\$475,507		14.8%	7.9%	-8.2%	-2.3%	15.6%
U of Windsor Benchmark			14.0%	7.7%	-10.6%	-0.5%	13.8%
<u>Allocation by Manager:</u>							
Foyston, Gordon & Payne	\$ 164,544	34.6%	13.9%	11.8%	-3.0%	1.0%	14.0%
Phillips, Hager & North	89,289	18.8%	6.0%	11.2%	-3.0%	3.2%	13.9%
McLean Budden	73,346	15.4%	21.2%	6.3%	-25.5%	6.1%	16.6%
Baillie Gifford	74,207	15.6%	22.1%	N/A			
Sprucegrove	71,888	15.1%	15.8%	N/A			
Cash	2,233	0.5%					
	<u>\$475,507</u>	<u>100%</u>					

Impact of Investment Performance for Faculty Plan

Gross fund return 14.81% for the year ended June 30, 2011

Net return of 14.24%

- Money Purchase balances increased by 14.24% for active members
- Money Purchase pensions for all retirees increased by:
 - 6.31% for those who retired before July 1, 2004
 - 7.13% for those who retired on and after July 1, 2004(Actual increase is 50% of excess average return over 6% and mortality adjustment)
- Minimum Guaranteed pensions for all retirees increased by 2.00%

Impact of Investment Performance for Employees' Plan

Gross fund return 14.75% for the year ended June 30, 2011

Net return of 14.13%

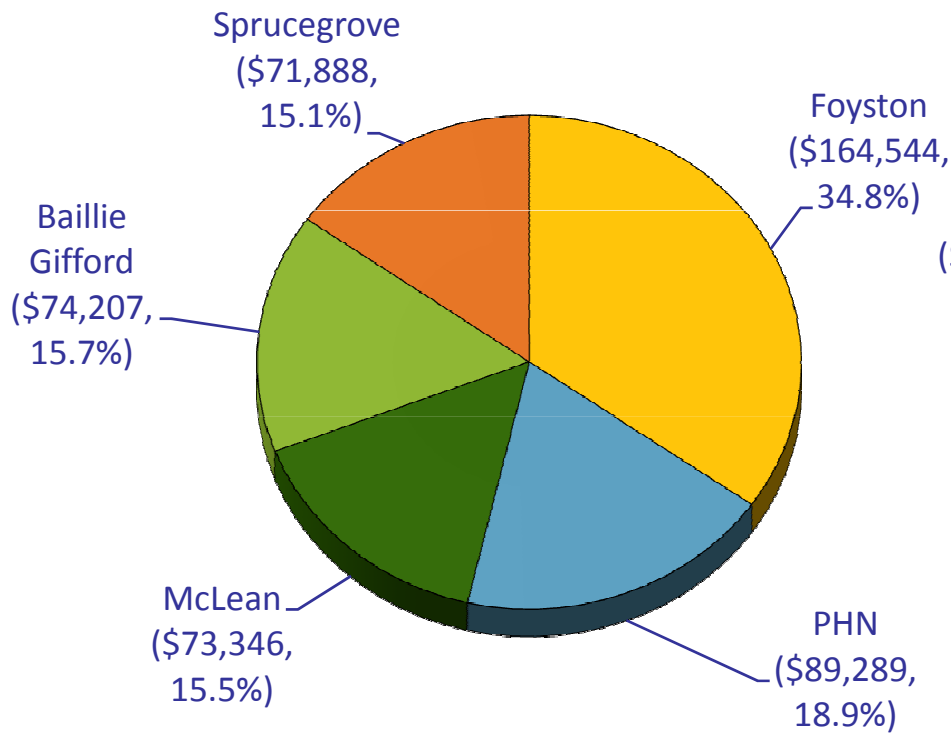
- Rate of credited interest on employee contributions for the year ending June 30, 2011 is 1.85%
- Average Fund Return for pension increases is 2.28%
 - 4 year average of fund return
- Pensions remain unchanged
 - Actual increase is 50% of excess average return over 6%, limited to 50% of the CPI increase (2.51% at June 30, 2011)

Annualized Rates of Return as of September 30, 2011

	Mkt value at Sep 30/11 (000's)	Recent QTR To Sep 30/11 (3 mths)	One Year To Sep 30/11	Annualized to September 30, 2011		
				2 Years	3 Years	4 Years
Total Fund	\$ 444,867	-5.73%	0.39%	4.60%	5.23%	1.38%
U of Windsor Benchmark		-4.28%	1.30%	4.85%	4.66%	1.11%
Faculty Plan portion	\$ 306,513	68.9%				
Non-Faculty Plan portion	\$ 138,354	31.1%				

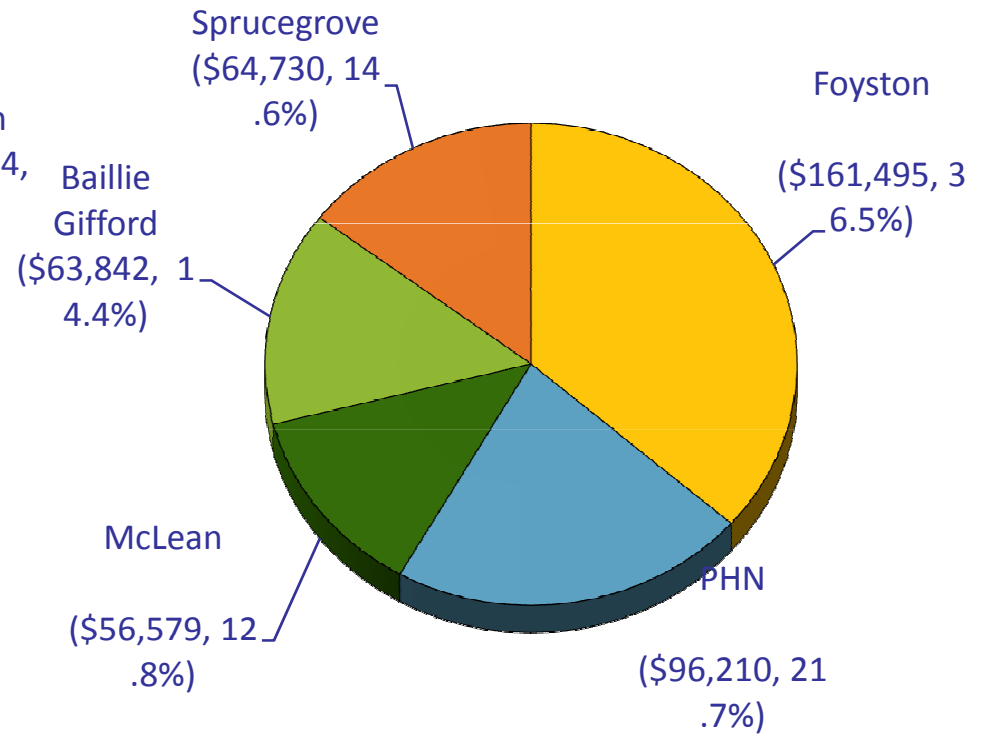
Asset Allocation by Manager (\$000)

June 30, 2011



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

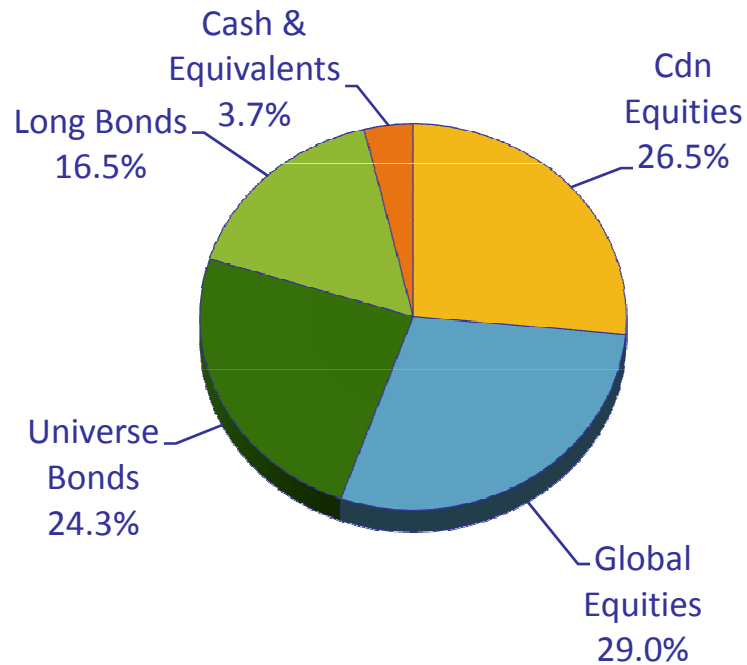
September 30, 2011



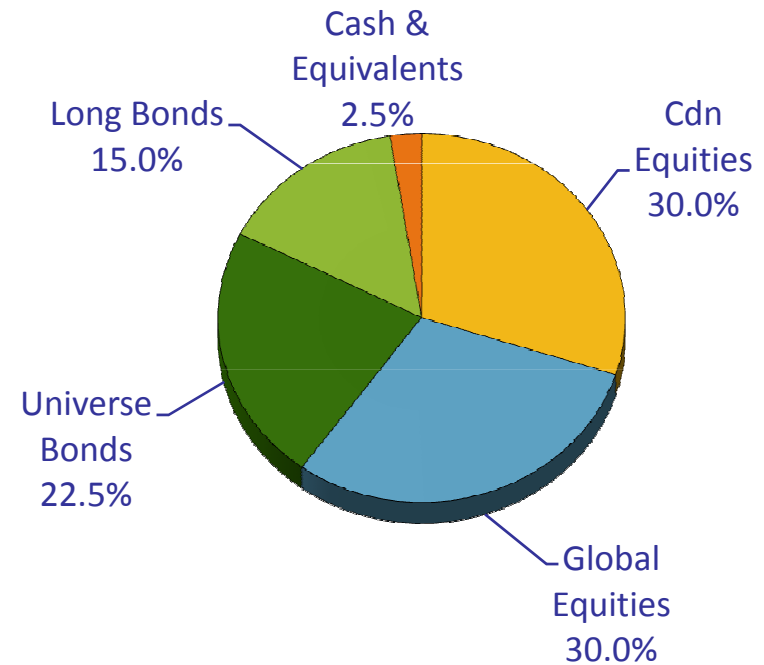
Total Market value of the Plan
\$444,867,000

Asset Mix as of September 30, 2011 (000's)

Actual Asset Mix

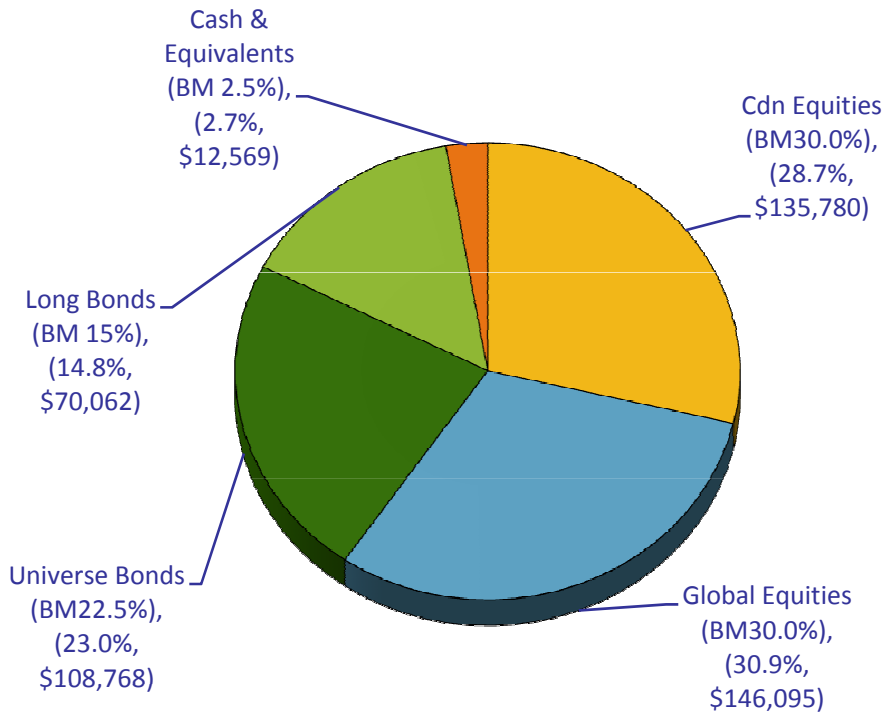


Asset Mix Benchmark

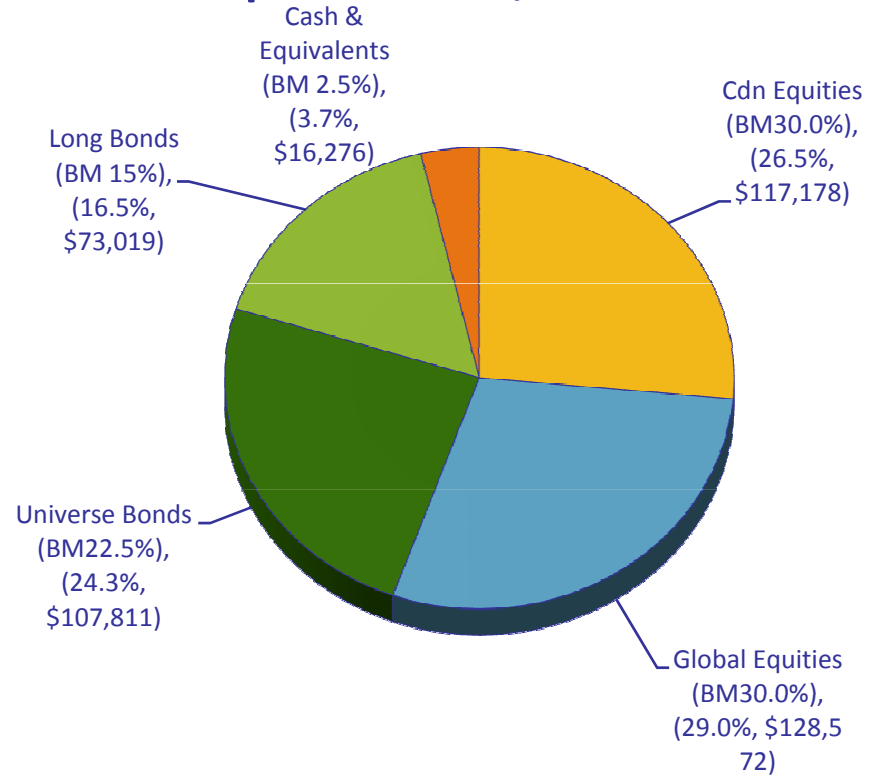


Asset Mix (\$000)

June 30, 2011



September 30, 2011



Investment Manager Presentations

1. Phillips, Hager & North
 - Michel Rhéaume
2. Foyston, Gordon & Payne
 - Jim Houston
3. McLean Budden
 - Rob Stapleford
4. Baillie Gifford
 - Geraldine Deighan & Fiona MacLeod
5. Sprucegrove
 - Marcel Leroux