

# 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

*thinking forward*

# 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

# 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

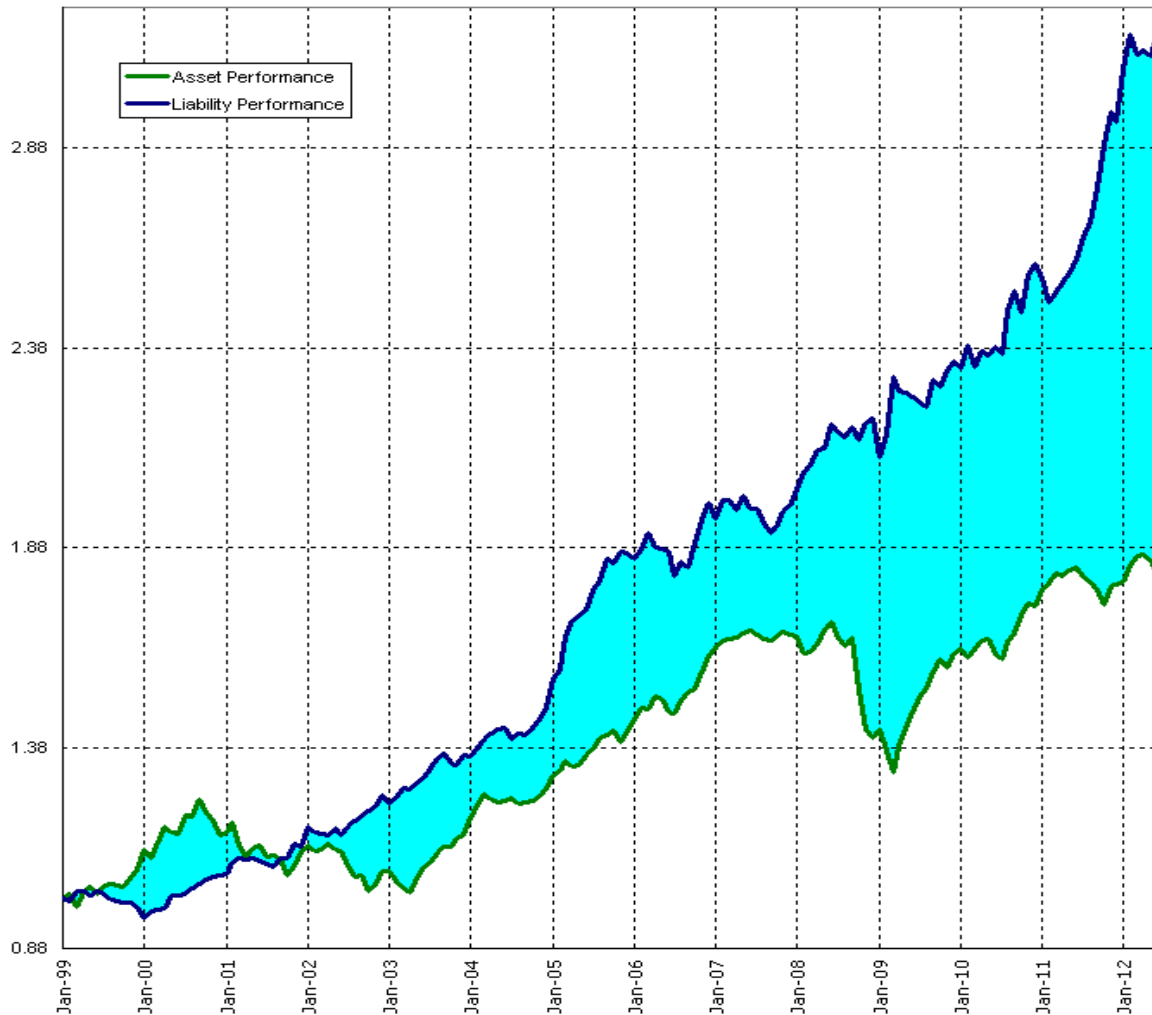
	Q3 2012	Q4 to Nov 29
91 Day CDN T-Bill	0.2%	0.2%
DEX Universe Bond Index	1.2%	0.4%
DEX Long Bond Index	1.9%	0.4%
S&P/TSX Composite Index	7.0%	-0.5%
MSCI All-Country World Index (\$Cdn)	3.2%	1.4%
MSCI World Index (\$Cdn)	3.1%	1.4%
Median Manager in Mercer Balanced Universe	3.4%	--

# 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

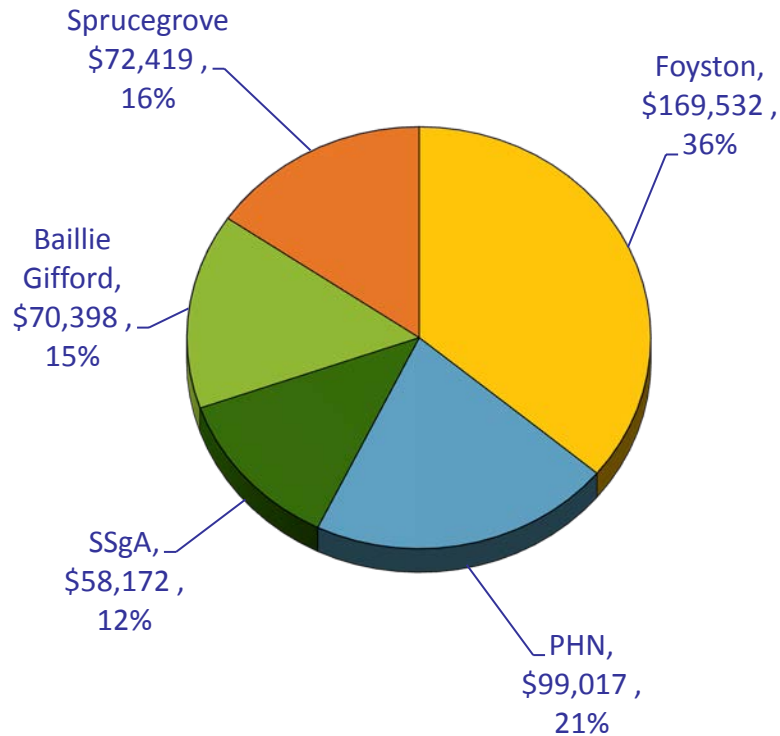
- Graph intended to illustrate the gap between assets and liabilities for a model pension plan over time and does not represent the asset and liability performance of the UW plans specifically.
- Assets assumed to be invested in Mercer Passive Portfolio, which represents the long term average asset mix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

# Performance Results

*thinking forward*

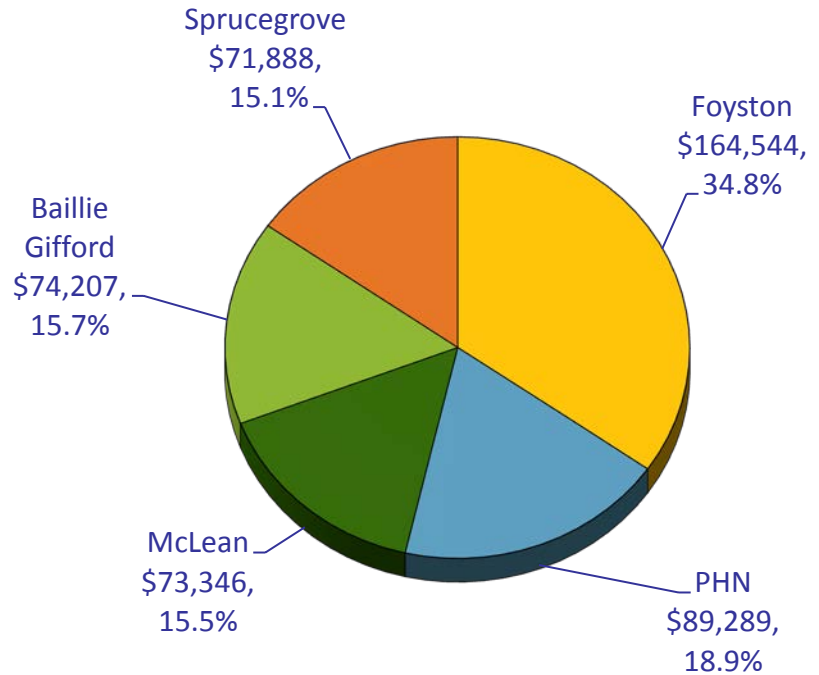
# Asset Allocation by Manager (\$000)

**June 30, 2012**



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

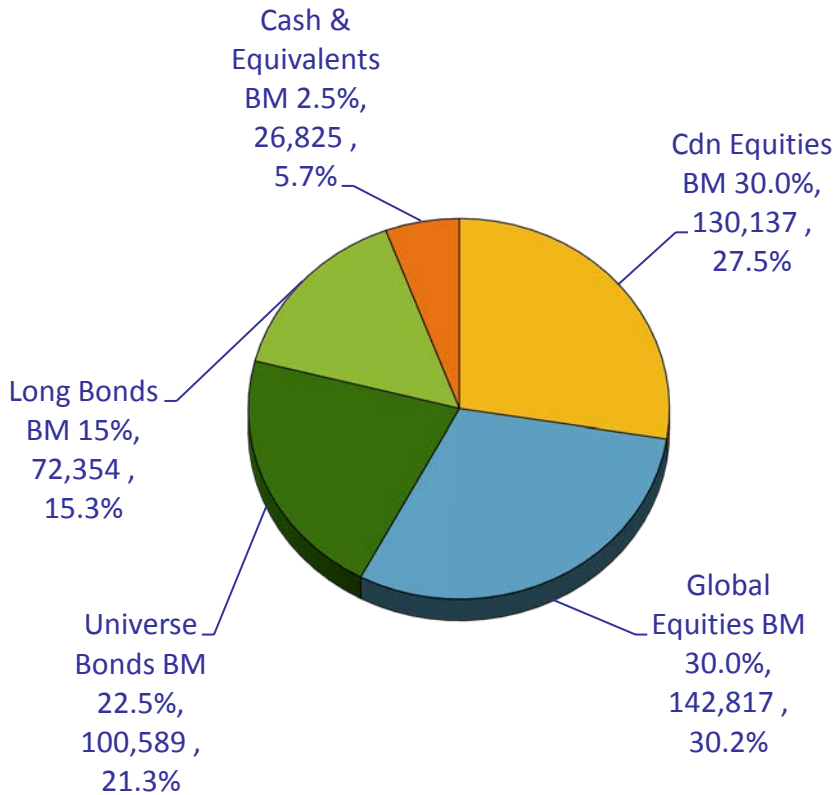
**June 30, 2011**



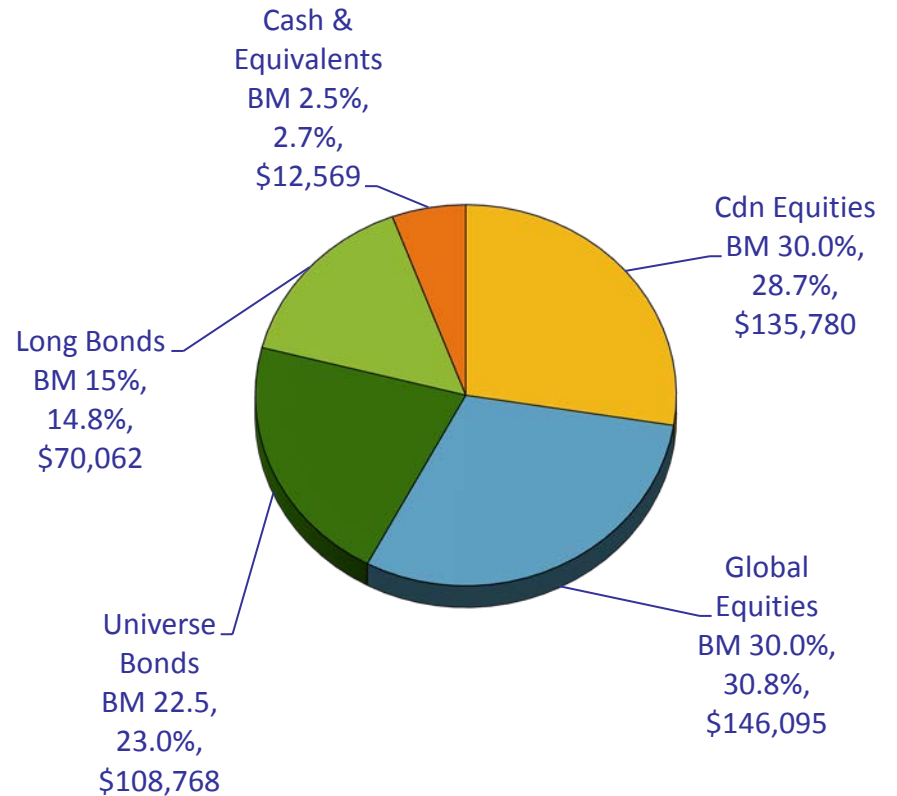
**Total Market value of the Plan -  
\$475,507,000**

# 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
<b>Total Fund</b>	\$ 472,722	-1.91%	0.61%	7.49%	7.64%	3.44%
<b>U of Windsor Benchmark</b>		-1.53%	1.86%	7.75%	7.72%	2.78%
<b>Faculty Plan portion</b>	\$ 324,196	68.6%				
<b>Non-Faculty Plan portion</b>	\$ 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%					
	\$472,722	100%					

# 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)



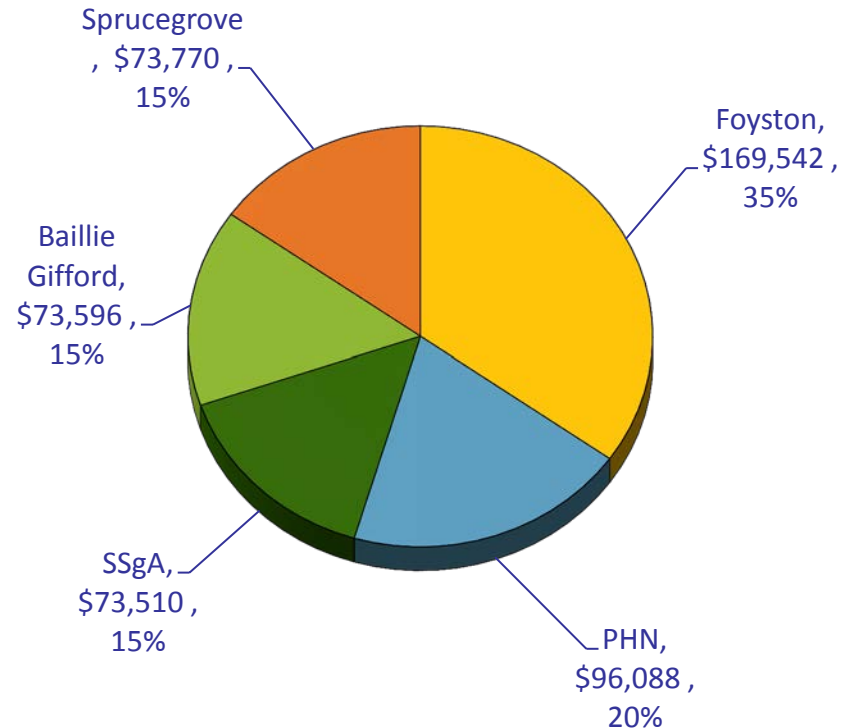
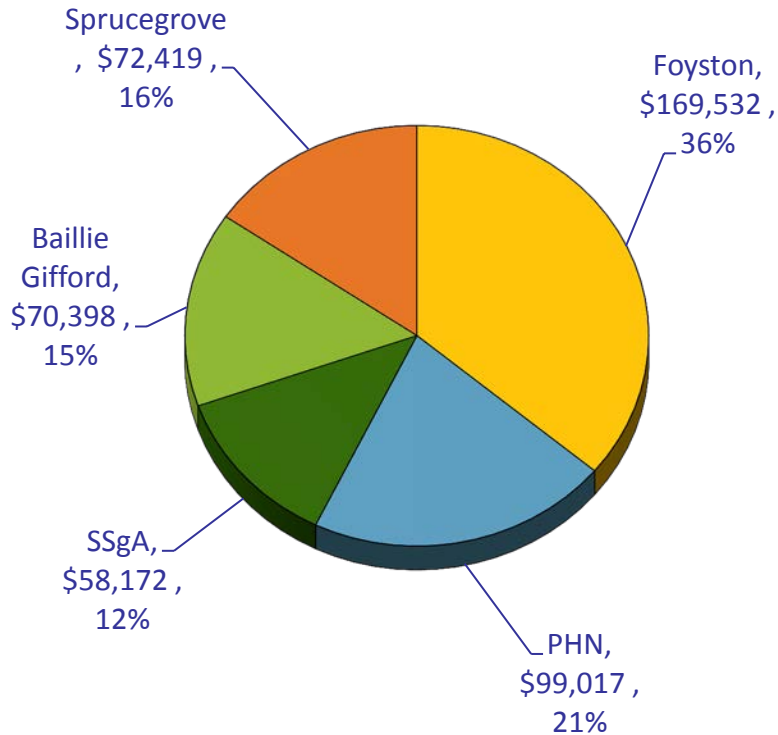
# Total Pension Fund Returns as of Sept. 30, 2012

	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
<b>Total Fund</b>	\$ 488,817	3.63%	10.60%	5.38%	6.56%	6.55%
<b>U of Windsor Benchmark</b>		3.62%	10.27%	5.69%	6.62%	6.04%
<b>Faculty Plan portion</b>	\$ 335,157	68.6%				
<b>Non-Faculty Plan portion</b>	\$ 153,660	31.4%				

# Asset Allocation by Manager (\$000)

**June 30, 2012**

**September 30, 2012**



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

**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



Presentation to  
University of Windsor

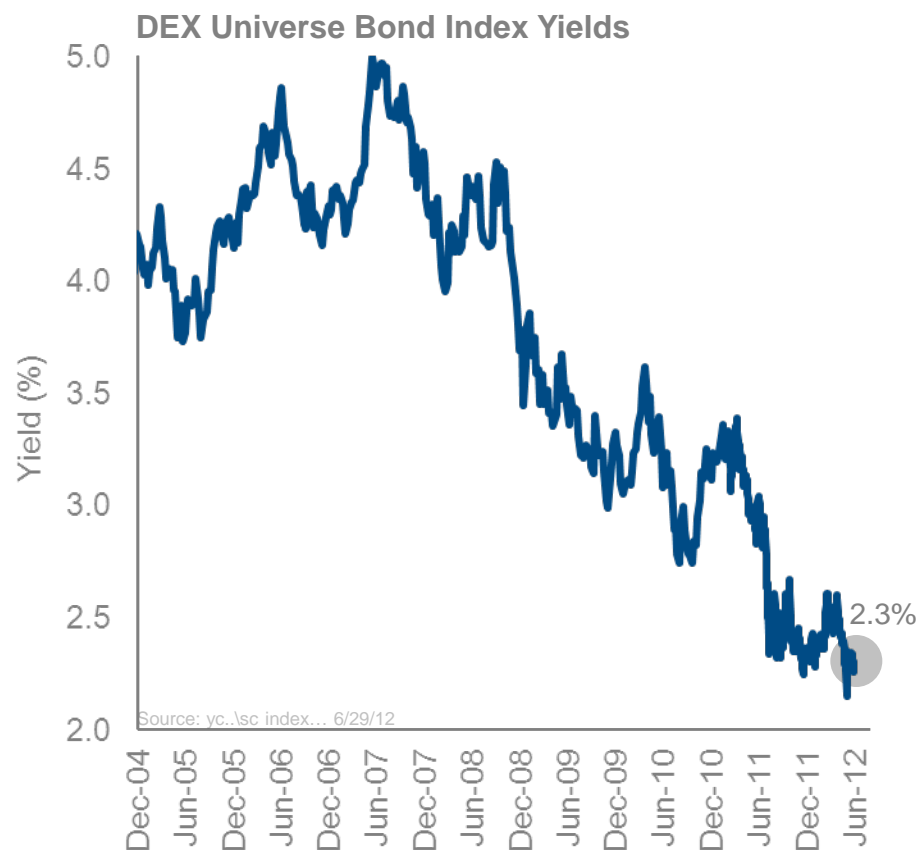
December 5, 2012

Presented by: Kevin De Sousa, Vice President



# Bond Market Review

## Duration Key Driver of Return



June 30, 2012	3 Mths %	1 Yr %	4 Yrs %
DEX Universe Bond Index	2.3	9.5	7.0
DEX Short Bond Index	0.9	3.8	4.8
DEX Long Bond Index	4.0	18.8	10.2
DEX RRB Index	2.7	14.9	8.5
Sector (Mid-term)			
Canada	3.1	11.8	7.4
Provincial	2.9	11.0	8.1
Corporate	2.2	10.1	9.7

# Pension Plan Portfolio Performance Summary

## As at June 30, 2012

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	Qtr (%)	1 Yr (%)	3.5 Yrs (%)
University of Windsor	2.43	11.72	10.92
Benchmark*	<u>2.74</u>	<u>12.26</u>	<u>10.06</u>
<i>Value Added</i>	-0.31	-0.54	+0.86

**\*Benchmark:**

**July 1, 2010 to Present:** 7% DEX 91-Day T-Bill, 56% DEX Universe Bond Index and 37% DEX Long Bond Index.

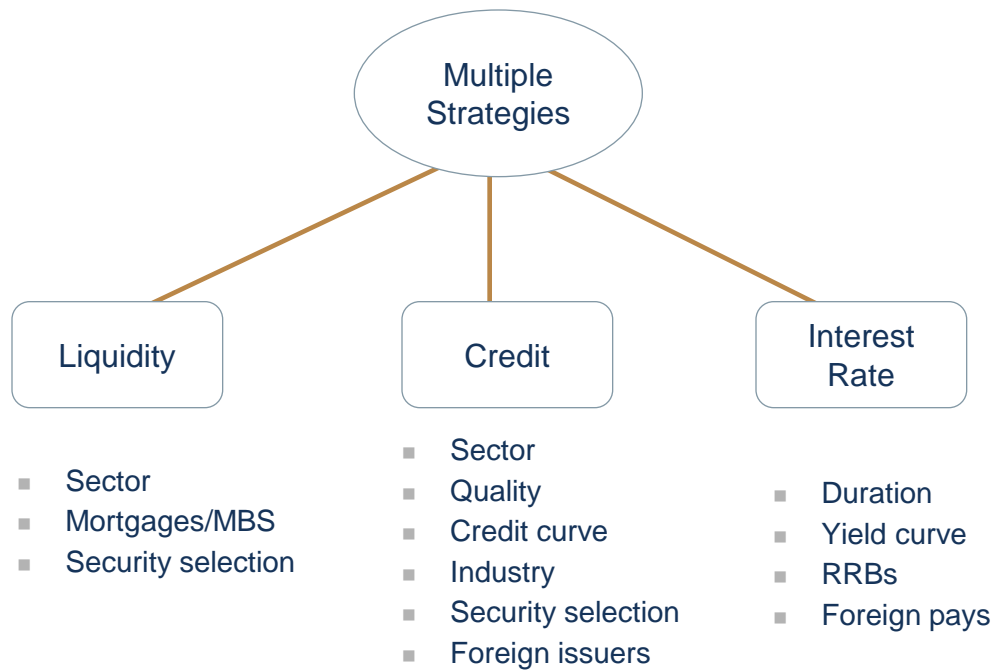
**Dec. 1, 2009 to June 30, 2010:** 6% DEX 91-Day T-Bill, 56% DEX Universe Bond Index and 38% DEX Long Bond Index.

**Sept. 1, 2008 to Nov. 30, 2009:** 4% DEX 91-Day T-Bill, 38% DEX Universe Bond Index, 26% DEX Long Bond Index and 32% S&P/TSX Capped Composite Index.

**Dec. 1, 2004 to Aug. 30, 2008:** 57% DEX Universe Bond Index and 43% S&P/TSX Composite Index.

# PH&N Fixed Income Investment Philosophy

## Multiple Sources of Risk/Opportunity



- Provides consistent value-added
- Breadth of strategies is key
- Focus on return/risk relationship

**Predictability of expected value-added**

*Most* → *Least*

**Goal is to build a diversified portfolio with attractive relative returns**

# Europe Continues to Influence Domestic Rates

## Foreign Love Affair with Canadian Bonds

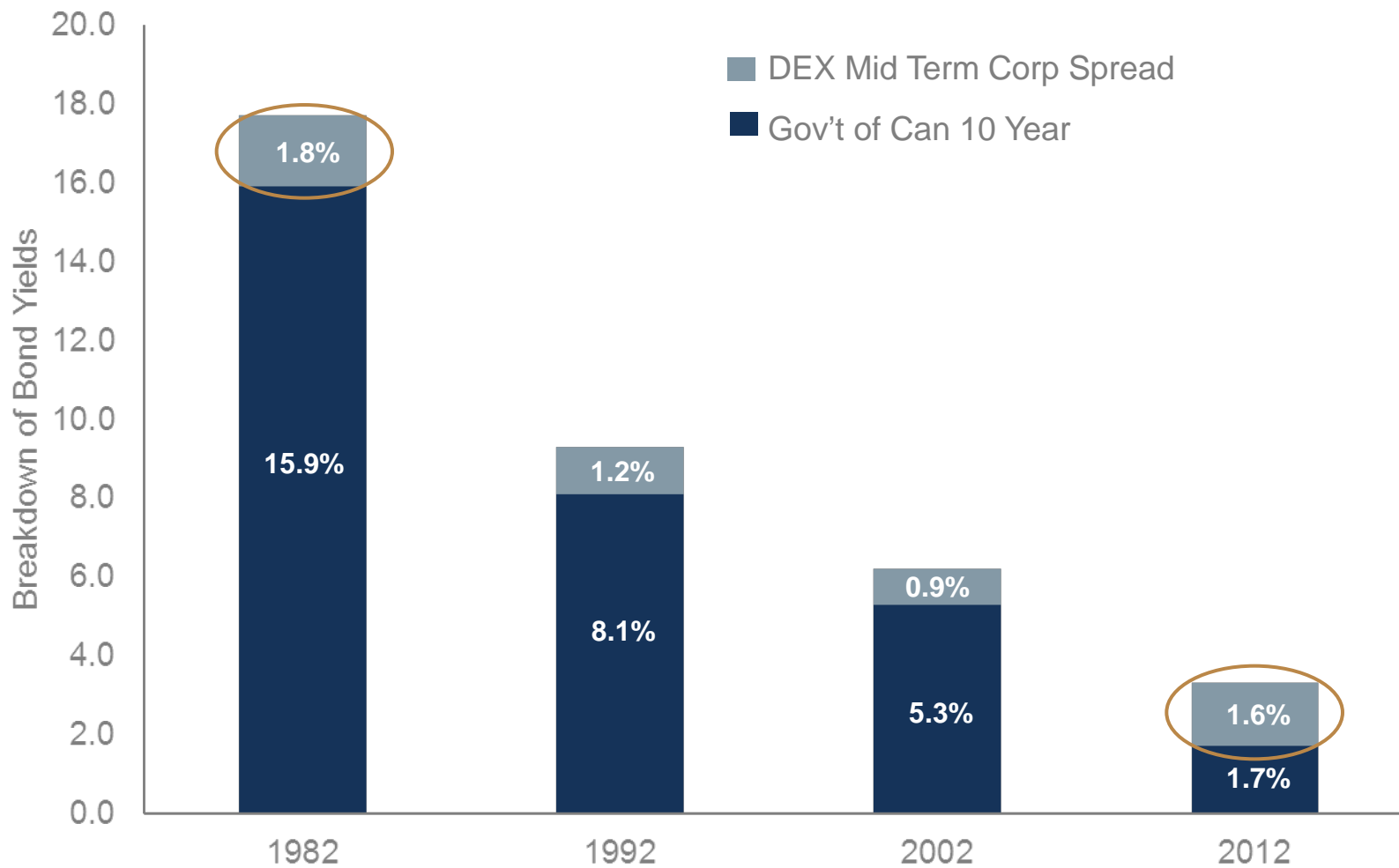
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Source: other/foreign investors ... 6/12



# Relative Importance of Corporate Spread

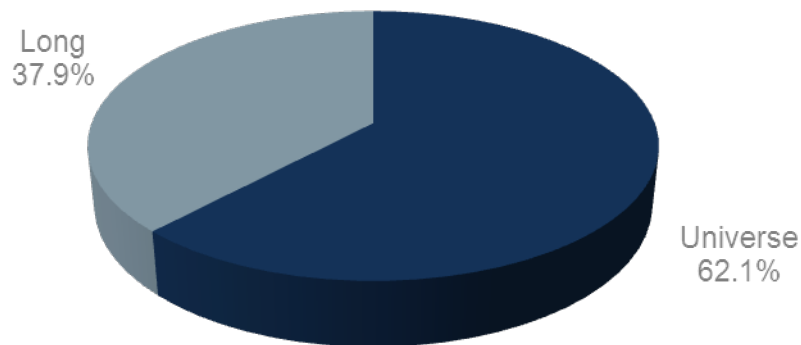


Source: credit/corp yield breakdown 6/29/12

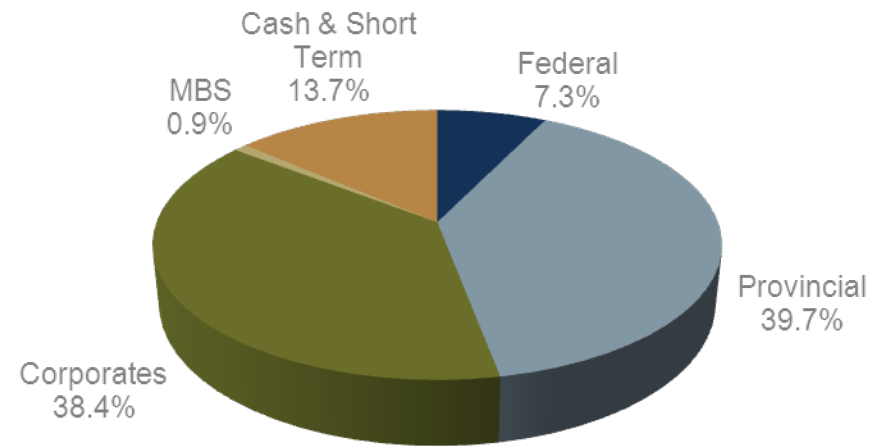
# University of Windsor Pension Plan

## Portfolio Summary as of June 30, 2012

Portfolio Distribution



Sector Distribution



Portfolio Duration:	8.42 yrs
Benchmark* Duration:	9.05 yrs
Portfolio Yield:	2.85%
Benchmark* Yield:	<u>2.58 %</u>
Incremental	+0.27%

\*Portfolio Benchmark: 7% 91 day T-Bills  
56% DEX Universe  
37% DEX Long

- Structured to outperform in neutral or positive economic growth
  - Short duration position; overweight credit
- Federal allocation low in favour of credit strategies:
  - Provincials biased to long Ontarios
  - Corporates are broadly diversified, with emphasis on higher quality issues
- Yield advantage despite short duration

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# INVESTMENT PRESENTATION

## Open Pension Committee Meeting

Steve Copeland, CFA  
Senior Vice President

December 5, 2012



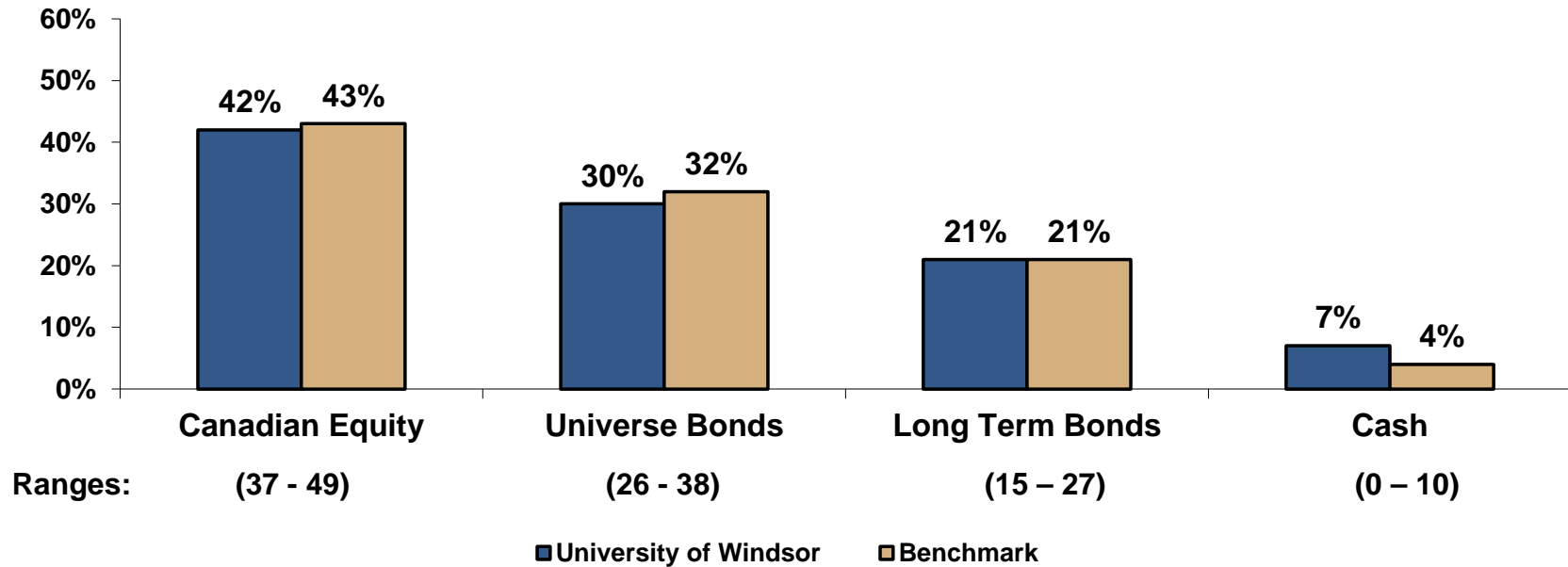
Time Weighted CDN\$ Rates Of Return Periods Ending June 30, 2012								
	YTD	1 Year	2 Years	3 Years	4 Years	5 Years	Fiscal May 31st	Inception Date (March 31, 1998)
<b>Total Fund</b>	<b>1.2%</b>	<b>3.5%</b>	<b>8.5%</b>	<b>9.3%</b>	<b>6.4%</b>	<b>5.3%</b>	<b>0.4%</b>	<b>8.1%</b>
Benchmark	0.8	2.4	7.0	7.5	4.2	4.7	0.4	4.8*
<b>Value Added</b>	<b>+0.4</b>	<b>+1.1</b>	<b>+1.5</b>	<b>+1.8</b>	<b>+2.2</b>	<b>+0.6</b>	<b>--</b>	<b>+3.3</b>

\*Benchmark inception date as of March 31, 2000

## Attribution

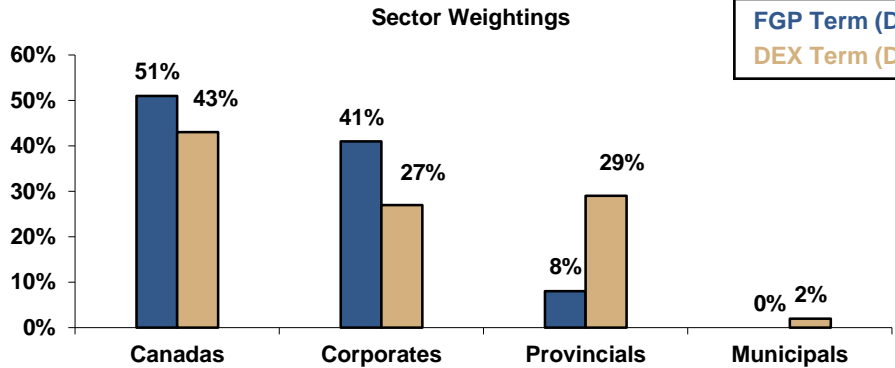
- Canadian equities outperform
- Defensive cash position a detractor as cash underperforms stocks and bonds

# University of Windsor Pension Plan – Asset Mix

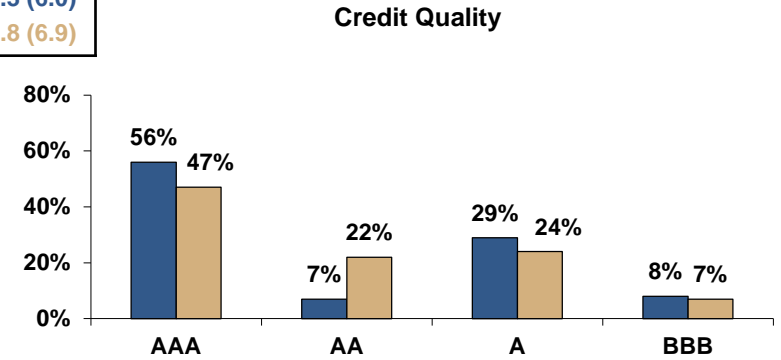


AUM	
Fund Value at June 30, 2012	\$169,672,097

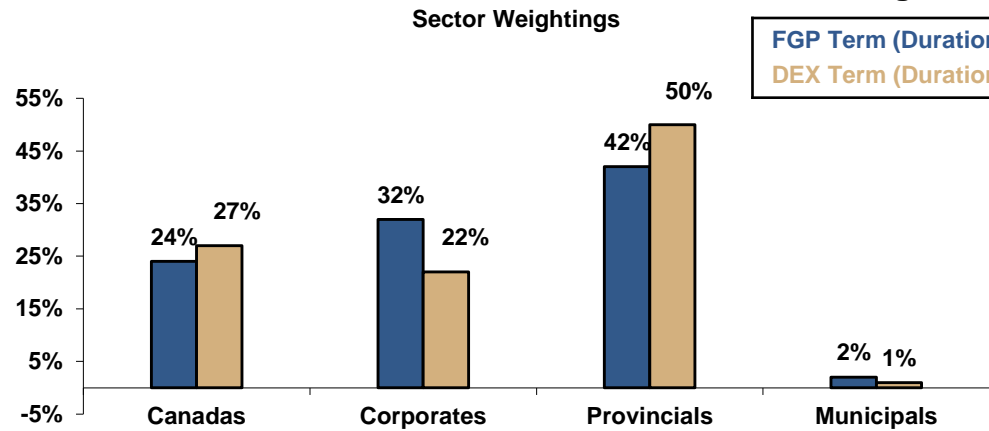
## FGP Bond Fund



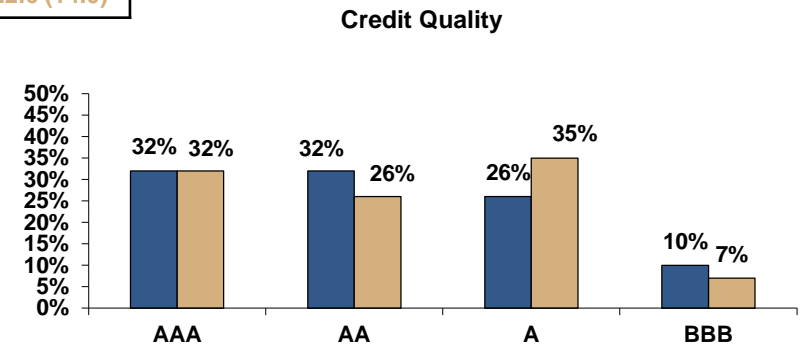
FGP Term (Duration)	8.3 (6.0)
DEX Term (Duration)	9.8 (6.9)



## Long Bond Fund



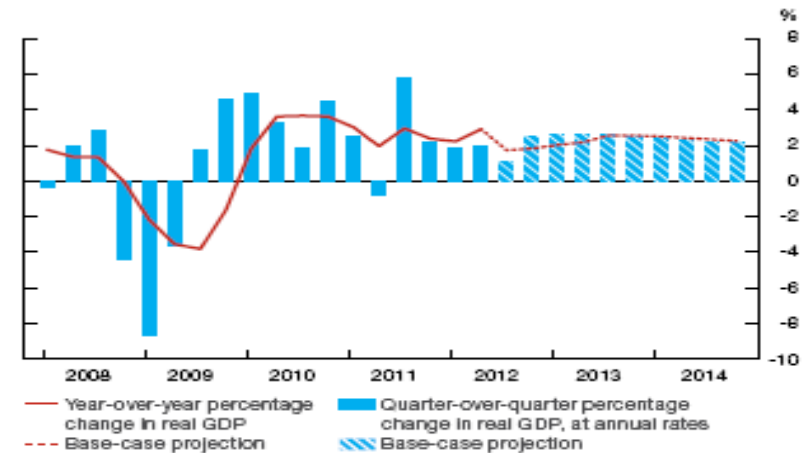
FGP Term (Duration)	19.5 (11.9)
DEX Term (Duration)	22.6 (14.0)



\*Source: PC Bond Analytics – June 30, 2012

- World economies becoming more correlated
- Central banks support markets
- European sovereign debt crisis adds to volatility
- U.S. recovery continues to be modest
  - U.S. employment & 'fiscal cliff' drama
- China slowdown?
- Canadian growth remains subdued

Chart 26: Real GDP is expected to grow at a moderate pace



Sources: Statistics Canada and Bank of Canada calculations and projections





# University of Windsor

**December 5, 2012**

Dawn Jia, CFA  
Anthony Spagnolo



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The information contained in this document is current as of the date presented unless otherwise noted.

# Table of Contents

- 1. SSgA Firm Overview**
- 2. Canadian Index Plus Strategy: Characteristics and Performance**

## **Appendix A: GIPS® Presentation and Important Disclosure**

All values are expressed in CAD dollars unless otherwise noted.

The views expressed in this material are the views of the Active Equity Group through the period ended November 29, 2012 and are subject to change based on market and other conditions. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Past performance is not a guarantee of future results.

# SSgA Firm Overview



# A Leading Provider of Financial Services to Institutional Investors



STATE STREET

***SSgA is a global leader  
in asset management relied  
on by sophisticated  
institutions worldwide for  
their investment needs***

- Subsidiary of State Street Corporation, one of the world's leading providers of financial services to institutional investors, with a heritage dating back over two centuries
- Entrusted with over \$2.0 trillion\* CAD in assets worldwide
- Clients include governmental entities, corporations, endowments and foundations, third party asset gatherers, multi employer plans, pension funds and sovereign wealth funds
- ETF industry pioneer and leader since 1993 with \$331 billion\* CAD in AUM

## State Street Global Services

A global leader in  
asset servicing



## State Street Global Advisors

A global leader in  
asset management

## State Street Global Markets

A global leader in  
research and trading

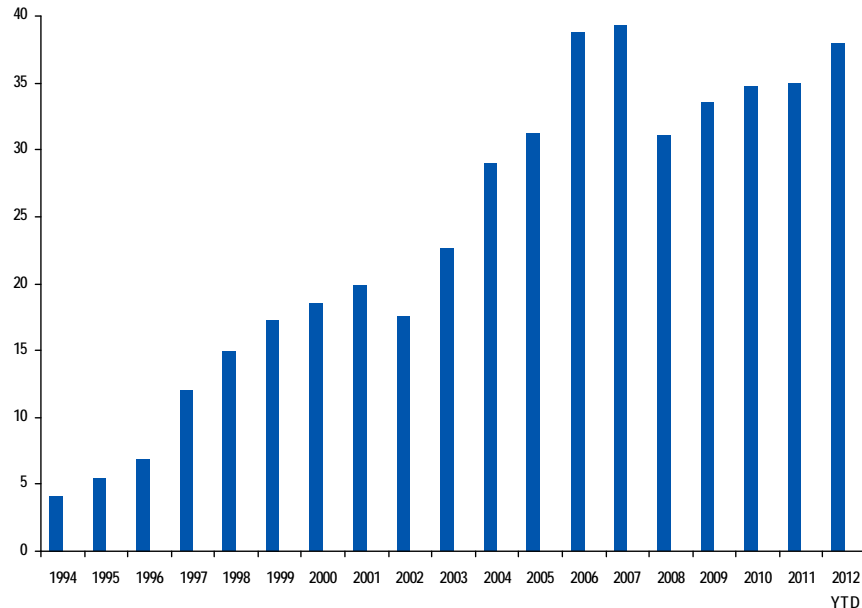
As of September 30, 2012

\* This AUM includes the assets of the SPDR Gold Trust (approx. \$74.2 billion CAD as of September 30, 2012), for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.

# SSgA Canada AUM Update As of September 30, 2012

## SSgA Canada Snapshot

- 4<sup>th</sup> Largest manager of pension assets †
- Canadian presence since 1990
- 165 clients across Canada



## Canadian Assets Under Management\*

Providing investment solutions for Canadian investors

**\$6,706 Million of Active/Enhanced**  
**\$27,420 Million of Passive**  
**\$3,805 Million of Cash**

## Total Funds Under Management AUM \$37.93 Billion (CAD\$)\*

Asset Class	Active/Enhanced Assets (CAD\$ Million)	Passive Assets (CAD\$ Million)
Equity	750	14,802
Fixed Income	3,981	3,913
Cash	3,805	—
Currency ‡	2,235	9,466
Asset Allocation	207	755
<b>Grand Total</b>	<b>10,511</b>	<b>27,420</b>

\* Assets under management as of September 30, 2012

† Source: Benefits Canada, November 2011

‡ Please note that the sum of the asset classes will exceed the Grand Total as internal currency mandates (where the underlying investment is managed by SSgA) are included in the currency asset class.

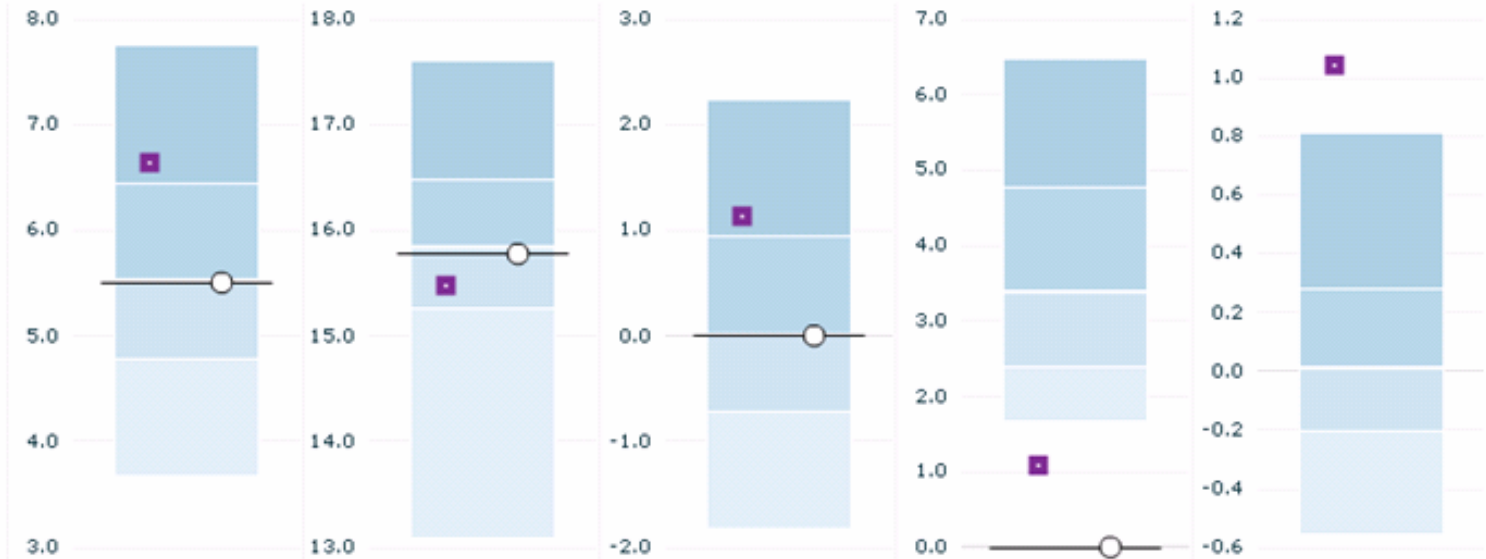
# Canadian Index Plus Strategy: Characteristics & Performance

# Overview - Competitive Landscape

## State Street GA (Index Plus)

Performance characteristics vs. S&P/TSX Composite in \$C (before fees) over 7 yrs and 1 mth ending June-12 (monthly calculations)

Comparison with the Pooled - Canadian Equities (PFS) universe (Actual Ranking)



	Ret (%pa)	Std Dev (%pa)	Ex Ret (%pa)	TE (%pa)	IR
■ SSGAI+	6.6 (13)	15.5 (44)	1.1 (13)	1.1 (62)	1.0 (2)
○ SPTSX	5.5 (33)	15.8 (36)	0.0 (33)	0.0 (63)	-
95th Percentile	7.7	17.6	2.2	6.5	0.8
Upper Quartile	6.4	16.5	0.9	4.8	0.3
Median	5.5	15.8	0.0	3.4	0.0
Lower Quartile	4.8	15.3	-0.7	2.4	-0.2
5th Percentile	3.7	13.1	-1.8	1.7	-0.6
Number	63	62	63	62	62

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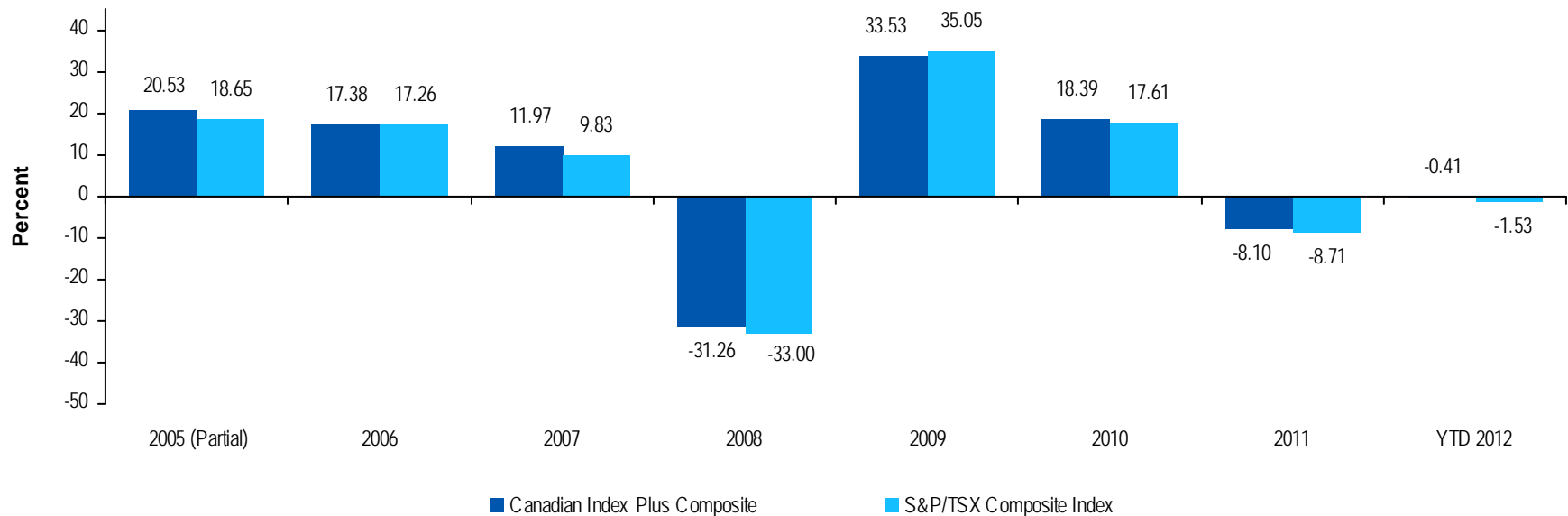
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# Canadian Index Plus Strategy Historical Performance

## Gross annualized returns for the period ending June 30, 2012 (CAD\$)

	1 Year	3 Years	5 Years	Since Inception <sup>†</sup>
Canadian Index Plus Composite	-9.14%	7.69%	0.15%	6.63%
S&P/TSX Composite Index	-10.25	6.69	-0.74	5.51
Difference*	1.11	0.99	0.89	1.12



Source: SSgA

<sup>†</sup> Inception: June 2005

\*The calculation method for value added returns may show rounding differences.

The performance shown is of a composite consisting of all discretionary accounts using this investment strategy. There is no minimum account size required for inclusion in the composite. New funds or accounts are added to the composite upon the first full month of operation and closed funds or accounts are removed from the composite upon the last full month of operation. The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Returns are expressed gross of management fees. Some members of the composite may accrue administration fees. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in Canadian dollars.

# Canadian Index Plus Strategy – Performance Attribution

## Consistent value added from stock selection across sectors and over time

### Since Inception - Cumulative Attribution by Sector

Sector	Allocation Effect (%)	Selection Effect (%)	Total (%)
Materials	-0.24	4.69	4.46
Energy	0.18	1.53	1.72
Consumer Staples	0.64	1.08	1.72
Information Technology	0.02	1.14	1.16
Financials	0.13	0.28	0.42
Health Care	0.61	-0.03	0.58
Utilities	0.36	0.19	0.54
Telecommunication Services	-0.16	0.59	0.43
Consumer Discretionary	0.17	0.20	0.37
Industrials	0.02	0.02	0.03
<b>Total</b>	<b>1.74</b>	<b>9.69</b>	<b>11.43</b>

### Yearly Allocation vs. Selection Effect

	Allocation Effect (%)	Selection Effect (%)	Total (%)
2005	0.37	1.51	1.88
2006	0.02	0.10	0.12
2007	-0.08	2.23	2.14
2008	-0.52	2.27	1.75
2009	-0.18	-1.34	-1.53
2010	-0.13	0.91	0.79
2011	-0.01	0.61	0.60
2012 YTD	-0.01	1.14	1.13

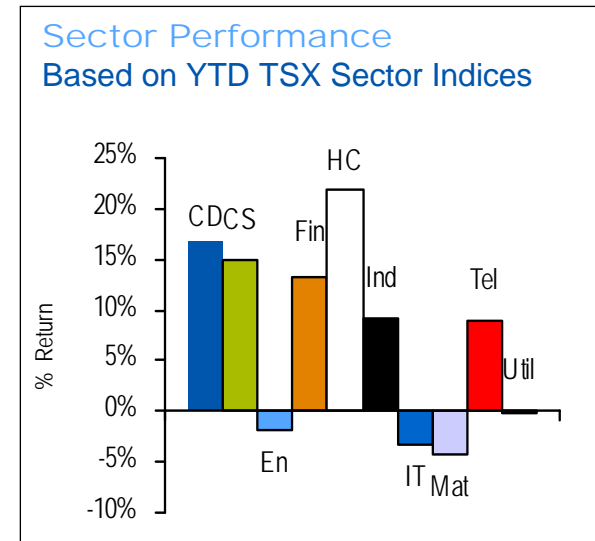
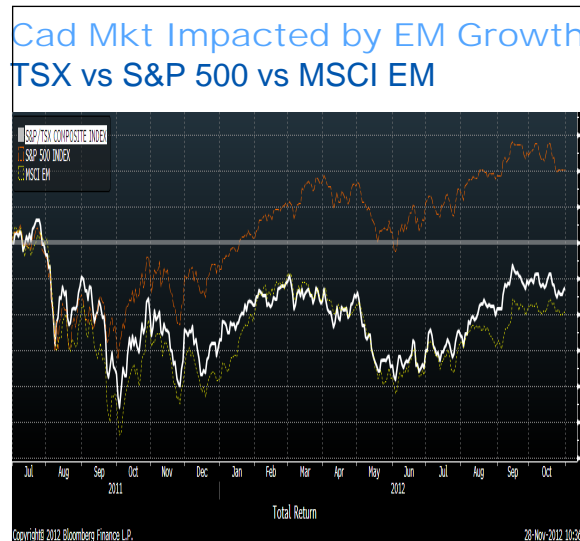
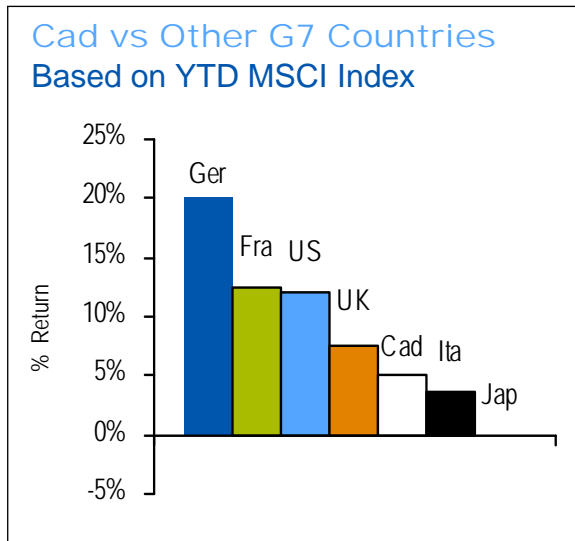
The information contained above is for illustrative purposes only.

Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented. A GIPS presentation is also available upon request.

# Market Environment Recap

- Year to date, some of the European markets rallied strongly because they were over sold last year.
- US equities provided decent returns, which is warranted because of US' leadership role in the economic recovery.
- Canadian equities were held back by struggling energy and material stocks, which mirrored the underlying commodity prices and reflected growth concerns in emerging markets.



• Source: Bloomberg, SSgA  
 • Past performance is not a guarantee of future results

# Appendix A: GIPS® Presentation and Important Disclosure

# GIPS® Report: Canadian Index Plus Composite

As of December 31, 2011

## Gross Returns

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception Jun 2005
Canadian Index Plus Composite	3.60	-8.10	-8.10	13.26	2.26	N/A	7.22
S&P/TSX Composite®	3.59	-8.71	-8.71	13.18	1.30	N/A	6.18

Year	Canadian Index Plus Composite	S&P/TSX Composite®
2011	-8.10	-8.71
2010	18.39	17.61
2009	33.53	35.05
2008	-31.26	-33.00
2007	11.97	9.83
2006	17.38	17.26
2005 (Jun-Dec)	20.53	18.65
2004	—	—
2003	—	—
2002	—	—

Year	No. of Portfolios	Composite Dispersion	3 Yr Annualized Standard Deviation - Composite	3 Yr Annualized Standard Deviation - Benchmark	Total Assets at End of Period (CAD)	% of Firm's Assets	Total Firm Assets (CAD mil)
2011	*	N/A	14.59	14.80	277,981,488	0.02	1,821,857
2010	*	N/A	19.47	19.95	17,500,830	0.00	1,509,597
2009	*	N/A	18.87	19.47	14,427,700	0.00	1,425,887
2008	*	N/A	16.57	17.03	76,038,074	0.01	1,172,760
2007	*	N/A	**	**	119,222,301	0.01	1,230,117
2006	*	N/A	**	**	131,607,479	0.01	1,248,694
2005 (Jun-Dec)	*	N/A	**	**	135,303,632	0.01	1,063,139
2004	—	—	—	—	—	—	—
2003	—	—	—	—	—	—	—
2002	—	—	—	—	—	—	—

gCAInPls

\* Less than 5 accounts

\*\* Less than 3 years

Quarterly and YTD returns are not annualized

## Footnotes

**Composite Description:** The Canadian Index Plus Composite seeks to outperform the S&P/TSX Composite® Index by 100 to 150 basis points in a risk controlled manner.

**Firm Definition:** For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ('SSgA-Global') is defined as all portfolios managed across the global offices of State Street Global Advisors (SSgA) and SSgA Funds Management, Inc., with the exception of business units which are held out to the market place as distinct business entities – the Office of the Fiduciary Advisor (OFA) and Charitable Asset Management (CAM). Prior to 1/1/2011, SSgA-Global also excluded its wrap fee business (Intermediary Business Group [IBG]) and assets accounted for on a book value basis (global cash and stable value assets).

**List Available:** A complete list of the firm's composites and their descriptions is available upon request.

**Compliance Statement:** SSgA-Global has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). SSgA-Global claims compliance with GIPS® from January 1, 2000.

**Creation Date:** The composite was created on 1 Jan 09.

**Verification Statement:** SSgA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. SSgA-Global has been verified for the periods from 1 January 2000 through 31 December 2009 by an independent third party. A copy of the verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction 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.

**Benchmark Description:** The benchmark for the composite is the S&P/TSX Composite®. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss.

**Currency:** Performance is presented in CAD.

**Use of Subadvisors:** None.

**Fees:** Returns are expressed gross of management fees. Some members of this composite may accrue administration fees.

**Fee Schedule:** The Management Fee is 0.30% on the first \$25,000,000, 0.25% on the next \$25,000,000, 0.20% on the next \$50,000,000 and 0.15% thereafter. The minimum annual fee for Commingled accounts is \$20,000. For Separate Accounts, the minimum annual fee is \$75,000.

**Derivatives Use:** SSgA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

**Calculation Methodology:** Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

**Annualized Returns:** All returns for periods greater than one year have been annualized.

**Withholding Taxes Differences:** None.

**Exchange Rates Differences Between Composite & Benchmark:** None.

**Minimum Asset Level for Inclusion:** 0.

**Dispersion:** Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

**Significant Events:** In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO).

**Past and Future Performance:** Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

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The views expressed in this material are the views of the Active Canadian Equity Team through the period ended September 30, 2012 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Stock values fluctuate in response to the activities of individual companies and general market and economic conditions.

Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Derivative investments may involve risks such as potential illiquidity of the markets and additional risk of loss of principal.

Investing in futures is highly risky. Futures positions are considered highly leveraged because the initial margins are significantly smaller than the cash value of the contracts. The smaller the value of the margin in comparison to the cash value of the futures contract, the higher the leverage. There are a number of risks associated with futures investing including but not limited to counterparty credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks.

This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSgA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

# **BAILLIE GIFFORD**

University of Windsor Pension Plans

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December 5, 2012

*Tim Gooding*





## Our Relationship

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Appointed:

— June 2010

Baillie Gifford:

— An independent Edinburgh based asset management firm

Global Alpha:

— A Global equity strategy

— Growth

— Best Ideas

— Long Term

## Portfolio Performance

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### Performance Objective:

— To exceed the return of the MSCI AC World Index over time

#### Investment Returns

	Fund %	Benchmark %	Difference %
12 Months to June 30, 2012	-1.0	-0.7	-0.3
Since Inception* to September 30, 2012 (p.a.)	9.9	7.9	+2.0

Source: Baillie Gifford, gross of fees

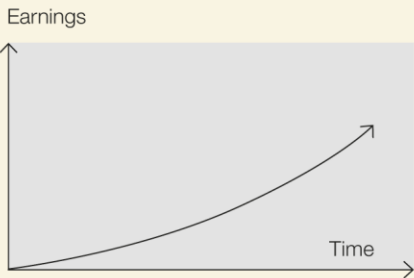
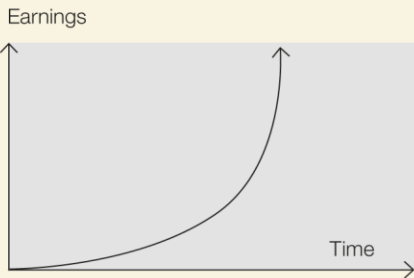
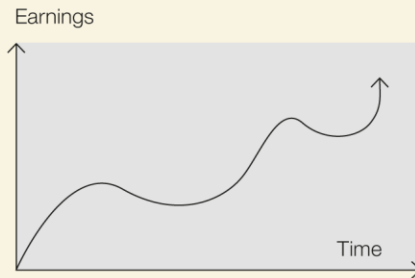
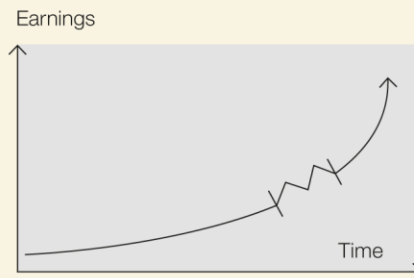
\* June 30, 2010

#### Baillie Gifford Global Alpha Fund Attribution Top and Bottom Five Stock Contributors 12 Months to June 30, 2012

	Contribution %
Wolseley	+
Mastercard	+
eBay	+
Rolls-Royce	+
Bunzl	+
Apple	-
Yamaha Motor	-
OGX	-
FLIR	-
Hellenic Bottling	-

Source: Baillie Gifford/StatPro

# Growth Profiles

Stalwart	Rapid	Cyclical	Latent
<p><b>Growth Expectations</b></p>  <p>c.10% p.a. earnings growth</p>	<p><b>Growth Expectations</b></p>  <p>c.15% to 25% p.a. earnings growth</p>	<p><b>Growth Expectations</b></p>  <p>c.10% to 15% p.a. earnings growth through a cycle</p>	<p><b>Growth Expectations</b></p>  <p>Earnings growth to accelerate over time</p>
<p><b>Company Characteristics</b></p> <p>Durable franchise</p> <p>Deliver robust profitability in most macroeconomic environments</p> <p>Competitive advantage includes dominant local scale, customer loyalty and strong brands</p>	<p><b>Company Characteristics</b></p> <p>Early stage businesses with vast growth opportunity</p> <p>Innovators attacking existing profit pools or creating new markets</p>	<p><b>Company Characteristics</b></p> <p>Subject to macroeconomic and capital cycles with significant structural growth prospects</p> <p>Strong management teams highly skilled at capital allocation</p>	<p><b>Company Characteristics</b></p> <p>Company specific catalyst will drive above average earnings in future</p> <p>Unspectacular recent operational performance and therefore out of favour</p>

More opportunities to buy than to sell

# Your Portfolio – Examples of Exciting Growth Stocks

**Mastercard**  
— Growth Stalwart



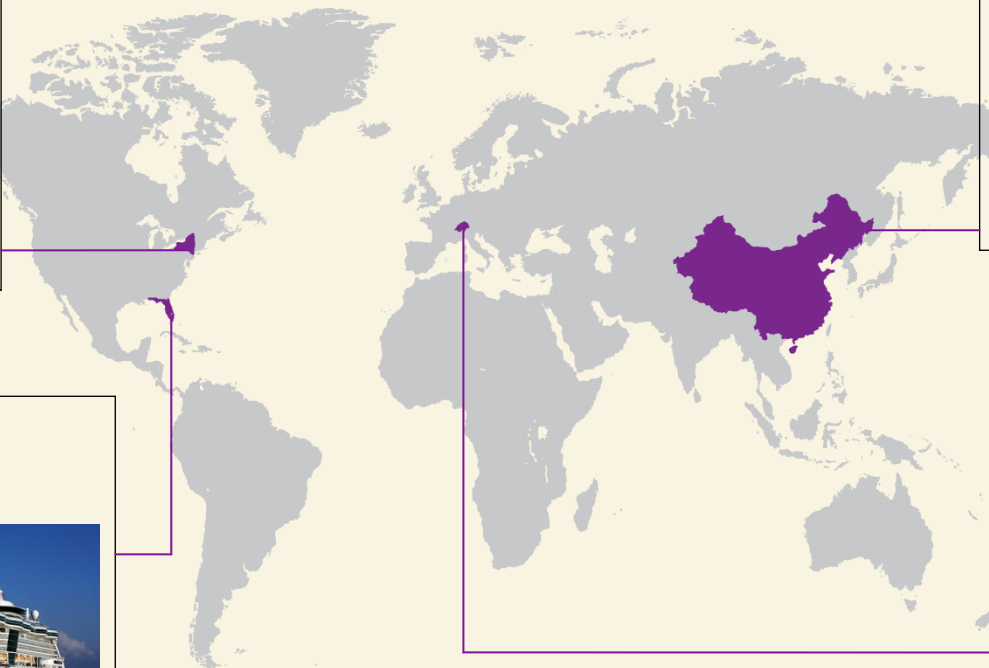
**Mindray**  
— Rapid Growth



**Royal Caribbean Cruises**  
— Latent Growth



**Richemont**  
— Cyclical Growth



## Outlook

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We remain optimistic with a focus on the long term

- Companies generally performing well
- Greater opportunities to buy than pressure to sell
- Stock selection our main focus
- Fundamentals will be rewarded in time



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# University of Windsor

December 5, 2012

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Marcel Leroux

Private & Confidential

# Overview

## *Firm Update*

- Assets under management as of June 30, 2012 were \$19.4 billion.
- Firm-wide we currently have 121 clients (YTD we added five new clients and had two terminations).
- As reported last year, Peter Clark will retire at the end of 2012 and is now a Portfolio & Business Advisor. Craig Merrigan and Peter Ellement are Co-Presidents. Erik Parnoja has been appointed Research Director.
- As of June 30, 2012, we have closed the International equity mandate for new business. In addition, we have closed the Global separate account mandate. We continue to accept additional deposits from existing clients.

## *Investment Results<sup>1</sup>*

- For the **second quarter of 2012** the **Sprucegrove Global Pooled Fund (Pension)** return was **-2.2%** vs. **MSCI World -3.2%**.
- For the **year-to-date period** ending June 30, 2012, the **Fund's** return was **+5.4%** vs. **MSCI World +6.0%**.
- For the **one year period** ending June 30, 2012, the **Fund's** return was **+0.7%** vs. **MSCI World +0.4%**.
- **Since inception** on June 14, 2010, through to the period ending June 30, 2012, the **Fund's** return was **+7.7%** vs. **MSCI World +8.6%**.

## *Investment Strategy*

- **As a bottom-up value investor, sector and country weightings are a residual of our stock selection.**
- The Fund remains well diversified and has holdings in all ten sectors. The largest sector exposures are **Financials** and **Health Care**.
- The Fund has holdings in 21 different countries and has exposure to 16 different currencies. The largest country exposures are the **U.S.**, **Japan**, the **U.K.** and **Switzerland**. The Fund has exposure to the **Emerging Markets** (6.7%).

<sup>1</sup> Returns are gross of fees in Canadian dollars.



# Annual Performance Results, ending December 31

## Sprucegrove Global Pooled Fund (Pension)

Year	Sprucegrove Global Pooled Fund (Pension) <sup>1</sup> (%)	MSCI World <sup>1</sup> (%)	Difference (%)
1996	18.7	14.3	4.4
1997	20.5	21.1	(0.6)
1998	18.2	33.6	(15.4)
1999	11.3	18.2	(6.9)
<b>2000</b>	<b>10.5</b>	<b>(10.0)</b>	<b>20.5</b>
<b>2001</b>	<b>6.6</b>	<b>(11.7)</b>	<b>18.3</b>
<b>2002</b>	<b>(4.8)</b>	<b>(20.7)</b>	<b>15.9</b>
2003	9.4	8.9	0.5
2004	9.5	6.4	3.1
2005	6.8	6.7	0.1
2006	26.7	19.6	7.1
<b>2007</b>	<b>(13.0)</b>	<b>(7.5)</b>	<b>(5.5)</b>
<b>2008</b>	<b>(25.5)</b>	<b>(25.8)</b>	<b>0.3</b>
2009	13.8	10.4	3.4
2010	9.4	5.9	3.5
<b>2011</b>	<b>(4.0)</b>	<b>(3.2)</b>	<b>(0.8)</b>
YTD 2012 <sup>2</sup>	5.4	6.0	(0.6)
CAGR since inception <sup>2, 3</sup>	6.7	3.7	3.0

<sup>1</sup> Bold blue numbers indicate down markets (negative Index return). Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in Canadian dollars.

<sup>2</sup> Period ending June 30, 2012

<sup>3</sup> Fund Inception: June 29, 1995

# Annualized Performance Results, ending June 30, 2012

## Sprucegrove Global Pooled Fund (Pension)

	Q2 2012 (%)	YTD 2012 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	15 Years (%)	Since Inception (%)
<b>Sprucegrove Global Pooled Fund (Pension)<sup>1</sup></b>	<b>(2.2)</b>	<b>5.4</b>	<b>0.7</b>	<b>8.0</b>	<b>8.0</b>	<b>1.7</b>	<b>(3.6)</b>	<b>2.0</b>	<b>4.9</b>	<b>6.7</b>
MSCI World	(3.2)	6.0	0.4	9.1	6.3	(0.8)	(3.8)	1.1	1.5	3.7
<b>University of Windsor<sup>2</sup></b>	<b>(2.2)</b>	<b>5.4</b>	<b>0.7</b>	<b>8.0</b>	-	-	-	-	-	<b>7.7</b>
MSCI World	(3.2)	6.0	0.4	9.1	-	-	-	-	-	8.6

<sup>1</sup> Inception date of Fund: June 29, 1995

<sup>2</sup> Inception date of **University of Windsor**: **June 14, 2010**  
Assets Under Management: **\$72,418,924.73 million**

Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in Canadian dollars.

# Sector Returns/Weightings – 1 Year, ending June 30, 2012

## Sprucegrove Global Pooled Fund (Pension)

Sector	Performance 1 Year 2012 <sup>1, 2</sup> (%)		Weighting, as at June 30, 2012 <sup>1</sup> (%)	
	Sprucegrove Global Pooled Fund (Pension) <sup>3</sup>	MSCI World	Sprucegrove Global Pooled Fund (Pension)	MSCI World
<b>Energy</b>	<b>(17.2)</b>	<b>(6.5)</b>	<b>10.2</b>	<b>10.6</b>
Materials	(9.0)	(17.9)	8.1	6.8
<b>Industrials</b>	<b>0.5</b>	<b>(4.7)</b>	<b>13.6</b>	<b>10.9</b>
Consumer Discretionary	0.2	4.2	11.2	10.8
<b>Consumer Staples</b>	<b>(1.6)</b>	<b>14.1</b>	<b>9.6</b>	<b>11.0</b>
Health Care	10.3	11.3	13.7	10.7
<b>Financials</b>	<b>8.2</b>	<b>(7.3)</b>	<b>16.1</b>	<b>18.6</b>
Information Technology	11.2	12.6	10.0	12.6
Telecomm. Services	15.0	3.9	2.0	4.2
Utilities	(4.6)	1.1	3.3	3.8
Cash	-	-	2.3	0.0
<b>Total</b>	<b><u>0.7</u></b>	<b><u>0.4</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>

<sup>1</sup> Bold blue numbers indicate primary contributors to relative performance vs. the Index.

<sup>2</sup> Period ending June 30, 2012

<sup>3</sup> Returns are gross of fees in Canadian dollars.

# Impact Stocks – 1 Year, ending June 30, 2012

## Sprucegrove Global Pooled Fund (Pension)

Top 5 Contributors	Country	Sector	Average Weighting (%) <sup>*</sup>	Estimated Contribution (bps)
Wells Fargo	United States	Financials	2.3	64
Merck	United States	Health Care	2.2	64
Samsung Electronics <sup>***Q1, Q2</sup>	Korea	Information Technology	1.6	59
Markel <sup>**Q4</sup>	United States	Financials	3.2	57
Pfizer	United States	Health Care	2.3	53
				<b>297</b>

### Bottom 5 Contributors

Nabors Industries	United States	Energy	1.2	(60)
Walgreen	United States	Consumer Staples	2.0	(57)
Banco Santander <sup>**Q3, Q1, Q2</sup>	Spain	Financials	1.0	(45)
Apache <sup>**Q3, Q1</sup>	United States	Energy	1.5	(40)
SBM Offshore <sup>**Q1</sup>	Holland	Energy	0.6	(34)
				<b>(236)</b>

\*\* Addition

\*\*\* Reduction

\* Average weighting is calculated as the average daily weight of the equity in the portfolio. Contribution to Fund Return is calculated using the geometric daily linking of the return multiplied by the beginning of day weight. A list of all holdings' contributions is available upon request.

# Country Allocation & Performance by Country

## 1 Year, ending June 30, 2012

	Performance One Year ending June 2012 <sup>1</sup> (%)		Weighting, as at June 30, 2012 (%)	
	Sprucegrove Global Pooled Fund (Pension) <sup>2</sup>	MSCI	Sprucegrove Global Pooled Fund (Pension)	MSCI World
Australia	5.1	(6.3)	1.7	3.6
Hong Kong	6.2	(3.0)	2.3	1.2
Japan	(2.0)	(2.0)	10.0	8.9
Singapore	4.8	(1.9)	3.9	0.8
Other	-	-	0.0	0.0
<b>Pacific</b>	<b>1.1</b>	<b>(3.1)</b>	<b>17.9</b>	<b>14.5</b>
Finland	-	-	0.0	0.3
France	(11.2)	(22.4)	1.7	3.7
Germany	(11.6)	(19.8)	2.3	3.3
Holland	(14.5)	(11.2)	2.5	1.0
Ireland	(0.3)	7.1	2.4	0.1
Italy	(17.3)	(29.9)	0.6	0.9
Spain	(32.9)	(32.1)	1.1	1.1
Other	-	-	0.0	0.7
<b>Euro Zone</b>	<b>(12.0)</b>	<b>(21.6)</b>	<b>10.5</b>	<b>11.0</b>
Denmark	-	(1.0)	0.0	0.5
Norway	4.8	(6.3)	0.2	0.4
Sweden	-	(11.5)	0.0	1.3
Switzerland	(5.1)	(6.2)	6.2	3.5
U.K.	(2.4)	0.8	8.6	9.5
Other	-	-	0.0	0.2
<b>Non-Euro Zone</b>	<b>(3.6)</b>	<b>(2.3)</b>	<b>15.0</b>	<b>15.3</b>
<b>Europe</b>	<b>(7.3)</b>	<b>(11.8)</b>	<b>25.6</b>	<b>26.3</b>
Canada	-	(11.8)	0.0	4.9
U.S.	6.7	10.3	47.5	54.3
<b>North America</b>	<b>6.7</b>	<b>8.1</b>	<b>47.5</b>	<b>59.2</b>
Brazil	(38.7)	(22.5)	0.6	0.0
China	30.2	(11.3)	1.1	0.0
Hungary	(10.1)	(34.8)	0.3	0.0
India	(28.7)	(21.2)	1.0	0.0
Korea	15.8	(9.6)	2.2	0.0
Malaysia	(36.1)	2.5	0.2	0.0
South Africa	(14.0)	(1.3)	1.4	0.0
<b>Emerging Markets</b>	<b>(5.4)</b>	<b>(11.2)</b>	<b>6.7</b>	<b>0.0</b>
<b>Cash</b>	<b>-</b>	<b>-</b>	<b>2.3</b>	<b>0.0</b>
<b>Total</b>	<b>0.7</b>	<b>MSCI World: 0.4</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Period ending June 30, 2012

<sup>2</sup> Sprucegrove data. Returns are gross of fees in Canadian dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes on page 2 for additional details.

# Investment Philosophy

## *Ownership of Value*

- Quality Companies at Attractive Valuations

## *Emphasis on Stock Selection*

- Bottom-up Process

## *Long-Term Investors*

- Low Portfolio Turnover

## *Internal Research*

- “Working List” of Quality Companies

## *Characteristics of “Working List” Companies*

- Record of High and Consistent Profitability
- Market Leadership/Competitive Advantage
- Financial Strength
- Opportunity to Grow the Business
- Capable Management

# Transaction Summary – Q2 2012

## Sprucegrove Global Pooled Fund (Pension)

Eliminations/Reductions	Projected	Normalized	New Holdings/Additions	Projected	Normalized
	ROE (%)	P/E (x)		ROE (%)	P/E (x)
<b>Johnson Matthey</b>	<b>15.0</b>	<b>20.7</b>	<b>TGS-Nopec</b>	<b>20.0</b>	<b>13.3</b>
<b>Synthes</b>	<b>16.0</b>	<b>16.8</b>	<b>Cullen/Frost Bankers</b>	<b>13.0</b>	<b>11.9</b>
			<b>Hongkong Land</b>	<b>12.0</b>	<b>4.4</b>
Hubbell	16.0	19.5	Petrobras	14.0	5.4
adidas	16.0	15.5	Denbury Resources	13.0	9.4
Samsung Electronics	16.0	11.0	POSCO	12.0	5.8
			Anglo American	15.0	6.7
			Boskalis Westminster	16.0	10.0
			Kurita Water	10.0	12.2
			Sembcorp Industries	16.0	12.4
			IMI	35.0	12.9
			General Dynamics	17.0	10.4
			Straumann	22.0	15.7
			United Overseas Bank	13.0	10.1
			Banco Santander	14.0	4.4
			Hoya	15.0	13.0
			Google	20.0	15.3
			GAIL	20.0	8.1
			MDU Resources	13.5	10.6
<b>Average</b>	<b>15.8</b>	<b>16.7</b>		<b>16.3</b>	<b>10.1</b>
<b>MSCI World</b>	<b>12.0</b>	<b>13.9</b>		<b>12.0</b>	<b>13.9</b>

Note: Valuation characteristics are at the time of the transaction.



# Portfolio Characteristics, as at June 30, 2012

## Sprucegrove Global Pooled Fund (Pension)

		Sprucegrove Global Pooled Fund (Pension)	MSCI World	Difference	Average Since Inception <sup>1</sup> Sprucegrove Global Pooled Fund (Pension)
<b>Quality</b>					
Projected ROE	(%)	17.0	12.0	+42%	16.2
Financial Leverage <sup>2</sup>	(X)	2.0	2.9	-31%	2.2
<b>Valuation</b>					
Normalized P/E	(X)	11.3	13.9	-19%	14.3
Price/Book	(X)	2.0	1.7	+18%	2.3
Dividend Yield	(%)	2.9	2.9	-	2.6

<sup>1</sup> Fund Inception: June 29, 1995

<sup>2</sup> Financial Leverage weighted average excludes companies in the Financials sector.

# Top 10 Holdings, as at June 30, 2012

## Sprucegrove Global Pooled Fund (Pension)

<b>Stock</b>	<b>% of Fund</b>	<b>Normalized P/E (x)</b>	<b>P/B (x)</b>	<b>Dividend Yield (%)</b>	<b>Projected ROE (%)</b>	<b>Financial Leverage (x)</b>
Markel	3.5	7.9	1.2	0.0	15.0	3.2
Johnson & Johnson	2.7	10.8	3.0	3.6	28.0	2.0
3M	2.7	13.4	3.8	2.6	28.0	2.0
Wells Fargo	2.6	9.4	1.3	2.6	14.0	9.2
Merck	2.5	11.6	2.3	3.6	20.0	2.3
Pfizer	2.5	10.4	2.1	3.8	20.0	2.2
Novartis	2.2	12.7	2.0	4.3	16.0	1.8
Procter & Gamble	2.0	13.8	2.6	3.4	19.0	2.0
Microsoft	1.9	10.7	3.7	2.6	35.0	1.8
Carnival	1.9	8.9	1.2	2.9	13.0	1.7
<b>Average</b>		<b>10.8</b>	<b>2.3</b>	<b>2.8</b>	<b>20.6</b>	<b>2.0<sup>1</sup></b>
<b>MSCI World</b>		<b>13.9</b>	<b>1.7</b>	<b>2.9</b>	<b>12.0</b>	<b>2.9<sup>1</sup></b>

The **top ten** holdings represented **24.5%** of the Fund at quarter end.

<sup>1</sup> Financial Leverage weighted average excludes companies in the Financials sector.

## *Sprucegrove Global Pooled Fund (Pension)*

- The Fund is different from the benchmark by being overweight in **Health Care** and **Industrials** and significantly underweight in **Information Technology, Telecommunication Services** and **Financials**.
- The Fund is overweight in the **Pacific**, underweight in **Europe (mainly in the Euro Zone)** and the **U.S.** and has exposure in the **Emerging Markets (6.7%)** relative to the benchmark.
- The approach remains **bottom-up**, focused on **quality** and **value**.

# Questions and Discussion