



Investment Performance Review

The Board of Trustees (Board) reviewed the investment performance of the Fund to December 31, 2017. The table below summarises the total annualised Fund return over the last one, four and ten-year time periods.

	Quarter	One Year	Four Year	Ten Year
Total Fund	5.1%	14.0%	10.7%	7.6%
Benchmark	3.9%	9.8%	9.2%	6.5%
Value Added	1.2%	4.2%	1.9%	1.1%

The 5.1% quarterly return was 1.2% above benchmark predominantly due to above index results in all major asset classes, especially real estate and Canadian small cap equities. The total Fund was up \$859 million year-over-year bringing the total value of net assets to \$7.2 billion at December 31, 2017.

Governance and Administration Report

The Board reviewed and discussed a report outlining the governance and administration activities undertaken by the Plan's Administration since the last meeting. This report included an update on the scheduled member presentations, an update on upcoming Plan communications and an update on membership and pension statistics.

Trustees' Needs and Self-Assessment

At the end of each year, Trustees are required to assess their individual knowledge in eight areas related to pension administration and pension fund investments. Based on the combined assessments, Board education and development are targeted towards the applicable areas.

The Board received and discussed a report on the results of the 2017 assessment.

Investment Presentations

The Board received presentations from two of SHEPP's investment managers – BlackRock Asset Management who manage a long bond index and absolute return bond mandate, and Phillips, Hager and North Investment Management who manage a core plus bond mandate for the Plan.

The two managers:

- Reviewed their investment results;
- Discussed how conditions in their respective markets affected their investment strategies;
- Outlined their economic and market expectations; and
- Reported on how ESG factors are integrated into the investment decision making process.

Other Items

The Board also:

- Reviewed the following policies:
 - Member Record Retention Policy;
 - Conduct of Board Meetings Policy; and
 - Learning and Training Policy.
- Received an updated 2018 Board Work Plan report.