

Summary

Board Meeting

May 23 & 24, 2012

Quarterly Performance Review

The investment consultant from Aon Hewitt gave an update on the fund's performance for the first quarter 2012.

The Fund experienced a very strong quarter with an absolute return of 5.7% and outperforming the benchmark by 80 basis points.

	Quarter	One Year	Four Year	Ten Year
Benchmark	4.9%	5.9%	3.8%	5.4%
Total Fund	5.7%	6.8%	4.2%	6.0%
Value Added	0.8%	0.9%	0.4%	0.6%

Investment Presentation

The Board received presentations from four of SHEPP's investment managers – Wellington Management Company, Phillips, Hager & North (PH&N) Investment Management, JPMorgan Asset Management and BlackRock Asset Management. Wellington manages an active global small cap equity mandate. PH&N manages an active custom duration bond mandate. BlackRock manages four mandates for the Plan, two US equity mandates and two bond mandates. At March 31, 2012, BlackRock had \$958.6 million under the firm's management, PH&N had \$684 million of SHEPP assets, and Wellington had \$200 million.

The managers:

- reviewed their investment results;
- discussed how conditions in their respective markets affected their investment strategies; and
- outlined their economic and market expectations.

JPMorgan discussed the currency hedging strategy during their presentation.

Audited Financial Statements

The draft audited financial statements for the year ending December 31, 2011 were presented to and approved by the Board. The financial statements contain:

- Auditors' Report;
- Statement of Financial Position;
- Statement of Change in Net Assets Available for Benefits;
- Statement of Changes in Pension Obligation;
- Notes to the Financial Statements;
- Schedule of Administrative Expenses; and
- Schedule of Fund Management Expenses

Auditors from the firm KPMG presented their Audit Findings report to the Board. The financial statements and auditors' report will be finalized and distributed at the June 21, 2012 SHEPP Annual Meeting.

Annual Report

The 2011 draft annual report was presented to and approved by the Board.

The report provides a clear and informative picture of the plan and highlights the significant activities during the past year. The report will be distributed to Plan stakeholders and posted on the SHEPP web site.

Other Items

The Board also:

- Approved an amendment to the Trustees' Code of Conduct and Conflict of Interest Procedures;
- Received financial statements for the first quarter 2012;
- Received a quarterly investment compliance report which confirmed the investment managers were in compliance; and
- Received an update on the come and go tea to be held on June 21, 2012 in recognition of the Plan's 50th Anniversary.

The Annual Meeting of the Board will be held on June 21, 2012 and will be immediately followed by the Annual Meeting with the Employer and Union Partner Committees.