

## Summary

# Board Meeting

### September 18 -19, 2012

#### Quarterly Performance Review

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

The Fund experienced a weaker quarter with an absolute return of -1.5%, underperforming the benchmark by 20 basis points. Year-to-date, however the total Fund performance is 4.2%, outperforming the benchmark by 60 basis points.

	Quarter	One Year	Four Year	Ten Year
Benchmark	-1.3%	4.3%	3.3%	5.7%
Total Fund	-1.5%	4.6%	3.6%	6.1%
Value Added	-0.2%	0.3%	0.3%	0.4%

#### Investment Presentation

The Board received presentations from two of SHEPP's investment managers – Bentall Kennedy (Canada) LP and Greystone Managed Investments Inc. Bentall Kennedy manages a Canadian core real estate mandate. Greystone Management Investments Inc. manages a real estate pooled fund with an income/growth focus. At June 30 2012, Bentall Kennedy had \$130 million under the firm's management and Greystone had \$203.9 million under management.

The managers:

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

#### Funding Action Plan

The Board met with its professional advisors to review the Plan's funded status. The Plan actuary presented the results of his December 31, 2011 actuarial assessment of the Plan and recommended that member and employer contribution rates be increased by a combined 1% of payroll effective the first pay period in January 2014. The Board agreed to implement this recommendation.

#### Pension Administration Benchmarking Policy and Procedures

The Board approved a Pension Administration Benchmarking Policy and received a report from Plan management on recommended pension administration benchmarking procedures. This policy and these procedures will provide the Board with important additional information about SHEPP's member services and administration costs relative to other Canadian pension plans.

#### Other Items

The Board also:

- Received the 2012 second quarter financial report.
- Received the second quarter investment compliance report.
- Received the 2012 Enterprise Risk Management Report from Plan management.
- Received an updated Governance and Administration report from Plan management.
- Received the 2011 CEM Investment Benchmark report.
- Approved a member record retention policy.
- Interviewed and selected a manager for an emerging markets equity allocation of 5% of the Fund's assets.