



Investment Performance Review

The Board of Trustees (Board) reviewed the investment performance of the Fund to September 30, 2016. 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	5.0%	10.4%	11.6%	7.0%
Benchmark	4.0%	9.8%	10.2%	6.3%
Value Added	1.0%	0.6%	1.4%	0.7%

The 5.0% quarterly return was above the benchmark due to strong relative results in Canadian and global equities along with bonds. The total Fund was up \$597 million year-over-year bringing the total value of net assets to \$6.3 billion at September 30, 2016.

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.

2017-2021 Strategic Plan

The Board approved a new strategic plan for the five-year period 2017-2021, inclusive. Throughout 2016 the Board and Administration met to review and discuss the Plan's strategic direction, and identified the following overarching strategic goals:

- Enhance the long-term viability of the Plan by executing dynamic innovative strategies that protect the interests of the Plan and its members.
- Strengthen the relationships with the Partner Committees by enhancing communications, striving to educate and inform while encouraging effectiveness that benefits all Plan members.
- Maintain and enhance SHEPP's position as an industry leader by driving a culture of excellence and resilience.

The 2017-2021 strategic plan and progress reports will be available at www.shepp.ca.

Investment Presentations

The Board received presentations from two of SHEPP's global large cap equity investment managers – Baillie Gifford and Causeway Capital Management LLC.

At September 30, 2016, the total market value of Fund assets under management with Baillie Gifford was \$399.2 million and Causeway was \$377.2 million.

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 a new Investment Strategic Plan;
- Completed the tier 1 and tier 2 service provider evaluations;
- Reviewed and approved the 2016 audit plan;
- Reviewed and updated the following policies:
 - Statement of Investment Policies and Procedures;
 - Investment Manager Selection and Monitoring Policy; and
 - Funding Policy.
- Received a presentation on the modernisation project, highlighting the successful implementation of the new PENFAX 5 pension administration system and launch of the new SHEPPWeb;
- Confirmed the Chair and Vice-Chair for 2017; and
- Received an updated 2016 Board Work Plan report.