



Investment Performance Review

The Board of Trustees (Board) reviewed the investment performance of the Fund to December 31, 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	1.2%	7.4%	11.1%	6.4%
Benchmark	0.9%	6.8%	9.7%	5.8%
Value Added	0.3%	0.6%	1.4%	0.6%

The 7.4% one-year return was 0.6% ahead of benchmark, with value added in bonds and mortgages driving results. The total Fund was up \$425 million year-over-year bringing the total value of net assets to \$6.4 billion at December 31, 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.

Trustees' Needs and Self-Assessment

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

The Board of Trustees received and discussed a report on the results of the 2016 assessment.

Governance and Investment Practices

The Board completed the Canadian Association of Pension Supervisory Authorities (CAPSA) Pension Governance (Guideline 4) and Pension Plan Prudent Investment Practices (Guideline 6) self-assessment questionnaires to evaluate its effectiveness in 2016.

The assessments have shown that the Plan's governance and investment practices remain strong in all respects.

Investment Presentations

The Board received presentations from two of SHEPP's investment managers – Wellington Management Company who manages an active global small cap equity mandate and Greystone Managed Investments who manage real estate and mortgage mandates 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:

- Approved a motion directing the Administration to come back to the Board with potential enhancements to the Plan's investment policies and processes to reflect the Board's belief that environmental, social and governance, (ESG) factors should be incorporated into the investment process.
- Reviewed the following policies:
 - Code of Conduct and Conflict of Interest Procedures;
 - Communication and Stakeholder Relations Policy;
 - Member and Beneficiary Appeal Policy; and
 - Employer Withdrawal Policy.
- Received an updated 2016 Board Work Plan report.

The next regular meeting of the Board will be held on May 31 & June 1, 2017.