



### Investment Performance Review

The Board of Trustees (Board) reviewed the investment performance of the Fund to December June 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	2.4%	3.7%	11.4%	7.0%
Benchmark	2.8%	2.8%	10.1%	6.4%
Value Added	-0.4%	0.9%	1.3%	0.6%

The 2.4% quarterly return was below the benchmark due to weak relative results in Canadian and global equities. The total Fund was up \$222 million year-over-year bringing the total value of net assets to \$6.0 billion at June 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.

### Pension Investment Benchmarking

The Board received a report on the results of the Investment Cost Effectiveness Analysis for the five years ending December 31, 2015. The analysis was performed by CEM Benchmarking, a consulting firm that conducts annual surveys of defined benefit pension plans for the purpose of providing relevant plan comparisons on investment performance and costs.

### Investment Presentations

The Board received presentations from three of SHEPP's investment managers – IFM (Infrastructure), JP Morgan (emerging markets equity, currency

overlay and dynamic hedging) and Unigestion (global low volatility equity).

At June 30, 2016, the total market value of Fund assets under management with IFM was \$127.9 million, JP Morgan was \$307.3 million (emerging markets equity) with \$861.0 million of foreign currency exposure and Unigestion was \$451.9 million.

The three 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 second quarter 2016 financial report for the Plan;
- Reviewed and updated three Board policies including:
  - The Service Provider Evaluation Policy and The Service Provider Selection Procedure;
  - The Corporate Records Management Policy; and
  - The Individual Exclusion from the Plan Policy Review;
- Received an updated 2016 Board Work Plan report;
- Received an update on the implementation of the 2014-2016 Strategic Plan; and
- Received the 2016 Enterprise Risk Management Report from Plan Administration.

The next regular meeting of the Board will be held on November 30 and December 1, 2016.