



## Summary Board Meeting March 13 & 14, 2013

### Investment Performance Review

The Board reviewed the investment performance of the fund to December 31, 2012. The table below summarizes the total annualized fund return over the last one, four and ten year time periods.

	Quarter	One Year	Four Year	Ten Year
Total Fund	3.1%	11.8%	10.6%	7.0%
Benchmark	2.6%	10.5%	10.1%	6.7%
Value Added	0.5%	1.3%	0.5%	0.3%

The total one year fund return of 11.8% reflects strong performance in the equity markets, specifically in the United States and Global markets, along with a strong real estate market. The total fund was up \$508.2 million in the year with \$109.0 million in net contributions supplemented by \$399.2 million in investment gains.

### Investment Manager Search

The Board successfully conducted interviews with a group of short-listed investment managers and is working with the Administration to finalize the appointment of the successful manager.

The investment of the SHEPP Fund is conducted under the Board's Statement of Investment Policies and Procedures and the Board's Investment Manager Selection and Monitoring Policy.

### Trustees' Needs and Self-Assessment

At the end of each year, the Board of Trustees' are required to assess their individual knowledge in 11 areas related to pension administration and pension fund investment. Based on the combined assessments, Trustee education and development are targeted towards the applicable areas.

The Board received and discussed a report on the results of its 2012 assessment.

### Investment Presentations

The Board received presentations from four of SHEPP's investment managers – JP Morgan Asset Management, Franklin Templeton Investment Corporation, MFS McLean Budden Limited and Wellington. JP Morgan and Franklin Templeton each manage an active Non-North American equity mandate for the Plan. MFS McLean Budden Limited manages a 130/30 global equity mandate and Wellington manages a global small cap mandate for the Plan. At December 31, 2012, the SHEPP assets managed by these firms in these mandates totalled;

- JP Morgan: \$286.7 million;
- Franklin Templeton: \$352.4 million;
- MFS McLean Budden Limited: \$315.7 million; and
- Wellington: \$204.8 million

The four managers:

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

### Other Items

The Board also:

- reviewed the fourth quarter 2012 financial report for the Plan;
- received a consolidated Governance and Administration Report;
- reviewed and discussed an alternative investment class for further future consideration;
- approved a policy on individual exclusions from the Plan; and
- received an updated 2013 Board Work Plan report.