

Summary Board Meeting March 15 & 16, 2012

Investment Performance Review

The Board reviewed the investment performance of the fund to December 31, 2011. 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	5.9%	3.5%	1.7%	5.6%
Benchmark	5.4%	2.9%	1.5%	5.0%
Value Added	0.5%	0.6%	0.2%	0.6%

The total one year fund return of 3.5% reflects strong performance in the equity markets, specifically in the United States, and 5.9% in the last quarter of the year. Long bond exposure was also beneficial as interest rates remain low. The total fund was up \$205.1 million in the year with \$86.6 million in net contributions supplemented by \$118.4 million in investment gains.

Investment Manager Search

The Board successfully conducted interviews with a group of short-listed investment managers and is working with its investment consultant to finalize final steps in the search process.

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 2011 assessment.

Investment Presentations

The Board received presentations from two of SHEPP's investment managers – JP Morgan Asset Management and Franklin Templeton Investment Corporation. JP Morgan and Franklin Templeton each manage an active Non-North American equity mandate for the Plan. At December 31, 2011, the SHEPP assets managed by these firms in these mandates totalled;

- JP Morgan: \$238.7 million
- Franklin Templeton: \$335.9 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.

Other Items

The Board also:

- Reviewed the fourth quarter 2011 financial report for the Plan,
- Received the quarterly investment compliance report which confirmed full compliance with the Board's Statement of Investment Policies and Procedures throughout the quarter,
- Reviewed and approved amendments to the Board's Statement of Investment Policies and Procedures to realign the Plan's target asset mix based on the Board's Pension Risk Management Strategy,
- Reviewed and discussed an initial draft response to the Saskatchewan Financial Services Commission consultation paper on the funding of public sector pension plans.