



Investment Performance Review

The Board of Trustees reviewed the investment performance of the Fund to March 31, 2014. 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	4.1%	15.3%	11.0%	7.2%
Benchmark	4.2%	11.9%	9.7%	6.4%
Value Added	(0.1%)	3.4%	1.3%	0.8%

The total one year Fund return of 15.3% reflects strong performance in the equity markets, specifically in the U.S. and Canada, and strong performance in infrastructure.

The Fund experienced a strong quarter with an absolute return of 4.1%, trailing the benchmark by 10 basis points.

Investment Presentation

The Board received presentations from two of SHEPP's investments managers – Connor, Clark & Lunn (CC&L) and BlackRock Asset Management. CC&L manages an active Canadian equity mandate and BlackRock manages four mandates for the Plan: two U.S. equity mandates; and two bond mandates. At March 31, 2014, CC&L had \$393.1 million under the firm's management and BlackRock had \$1.09 billion.

The managers:

- Reviewed their investment results;
- Discussed how conditions in their respective markets affected their investment strategies; and
- Outlined their economic and market expectations.

Audited Financial Statements

The draft audited financial statements for the year ending December 31, 2013 were presented to and approved by the Board. The financial statements contain the:

- Auditors' Report;
- Statement of Financial Position;
- Statement of Change in Net Assets Available for Benefits;
- Statement of Changes in Pension Obligation; and
- Notes to the Financial Statements.

Auditors from KPMG also presented the Audit Findings report to the Board. The financial statements and auditor's report will be finalised and distributed at the June 24, 2014 SHEPP Annual Meeting.

Other Items

The Board also:

- Reviewed and approved the draft 2013 Annual Report;
- Received a quarterly updated report on Board Governance and Administration;
- Received financial statements for the first quarter of 2014;
- Received a quarterly investment compliance report which confirmed all investment managers were in compliance;
- Participated in a custodial review and education session;
- Participated in an investment education session on corporate mortgage options; and
- Reviewed and discussed the 2013 Actuarial Valuation Assumptions with the Plan actuary.