ABCP UPDATE

Liquidating Trust Value

Members of Western’s retirement plans who are monitoring the value of holdings in their plan will notice that there has been a change in the value of the asset called “Liquidating Trust” as of December 31, 2009. Any member or former member who holds units in the Liquidating Trust is affected. The investments held within the Liquidating Trust were formerly ‘non-bank asset backed commercial paper’ (ABCP). The ABCP is held in the form of Restructured Notes within the UWO Liquidating Trust.

If you are not sure if you own any Liquidating Trust units, you may check your Pension Plan holdings by logging on at: http://www.uwo.ca/humanresources/facultystaff/comp/pension/login.htm

Liquidating Trust units are clearly listed separately from any of your other fund investments.

What has changed:

There has been a change in how the assets in the Liquidating Trust are valued. This change has resulted in a significant reduction in the value assigned to the units, beginning December 31, 2009. The assigned value of each unit prior to that date was $95.747. The assigned unit value was adjusted on December 31, 2009, declining to $65.360.

Why did the value drop?

The change in value does not reflect a change in the quality of the assets or the expected return at maturity of the assets held in the Liquidating Trust. Rather, the Joint Pension Board has changed the company used to determine the ‘fair market value’ of the units. The new company uses a different method of valuation, and that has led to the change in the assigned fair market value.

How did the change in value happen?

Normally, the market would determine the value of an investment, but currently there is no active market for the assets in the Liquidating Trust. While there have been a few sales of these investments, there are not enough sales to establish a market price as determined by an active market.

In the absence of such a market price to use to value the assets, accounting standards require a detailed valuation, but the method of determining that value can differ between companies. Northwater Capital Management, the previous manager of these investments, most recently assigned a value of $95.747 to these units.

The new company appointed by the Joint Pension Board to value these investments, Kilgour Advisory Group, developed an improved valuation model – a model that reflects the various risks in determining the fair market value. The Kilgour valuation for December 31, 2009 was $65.360.

Why was there a change in companies?

In 2007, Northwater Capital Management, one of 11 different investment managers used by the Joint Pension Board, informed us that their portfolios invested in non-bank asset backed commercial paper had become illiquid (there was not a market for them) and that redemption restrictions were in place. Following a North America-wide restructuring plan for these assets was put in place by banks and approved by the courts, the non-bank asset backed commercial paper were replaced with restructured notes, most of which will mature in 2017.

Last September, the Joint Pension Board moved to sepa-
rate these restructured notes, from the funds that originally held the assets (e.g. Balanced Funds, Diversified Equity, US Equity funds). The restructured notes were moved to the Liquidating Trust, allowing plan members to easily see the proportion of their account exposed to these assets and to allow them to make unencumbered changes to their other investments.

The transfer of the restructured notes to the Liquidating Trust also offered the opportunity for the Joint Pension Board to seek a new investment manager for these assets, and Kilgour Advisory Group was appointed in collaboration with Greystone Managed Investments, one of the pension plans’ existing managers.

**What is the actual value of the units in the Liquidating Trust?**

It is anticipated that Western will continue to value the assets in the Liquidating Trust using the new method until there is an active market for the restructured notes. When this occurs, it is anticipated the market price of the notes will be very close to the price determined by the new valuation model, however it is not a value that could be achieved in the market at this time. As mentioned above, this change in the value method does not reflect a change in the quality of the underlying assets.

You may also be interested to know that although trading is still very limited, the market for the restructured notes is currently trending up as there are more and more buyers entering the market and willing to pay more for the notes. At the beginning of 2009 buyers were offering prices that would have valued the Liquidating Trust unit values at less than $30. The prices that have been observed recently place the value of the Liquidating Trust Units in the mid $50 range, which is still below what we consider to be the intrinsic value of the notes, but it is a significant improvement nevertheless.

Further information will be available in the next few months including presentations that will provide further information about the market for these investments and options for members.

**Correction**

We want to clarify that there is no need for members to complete a transfer form for the transfer of their non-bank ABCP exposure to the Liquidating Trust, this transfer was done by amendments to the retirement plans effective September 30, 2009. All members affected received an Inter Fund Transfer Confirmation Statement detailing the transfer of their ABCP exposure to the Liquidating Trust in October 2009. This is being clarified to correct a typo in our 3rd quarter newsletter.

**“B” Series Fund Merge is completed**

The “B” funds have now been merged back with their original funds. This change was made in October 2009 with member statements confirming this transaction going out December 2009. Any member who had money in the B series funds (Diversified Equity B, Balanced Income B, Balanced Growth B, US Equity Hedged B or US Equity Unhedged B) had their holdings transferred to the corresponding original series fund.

For further information or previous announcements please see the ABCP website at: http://www.uwo.ca/humanresources/ABCP/index.htm

**WESTERN RETIREMENT INCOME FUND AND PENSION PLAN ANNUAL STATEMENTS**

The 2009 Annual Statements for members of the Western Retirement Plans will be mailed to members in late March and early April 2010. Your personalized statement will be sent to you either by campus mail or regular mail. **This year, consistent with our commitment to sustainability, the 2009 Annual Report describing the investment fund performance will only be available electronically unless you made or make a request for a printed copy. If you wish to receive a printed copy of the Annual Report contact Ann Jones at ajones66@uwo.ca or 519-661-2111 extension 85536. Information regarding how to request the printed Annual Report and where to access it electronically will be included in your 2009 Annual Statement mailing.**
ANNUAL MEMBER MEETINGS

The dates for the annual members meetings this year are as follows:

April 22, 2010      Noon to 1:30 pm
April 28, 2010      7:00pm to 9:00 pm
April 30, 2010      Noon to 1:30 pm

All meetings will be located at University College Room 142
(University College is wheelchair accessible – for an accessibility map for University College please go to: http://accessibility.uwo.ca/maps.htm - if you wish to attend and have other accessibility requirements please let us know how we can be of assistance by contacting HR Communications at 519-661-2194 or hr-communication@uwo.ca)

Graydon Watters, founder and President of The Financial Education Institute of Canada, will be a guest speaker at the April 28th, 2010 evening session and he will be speaking on selecting a financial advisor.

Please plan to attend one of these important sessions. For those who are unable to attend, however, the presentation will be available for printing on the Retirement Plans website in late April.

WESTERN RIF ANNUAL NOTICE OF PAYMENT ELECTION

For members of the Western Retirement Income Fund, February and March is a time where members are asked to elect their 2010 tax and payment amounts. The deadline for payment changes is the 15th of month to be effective the 1st of the following month. Any elections received by February 15, 2010 will be effective March 1, 2010. If we receive your election between February 16 and March 15, 2010 it will be processed effective April 1, 2010. RIF Members received information packages in February, if you have questions about this please call us at HR communications at 519-661-2194

OUR COMMITMENT TO ACCESSIBILITY

The University of Western Ontario is committed to increasing the accessibility for persons with disabilities. We want to ensure that persons such as retirees, staff and faculty who have a disability receive access to our services in a way that recognizes the four principles of accessible service: dignity, independence, integration and equal opportunity. This goal is also consistent with the Accessibility Standard for Customer Service pursuant to the Accessibility for Ontarians with Disabilities Act.

As part of this commitment, Human Resources staff has received training in regard to improving accessibility for our customers.

A notice of Service Disruption on the login page for the online pension system is posted whenever the online pension system is down or expected to be unavailable for an extended period of time. When possible, we will indicate the expected period of time the system will be unavailable.

We would appreciate your feedback if you have any issues, comments and ideas you want to share with us in regards to how we provide accessible service. You can do this either by contacting us directly at: hr-communication@uwo.ca or 519-661-2194. In addition Western has a feedback process related to accessibility of services: Email accessibility@uwo.ca or call 519-661-2111 extension 85562. Further information can be found at http://accessibility.uwo.ca/feedback.htm

PENSION PLAN MEMBERSHIP FOR PART-TIME EMPLOYEES

In our last issue we wrote about the benefits of pension plan membership for eligible part time employees. Part time employees are categorized under the retirement plans as Non Regular Full Time Employees.

Membership for eligible non-regular full time employees is voluntary. In December 2009 we sent out enrolment packages to part time employees eligible to join the pension plans effective January 1, 2010 and we are looking to have completed membership applications returned by March 18, 2010.
Historical Investment Returns at December 31, 2009

<table>
<thead>
<tr>
<th>FUND</th>
<th>1-month</th>
<th>1-year</th>
<th>5-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIER 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced Income</td>
<td>0.42%</td>
<td>15.27%</td>
<td>4.14%</td>
</tr>
<tr>
<td>Balanced Growth</td>
<td>1.50%</td>
<td>19.94%</td>
<td>3.11%</td>
</tr>
<tr>
<td>TIER 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Bond</td>
<td>-0.40%</td>
<td>11.60%</td>
<td>4.49%</td>
</tr>
<tr>
<td>Diversified Equity</td>
<td>2.31%</td>
<td>23.21%</td>
<td>2.08%</td>
</tr>
<tr>
<td>TIER 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market</td>
<td>0.05%</td>
<td>1.10%</td>
<td>3.14%</td>
</tr>
<tr>
<td>TDF- June/2010</td>
<td>0.02%</td>
<td>1.89%</td>
<td>4.33%</td>
</tr>
<tr>
<td>TDF- June/2012</td>
<td>-0.66%</td>
<td>2.82%</td>
<td>N/A</td>
</tr>
<tr>
<td>TDF- June/2014</td>
<td>-1.34%</td>
<td>2.74%</td>
<td>N/A</td>
</tr>
<tr>
<td>Canadian Bond</td>
<td>-1.38%</td>
<td>5.90%</td>
<td>5.22%</td>
</tr>
<tr>
<td>Long Term Bond</td>
<td>-2.27%</td>
<td>5.64%</td>
<td>5.82%</td>
</tr>
<tr>
<td>SRI Fund – Equity</td>
<td>3.14%</td>
<td>17.70%</td>
<td>%</td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>3.13%</td>
<td>30.01%</td>
<td>6.45%</td>
</tr>
<tr>
<td>US Equity (Hedged)</td>
<td>1.91%</td>
<td>27.53%</td>
<td>-1.43%</td>
</tr>
<tr>
<td>US Equity (Unhedged)</td>
<td>1.35%</td>
<td>7.32%</td>
<td>-2.78%</td>
</tr>
<tr>
<td>Non-North Am. Equity</td>
<td>0.90%</td>
<td>12.94%</td>
<td>1.43%</td>
</tr>
<tr>
<td>Liquidating Trust</td>
<td>-31.74%</td>
<td>-31.03%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Please take a moment if you have not already done so, to encourage your eligible employee colleagues to find out more about the University’s pension plans and the benefits of joining.

FULL-DAY RETIREMENT PLANNING WORKSHOPS
The Western Retirement Plans offer a variety of workshops to assist members with decisions related to the Western Retirement Plans and planning for retirement.

Since 2007 we have been offering a full-day Financial & Pre-Retirement Planning Workshop. This workshop is led by Graydon Watters, who is the founder and President of The Financial Education Institute of Canada. Graydon has over 40 years of investment and financial planning experience. In this intensive workshop you will examine the roles of employer-sponsored pensions, government pensions and private savings in retirement income planning. Additional topics include lifestyle/life cycle planning, investing in retirement and tax planning.

Past participants have found the workshop to be informative, engaging and an important first step in setting a financial and life plan for retirement. This session is open to members of the Academic and Administrative Staff pension plans and is ideal for members within 10 years of retirement. Your spouse is welcome and encouraged to attend along with you. The 2010 dates include:

- Wednesday April 28
- Wednesday May 19
- Thursday August 19
- Tuesday November 9

To register visit www.uwo.ca/hr
- select the Quick Link to Retirement Plans Information
- click on the link to Pension Workshops/Information Sessions.