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» Market update 2016 by Martin Bélanger, Director of Investments

Capital markets around the world had a rough start in 2016. The MSCI All-Country World Index, one of the broadest measures of stock market returns in the world, was down by 8.9% by the end of February 2016. The silver lining was the Canadian stock market which, after lagging most equity markets around the world in 2015, has lead in the first two months of 2016, although with a negative return of -0.71% (as measured by the S&P/TSX). However, things are improving as we’re writing this article (as of March 29, 2016). Following a reversal in oil prices that started on February 12, 2016, equity markets have been on a tear. From February 11 to March 28, as the price of oil went up by more than 50%, the MSCI All-Country World Index has appreciated by 5.2% and the S&P/TSX is up by 11.2%.

Funds on the Western Retirement Plans have obviously been impacted by capital markets returns. As of February 29, 2016, the Diversified Equity Fund had a year-to-date return of -6.9%. Unfortunately, the Canadian Equity Fund didn’t keep pace with the S&P/TSX over the first two months of the year, posting a -2.9% return, in part due to the defensive positioning of the portfolio with respect to Energy stocks. Should the positive returns experienced so far in March continue until the end of the month, year-to-date returns will be strongly improved.

Fixed income markets on the other hand have had positive returns so far this year. As of March 28, 2016, the FTSE Universe Bond Index has returned 1.06% since the beginning of the year. All fixed income funds on the Western Retirement Plans have posted positive returns as of February 29, 2016.

What should investors do about of all this? Over the long run, equities are expected to outperform fixed income, albeit with more volatility. Over the past 60 years, the Canadian equity market has experienced on average 4.7 months of negative return per year. However, in only 17 of the past 60 years has the Canadian equity market posted negative returns. Furthermore, looking at a longer horizon, the Canadian equity market has never experienced a 10-year return that was lower than 2.83% over any 10-year period since January 1, 1956. Although the ride can be painful at times, investors who can tolerate the risk have been rewarded with equity investments over the years.

Top five for financial health

During the Western Staff & Leaders’ Conference, Pension & Benefits Consultants Bekki Ollson and Cara Bourdeau shared their “Top Fives” for Financial Health. You can check out a copy of the slide presentation on the HR website.
Daily vs. monthly valuation

Members often inquire about why their Western Pension Plan balances and investments are updated just once a month. If you check your account regularly, you will see that the balance in your account is generally updated sometime around the 19th or 20th of the month, with the new balance reflecting the valuations of your holdings on the last day of the previous month.

Western Pension Plan members wishing to make a change must submit those changes prior to the 25th of any month, to have them take effect at the end of that same month. In contrast, many large financial institutions support daily transactions in retirement savings plans.

The downside of monthly versus daily valuation is that it does not allow members to make investment changes quickly based on market changes or headlines. Ironically, this is also the upside - it does not allow members to make investment changes quickly based on market changes or headlines. Sometimes, a wait of a week or two after a market swing or announcement can allow a more thoughtful response, or a decision to keep sights set on the long term. It is difficult to be successful at market timing.

Indeed, plans that offer daily valuation, also impose trading penalties if the same investment is bought and sold within a certain timeline (often within a month). This is to discourage “day trading”.

That said, Western continues to hear that there is a strong interest for daily valuation among members. They wish to have access to current data about their plan holdings, and to be able to know more accurately the value of the investments they are buying or selling. Western will continue to explore options that may make daily valuation an option for the future.
» Watch for your annual pension statement and...

Your 2015 annual pension statement will be coming to you in the mail in the coming weeks. It’s full of information including:

• your regular and voluntary contributions, as well as those made by Western
• your current asset allocations – how you have chosen to invest your retirement funds
• rate of return for your investment and
• projections of what income may be possible when you reach your normal retirement date.

» ...come to the Annual Meeting for pension plan members

All members are invited to attend an annual meeting. It’s a chance to get an update on your pension plan and find out how your investments compare with those chosen by your peers. Members have three sessions to choose from:

Day time session:

• Bring your lunch on Thursday, April 28, 2016 from noon to 1:00 p.m. in Somerville House, Room 3345

Evening sessions with guest speakers:

• Monday, May 2, 2016 from 5:00 - 7:00 p.m. in Social Science 2050 with guest speaker Kevin Press, Assistant Vice-President Market Insights at Sun Life Financial speaking on “The Unretirement Phenomenon.” The guest speaker presentation begins at 6 p.m. Read Kevin Press’ Biography.

• Wednesday, May 4, 2016 from 5:00 - 7:00 p.m. (Social Science 2050) with guest speaker Amos Nadler, Assistant Professor, Ivey Business School speaking on his researcher paper, “The Bull of Wall Street: Experimental Analysis of Testosterone and Asset Trading.” Guest presentation begins at 6 p.m.

Other news

Target Date Fund 2016 maturing

The Target Date Fund (TDF) 2016 will be maturing June 1, 2016. If you hold the fund in your pension account, you will receive a letter in May, letting you know you should reallocate to a different fund by the May 25th deadline. If you don’t make a change your TDF holdings will be transferred to the Money Market Fund. You can, of course, reallocate at any time in the future.

Farewell to the Financial Educator

The Financial Educator has discontinued its service. This was a spot for members to look for tools to help them plan. Fortunately, we have some other helpful links to recommend to our Pension Plan members. To check them out, visit our Pension Plan website under Workshops and Planning Tools.
Are you within 10 years of retirement?

Let us help you plan!

Western offers a full-day Financial & Pre-Retirement Planning Workshop for members who are considering retirement within the next ten years. The sessions are facilitated by an external consultant who will lead an unbiased discussion of the role of your Western pension plan, government pensions and private savings in retirement income planning.

Registration is now open for workshops on:

- August 18th
- October 28th

The sessions are open to all members of the Academic and Administrative Staff pension plans, and spouses are encouraged to attend with the plan member.

You must register to attend. Login to My Human Resources, and choose “Manage Training Registration”, Then select “Enroll in Internal Training Courses”. Search by Course Name “Retirement” or by Course Number “RETWFD”. If a session listed above does not appear as an option it means the session is full. You may email cara.bourdeau@uwo.ca to be placed on a waitlist. Not sure if now is the “right time” to attend? Call 519-661-2194 or send an email to hrhelp@uwo.ca to discuss further with a Pension & Benefits Consultant.

### Historical investment returns

**At February 29, 2016**

<table>
<thead>
<tr>
<th>FUND</th>
<th>1-MONTH</th>
<th>1-YEAR</th>
<th>5-YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TIER 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced Income</td>
<td>-0.59%</td>
<td>-1.29%</td>
<td>6.34%</td>
</tr>
<tr>
<td>Balanced Growth</td>
<td>-1.88%</td>
<td>-4.48%</td>
<td>7.16%</td>
</tr>
<tr>
<td><strong>TIER 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Bond</td>
<td>0.38%</td>
<td>1.10%</td>
<td>5.58%</td>
</tr>
<tr>
<td>Diversified Equity</td>
<td>-2.84%</td>
<td>-6.87%</td>
<td>7.63%</td>
</tr>
<tr>
<td><strong>TIER 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market</td>
<td>0.04%</td>
<td>0.60%</td>
<td>0.99%</td>
</tr>
<tr>
<td>TDF June/2016</td>
<td>0.00%</td>
<td>0.41%</td>
<td>3.31%</td>
</tr>
<tr>
<td>TDF June/2018</td>
<td>-0.11%</td>
<td>0.44%</td>
<td></td>
</tr>
<tr>
<td>TDF June/2020</td>
<td>-0.39%</td>
<td>0.11%</td>
<td></td>
</tr>
<tr>
<td>Canadian Bond</td>
<td>0.16%</td>
<td>-0.61%</td>
<td>4.84%</td>
</tr>
<tr>
<td>Long Term Bond</td>
<td>0.77%</td>
<td>-2.91%</td>
<td>7.59%</td>
</tr>
<tr>
<td>SRI - Equity</td>
<td>-3.48%</td>
<td>-13.83%</td>
<td>6.07%</td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>-0.66%</td>
<td>-12.08%</td>
<td>3.32%</td>
</tr>
<tr>
<td>US Equity - (Hedged)</td>
<td>-0.30%</td>
<td>-6.84%</td>
<td>9.71%</td>
</tr>
<tr>
<td>US Equity - (Unhedged)</td>
<td>-3.84%</td>
<td>1.45%</td>
<td>17.43%</td>
</tr>
<tr>
<td>Non-North Am. Equity</td>
<td>-5.98%</td>
<td>-6.24%</td>
<td>6.36%</td>
</tr>
<tr>
<td>Liquidating Trust</td>
<td>0.34%</td>
<td>2.63%</td>
<td>6.23%</td>
</tr>
</tbody>
</table>

**OUR COMMITMENT TO ACCESSIBILITY**

Western University 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.