

Western Retirement Plans

2011 Investment Performance Review



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Western 

Planning your journey to retirement with the 2011 Investment Performance Review

Planning for retirement is like planning for a journey – it works best when you have a clear idea of where you want to go and set a path to get there.

Western's defined contribution pension plans are designed so that you and the University make contributions to your plan. Your responsibility is to make decisions on the most appropriate investments to meet your retirement goals. The amount of retirement income you receive will depend on your level of contributions (you may make voluntary contributions), how long you contribute to the plan, and the returns that your investments provide.

Western's retirement plans are a valuable benefit of working at Western. It is important that you take the time to regularly review your investment holdings, make changes as required, and track progress toward your retirement saving goals. This 2011 Investment Performance Review is an important tool to help you plan your journey.

Human Resource Services is responsible for the day-to-day administration of the plans.

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The beliefs and opinions throughout this Report are those of the Joint Pension Board. They do not purport to be financial advice nor should they be relied upon in making your investment choices and decisions.

Introduction and Report Purpose

Introduction

The Western University sponsors two defined contribution pension plans for its employees – the Pension Plan for Members of the Academic Staff and the Pension Plan for Members of the Administrative Staff, the University also administers approximately 400 individual Retirement Income Funds (RIFs), providing retirement investment opportunities to over 7,500 individuals. The combined assets of Western's pension and RIF funds amount to approximately \$1.1 billion as of December 31, 2011.

Defined contribution pension plans, like the academic and administrative staff pension plans are forms of capital accumulation plans in which contributions are made by both the employer and the member. In particular, a defined contribution pension plan means that the contribution by the University to your pension account is defined, but the amount you will receive when you retire is not certain.

How much you receive when you retire depends on a number of things, such as the amount you choose to contribute to the plan and the amount of time you are in the plan. It also depends greatly on what investments you choose and the returns on those investments.

Under the plans each member has an account in their name and each member is responsible for the investment decisions for their account, within the options available. Detailed information on those options is contained in this report. It is important that you take the time to learn, make a plan to invest wisely and track the progress of your investments.

Western can provide excellent information, tools and education programs to help you plan your investments and your journey toward retirement. More information on those tools and programs is available on page 13 of this report.

Western's pension contributions and its plans are a valuable component of the benefits we offer.

How to Read this Report

This report has been prepared to provide members of the Western Retirement Plans with clear and comprehensive information with respect to the investment of their retirement savings. In this report you will find detailed data on the investments under the plans, an analysis of investment performance experienced by members and by each asset class.

An overall summary of the investments for the Pension Plans and Retirement Income Funds is contained within the first 12 pages of this report. Points that may be of particular interest to members are highlighted in bold print throughout the report. In each of the fund descriptions (pages 15-33), more detailed facts and figures are noted in the Fund Facts.

The Glossary and the Definitions of Risks contain terminology pertinent to the information within this report and you will notice reference to the Glossary in some sections to assist you in your understanding of the plans.

Contact Human Resources at 519-661-2194 or by email at hrhelp@uwo.ca if you have any questions about this report.

We hope this document serves as a key resource for your retirement planning. We encourage you to take advantage of our member education and communication services outlined on page 13 of this report and to consult your own financial advisor with any questions you may have about investment decisions. This information is available on our web site at: www.uwo.ca/humanresources.

Please let us know if you require information in alternate formats or if any other arrangements can make our services accessible to you.

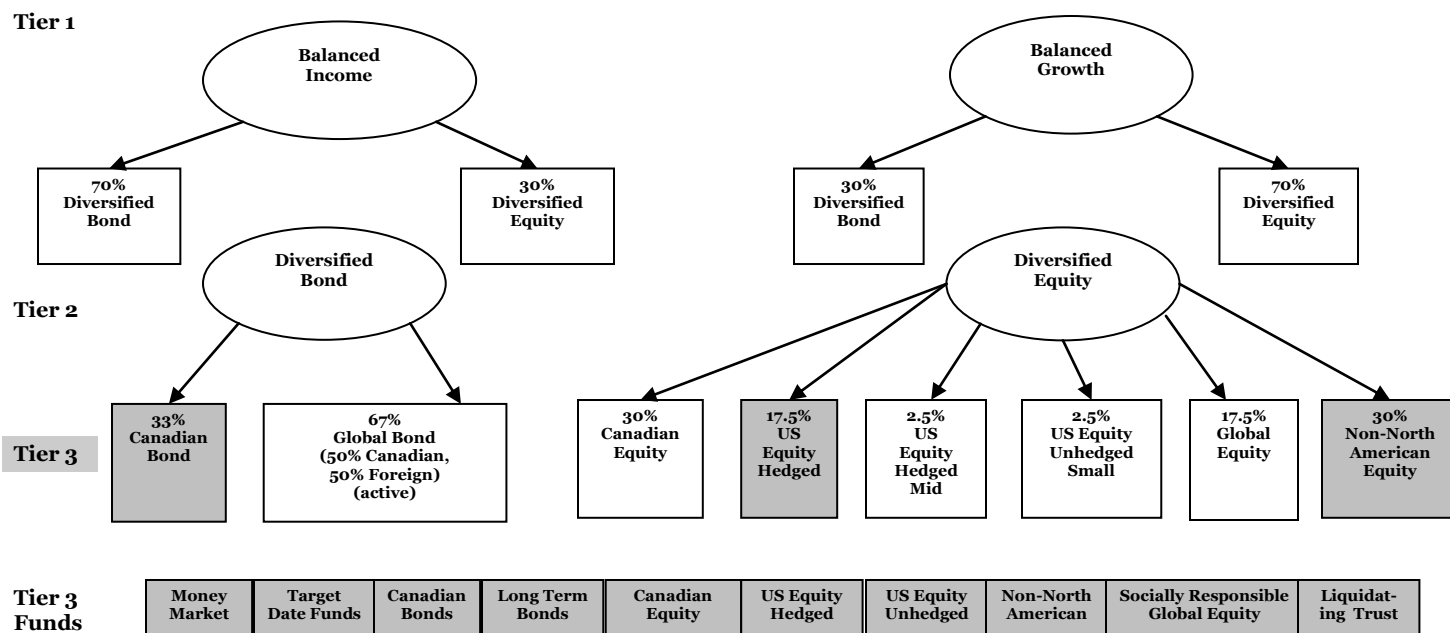
Throughout the report you will note that the investment fund options have been grouped according to 3 tiers.

Tier 1 funds refer to the most diversified fund options available to members made up of stocks (also known as equities - see Glossary) and bonds. For further information on these Tier 1 Balanced funds refer to pages 15 – 16 of this report.

Tier 2 funds provide investors with well diversified portfolios within each asset class of bonds and equities. More details on the Tier 2 funds can be found on pages 18 -21 of this report.

Tier 3 funds are specific strategies for investors with very specific objectives. More details on the Tier 3 funds can be found on pages 23 – 33 of this report.

**Western Investment Funds
Tier 1 and Tier 2 Composition**



How Investment Funds Work As a member of the Western Retirement Plans, you have been asked to direct the investment of every dollar allocated to your account. The allocation specified as a percentage of your total account can be from 0% to 100% towards any one or combination of the investment funds for the plans (restrictions apply for RIF members and Special Members).

The amounts allocated to each fund are used to buy units of the investments. By way of example there are in excess of 2.3 million units owned by members investing in the Diversified Equity Fund. The total number of units in any fund will change by members making additional allocations or by directing an inter-fund transfer into or out of the funds.

As the securities in each fund increase or decrease in market value and as interest and dividends are earned, the value of each unit changes. Your entitlement in that fund is equal to the number of units you own multiplied by the most recent unit value for that fund.

For example, suppose the amount of November 2011 contributions were as follows:

Your contributions	\$ 50.00
University contributions on your behalf	150.00
TOTAL	\$200.00

Further, assume the member directed 50% of these contributions to the Diversified Bond Fund (\$100) and 50% to the Diversified Equity Fund (\$100). In the case outlined above, at November 30, 2011 the unit value of

the Diversified Bond Fund was 184.786 and the unit value of the Diversified Equity Fund was 183.829. With \$100 allocated to each fund at November 30, 2011, the member would have purchased

0.5412 units of the Diversified Bond Fund ($\$100/184.786$) and 0.5440 units of the Diversified Equity Fund ($\$100/183.829$).

By December 31, 2011 the unit values of these funds were 188.001 and 182.622 respectively. The relative change in the unit values represents the rate of return on the fund for the month of December. That is, the rate of the return for the month can be found using the following formula:

$$\frac{\text{Unit value at end of period} - 1}{\text{Unit value at beg of period}} = \% \text{ return of the fund for the period}$$

For example:

$$\frac{188.001}{184.786} - 1 = .0174 = 1.74\% = \text{return on Diversified Bond Fund for December}$$

$$\frac{182.622}{183.829} - 1 = -.0066 = -0.66\% = \text{return on Diversified Equity Fund for December}$$

Diversified Bond Fund:	.5412 x 188.001 =	101.75
Diversified Equity Fund:	.5440 x 182.622 =	99.37
TOTAL:		\$201.12

Fund Rates of Return as at December 31, 2011 (Annualized Rates)

<u>INVESTMENT FUNDS</u>	<u>1-year</u>	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>	<u>Since Inception</u>	<u>Inception Date</u>
Tier 1						
Balanced Income Fund	3.51%	9.43%	3.61%	5.19%	5.46%	October 1, 2001
Balanced Growth Fund	-3.43%	8.89%	-0.39%	3.72%	4.41%	October 1, 2001
Tier 2						
Diversified Bond Fund	8.74%	9.51%	6.19%	5.98%	9.05%	March 1, 1978
Diversified Equity Fund	-8.59%	7.07%	-4.19%	2.04%	8.96%	March 1, 1978
Tier 3						
Money Market Fund	1.02%	0.96%	2.11%	2.50%	4.95%	January 1, 1988
<i>Benchmark: DEX 91-day tbill Index</i>	1.00%	0.72%	1.97%	2.41%		
Target Date Fund June/2012	1.93%	2.41%	4.26%		4.65%	June 1, 2006
Target Date Fund June/2014	5.51%	4.49%			5.90%	June 1, 2008
Target Date Fund June/2016	9.09%				8.95%	June 1, 2010
Canadian Bond Fund	9.58%	7.36%	6.37%	6.42%	6.79%	April 1, 2000
<i>Benchmark: DEX Universe Bond Index</i>	9.67%	7.26%	6.37%	6.49%		
Long Term Bond Fund	17.93%	11.81%	8.18%	8.93%	7.83%	July 1, 1998
<i>Benchmark: DEX Long Bond Index</i>	18.13%	11.93%	8.29%	8.95%		
SRI Global Equity Fund	-4.33%	5.90%			-2.89%	March 1, 2008
<i>Benchmark: MSCI World</i>	-2.67%	4.80%	-4.41%	-0.43%		
Canadian Equity	-10.02%	11.03%	-0.62%	5.90%	6.91%	May 1, 1997
<i>Benchmark: S&P/TSX Index</i>	-8.71%	13.18%	1.30%	7.03%		
US Equity Hedged Fund	0.97%	12.72%	-2.58%	1.64%	3.56%	May 1, 1997
<i>Benchmark: S&P 500 Index- Hedged</i>	1.62%	12.71%	-1.95%	2.08%		
US Equity Unhedged Fund	4.38%	6.71%	-3.44%	-2.04%	2.03%	May 1, 1997
<i>Benchmark: S&P 500 Index-Unhedged</i>	4.64%	7.02%	-2.88%	-1.60%		
Non-North American Equity	-14.02%	-0.80%	-9.28%	0.21%	1.12%	May 1, 1997
<i>Benchmark: MSCI EAFE Index</i>	-9.55%	1.43%	-6.79%	0.50%		
Liquidating Trust	1.13%	-9.45%				October 1, 2007

Investment returns provided here are net of management and trustee fees. To see a detailed explanation of the fees incurred refer to page 10 of this report.

It is difficult to judge the performance of the investments without understanding the nature of the market environment during the same time period. We know that a one year return of 15% looks good, but how does it compare to the performance of other similar assets during the same time period? To assist in addressing this question we have provided "market benchmark" performance data for relevant funds in the chart above. The abbreviations in italics following certain funds in Tier 3 provide appropriate market benchmark data for the fund preceding it in the list.

The Target Date funds are specialized funds. No market benchmark exists for these funds. Expected future returns for these funds are illustrated on page 24 of this report.

The glossary in this report can be referenced to determine the exact description of each market benchmark noted on the right.

Market Summary

The financial markets were impacted once again in 2011 by macro-economic events: the ongoing European Sovereign debt crisis, the U.S. debt ceiling debacle, the Japan tsunami, flooding in Thailand and inflationary pressures in China. These developments impacted the equity and bond markets where the Western Retirement Plans invest.

The year started on a positive note with hopes of a strong economic recovery, with the S&P/TSX (the main index for the Canadian stock market) up by 5.60% by March 31. The situation then quickly deteriorated with the events unfolding in Japan and in Europe. The S&P/TSX lost 5.15% during the second quarter and 12.02% in the third quarter, as the negotiations surrounding the U.S. debt ceiling and the subsequent downgrade of U.S. Treasuries by Standard & Poor's led investors to flee risky assets and move their money into safer asset classes. In a bizarre move, investors sought the safety of U.S. Treasuries in these turbulent times, the very same securities that had previously been downgraded. This influx of money into fixed income markets caused bond yields to go down substantially and bond prices to go up, as the yield on 10-year Government of Canada bonds went from 3.35% on March 31 to 1.94% on December 31. That helped fixed income indices achieve strong absolute returns in 2011. The DEX Universe Bond Index posted a 9.67% return in

2011, while the DEX Long-Term Bond Index total return was 18.13%, as rates on long-term Government of Canada bonds also went down during the year. Although the Bank of Canada did not increase its key interest rate during the year, the DEX 91-Day T-Bills Index posted a 1.00% return in 2011, compared to 0.54% in 2010, as the rate increases of 2010 impacted returns for the entire year.

This flight to quality had a negative impact on equity markets. The S&P/TSX posted a return of -8.71% in 2011. International equity markets did not fare better as the MSCI EAFE Index had a total return of -9.55% in Canadian dollars. The U.S. equity markets did slightly better with a return of 4.64% in Canadian dollars (2.10% in U.S. dollars), as U.S. companies reported strong growth in earnings.

Unfortunately, the external investment managers on the Western Retirement Plans were not able to keep pace with the market indices, as all four actively managed funds (Diversified Equity, Canadian Equity, Non-North American Equity and SRI Global Equity) underperformed their respective benchmark. Most of our managers focus on quality companies and tend to underperform when the stock markets are driven by macro-economic events. The Joint Pension Board is monitoring the situation and will make changes if necessary.

A summary of market performance by asset class follows:

Annualized Returns

Market Index	1 year return	3 year return	5 year return
Cash/Money Market Funds			
DEX 91-Day T-Bills	1.00%	0.72%	1.97%
Bonds			
DEX Universe Bond Index	9.67%	7.26%	6.37%
DEX Long Term Bond Index	18.13%	11.93%	8.29%
BC Global Agg Bonds (Hdg CAD)	6.33%	5.47%	5.33%
Equities			
S&P/TSX Composite Index	-8.71%	13.18%	1.30%
S&P 500 (unhedged)	4.64%	7.02%	-2.88%
S&P 500 Hedged	1.62%	12.71%	-1.95%
MSCI EAFE (unhedged)	-9.55%	1.43%	-6.79%
MSCI World	-2.67%	4.80%	-4.41%
Canadian versus U.S. Dollar	-2.20%	6.88%	2.73%

What's New

A few changes were made to the Western Retirement Plans in 2011. In August, Pyramis Global Advisors, one of the two international equity managers, implemented an allocation to emerging markets equity. Pyramis manages 50% of the Non-North American Equity Fund and 15% of the Diversified Equity Fund.

Pyramis can invest up to 15% of its portfolio in emerging markets equity. The Joint Pension Board's rationale for increasing the fund's allocation to emerging markets include the increasing global importance of these markets (they now represent approximately 13% of the world's stock markets), favourable demographics and stronger fiscal positions .

Following its annual retreat, the Joint Pension Board made the decision to proceed to a formal review of the two largest funds on the Western Retirement Plans: the Diversified Equity Fund and the Diversified Bond Fund. These reviews are part of a normal governance process where a formal examination of the funds are conducted on a regular basis. Reviews were conducted the last time in 2007 for the Diversified Bond Fund and in 2008 for the Diversified Equity Fund. For each fund the goal is to increase the expected return of the portfolio while reducing its volatility. In order to do so, the Joint Pension Board will try to identify investment products that are expected to generate, in the long-term, higher returns than the investment strategies currently used in the Diversified Equity Fund and the Diversified Bond Fund. For the Diversified Equity Fund, these include investing in smaller companies, emerging markets equity and private equity. In addition, the Joint Pension Board will try to identify strategies that offer lower risk and that are less sensitive to broader stock markets in order to reduce the risk of the portfolio. These strategies include real estate and infrastructure for the Diversified Equity Fund. Strategies that will be evaluated for the Diversified Bond Fund include commercial mortgages and real return bonds.

One of last year's priorities was to work on education and communication initiatives to help members better prepare for retirement. The Joint Pension Board and HR Staff have been working hard at developing and implementing a communication plan. One of the milestones was the launch in November of the brand new Retirement Plans website. HR staff is still collecting feedback from members about the pension publications and education programs. More changes and initiatives are expected in 2012.

Western Tier 3 Fund Performance

Money Market Fund

The **Money Market Fund**, which invests in very short-term loans or debt securities, has returned 1.02% in 2011, slightly above its benchmark return of 1.00%. The fund's return was higher than last year's as the Bank of Canada increased its key interest rate from 0.25% to 1.00% in 2010, but it remains lower than in previous years due to the low short-term interest rates that prevail in Canada. At the end of 2011 a 91-day treasury bill provided an annualized return of 0.82% and a bankers' acceptance of 1.16%. With economists not expecting the Bank of Canada to increase its key interest rate until 2013 or even 2014, returns on the Money Market Fund should remain low for the foreseeable future.

Canadian Bond Fund

The **Canadian Bond Fund** invests in a variety of bonds and debt securities (with maturity dates between 1 and 30 years). In 2011, the fund produced an annual return of 9.58%, slightly below the DEX Universe index return of 9.67%. The Canadian Bond Fund is managed passively and is expected to closely follow the DEX Universe index. If prevailing interest rates rise by even 1%, this fund could experience a capital loss of over 5% in a year, reducing the overall return. Conversely, if interest rates fall, the investment may experience a gain exceeding the expectations of investors.

Long Term Bond Fund

The **Long Term Bond Fund** invests in Canadian bonds and debt securities due to mature between 10 and 30 years from now. In 2011, the fund produced an annual return of 17.93% compared to the DEX Long Term Bond index return of 18.13%. Performance was particularly strong in 2011 because the yield on long term Government of Canada bonds dropped from 3.52% to 2.49% during the year. The Long Term Bond Fund is managed passively and expected future returns will therefore closely follow the DEX Long Term Bond index. The Long Term Bond Fund has returns that are more volatile than the Canadian Bond Fund since the longer term nature of the portfolio makes the securities more sensitive to interest rate changes. If long-term rates increase (decrease) by 1%, the Long Term Bond Fund can experience a market loss (gain) of over 10%. Although the fund performance has been extremely strong in the past two years, these returns are not sustainable over the long term. As long-term interest rates start increasing, the performance of the fund will be negatively impacted.

Target Date Funds

The **Target Date Funds** are portfolios of government bonds, each with a specific date on which it will terminate - the "target" date. There are three Target Date Funds that our plan members can invest in and their termination dates are June 1st of 2012, 2014 and 2016 respectively. These funds have been designed to provide capital preservation for investments over time and a predictable future return if held to maturity. At the same time, they allow members to move in or out of the funds monthly. The returns experienced are consistent with the returns on Government bonds with similar terms to maturity. The TDF 2012 will mature in the coming year and we'll introduce the TDF 2018.

Canadian Equity Fund

The **Canadian Equity Fund** struggled in 2011 with a return of -10.02%, underperforming the S&P/TSX Composite Index return of -8.71%. Two of the investment managers on the fund, CC&L and Beutel Goodman, outperformed the benchmark, but Greystone underperformed during the year. The environment was challenging for stock selection again this year, especially for growth managers, as a number of macro-economic events have elevated volatility levels and impacted the Canadian stock market. The higher volatility has driven investors to more defensive sectors of the Canadian stock market and penalized managers focusing on earnings growth when selecting companies.

U.S. Equity Funds

The **U.S. Equity Funds**, which track the largest 500 U.S. companies (a passive strategy), experienced returns comparable to the overall U.S. experience as represented by the corresponding index. The return for the **U.S. Equity Unhedged Fund** (4.38%) was above that of the **U.S. Equity Hedged Fund** (0.97%) as a result of the weakening of the Canadian dollar versus the US dollar over the past year. A depreciation of the Canadian dollar relative to the U.S. dollar generally results in a higher return for the U.S. Equity Unhedged Fund as compared to the U.S. Equity Hedged Fund.

Non-North American Fund

The **Non-North American Equity Fund** invests in securities issued by companies based outside of North America, mostly from developed countries. The fund is also allowed to have a small component invested in developing countries, such as Brazil, Russia, India and China. The Fund returned -14.02%, underperforming its MSCI EAFE Index return of -9.55%. For the second consecutive year, AllianceBernstein, one of the two investment managers of the fund, underperformed its benchmark significantly as their investment style of

selecting attractively valued companies has not been rewarded by the market. The portion of the portfolio managed by Pyramis Global Advisors began investing directly in emerging markets in August 2011.

Socially Responsible Global Equity Fund

The **Socially Responsible Global Equity Fund** invests in stock markets from all over the world, including developed markets located in Canada, the United States, Europe and the Far East, but also in emerging markets such as Brazil, Russia, India and China. The Fund invests in Mackenzie Universal Sustainable Opportunities Class, where the portfolio manager is Aberdeen Asset Management. After an initial stock selection is made, some ethical screens are applied to the portfolio by Aberdeen. All of the portfolio's non-Canadian investments are exposed to fluctuations in foreign currencies relative to the Canadian dollar. The Fund posted a return of -4.33% in 2011, underperforming the MSCI World Index return of -2.67%.

Liquidating Trust

The **Liquidating Trust** holds the restructured notes that were exchanged for the non-bank asset-backed commercial paper held in five Western Funds (Balanced Income, Balanced Growth, Diversified Equity, U.S. Equity Hedged and U.S. Equity Unhedged). The Fund does not accept any new contributions but members have had the ability to make redemptions since May 2010. The Fund posted a return of 1.13% in 2011. Returns have been volatile throughout the year as the assets underlying the notes have been significantly impacted by the market volatility. The weakening of the Canadian dollar has positively impacted performance during 2011 as some of the notes are denominated in U.S. dollars.

*Western Tier 2 Fund Performance**Diversified Bond Fund*

The **Diversified Bond Fund** invests in Canadian and non-Canadian bonds and debt securities of various durations. The normal stance of the fund is to invest 66.5% of its assets in Canadian bonds and 33.5% in non-Canadian bonds. Less than 20% of the fund's assets may be exposed to currency fluctuations. Approximately 33% of the portfolio is passively managed by State Street Global Advisors in the same manner as the Canadian Bond Fund while the remainder of the portfolio (67%) is actively managed by AllianceBernstein with a strategy that invests in Canadian and non-Canadian bonds. The benchmark for this fund is a combination between the DEX Universe Bond Index (a Canadian bond index) and the Barclays Capital Global Aggregate Index Hedged (a global bond index). The fund had a return of 8.74% in 2011, outperforming the benchmark return of 8.55%. The

component managed by State Street Global Advisors performed in line with expectations. AllianceBernstein was able to add value, mostly through country and yield curve positioning.

Diversified Equity Fund

The **Diversified Equity Fund** invests in Canadian, US, international and global equities. The Fund had a return of -8.59% in 2011, underperforming its benchmark return of -5.74% (the benchmark is a blend of the benchmark for each of the underlying equity markets). Strong performance by CC&L and Beutel Goodman (Canadian equity), Fidelity (Non-North American equity) and PanAgora (U.S. Small cap equity) have added value. Underperformance by Greystone (Canadian Equity), AllianceBernstein (Non-North American equity), T. Rowe Price and Harris Associates (global equity) has detracted value.

Western Tier 1 Fund Performance

Balanced Income Fund

The **Balanced Income Fund** invests 30% in the Diversified Equity Fund and 70% in the Diversified Bond Fund. The benchmark for this fund is 30% of the Diversified Equity Fund benchmark and 70% of the Diversified Bond Fund benchmark. The Fund posted a return of 3.51%, underperforming the benchmark return of 4.26%, mostly due to the underperformance of the Diversified Equity Fund.

Balanced Growth Fund

The **Balanced Growth Fund** invests 70% in the Diversified Equity Fund and 30% in the Diversified Bond Fund. The benchmark for this fund is 70% of the Diversified Equity Fund benchmark and 30% of the Diversified Bond Fund benchmark. The Fund posted a return of -3.43%, underperforming the benchmark return of -1.45%, mostly due to the underperformance of the Diversified Equity Fund.

Investment Fund Management Summary as at December 31, 2011

Investment Fund	\$ Funds Managed (\$millions)	% of Fund	% of Total Assets	Asset Class	Manager Style
MONEY MARKET FUND					
State Street Global Advisors	\$64.7	100.0%	6.0%	Cash	active
TARGET DATE FUNDS					
State Street Global Advisors	\$54.8	100.0%	5.1%	Domestic Bonds	active-duration constrained
DIVERSIFIED BOND FUND					
State Street Global Advisors-Canadian Fund	\$87.6	33.0%	8.2%	Domestic Bonds	passive
Alliance Bernstein-Global Fund	178.1	67.0%	16.7%	Global Bonds	active
	\$265.7	100.0%	24.8%		
CANADIAN BOND FUND					
State Street Global Advisors	\$74.5	100.0%	7.0%	Domestic Bonds	passive
LONG TERM BOND FUND					
State Street Global Advisors	\$35.7	100.0%	3.3%	Domestic Bonds	passive
SOCIALLY RESPONSIBLE GLOBAL EQUITY FUND					
Mackenzie Investments	\$3.2	100.0%	0.3%	Global Equity	active-value
DIVERSIFIED EQUITY FUND					
Greystone Managed Investments	\$42.3	9.8%	4.0%	Domestic Equity	active-growth
Connor Clark & Lunn Financial Group	43.1	9.9%	4.0%	Domestic Equity	active-core
Beutel Goodman	44.3	10.2%	4.1%	Domestic Equity	active-value
State Street Global Advisors	77.4	17.9%	7.2%	US Equity	passive
State Street Global Advisors	11.0	2.5%	1.0%	US Equity midcap	passive
T.Rowe Price	37.3	8.6%	3.5%	Global Equity	active-growth
Harris Associates	38.1	8.8%	3.6%	Global Equity	active-value
Panagora	11.6	2.7%	1.1%	US Unhedged Small Cap	active-core
Fidelity Investments	65.0	15.0%	6.1%	International Equity	active-growth
Alliance-Bernstein	63.3	14.6%	5.9%	International Equity	active-value
	\$433.4	100.0%	40.5%		
CANADIAN EQUITY FUND					
Connor Clark & Lunn Financial Group	\$25.6	33.1%	2.4%	Domestic Equity	active-core
Beutel Goodman	26.6	34.4%	2.5%	Domestic Equity	active-value
Greystone Managed Investments	25.2	32.6%	2.4%	Domestic Equity	active-growth
	\$77.4	100.0%	7.2%		
US EQUITY - HEDGED FUND					
State Street Global Advisors	\$15.3	100.0%	1.4%	US Equity	passive
US EQUITY - UNHEDGED FUND					
State Street Global Advisors	\$8.3	100.0%	0.8%	US Equity	passive
NON-NORTH AMERICAN FUND					
Fidelity Investments	\$6.6	50.8%	0.6%	International Equity	active-growth
Alliance-Bernstein	\$6.4	49.2%	0.6%	International Equity	active-value
	\$13.0	100.0%	1.2%		
Immunized Bond Fund—Administrative Staff Plan					
	\$1.9	100.0%	0.2%		
Immunized Bond Fund—Academic Staff Plan					
	\$4.4	100.0%	0.4%		
Liquidating Trust					
	\$13.5	100.0%	1.3%		
CASH IN PLAN ACCOUNTS					
	\$3.7	100.0%	0.3%		
TOTAL PENSION INVESTMENTS					
	\$1,069.5	100.00%	100.00%		
BALANCE INCOME & GROWTH FUNDS**					Overall Asset Mix
	\$116.50			Cash	8%
				Bonds	41%
				Equities	51%

**Assets included in the Investment Management for Diversified Bond and Diversified Equity Funds

Investment & Operational Expenses

The University is the plan sponsor for the pension plans and the Western Retirement Income Fund (Western RIF) program. The Joint Pension Board is the official plan administrator for the pension plans and Human Resources provides day-to-day operational support for all programs. The plans operate with the assistance of many professionals, including investment managers, investment consultants, actuarial consultants, legal advisors, financial statement auditors, trustees, pension administrators, retirement counselors, and educators.

The total management expense cost includes fees for external investment managers, transaction costs, trustee fees, and other professional fees and pension staff expenses. **The total management expense cost is about 46 basis points (0.46%) of assets per year for pension plan members and slightly more for some participants in the Western Retirement Income Fund program.** The Joint Pension Board believes the operations **are at an expense level far below that of comparable retail retirement savings products which tend to charge fees that average about 200 basis points (2.0%) per year of invested assets.** Further, *active* Western employees only fund a portion of these expenses with their investments.

Fees for external investment managers, transaction costs and trustee fees are funded by your investments. Returns for each fund are determined after deducting these fees, which amount to an average of about 35 basis points (0.35% per year) of the value of the fund. These fees, which are shown in the table on this page, vary depending on the type of investment and the value of assets in each portfolio.

Other professional fees and pension staff expenses are funded by the University for actively contributing University employees.

A fee is charged to accounts of employees of participating employers (e.g. Brescia University College and Huron University College) and to former employees who have chosen to leave their funds invested in the trust. This fee is waived for former employees who have retired from the University.

The Joint Pension Board, as part of its overall governance of the plans has determined that the fee charged to former employees will be updated in 2012. Further details of this change will be communicated later in the year.

Former employees who have established an income stream under the Western Retirement Income Fund (Western RIF) program are charged additional fees to recover costs of the plan trustee, Northern Trust, and to cover the operating costs of the Western RIF program.

Western Fund	Expected average Fee
Balanced Income	0.29%
Balanced Growth	0.42%
Diversified Bond	0.19%
Diversified Equity	0.51%
Money Market	0.07%
Target Date Fund 2012	0.11%
Target Date Fund 2014	0.11%
Target Date Fund 2016	0.11%
Canadian Bond	0.16%
Canadian Long Term Bond	0.09%
Socially Responsible Global Equity	1.19%
Canadian Equity	0.29%
US Equity - Hedged	0.17%
US Equity - Unhedged	0.17%
Non-North American Equity	0.92%
Liquidating Trust	0.21%

The Joint Pension Board recognizes that the investment allocation decision is difficult even when a great deal of information is available to you. The purpose of this section of the annual report is to help you assess the investment options available under the Western Retirement Plans by comparing the relative returns under each asset class and illustrating the returns and risks associated with each asset class or a combination of asset classes.

Although there is significant choice of investment funds under the plans, your investment decision may be a consideration of three broad asset classes: **CASH**, **BONDS** and **EQUITIES**. In the case of the Balanced Growth and Balanced Income Funds, this mix of asset classes has been set for you.

CASH attributes have been illustrated here using the historical performance of the Western Money Market Fund.

BOND attributes have been illustrated here using the historical performance of the Western Diversified Bond Fund.

EQUITIES attributes have been illustrated here using the historical performance of the Western Diversified Equity Fund.

BALANCED GROWTH attributes have been illustrated using 70% Western Diversified Equity Fund and 30% Western Diversified Bond Fund.

BALANCED INCOME attributes have been illustrated using 30% Western Diversified Equity Fund and 70% Western Diversified Bond Fund.

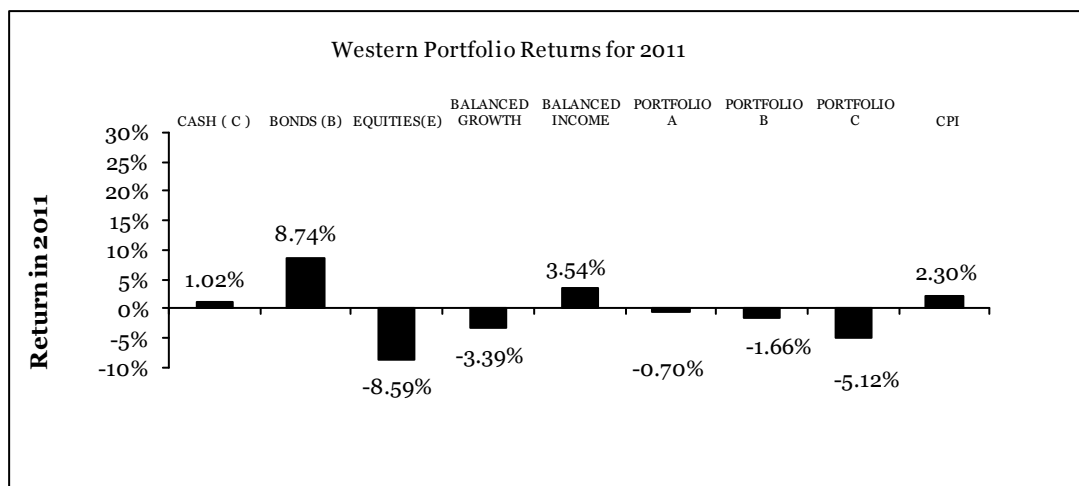
When considering the returns and risks of an investment, good investment advisors commonly apply Modern Portfolio Theory. The Theory holds that the risks and returns of the entire portfolio should be considered rather than evaluating risks and returns on an investment-by-investment basis. For example, an equity investment has statistically a greater “risk” than a bond investment. However, there could be a combination (or investment mix) that includes equities which has generated a greater average rate of return than a pure bond investment but has the same or lower level of risk of a pure bond investment.

Using the Western Retirement Plans fund data for 2011 the chart below illustrates how each of the cash, bonds, equities and three Portfolios with other investment mixes performed in terms of rate of return. The rate of change in the consumer price index (CPI) is also provided here. The real returns can be approximated by subtracting CPI (the change in purchasing power for the year) from the nominal returns.

You can use your individual rate of return indicated on your personal statement to compare your investment performance for the year with other strategies illustrated below.

A complete history of calendar year returns for all funds is provided on page 34 of this report.

- Portfolio A:**
10% Cash, 40% Bonds,
50% Equities
- Portfolio B:**
40% Bonds,
60% Equities
- Portfolio C:**
20% Bonds,
80% Equities



The 2011 rates of return for individual member accounts under the Western Retirement Plans were ranked from highest to lowest. The distribution of the returns is provided below:

Returns:

Individual Account Returns

Plans' average	-1.87%
Maximum annual return	29.93%
Median annual return	-2.37%
Minimum annual return	-24.08%

Risks:

The top 25% of our members received returns between 0.92% to 29.93%. The middle 50% of our members received returns between -4.16% to 0.92%. The bottom 25% of our members received returns between -24.08% to -4.16%

The median return, which indicates that 1/2 of the accounts had returns below that amount, was -2.37%.

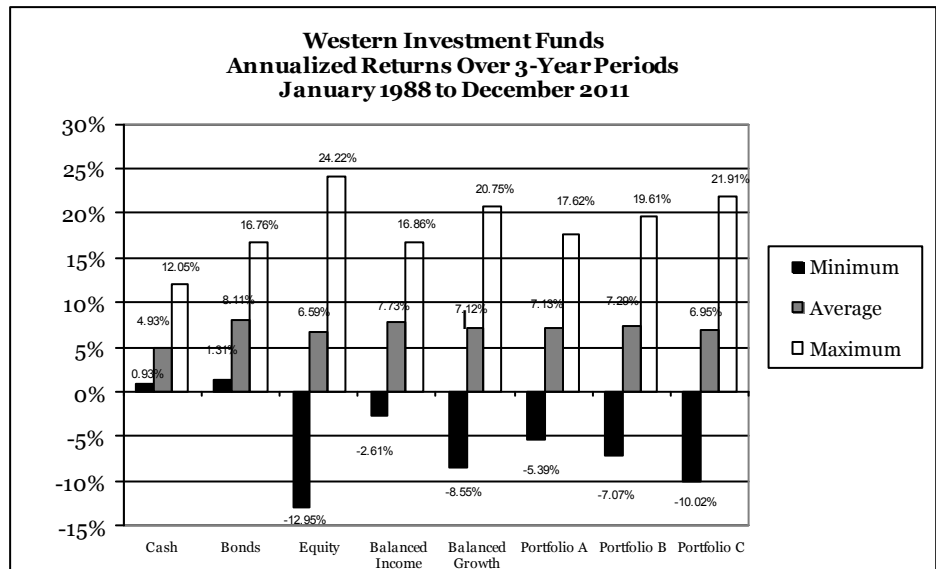
Investment strategies will provide different performance based on the different levels of risks associated with the strategies. Risk of an investment is commonly measured by the amount the actual investment return of a portfolio is expected to vary from the average return over time. By considering this measure the investor can decide if it is worth taking on that risk or variation in exchange for the expected return.

The graph below illustrates the variation in 3-year time periods for each of cash, bonds, equities and the portfolios discussed earlier. **The white and black bars indicate the relative risk that the actual returns can vary from average returns. The longer these bars in either direction, the more risk.** The average 3-year return is indicated by the grey bars. Ideally, an investor wants to achieve the maximum average return for the variation they can live with.

While variability in return is a common measure of risk associated with an investment, there are other types of risks associated with investment portfolios. For example, there is a risk that the total accumulated funds in the portfolio at the end of any given time period is insufficient to provide for the intended use of the funds. There is also the risk that an investment is insufficient to maintain the purchasing power of the original investment (i.e. the return has not matched the increase in the cost of living (CPI) over the period of investment).

Human Resources staff can help you understand the nature of the options available to you. You may meet individually with a pension and benefits consultant in Human Resources, attend workshops or access on-line tools offered from the Human Resource Services website. You are encouraged to take advantage of these resources and/or consult your own financial advisor in setting your investment mix.

- Portfolio A:**
10% Cash, 40% Bonds,
50% Equities
- Portfolio B:**
40% Bonds, 60% Equities
- Portfolio C:**
20% Bonds, 80% Equities



Both the university and the member make contributions to each member's plan. It is the responsibility of the member to make decisions on the investments held within their account. This is the essence of a defined contribution plan. To assist members in understanding these decisions and evaluating the available options, Human Resource Services offers several education and communication programs that provide helpful and interesting information that can help you plan your journey to your retirement goals.

GROUP EDUCATIONAL SESSIONS

Group educational sessions for members of the Western Retirement Plans are held at various locations on campus throughout the year. The times and locations are announced during the year in our newsletter, in **Western News**, in the Western Events Calendar and on the Human Resources website. The workshops are given by internal professional staff and may also involve external professionals.

The educational session topics will vary throughout the year .

Financial and Pre-Retirement Planning Workshop—Offered Quarterly

This is a comprehensive full-day workshop facilitated by The Financial Education Institute of Canada. The workshop engages participants in establishing a financial and life plan for retirement. Topics covered include: employer-sponsored pension plans, government benefits, retirement income streaming and tax & estate planning.

Individual Counseling Sessions

Pension & Benefits Consultants are available to provide individual counseling on your Western pension plan. A consultant can assist you with your retirement planning and help you understand the choices available to you including your investment options, contribution level and payout options. All appointments are confidential. Spouses/family members are welcome to attend. Personal appointments may be arranged with our Pension & Benefits Consultant by calling Human Resources at 519-661-2194 or on campus at 82194.

On-line Tools

1) The Investment Decision Making Tool uses an investment personality questionnaire to help assess your risk tolerance and then provides corresponding samples of diversified portfolios identifying the funds available under the Western Retirement Plans.

2) The Financial Educator™ (TFE) is a comprehensive and interactive website available to assist Western employees with broader financial planning information and resources. The modular-based curriculum enables users to go directly to the topics of interest and to work through the information at their own pace. An exhaustive list of calculators can help members with budgeting, savings, life insurance, mortgage assessment and much more. Access to the site requires a Username and Password which can be obtained by contacting the Human Resources Communication Centre at x82194 or hrhelp@uwo.ca.

Online Access

The goal of the group education, individual counseling sessions and on-line tools is to help members better understand their investment, contribution and payment options. The knowledge gained through these resources can be used when members go online to **www.uwo.ca/humanresources**. Within the Retirement Plans section of the Human Resources web site, a member can login to view their account(s), review performance reports, obtain forms and review terms of the pension plan(s).

This password-protected pension website allows members to view account balances, request account investment changes and address changes on-line. Members of the Western Retirement Income Funds can also make payment elections and changes online. Instructions on using this functionality are available at the login page.

Western employees can also use **myHumanResources** to access information on their pension plan contribution levels and beneficiary designations.

Tier One

**Balanced Income
Balanced Growth**

The most diversified investment options.

Fund Facts:

Total Value of Assets as at December 31, 2011	\$32.8 million
Number of Investors	826
Date of Inception	October 1, 2001
Management Expense Ratio (Expected Average Fees)	0.29%

Risk Attributes:

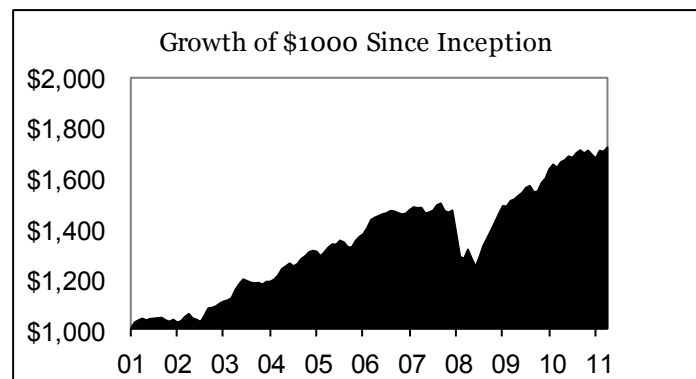
Standard deviation of annual returns:	7.08%
Historical frequency of a negative calendar year return:	1/10

Managers

See Diversified Bond and Diversified Equity Funds

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	3.51%	9.43%	3.61%	5.19%
Market Benchmark	4.26%	7.10%	3.03%	4.63%
Median Mutual Fund	2.50%	6.50%	2.60%	3.60%



Investment Objective

The Fund’s investment objective is to achieve high total investment return by using a balanced approach. The Fund invests in the equity and fixed income securities of issuers located anywhere in the world. The Fund will invest predominantly in fixed income securities, with a 70% target allocation.

The Fund aims to outperform the following benchmark:

- 46.55% DEX Universe Bond Index
- 23.45% Barclays Capital Global Aggregate Hedged Index
- 9% S&P/TSX Composite Index
- 9% MSCI EAFE Index
- 5.25% MSCI World Index
- 5.25% S&P 500 Hedged Index
- 0.75% S&P Mid Cap 400 Index
- 0.75% Russell 2000 Index

Investment Strategy

The Fund’s target mix is 70% Diversified Bond Fund and 30% Diversified Equity Fund. The Fund uses a strategic allocation approach, i.e. the Fund is rebalanced every month to its target asset mix, no component is overweight or underweight based on short-term market views.

Permissible Investments

The Fund’s target mix is 70% Diversified Bond Fund and 30% Diversified Equity Fund. Permissible investments for the Balanced Income Fund are the same as for the Diversified Bond and the Diversified Equity Fund.

Risks of Investing in the Fund

Because this Fund is built by combining the Diversified Bond Fund and the Diversified Equity Fund, it is exposed to the same risks, but to a smaller extent.

The main risks of investing in this Fund include **market risk, credit risk, credit spread risk, currency risk, derivative risk, foreign investment risk, interest rate risk, prepayment risk, reinvestment risk, active management risk** and **tracking error risk**. For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a medium term horizon (3 to 5 years) and you want the simplicity of a single and well-diversified portfolio exposed mostly to fixed income securities. To invest in this fund, you should be able to accept a low to moderate level of risk.

Top Ten Holdings**

Government of Canada 3.500% 01-Jun-2020	3.9%
Government of Canada 1.750% 01-Mar-2013	2.7%
Government of Canada 3.000% 01-Jun-2014	2.1%
Province of British Columbia 4.100% 18-Dec-2019	1.8%
Government of Canada 0.000% T-Bill 16-Feb-2012	1.8%
Kingdom of Sweden 5.500% 08-Oct-2012	1.4%
FNMA 3.500% 01-Dec-2041	1.1%
Mexican Bonos 6.500% 10-Jun-2021	1.0%
Government of South Africa 8.250% 15-Sep-2017	0.9%
Government of Canada 3.750% 01-Jun-2019	0.9%

Asset Mix (%)**

Canadian Equities	9.3%
U.S. Equities	9.7%
EAFE Equities	10.5%
Emerging Markets Equities	1.1%
Canadian Fixed Income	48.7%
Foreign Fixed Income	17.1%
Cash & Equivalents	3.3%
Other	0.3%

**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$83.8 million
Number of Investors	2340
Date of Inception	October 1, 2001
Management Expense Ratio (Expected Average Fees)	0.42%

Risk Attributes:

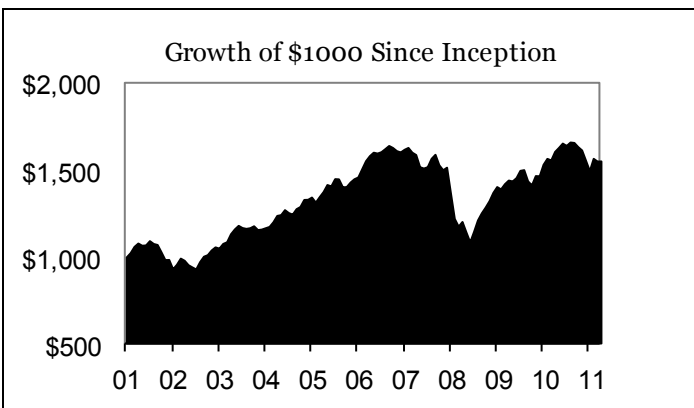
Standard deviation of annual returns:	13.72%
Historical frequency of a negative calendar year return	3/10

Manager

See Diversified Bond and Diversified Equity Funds

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	-3.43%	8.89%	-0.39%	3.72%
Market Benchmark	-1.45%	7.69%	-1.01%	2.94%
Median Mutual Fund	-3.20%	9.20%	0.80%	4.40%



Investment Objective

The Fund's investment objective is to achieve high total investment return by using a balanced approach. The Fund invests in the equity and fixed income securities of issuers located anywhere in the world. The Fund will invest predominantly in equities, with a 70% target allocation.

The Fund aims to outperform the following benchmark:

- 19.95% DEX Universe Bond Index
- 10.05% Barclays Capital Global Aggregate Hedged Index
- 21% S&P/TSX Composite Index
- 21% MSCI EAFE Index
- 12.25% MSCI World Index
- 12.25% S&P 500 Hedged Index
- 1.75% S&P Mid Cap 400 Index
- 1.75% Russell 2000 Index

Investment Strategy

The Fund's target mix is 30% Diversified Bond Fund and 70% Diversified Equity Fund. The Fund uses a strategic allocation approach, i.e. the Fund is rebalanced every month to its target asset mix, no component is overweight or underweight based on short-term market views.

Permissible Investments

The Fund target mix is 30% Diversified Bond Fund and 70% Diversified Equity Fund. Permissible investments for the Balanced Income Fund are the same as for the Diversified Bond and the Diversified Equity Fund.

Risks of Investing in the Fund

Because this Fund is built by combining the Diversified Bond Fund and the Diversified Equity Fund, it is exposed to the same risks, but to a smaller extent.

The main risks of investing in this Fund include **market risk, credit risk, credit spread risk, currency risk, derivative risk, foreign investment risk, interest rate risk, prepayment risk, reinvestment risk, active management risk** and **tracking error risk**. For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a medium to long-term horizon (5 to 10 years) and you want the simplicity of a single and well-diversified portfolio exposed mostly to equities. To invest in this fund, you should be able to accept a moderate level of risk

Top Ten Holdings**

Government of Canada 3.500% 01-Jun-2020	1.6%
Toronto-Dominion Bank	1.5%
Government of Canada 1.750% 01-Mar-2013	1.1%
Government of Canada 3.000% 01-Jun-2014	0.9%
Bank of Nova Scotia	0.9%
Province of British Columbia 4.100% 18-Dec-2019	0.8%
Apple Inc.	0.8%
Royal Bank of Canada	0.8%
Government of Canada 0.000% T-Bill 16-Feb-2012	0.8%
Canadian National Railway	0.7%

Asset Mix (%)**

Canadian Equities	21.4%
U.S. Equities	22.5%
EAFE Equities	24.2%
Emerging Markets Equities	2.5%
Canadian Fixed Income	20.7%
Foreign Fixed Income	7.3%
Cash & Equivalents	1.4%
Other	0.1%

**As of December 31, 2011

Tier Two

**Diversified Bond
Diversified Equity**

***Options with broad exposure to the investment
opportunity within each respective asset class***

Fund Facts:

Total Value of Assets as at December 31, 2011	\$218.1 million
Number of Investors	3017
Date of Inception	March 1, 1978
Management Expense Ratio (Expected Average Fees)	0.19%

Risk Attributes:

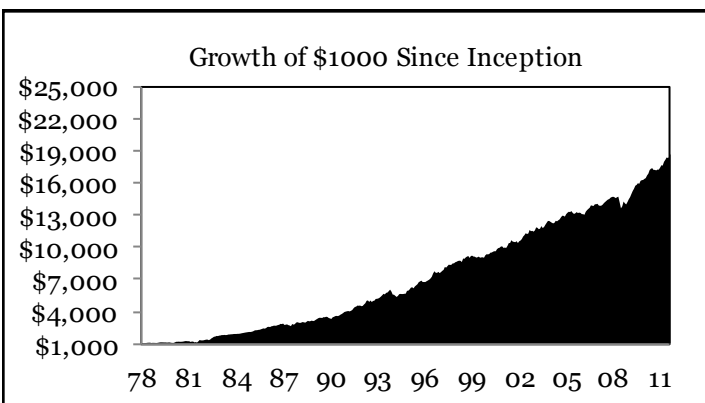
Standard deviation of annual returns:	7.15%
Historical frequency of a negative calendar year return:	3/33

Manager

	Style	Weight
Alliance Bernstein	Active	67%
State Street Global Advisors	Passive	33%

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	8.74%	9.51%	6.19%	5.98%
Market Benchmark	8.55%	6.66%	6.05%	5.89%
Median Mutual Fund	7.20%	6.60%	5.00%	5.20%



Investment Objective

The Fund's investment objective is to provide a steady flow of income and the potential for capital gains by investing in Canadian and non-Canadian fixed income securities.

The Fund aims to outperform the following benchmark:

- 66.5% DEX Universe Bond Index
- 33.5% Barclays Capital Global Aggregate Hedged Index

Investment Strategy

The Fund has two components:

1) A component actively managed by AllianceBernstein that represents approximately 67% of the Fund. This segment normally has a 50/50 allocation between Canadian and foreign bonds, but AllianceBernstein is allowed to invest as much as 70% in foreign bonds if they judge that they can add value to the portfolio. The currency exposure will normally be hedged back into Canadian dollars, but AllianceBernstein has the option to leave up to 25% of their segment invested in foreign currencies. The manager aims to outperform the Barclays Capital Global Aggregate Hedged Index by using the following fixed income strategies: security selection, sector allocation, country selection, yield curve positioning and currency selection.

2) A component passively managed by State Street Global Advisors that represents approximately 33% of the Fund. The manager aims to replicate the return of the DEX Universe Bond Index.

The Fund is rebalanced every month to maintain the 67/33 allocation.

Permissible Investments

The Fund invests in Canadian Government and Guaranteed-Affiliates bonds, real return bonds, provincial and municipal bonds, corporates/credit sensitive securities (includes the debt of corporations, supranational agencies and municipal entities whether domiciled inside or outside Canada, in developed or developing countries; and includes U.S. dollar denominated debt of non-U.S. sovereign governments in developed and developing countries of investment grade rating), high-yield bonds, U.S. mortgages, preferred stock, commercial mortgage-backed securities, asset-backed securities.

Risks of Investing in the Fund

The main risks of investing in this Fund include **credit risk**: if the issuer of a fixed income security in the portfolio is not able to make its promised interest payments or repay the capital at maturity, it will negatively impact the value of the Fund; **credit spread risk**: when fixed income investors collectively determine that a higher return is required to compensate for the risk of owning a specific type of fixed income security, credit spreads widen, which cause the value of the security to decrease; **currency risk**: the Fund will lose money when the Canadian dollar rises compared with foreign currencies; **foreign investment risk**: investing in securities issued by a foreign issuer may be impacted by characteristics unique to the issuer's country, such as regulations, taxes or political decisions; **interest rate risk**: when interest rates rise, fixed income securities such as treasury bills or bonds tend to fall in value and vice versa; **prepayment risk**: if a fixed income security is prepaid before maturity faster than expected, it can offer less income and/or potential for capital gains; **reinvestment risk**: if interest rates decline, the Fund may be forced to invest the proceeds of maturing securities in securities paying a lower interest rate; and **active management risk**: if the manager of the Fund makes poor security selection decisions, it will cause the Fund to underperform funds with similar investment objectives; **tracking error risk**: Risk that an index fund doesn't replicate the benchmark return due to the difficulty in purchasing some securities in the benchmark, currency hedging gains or losses and investors' contributions or redemptions.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a short to medium term horizon (3 to 5 years), you want the potential for income from your investments and you wish to be exposed to non-Canadian bonds. To invest in this fund, you should be able to accept a low to moderate level of risk.

TOP TEN HOLDINGS**

Government of Canada 3.500% 01-Jun-2020	5.6%
Government of Canada 1.750% 01-Mar-2013	3.8%
Government of Canada 3.000% 01-Jun-2014	3.0%
Province of British Columbia 4.100% 18-Dec-2019	2.6%
Government of Canada 0.000% T-Bill 16-Feb-2012	2.6%
Kingdom of Sweden 5.500% 08-Oct-2012	2.0%
FNMA 3.500% 01-Dec-2041	1.6%
Mexican Bonos 6.500% 10-Jun-2021	1.4%
Government of South Africa 8.250% 15-Sep-2017	1.4%
Government of Canada 3.750% 01-Jun-2019	1.3%

QUALITY RATING

AAA	50.2%
AA	18.1%
A	20.6%
BBB	10.1%
BB	0.9%
B	0.1%
Lower than B	0.0%

**As of December 31, 2011

SECTOR ALLOCATION**

Federal	35.2%
Provincial	17.6%
Municipal	1.9%
Corporate	15.4%
Foreign Government	13.0%
Foreign Corporate	11.6%
Other	4.8%
Cash & Equivalents	0.5%

COUNTRY OF ISSUE **

Canada	66.8%
United States	12.7%
United Kingdom	3.9%
Germany	2.3%
South Africa	1.8%
Netherlands	1.6%
Supranational	1.4%
Sweden	1.4%
Italy	1.1%
Finland	1.0%

PORTFOLIO CHARACTERISTICS

Term to Maturity (Yrs)	10.5
Modified Duration (Yrs)	6.6
Yield to Maturity (%)	2.74%

TERM STRUCTURE

Less than 1 Year	5.3%
1 to 5 Years	31.6%
5 to 10 Years	35.4%
10 to 15 Years	4.2%
15 to 20 Years	4.7%
20 to 25 Years	5.5%
Greater than 25 Years	13.3%

Fund Facts:

Total Value of Assets as at December 31, 2011	\$364.6 million
Number of Investors	3899
Date of Inception	March 1, 1978
Management Expense Ratio (Expected Average Fees)	0.51%

Risk Attributes:

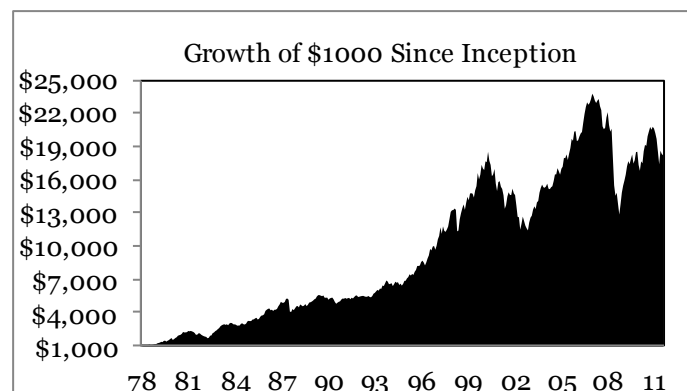
Standard deviation of annual returns:	16.07%
Historical frequency of a negative calendar year return:	11/33

Manager	Style	Weight *
Greystone Managed Investments	Active-growth	10.1%
Connor Clark & Lunn	Active-core	10.0%
Beutel, Goodman & Company	Active-value	10.0%
State Street Global Advisors	Passive	17.9%
State Street Global Advisors	Passive	2.6%
T. Rowe Price	Active-growth	8.6%
Harris Associates	Active-value	8.8%
PanAgora	Active-core	2.5%
Fidelity	Active-growth	14.9%
Alliance-Bernstein	Active-value	14.8%

*As of December 31, 2011

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	-8.59%	7.07%	-4.19%	2.04%
Market Benchmark	-5.74%	8.13%	-4.03%	1.68%
Median Mutual Fund	-7.20%	5.30%	-5.00%	-1.30%



Investment Objective

The Fund's investment objective is to achieve long-term capital growth by investing in the equity securities or equivalent of companies anywhere in the world. The Fund will have a Canadian bias compared to the composition of the world equity markets.

The Fund aims to outperform the following benchmark:

- 30% S&P/TSX Composite Index
- 30% MSCI EAFE Index
- 17.5% MSCI World Index
- 17.5% S&P 500 Hedged Index
- 2.5% S&P Mid Cap 400 Index
- 2.5% Russell 2000 Index

Investment Strategy

The Fund invests in 10 investment portfolios to achieve maximum diversification benefits by investment style, geography, industry and market capitalization.

Three Canadian equity managers actively manage approximately 30% of the Fund; two Non-North American equity managers actively manage approximately 30% of the Fund; two global equity managers actively manage approximately 17.5% of the Fund; 1 U.S. equity manager passively manages approximately 17.5% in a U.S. large cap equity hedged mandate and 2.5% in a U.S. midcap equity hedged mandate; and one U.S. small cap equity manager actively manages approximately 2.5% of the Fund.

The Fund has a Canadian bias by investing approximately 30% of its assets in Canada, despite the fact that Canada only represents 4% of the world equity market. Research suggests that it is the percentage that allows a Canadian based investor to achieve the highest risk-adjusted return. The geographic allocation of the remainder of the portfolio is consistent with the composition of the MSCI World All-Country Index.

A mix of active and passive investment strategies are used in the Fund, based on research demonstrating the superiority of an active investment strategy for some specific asset classes (Canadian equity, non-North American equity, Global equity and U.S. small cap equity). The U.S. large cap equity and mid cap equity components of the Fund are passively managed.

Permissible Investments

The Fund has six regional components: Canadian equities, non-North American equities, U.S. large cap equities hedged, U.S. mid cap equities hedged, U.S. small cap equities and global equities.

The Fund may invest in the following securities in each regional component:

Canadian Equities: The Canadian component invests mostly in Canadian common stock and equivalent securities including, but not limited to, equity warrants, rights, call options, installment receipts, convertible debentures, limited partnerships, private placements, REITs, preferred shares, stock index futures, options on futures, cash and equivalents.

Non-North American Equities: The non-North American component invests mostly in Europe, the Far East and Australia. Eligible securities include common and preferred stock (including American Depositary Receipts and European Depositary Receipts) and equivalent securities including, but not limited to, equity warrants, rights, call options, convertible debentures, stock index futures, options on futures, currency spot and forward contracts, cash and equivalents.

U.S. Large Cap Equities Hedged: The U.S. Large Cap Equities Hedged component invests in common stock of companies included in the S&P 500 Index.

U.S. Mid Cap Equities Hedged: The U.S. Mid Cap Equities Hedged component invests in common stock of companies included in the S&P Mid Cap 400 Index.

U.S. Small Cap Equities: The U.S. Small Cap Equity component may invest in U.S. common and other equity securities, exchange traded funds, U.S. Treasury Bills, short-term investment funds and equity index futures.

Global Equities: The Global Equity component may invest in U.S. or non-U.S. publicly-traded or privately-issued or negotiated common stocks, preferred stocks, American Depositary Receipts, stock warrants and rights, convertible securities, fixed income securities, options (purchased or written), forward contracts, swaps and other derivative instruments.

Risks of Investing in the Fund

The main risks of investing in this Fund include **market risk:** the value of the Fund will change based on stock market fluctuations; **active management risk:** if the manager of the Fund makes poor security selection decisions, it will cause the Fund to underperform funds with similar investment objectives; **currency risk:** the Fund will lose money when the Canadian dollar rises compared with foreign currencies; **derivative risk:** the Fund may also use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in stock prices or exchange rates; and **foreign investment risk:** investing in securities issued by a foreign issuer may be impacted by characteristics unique to the issuer’s country, such as regulations, taxes or political decisions; **tracking error risk:** Risk that an index fund doesn’t replicate the benchmark return due to the difficulty in purchasing some securities in the benchmark, currency hedging gains or losses and investors’ contributions or redemptions.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a long-term horizon (more than 10 years) and you wish to add a well-diversified portfolio of global companies. To invest in this fund, you should be able to accept a moderate level of risk.

TOP TEN HOLDINGS**

Toronto-Dominion Bank	2.1%
Bank of Nova Scotia	1.3%
Apple Inc.	1.1%
Royal Bank of Canada	1.1%
Canadian National Railway	1.0%
Canadian Imperial Bank of Commerce	1.0%
Canadian Natural Resources Ltd.	0.9%
Royal Dutch Shell PLC	0.9%
BP PLC	0.8%
Telus Corp.	0.8%

SECTOR ALLOCATION**

Consumer Discretionary	10.9%
Consumer Staples	7.8%
Energy	14.5%
Financials	22.1%
Health Care	6.9%
Industrials	10.1%
Information Technology	10.8%
Materials	10.2%
Telecommunication Services	4.6%
Utilities	2.3%

TOP TEN COUNTRY ALLOCATION**

United States	31.9%
Canada	30.3%
United Kingdom	8.6%
Japan	7.9%
France	3.6%
Switzerland	3.6%
Germany	3.5%
Australia	1.8%
Netherlands	1.5%
Brazil	1.0%

REGIONAL ALLOCATION**

Canadian Equities	30.3%
U.S. Equities	31.9%
EAFE Equities	34.3%
Emerging Markets Equities	3.5%

**As of December 31, 2011

Tier Three

Money Market
Target Date Funds
Canadian Bond
Long Term Bond
Canadian Equity
US Equity
Non-North American Equity
Socially Responsible Global Equity
Liquidating Trust

*Investments, each with a specific strategy,
that can be used to customize a member's total
portfolio to meet their individual objectives.*

Fund Facts

Total Value of Assets as at December 31, 2011	\$64.9 million
Number of Investors	1411
Date of Inception	January 1, 1988
Management Expense Ratio (Expected Average Fees)	0.07%

Risk Attributes:

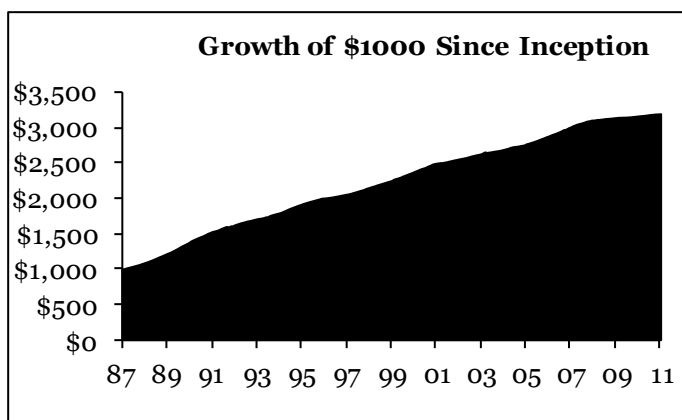
Standard deviation of annual returns:	3.28%
Historical frequency of a negative calendar year return:	0/24

Manager

State Street Global Advisors	Style Active	Weight 100%
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Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	1.02%	0.96%	2.11%	2.50%
Market Benchmark	1.00%	0.72%	1.97%	2.41%
Median Mutual Fund	0.50%	0.30%	1.40%	1.70%



Investment Objective

The Fund's investment objective is to provide a high level of current income while seeking to protect capital and maintain liquidity.

The Fund aims to outperform the DEX 91-day T-Bill Index.

Investment Strategy

In order to meet the Fund's objective, the manager performs extensive credit analysis and only invests in securities with high credit quality.

The Fund will invest in permissible money market securities, subject to the following constraints:

- Government issues: 20% to 100%
- Banks: 0% to 75%
- Corporates: 0% to 50%

The maximum average term of the fund will not exceed 180 days and at least 95% of the fund must be invested in securities with term to maturity of one year or less.

The minimum quality standards are: R1-low for money market securities and A for short-term bond and floating rate notes.

The maximum exposure to any single corporate issuer (excluding banks) is limited to 10%.

Holdings will be limited to Canadian issues denominated in Canadian dollars.

Permissible Investments

The Fund invests in high quality Canadian money market instruments such as Treasury bills, short-term government bonds (federal, provincial and municipal); other short-term government securities (promissory notes, repurchase agreements, coupons, residuals, floating-rate notes); banks (bankers' acceptances, term deposits, bearer deposit notes, floating-rate notes, short-term bonds); corporate securities (commercial paper, floating-rate notes, short-term bonds); and cash on hand.

Risks of Investing in the Fund

The main risks of investing in this Fund include **credit risk, credit spread risk, interest rate risk, reinvestment risk, and active management risk.** For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a very short term horizon (less than 1 year), you want a temporary place to invest your money and are able to accept a very low level of risk.

Top Ten Holdings**

Gov't of Canada Treasury Bills 15-Mar-2012	22.9%
Bank of Montreal Variable Rate 01-Feb-2012	9.7%
CIBC Variable Rate 23-Feb-2012	9.6%
Royal Bank of Canada Variable Rate 10-Apr-2012	9.3%
Toronto Dominion Variable Rate 22-Sep-2012	9.3%
National Bank of Canada BA 21-Feb-2012	5.3%
Caisse des Depots et Consignations BA 07-Mar 2012	4.9%
GE Capital Funding Co. Variable Rate 07-Mar-2012	4.9%
Bank of Nova Scotia BA 15-Mar-2012	4.9%
HSBC Bank Canada BA 23-Mar-2012	4.9%

Sector Allocation**

Federal	22.9%
Provincial	0.0%
Corporate	38.3%
Bank Deposits	37.2%
Cash & Equivalents	0.0%

PORTFOLIO CHARACTERISTICS **

Average Term to Maturity (Yrs)	0.1
Current Yield	1.43%

Country Allocation**

Canada	100.0%
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**As of December 31, 2011

Fund Facts

Total Value of Assets as at December 31, 2011 \$55.1 million
 Management Expense Ratio 0.11%
 (Expected Average Fees)

Fund	Date of Inception	Duration to Maturity	Number of Investors
TDF 2012	June 1, 2006	0.42 Years	246
TDF 2014	June 1, 2008	2.42 Years	309
TDF 2016	June 1, 2010	4.42 Years	192

Manager	Style	Weight
State Street Global Advisors	Active	100%

Annualized Returns to December 31, 2011:

	TDF 2012	TDF 2014	TDF 2016
Since Inception	4.65%	5.90%	8.95%
2011 Return	1.93%	5.51%	9.09%
Expected Annualized Return January 2011 to maturity	0.90%	1.30%	1.70%

Investment Objective

The Target Date Funds' investment objective is to provide a high level of current income, consistent with returns offered by Guaranteed Investment Certificates, while protecting capital over specific investment horizons. The Funds aim to achieve a prescribed rate of return to the maturity date of each TDF.

Investment Strategy

The TDFs invest in zero-coupon bonds issued by the Government of Canada (including Crown Corporations) and Canadian Provinces (including provincially guaranteed securities). The zero-coupon bonds are selected in a way to ensure that the average of each TDF does not deviate from its maturity date by more than 5%.

The manager will try to add incremental return for each TDF by purchasing issues that permit the TDFs to achieve a higher return than defined by the primary objective, and by ongoing trading activity that will add incremental value to the TDFs over time.

Permissible Investments

The Funds invest in Government of Canada issues (including Crown Corporations) and Canadian Provincial Issues (including provincially guaranteed securities).

Risks of Investing in the Fund

The main risks of investing in this Fund include **credit risk, credit spread risk, and interest rate risk**. For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in these funds if you have a short term horizon (1 to 5 years), you want the potential for income from

your investments, you are looking for an alternative to a Guaranteed Investment Certificate and you don't want any exposure to corporate securities. To invest in this fund, you should be able to accept a low level of risk.

Target Date Fund 2012

Top Holdings**	
Province of Quebec 0% 01-Jun-2012	26.8%
Province of Ontario 0% 02-Jun-2012	18.5%
Government of Canada 0% 01-Jun-2012	16.6%
Government of Canada 0% 01-Jun-2012	9.7%
Province of British Columbia 0% 19-May-2012	6.7%
Province of Ontario 0% 02-Dec-2012	4.5%
Cash	4.1%
Province of Ontario 0% 02-Dec-2012	3.6%
Province of Quebec 0% 04-Jun-2012	3.4%

Sector Allocation**

Federal	26.2%
Provincial	69.7%
Cash & Equivalents	4.1%

Target Date Fund 2014

Top Holdings**	
Province of Quebec 0% 01-Jun-2014	21.9%
Province of Manitoba 0% 05-Sep-2014	16.9%
Province of Ontario 0% 02-Jun-2014	14.1%
Hydro-Quebec 0% 15-Jul-2014	7.6%
Province of Saskatchewan 0% 30-Nov-2014	6.6%
Government of Canada 0% 01-Jun-2014	6.2%
Province of Ontario 0% 13-Jul-2014	6.2%
Ontario Hydro 0% 06-Aug-2014	5.7%
Province of Quebec 0% 01-Dec-2014	5.4%

Sector Allocation**

Federal	9.1%
Provincial	90.1%
Cash & Equivalents	0.8%

Target Date Fund 2016

Top Holdings**	
Province of Quebec 0% 01-Jun-2016	31.9%
Province of Ontario 0% 02-Jun-2016	23.7%
Government of Canada 0% 01-Dec-2016	12.6%
Province of Ontario 0% 02-Dec-2016	7.9%
Province of British Columbia 0% 18-Jun-2016	7.7%
Government of Canada 0% 01-Jun-2016	5.9%
Province of Quebec 0% 01-Apr-2016	5.2%
Hydro-Quebec 0% 15-Jul-2016	5.1%
Cash	0.1%

Sector allocation**

Federal	18.5%
Provincial	81.4%
Cash & Equivalents	0.1%

**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$75.2 million
Number of Investors	878
Date of Inception	April 1, 2000
Management Expense Ratio (Expected Average Fees)	0.16%

Risk Attributes:

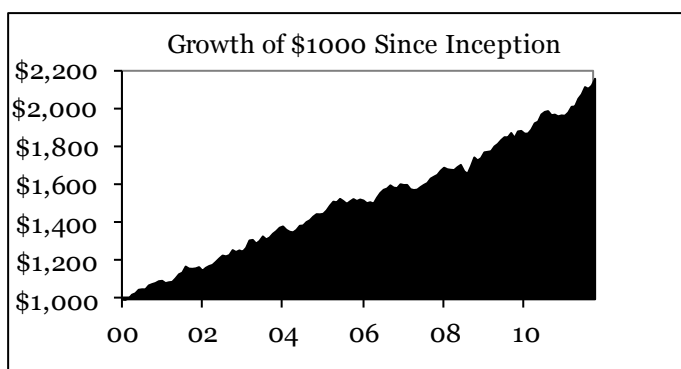
Standard deviation of annual returns:	1.72%
Historical frequency of a negative calendar year return:	0/11

Manager:

State Street Global Advisors	Style	Weight
	Passive	100%

Annualized Returns to December 31, 2011:

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	9.58%	7.36%	6.37%	6.42%
Market Benchmark	9.67%	7.26%	6.37%	6.49%
Median Mutual Fund	7.20%	6.60%	5.00%	5.20%



Investment Objective

The Fund investment objective is to provide a steady flow of income and the potential for capital gains by investing in high quality bonds issued by Canadian Federal, Provincial and Municipal Governments, as well as Corporations. Bond maturity at the time of purchase will be between 1 and 30 years.

The Fund aims to replicate the DEX Universe Bond Index.

Investment Strategy

The Fund's investment strategy is to replicate the return of the DEX Universe Bond Index by building a portfolio with characteristics substantially similar to the characteristics of the underlying benchmark (DEX Universe Bond Index) with respect to quality, sector, duration and term structure.

The Fund does not invest in foreign issues.

Permissible Investments

The Fund invests in bonds issued by the Government of Canada, (including both non-agency, agency crown corporations), provincial bonds (including provincially guaranteed securities), municipal bonds, corporate bonds and asset-backed securities.

Risks of Investing in the Fund

The main risks of investing in this Fund include **credit risk**: if the issuer of a fixed income security in the portfolio is not able to make its promised interest payments or repay the capital at maturity, it will negatively impact the value of the Fund; **credit spread risk**: when fixed income investors collectively determine that a higher return is required to compensate for the risk of owning a specific type of fixed income security, credit spreads widen, which cause the value of the security to decrease; **interest rate risk**: when interest rates rise, fixed income securities such as treasury bills or bonds tend to fall in value and vice versa; **prepayment risk**: if a fixed income security is prepaid before maturity faster than expected, it can offer less income and/or potential for capital gains; and **reinvestment risk**: if interest rates decline, the Fund may be forced to invest the proceeds of maturing securities in securities paying a lower interest rate; **tracking error risk**: Risk that an index fund doesn't replicate the benchmark return due to the difficulty in purchasing some securities in the benchmark, currency hedging gains or losses and investors' contributions or redemptions.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a short to medium term horizon (3 to 5 years) and you want the potential for income from your investments. To invest in this fund, you should be able to accept a low to moderate level of risk.

TOP TEN HOLDINGS**

Government of Canada 2.000% 01-Dec-2014	2.2%
Government of Canada 3.750% 01-Jun-2019	2.1%
Government of Canada 4.250% 01-Jun-2018	2.0%
Government of Canada 3.500% 01-Jun-2020	2.0%
Government of Canada 3.000% 01-Jun-2014	1.9%
Government of Canada 1.750% 01-Mar-2013	1.8%
Government of Canada 5.750% 01-Jun-2029	1.7%
Government of Canada 4.000% 01-Jun-2041	1.7%
Government of Canada 2.500% 01-Jun-2015	1.6%
Canada Housing Trust No.1 3.550% 15-Sep-2013	1.3%

SECTOR ALLOCATION (%)**

Federal	44.7%
Provincial	27.2%
Corporate	26.0%
Municipal	1.2%
Other	0.6%

PORTFOLIO CHARACTERISTICS **

Average Term to Maturity (Yrs)	11.5
Modified Duration (Yrs)	6.8
Yield to Maturity (%)	2.31%

COUNTRY ALLOCATION(%)**

Canada	100%
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**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$36.1 million
Number of Investors	592
Date of Inception	July 1, 1998
Management Expense Ratio (Expected Average Fees)	0.09%

Risk Attributes:

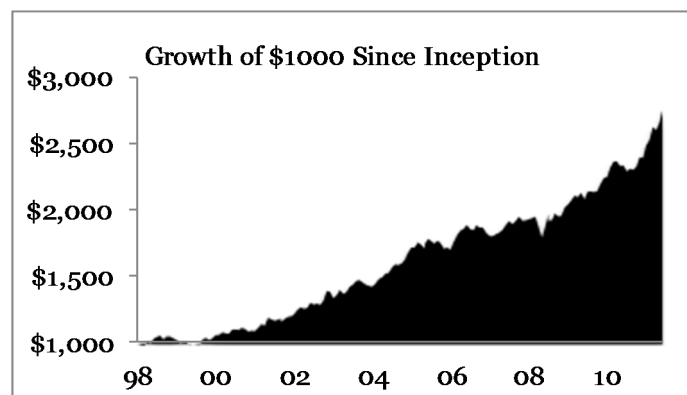
Standard deviation of annual returns:	6.04%
Historical frequency of a negative calendar year return:	1/13

Manager

State Street Global Advisors	Style	Weight
	Passive	100%

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	17.93%	11.81%	8.18%	8.93%
Market Benchmark	18.13%	11.93%	8.29%	8.95%
Median Mutual Fund	16.30%	10.40%	7.80%	6.90%



Investment Objective

The Fund's investment objective is to provide a steady flow of income and the potential for capital gains by investing in high quality long-term bonds issued by Canadian Federal, Provincial and Municipal Governments, as well as Corporations. The long-term bonds have a maturity greater than 10 years.

The Fund aims to replicate the DEX Long-Term Bond Index.

Investment Strategy

The Fund's investment strategy is to replicate the return of the DEX Long-Term Bond Index by building a portfolio with characteristics substantially similar to the characteristics of the underlying benchmark (DEX Long-Term Bond Index) with respect to quality, sector, duration and term structure.

The Fund does not invest in foreign issues.

Permissible Investments

The Fund invests in bonds issued by the Government of Canada, (including both non-agency, agency crown corporations), provincial bonds (including provincially guaranteed securities), municipal bonds, corporate bonds and asset-backed securities.

Risks of Investing in the Fund

The main risks of investing in this Fund include **credit risk**: if the issuer of a fixed income security in the portfolio is not able to make its promised interest payments or repay the capital at maturity, it will negatively impact the value of the Fund; **credit spread risk**: when fixed income investors collectively determine that a higher return is required to compensate for the risk of owning a specific type of fixed income security, credit spreads widen, which cause the value of the security to decrease; **interest rate risk**: when interest rates rise, fixed income securities such as treasury bills or bonds tend to fall in value and vice versa; due to the long duration of the Fund, it is more sensitive to a change in interest rates; **prepayment risk**: if a fixed income security is prepaid before maturity faster than expected, it can offer less income and/or potential for capital gains; and **reinvestment risk**: if interest rates decline, the Fund may be forced to invest the proceeds of maturing securities in securities paying a lower interest rate; **tracking error risk**: Risk that an index fund doesn't replicate the benchmark return due to the difficulty in purchasing some securities in the benchmark, currency hedging gains or losses and investors' contributions or redemptions.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a short to medium term horizon (3 to 5 years), you want the potential for income from your investments and you wish to protect yourself against a decline in interest rates as you are nearing retirement. To invest in this fund, you should be able to accept a moderate level of risk.

TOP TEN HOLDINGS**

Government of Canada 5.750% 01-Jun-2033	5.3%
Government of Canada 5.750% 01-Jun-2029	5.1%
Government of Canada 4.000% 01-Jun-2041	4.7%
Government of Canada 5.000% 01-Jun-2037	4.4%
Province of Ontario 4.650% 02-Jun-2041	4.0%
Province of Quebec 5.000% 01-Dec-2041	2.6%
Government of Canada 8.000% 01-Jun-2027	2.3%
Province of Ontario 6.500% 08-Mar-2029	2.2%
Province of Ontario 5.600% 02-Jun-2035	2.1%
Province of Ontario 4.600% 02-Jun-2039	2.0%

SECTOR ALLOCATION (%)**

Federal	28.8%
Provincial	46.6%
Corporate	21.4%
Municipal	1.1%
Other	1.8%
Cash & Equivalents	0.3%

PORTFOLIO CHARACTERISTICS **

Average Term to Maturity (Yrs)	23.1
Modified Duration (Yrs)	13.8
Yield to Maturity (%)	3.37%

COUNTRY ALLOCATION(%)**

**As of December 31, 2011	
Canada	100%

Fund Facts:

Total Value of Assets as at December 31, 2011	\$77.5 million
Number of Investors	1635
Date of Inception	May 1, 1997
Management Expense Ratio (Expected Average Fees)	0.29%

Risk Attributes:

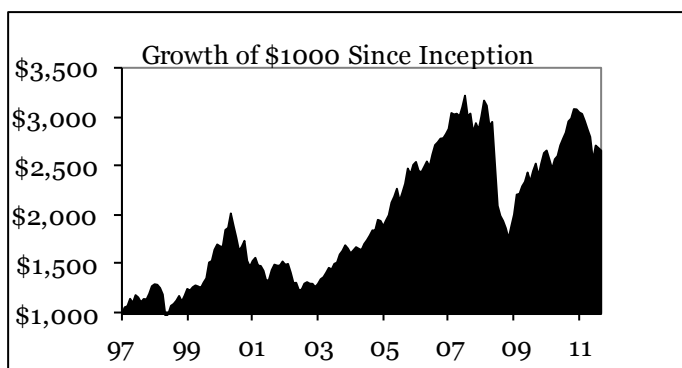
Standard deviation of annual returns:	19.63%
Historical frequency of a negative calendar year return:	5/14

Manager

Manager	Style	Weight
Connor, Clark & Lunn	Active-core	33 1/3%
Beutel Goodman	Active-value	33 1/3%
Greystone Managed Investments	Active-growth	33 1/3%

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	-10.02%	11.03%	-0.62%	5.90%
Market Benchmark	-8.71%	13.18%	1.30%	7.03%
Median Mutual Fund	-10.80%	10.40%	-0.70%	5.20%



Investment Objective

The Fund's investment objective is to achieve long-term capital growth by investing in the equity securities of Canadian companies.

The Fund aims to outperform the S&P/TSX Composite Index.

Investment Strategy

The Fund invests in three Canadian equity portfolios managed by three different investment managers to achieve diversification by investment style. Each of the three investment managers has a unique investment style, (growth, value and core). Each manager manages approximately 33 1/3% of the Fund. Research suggests that there is significant opportunity to add value (experience returns above a market benchmark) with active management of Canadian equities, focusing on the largest Canadian companies.

Permissible Investments

The Fund invests mostly in Canadian common stock and equivalent securities including, but not limited to, equity

warrants, rights, call options, installment receipts, convertible debentures, limited partnerships, private placements, REITs, preferred shares, stock index futures, options on futures, cash and equivalents.

Risks of Investing in the Fund

The main risks of investing in this Fund include **market risk**: the value of the Fund will change based on stock market fluctuations; **commodity risk**: the price of commodities (such as oil and gold) will influence the value of the Fund; **active management risk**: if the manager of the fund makes poor security selection decisions, it will cause the fund to underperform funds with similar investment objectives; and **specialization risk**: the Fund only invests in Canada, which is a small subset of the world equity markets.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a long-term horizon (more than 10 years) and you wish to add a diversified Canadian equity fund to your portfolio. To invest in this fund, you should be to accept a moderate to high level of risk.

TOP TEN HOLDINGS**

Toronto-Dominion Bank	6.9%
Bank of Nova Scotia	4.2%
Royal Bank of Canada	3.6%
Canadian National Railway	3.2%
Canadian Imperial Bank of Commerce	3.2%
Canadian Natural Resources Ltd.	3.2%
Telus Corp.	2.8%
Rogers Communications Inc.	2.7%
Suncor Energy	2.7%
Potash Corp. of Saskatchewan	2.6%

SECTOR ALLOCATION (%)**

Consumer Discretionary	6.6%
Consumer Staples	5.9%
Energy	23.5%
Financials	29.4%
Health Care	1.4%
Industrials	7.1%
Information Technology	2.5%
Materials	16.0%
Telecommunication Services	6.7%
Utilities	1.0%

COUNTRY ALLOCATION(%)**

Canada	100%
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**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$15.3 million
Number of Investors	683
Date of Inception	May 1, 1997
Management Expense Ratio (Expected Average Fees)	0.17%

Risk Attributes:

Standard deviation of annual returns:	20.22%
Historical frequency of a negative calendar year return:	4/14

Manager

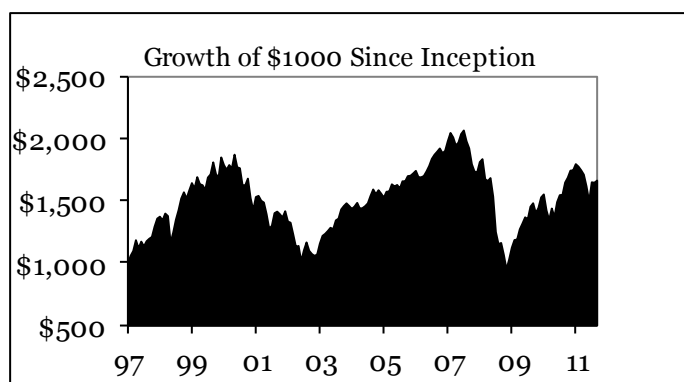
State Street Global Advisors

Style Weight

Passive 100%
(in Canadian Dollars)

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	0.97%	12.72%	-2.58%	1.64%
Market Benchmark	1.62%	12.71%	-1.95%	2.08%
Median Mutual Fund	-0.10%	6.10%	-3.90%	-2.80%



Investment Objective

The Fund's investment objective is to achieve long-term capital growth by replicating the return of the S&P 500 Composite Index. The exposure to the U.S. dollar is hedged, which means that the Fund will not lose money when the Canadian dollar rises compared with the U.S. dollar.

Investment Strategy

The Fund uses a passive investment strategy. It aims to replicate the return of the S&P 500 Composite Index. The manager does hedge the currency exposure using currency futures contracts.

Extensive research of the U.S. equity markets indicates that these markets are very efficient at incorporating new information into stock prices. Active portfolio managers have had great difficulty consistently outperforming the market index on a risk adjusted basis.

Permissible Investments

The Fund invests in common stock of companies included in the S&P 500 Index. The Fund uses currency futures to hedge the currency fluctuations.

Risks of Investing in the Funds

The main risks of investing in this Fund include **market risk**, **derivatives risk**, **foreign investment risk** and **tracking error risk**. For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a long-term horizon (more than 10 years) and you wish to gain exposure to the largest 500 companies in the U.S., but don't want to be exposed to fluctuations in the U.S. dollar relative to the Canadian dollar. To invest in this fund, you should be able to accept a moderate to high level of risk.

TOP TEN HOLDINGS**

Exxon Mobil Corp.	3.4%
Apple Inc.	3.2%
S&P 500 Futures	2.1%
International Bus. Machines	1.8%
Chevron Corp.	1.8%
Microsoft Corp.	1.7%
General Electric	1.6%
U.S. Cash	1.6%
Procter & Gamble	1.6%
AT&T Inc.	1.5%

SECTOR ALLOCATION (%)**

Consumer Discretionary	10.7%
Consumer Staples	11.5%
Energy	12.3%
Financials	13.5%
Health Care	11.9%
Industrials	10.7%
Information Technology	19.0%
Materials	3.5%
Telecommunication Services	3.2%
Utilities	3.8%

COUNTRY ALLOCATION(%)**

United States	100.0%
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**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$8.3 million
Number of Investors	449
Date of Inception	May 1, 1997
Management Expense Ratio	0.19%

Risk Attributes:

Standard deviation of annual returns:	15.63%
Historical frequency of a negative calendar year return:	5/14

Manager

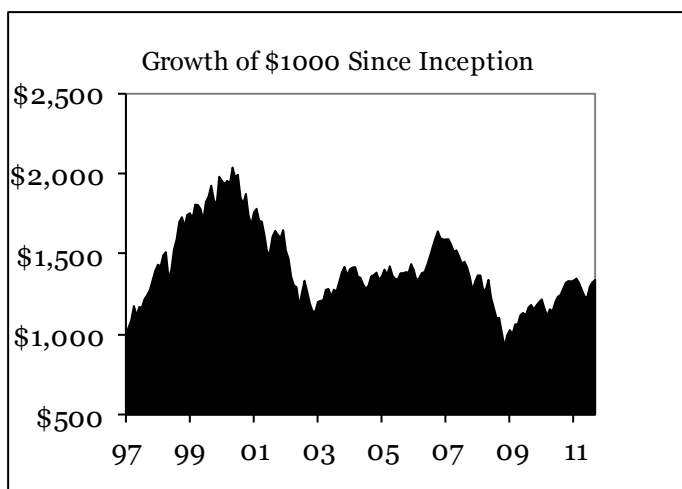
State Street Global Advisors

Style **Weight**

Passive 100%
(in US Dollars)

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	4.38%	6.71%	-3.44%	-2.04%
Market Benchmark	4.64%	7.02%	-2.88%	-1.60%
Median Mutual Fund	-0.10%	6.10%	-3.90%	-2.80%



Investment Objective

The Fund's investment objective is to achieve long-term capital growth by replicating the return of the S&P 500 Composite Index. The exposure to the U.S. dollar is unhedged, which means that the Fund will lose money when the Canadian dollar rises compared with the U.S. dollar.

Investment Strategy

The Fund uses a passive investment strategy. It aims to replicate the return of the S&P 500 Composite Index. The manager does not hedge the currency exposure.

Extensive research of the U.S. equity markets indicates that these markets are very efficient at incorporating new information into stock prices. Active portfolio managers have had great difficulty consistently outperforming the market index on a risk adjusted basis.

Permissible Investments

The Fund invests in common stock of companies included in the S&P 500 Index.

Risks of Investing in the Fund

The main risks of investing in this Fund include **market risk**, **currency risk**; **foreign investment risk** and **tracking error risk**. For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a long-term horizon (more than 10 years) and you wish to gain exposure to the largest 500 companies in the U.S. and want to be exposed to fluctuations in the U.S. dollar relative to the Canadian dollar. To invest in this fund, you should be able to accept a moderate to high level of risk.

TOP TEN HOLDINGS**

Exxon Mobil Corp.	3.4%
Apple Inc.	3.2%
S&P 500 Futures	2.1%
International Bus. Machines	1.8%
Chevron Corp.	1.8%
Microsoft Corp.	1.6%
General Electric	1.6%
U.S. Cash	1.6%
Procter & Gamble	1.6%
AT&T Inc	1.5%

SECTOR ALLOCATION (%)**

Consumer Discretionary	10.7%
Consumer Staples	11.5%
Energy	12.3%
Financials	13.5%
Health Care	11.9%
Industrials	10.7%
Information Technology	19.0%
Materials	3.5%
Telecommunication Services	3.2%
Utilities	3.8%

COUNTRY ALLOCATION(%)

United States	100.0%
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**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$13.0 million
Number of Investors	819
Date of Inception	May 1, 1997
Management Expense Ratio (Expected Average Fees)	0.92%

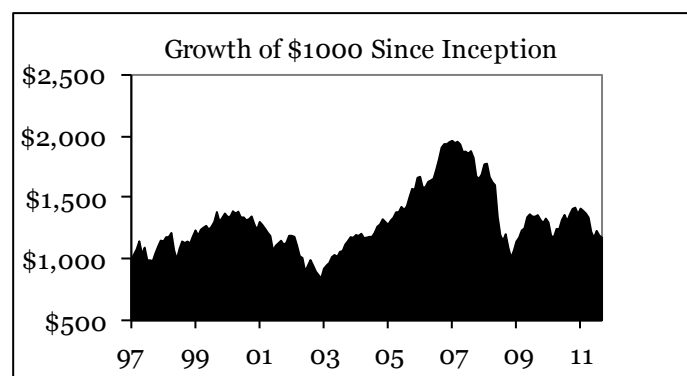
Risk Attributes:

Standard deviation of annual returns:	18.10%
Historical frequency of a negative calendar year return:	6/14

Manager	Style	Weight
Fidelity Investments	Active-growth	50%
Alliance Bernstein	Active-value	50%

Annualized Returns to December 31, 2011

	1-Yr	3-Yr	5-Yr	10-Yr
Western Fund	-14.02%	-0.80%	-9.28%	0.21%
Market Benchmark	-9.55%	1.43%	-6.79%	0.50%
Median Mutual Fund	-12.30%	0.90%	-8.20%	-1.20%



Investment Objective

The Fund's investment objective is to achieve long-term capital growth by investing in the equity securities of companies located in Europe, Far East, Asia and Australia.

The Fund aims to outperform the MSCI EAFE Index.

Investment Strategy

The Fund invests in two equity portfolios managed by two different investment managers to achieve diversification by investment style. Each of the two investment managers invests in equity securities of companies located in Europe, Far East, Asia and Australia to achieve geographic diversification. AllianceBernstein selects companies according to a value investment style while Pyramis Global Advisors uses a growth investment style. Each manager manages approximately 50% of the fund. Research suggests that there is significant opportunity to add value (experience returns above a market benchmark) with active management of non-North American equities. The Fund is allowed to invest in Emerging Markets Equities.

Permissible Investments

The Fund invests mostly in Europe, Far East, Asia and Australia. Eligible securities include common and preferred stock

(including American Depositary Receipts and European Depositary Receipts) and equivalent securities including, but not limited to, equity warrants, rights, call options, convertible debentures, stock index futures, options on futures, currency spot and forward contracts, cash and equivalents.

Risks of Investing in the Fund

The main risks of investing in this Fund include **market risk**: the value of the Fund will change based on stock market fluctuations; **active management risk**: if the manager of the Fund makes poor security selection decisions, it will cause the Fund to underperform funds with similar investment objectives; **currency risk**: the Fund will lose money when the Canadian dollar rises compared with foreign currencies; and **foreign investment risk**: investing in securities issued by a foreign issuer may be impacted by characteristics unique to the issuer's country, such as regulations, taxes or political decisions.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a long-term horizon (more than 10 years) and you wish to add to your portfolio a diversified equity fund investing in European, Asian and Australian companies. To invest in this fund, you should be able to accept a moderate to high level of risk.

TOP TEN HOLDINGS**

Royal Dutch Shell PLC	3.2%
BP PLC	2.9%
Vodafone Group PLC	2.1%
Roche Holdings AG	1.7%
GlaxoSmithKline	1.5%
AstraZeneca PLC	1.5%
Sanofi	1.5%
Nippon Telegraph & Telephone	1.4%
Allianz	1.3%
National Australia Bank	1.2%

SECTOR ALLOCATION (%)

Consumer Discretionary	11.8%
Consumer Staples	8.5%
Energy	11.9%
Financials	21.4%
Health Care	10.0%
Industrials	11.2%
Information Technology	4.4%
Materials	10.4%
Telecommunication Services	6.9%
Utilities	3.5%

TOP FIVE COUNTRY ALLOCATION(%)

United Kingdom	24.9%
Japan	22.5%
Germany	9.2%
France	8.6%
Switzerland	6.6%

**As of December 31, 2011

Fund Facts:

Total Value of Assets as at December 31, 2011	\$3.2 million
Number of Investors	241
Date of Inception	March 1, 2008
Management Expense Ratio (Expected Average Fees)	1.19%

Risk Attributes:

Standard deviation of annual returns:	11.04%
Historical frequency of a negative calendar year return:	2/4

Manager

Mackenzie Investments (Aberdeen Asset Management as portfolio advisors)	Style Active-value	Weight 100%
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Returns to December 31, 2011

	1-Yr	3-Yr
Western Fund	-4.33%	5.90%
Market Benchmark	-2.67%	4.80%
Median Mutual Fund	-7.20%	5.30%

Investment Objective

The Fund's investment objective is to achieve long-term capital growth by investing in the equity securities of companies anywhere in the world. The companies selected must be socially responsible in the conduct of their business, as determined by the investment manager (see table next page for the list of socially responsible criteria used).

The Fund aims to outperform the MSCI World Index.

Investment Strategy

The entire fund is being managed by Mackenzie Investments with Aberdeen Asset Management, an active value manager, as portfolio advisors. The Pension Boards have chosen an active management style for the entire portfolio to take advantage of the manager's security selection skills and their ability to make trade-offs between U.S. and non-U.S. stocks.

The investment manager relies on two key concepts when selecting companies: quality and price. They define a quality company as one with a core franchise, strong growth prospects, a competent management team, financial strength and good corporate governance (transparency and commitment to create shareholder value). Once a company has met their quality criteria, they will look at several measures to ensure that the price they pay is not excessive. After this initial stock selection is made, some ethical screens are applied to the portfolio. The screen may be a positive one, whereby companies pass when they demonstrate an awareness and propensity for positive practices within a defined ethical criterion. The screen may be a negative one, whereby a company is excluded from the portfolio if it demonstrates a combination of problematic trends or if it contravenes established limits.

Permissible Investments

The Fund invests in common stock of companies located anywhere in the world. The Fund may also use derivatives (such as options, futures, forward contracts, swaps or customized

derivatives) to hedge against losses caused by changes in stock prices or exchange rates.

Risks of Investing in the Fund

The main risks of investing in this Fund include **market risk, active management risk, currency risk, derivative risk, foreign investment risk, and specialization risk**. For a detailed definition of each risk, see the Definitions of Risks section on page 37.

Who Should Invest in this Fund?

You might want to invest in this fund if you have a long-term horizon (more than 10 years) and you wish to gain exposure to a global equity fund investing in companies meeting environmental, social and governance criteria. To invest in this fund, you should be able to accept a moderate to high level of

TOP TEN HOLDINGS**

Vodafone Group PLC	5.3%
Roche Holdings AG	4.8%
Taiwan Semiconductor Manufacturing Co. Ltd.	4.3%
Novartis AG	4.2%
Zurich Financial Services AG	3.8%
Canon Inc.	3.4%
QBE Insurance Group Ltd.	3.3%
Samsung Electronics Co. Ltd.	3.3%
Banco Bradesco SA	3.0%
Eni SPA	2.8%

SECTOR ALLOCATION (%)

Consumer Discretionary	1.5%
Consumer Staples	9.6%
Energy	13.3%
Financials	22.4%
Health Care	14.5%
Industrials	9.0%
Information Technology	16.5%
Materials	1.7%
Telecommunication Services	11.4%
Utilities	0.0%

TOP TEN COUNTRY ALLOCATION(%)

United States	16.6%
Japan	13.5%
Switzerland	12.8%
United Kingdom	10.6%
Taiwan	6.4%
Singapore	5.0%
Brazil	4.8%
Canada	4.1%
Hong Kong	3.7%
Sweden	3.5%

**As of December 31, 2011

Criterion	Positive Screening	Negative Screening / Not permitted
Alcoholic Beverages		<ul style="list-style-type: none"> • Production / sale of alcohol
Animal Testing	<ul style="list-style-type: none"> • Animal testing on chemicals / pharmas / other sectors; preference given to a responsible approach to animal welfare 	<ul style="list-style-type: none"> • Animal testing on cosmetics or household products
Armaments		<ul style="list-style-type: none"> • Production / sale of weapons • Providing strategic goods or services to the military
Business Practices	<ul style="list-style-type: none"> • Effective corporate governance • Ethical business policies / performance • Integration of sustainable development into business strategy • Responsible advertising, marketing and competitive behaviour • Full disclosure of corporate responsibility policies / performance 	
Chemicals	<ul style="list-style-type: none"> • Chemical companies with leadership in response to environmental and social concerns 	<ul style="list-style-type: none"> • Making / selling ozone depleting chemicals • Use of ozone depleting chemicals with no phase-out programme
Community Involvement	<ul style="list-style-type: none"> • Commitment to community relations • Active community contribution 	
Environment	<ul style="list-style-type: none"> • Effective environmental policies, management systems, disclosure • Integration of environmental factors into the supply chain; product stewardship • Improved environmental performance 	<ul style="list-style-type: none"> • Persistent breaches of environmental regulations
Forestry	<ul style="list-style-type: none"> • Commitment to sustainable forest management / external certification required for the processing, sale and/or importing of forest products 	
Fur		<ul style="list-style-type: none"> • Production / sale of animal fur products
Gambling		<ul style="list-style-type: none"> • Activities related to gambling
Genetic Engineering (GMOs)	<ul style="list-style-type: none"> • Leadership response to the ethical and environmental risks involved in and required for the contained use of GMOs 	
Greenhouse Gas Emissions	<ul style="list-style-type: none"> • Leadership response to environmental / social concerns required for investment in major contributors to climate change 	
Human Rights	<ul style="list-style-type: none"> • Promotion of human rights in all business operations 	<ul style="list-style-type: none"> • Involvement in human rights abuses / helping groups which abuse human rights
Mining & Quarrying	<ul style="list-style-type: none"> • Leadership response to environmental and social concerns required for investment in companies operating mines or quarries 	<ul style="list-style-type: none"> • Investment in any company that conducts uranium mining
Nuclear Power	<ul style="list-style-type: none"> • Non-strategic status or safety related requirement for companies which mine or process uranium, own / operate power plants, treat / process nuclear waste, or provide services to nuclear industry 	

Fund Facts:

Total Value of Assets as at December 31, 2011	\$13.4 million
Number of Investors	4761
Date of Inception	October 1, 2007
Management Expense Ratio (Expected Average Fees)	0.21%

Manager	Style	Weight
Greystone Managed Investments	Active	100%

Annualized Returns to December 31, 2011

	1-Yr	3-Yr
Western Fund	1.13%	-9.45
Market Benchmark	n/a	n/a
Median Mutual Fund	n/a	n/a

Investment Objective

The Fund's investment objective is 1) to hold the restructured asset-backed notes (formerly non-bank asset-backed commercial paper), that were either withheld when members made redemptions from an investment option with redemption restrictions or automatically transferred out of one of the restricted funds in October 2010, and 2) maximize the value that can be recovered from those securities.

Investment Strategy

The manager will maximize the value recovery by either holding the securities to maturity or selectively selling them prior to maturity, if more value can be recovered that way.

Permissible Investments

The Fund invests in restructured asset-backed notes and Canadian money market securities with a minimum rating of R1.

Risks of Investing in the Fund

The main risks of investing in this Fund include **credit risk**: if the issuer of a fixed income security in the portfolio is not able to make its promised interest payments or repay the capital at maturity, it will negatively impact the value of the Fund; **credit spread risk**: when fixed income investors collectively determine that a higher return is required to compensate for the risk of owning a specific type of fixed income security, credit spreads widen, which cause the value of the security to decrease; **interest rate risk**: when interest rates rise, fixed income securities such as treasury bills or bonds tend to fall in value and vice versa; **prepayment risk**: if a fixed income security is prepaid before maturity faster than expected, can offer less income and/or potential for capital gains; **reinvestment risk**: if interest rates decline, the Fund may be forced to invest the proceeds of maturing securities in securities paying a lower interest rate; **specialization risk**: the Fund only invests in one type of fixed income securities; and **liquidity risk**: risk that the speed and ease with which an asset can be sold and change into cash can decline significantly.

Who Should Invest in this Fund?

This Fund does not accept any contributions.

Background

The Liquidating Trust fund was created in the fall of 2007 when the market for non-bank Asset Back Commercial Paper (ABCP) collapsed partially due to issues and concerns with sub-prime mortgages and credit issues in the U.S.

Members invested in the Balanced Income, Balanced Growth, Diversified Equity, U.S. Equity Hedged and U.S. Equity Unhedged funds at that time had exposure to non-bank ABCP. At its inception in the fall of 2007, the Liquidating Trust Fund was designed so that members who sold some or all their holdings in one of the five affected funds would have the portion of their funds representing the relative amount of non-bank ABCP in their pension account moved to the Liquidating Trust.

In January 2011, as part of a court approved plan to deal with the challenges of non-bank ABCP in Canada, the non-bank ABCP was exchanged for a new security called Restructured Notes.

In the fall of 2010 the pension plans and the Western Registered Income Fund were amended and the proportionate holding of each affected members' non-bank ABCP resulting from investment in one or more of the five affected funds in September of 2007 was moved into the Liquidating Trust fund. Since October 1, 2010, the Liquidating Trust fund holds all members' exposure to Restructured Notes. Northwater Capital Management was replaced as investment manager for this fund which is now managed by Greystone Managed Investments with the Kilgour Advisory Group acting as sub-advisor.

Since May 2010 members have had the opportunity to sell some or all of their liquidating trust holdings.

TOP HOLDINGS**

MAV II Class A-1 CAD	44.4%
MAV II Class A-2 CAD	25.8%
MAV II Class B CAD	4.0%
MAV II Class C CAD	1.3%
MAV II Class 13 CAD	1.4%
MAV II Class A-1 USD	9.0%
MAV II Class C USD	0.2%
MAV II Class 13 USD	1.5%
Cash	12.5%

**As of December 31, 2010

<i>Active Portfolio Management</i>	A style of investment management that seeks to attain returns above a certain market standard.
<i>Actuarial Valuation</i>	An examination of a pension plan to determine whether contributions are being accumulated at a rate sufficient to provide benefits promised.
<i>Actuary</i>	A person professionally trained in the technical and mathematical aspects of insurance, pensions and related fields.
<i>Annuity</i>	A series of payments of a fixed amount for a fixed period of time or the rest of one's life.
<i>Arithmetic Average</i>	Items to be averaged are added and their sum is divided by the number of items. The result is an arithmetic, or simple, average (or mean).
<i>Balanced Fund</i>	An investment strategy which includes securities from more than one asset class and several sectors and regions which diversifies the portfolio, reducing the volatility of periodic returns.
<i>Benchmark</i>	A standard measurement of investment performance that other investment returns can be compared to.
<i>Bond</i>	A security representing the loan of an investor to a corporation, government, or government agency on which interest is paid on a specific amount at a specific time.
<i>CAP (Capital Accumulation Plan)</i>	A capital accumulation plan (CAP or plan) is a tax assisted investment or savings plan that permits the members of the CAP to make investment decisions among two or more options offered within the plan. A CAP may be established by an employer, trade union, association or any combination of these entities for the benefit of its employees or members.
<i>Deferred Annuity</i>	An annuity contract that provides for the initiation of payments at some designated date in the future.
<i>Defined Contribution Plan</i>	A pension plan where the retirement income is dependent on the amount of accumulated contributions under the plan, and where the on-going contributions to the plan are made by formula.
<i>Diversified</i>	In the context of retirement savings, refers to a group of securities that have a variety of return and risk characteristics.
<i>Derivative Instrument</i>	A financial obligation that derives its precise value from the value of one or more other assets (e.g. stocks) at the same point in time.
<i>Duration</i>	Expressed as a number of years, duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. The larger the duration, the larger the sensitivity.
<i>Equities</i>	Refers to ownership of property, usually in the form of common stocks.
<i>Equity Risk Premium</i>	The expected spread between the yield of a bond and the return on equities over time.
<i>LIF (Old) (Expired December 31, 2008)</i>	The Old Life Income Fund is an investment and payment arrangement for locked-in pension funds. An Old LIF provides payments at least annually from an investment fund which remain the property of the payee throughout the payment period. Maximum limits on the annual payments are based on the yield of a long-term government bond.
<i>LIF (New) (Effective January 1, 2009)</i>	The New Life Income Fund is an investment and payment arrangement for locked-in pension funds. A New LIF provides payments at least annually from an investment fund which remain the property of the payee throughout the payment period. Maximum limits on the annual payments are based on the greater of the previous year's investment income and a rate based on the yield of a long-term government bond. The New LIF allows a member to unlock 50% of the funds within 60 days of the transfer.
<i>LRIF (Expired December 31, 2008)</i>	A Locked-In Retirement Fund is an investment and payment arrangement for locked-in pension funds. A LRIF provides payments at least annually from an investment fund which remains the property of the payee throughout the payment period. Maximum limits on the annual payments are based on previous year's investment performance.

<i>LIRA</i>	A Locked-In Retirement Account is an investment arrangement for locked-in pension funds. The investments are identical to RRSPs except that the funds may only be withdrawn to purchase an annuity, LIF or a LRIF.
<i>Locked-In</i>	Refers to a provision under pension benefits legislation that requires funds set aside in an employer pension plan be used only for income during the member's retirement years. Locked-in funds cannot be refunded in a lump sum payment on or after retirement.
<i>Passive Portfolio Management</i>	A style of investment management that seeks to attain the performance of a certain market standard or benchmark.
<i>Pensionable Earnings</i>	For full-time members, the amount of regular annual compensation payable to a person; for part-time members, the total compensation paid to the person. These are the earnings on which contributions are based .
<i>Regular Account</i>	A pension account that holds all accumulated required contributions made by the member and their employer on the member's behalf, in accordance with the terms of the plan and member's direction .
<i>RRIF</i>	A Registered Retirement Income Fund is a payment arrangement for funds accumulated in a RRSP or for non-locked-in funds accumulated in a pension plan.
<i>RRSP</i>	A Registered Retirement Savings Plan is an investment account that is permitted under the Canadian Income Tax Act. Contributions to RRSPs are tax deductible and investment income accumulates tax free. Tax is paid on all cash withdrawals from RRSPs.
<i>S & P Mid Cap 400</i>	Standard & Poor's value-weighted index of 400 mid-size U.S. companies is a series of numbers, the ratios of which represent the change in value of stocks of those companies.
<i>S & P 500</i>	Standard & Poor's value-weighted index of 500 large U.S. companies is a series of numbers, the ratios of which represent the change in value of stocks of those companies.
<i>S & P/TSX (formerly TSE 300)</i>	A value weighted index of stocks, the ratio of which represents the change in value of the stock price of large companies traded on the Toronto Stock Exchange.
<i>Securities</i>	Notes, stocks, treasury bills, bonds, etc. or any certificate of interest for receipt of or right to purchase any of the foregoing.
<i>Special Member</i>	An Administrative Staff member who was employed on or before May 1, 1974 and is entitled to a minimum guaranteed annual pension determined by formula.
<i>Spouse</i>	A person to whom the member is married or is not married but the member and that person have been living together in a conjugal relationship continuously for three years or in a relationship of some permanence if they are the natural or adoptive parents of a child.
<i>Statement of Investment Policies and Procedures</i>	A document that outlines the plan administrator's investment policies and limitations with respect to pension plan investments which is required by pension regulators.
<i>Stock</i>	Securities issued by corporations for the purpose of raising capital which represent an ownership interest in the corporation. The investment may provide dividend payments and capital appreciation.
<i>Voluntary Account</i>	A pension account that holds accumulated contributions that have been made by a member, above what was required to be contributed to the member's regular account (including transfers in from RRSPs and other registered plans). Some of the funds in a voluntary account may be locked-in if they have been transferred from another Employer. The voluntary accounts also include Additional University contributions for Special Members, which are locked-in.

Type of Risk

Definition

Active management risk

For funds where the manager is trying to beat a benchmark instead of just replicating, this is the risk that poor security selection skills will cause the fund to underperform funds with similar investment objectives.

Commodity risk

A fund may invest in companies engaged in the energy or natural resources industries that produce various commodities, such as oil, gold, copper, etc. This is the risk that the stock price of these companies is affected by changes in the price of commodities, which could be substantial over short periods of time.

Concentration risk

When a fund invests a substantial proportion of its assets in a single security (typically more than 10%), it is said to be concentrated. Concentrated funds tend to be more volatile and/or less liquid.

Credit risk

This is the risk that an issuer of a bond or other fixed income security (such as a Government or a corporation) may not be able to make its promised interest payments or repay the capital at maturity.

Credit spread risk

The credit spread is the difference in interest rates between an issuer's bond and a similar bond (other than credit) issued by the Federal Government. When fixed income investors collectively determine that a higher return is required to compensate for the risk of owning the security, credit spreads widen. When the credit spread of a security widens, the value of a fixed income security decreases.

Currency risk

For funds that invest in securities that are not denominated in Canadian dollars, this is the risk that their return will be affected by the fluctuations of the Canadian dollar. The fund will lose money when the Canadian dollar rises compared with foreign currencies.

Derivative risk

A derivative is an investment that bases its value on how well another kind of investment, like a stock, bond, currency or market index, is doing. Examples of derivatives include options, forwards, futures and swaps. There are risks associated with the use of derivatives, even if derivatives are used to help offset losses or what is called "hedging".

For example, there's no guarantee that a fund will be able to buy or sell a derivative at the right time to make a profit or limit a loss. There's no guarantee that the other party in the contract (known as a "counterparty") will live up to its obligations, failure of which could result in a financial loss for the fund. If the other party a fund is dealing with goes bankrupt, the fund could lose any deposits that were made as part of the contract. If the derivatives are being traded on foreign markets, it may be more difficult and take longer to complete a deal. Foreign derivatives can also be more risky than derivatives traded on North American markets. Securities exchanges could set daily trading limits on options and futures contracts. This could prevent a fund from completing an options or futures deal, making it impossible to hedge properly, make a profit or limit a loss. If a fund is required to give a security interest in order to enter into a swap, there is a risk that the other party may try to enforce the security interest against the fund's assets. There's no guarantee that a hedging strategy will always work. A derivative won't always offset a drop in the value of a security, even if it has usually worked out that way in the past. Hedging doesn't prevent changes in the prices of the securities in a fund's portfolio, or prevent losses if the prices of the securities go down. Hedging can also prevent a fund from making a gain if the value of the currency, stock, or bond goes up. A fund might not be able to make a deal to hedge against an expected change in a market if most other people are expecting the same change. Hedging may be costly.

Foreign investment risk

This is the risk that investing in securities issued by a foreign issuer may be impacted by characteristics unique to the issuer's country. These differences may include lower or lack of regulations, which may result in less reliable accounting, auditing and financial reporting standards. The local government may impose taxes or make other decisions that negatively impact the value of an investment. Wars or civil unrests, low standards of business practices and lack of financial information available may also negatively impact the value of an investment.

Type of Risk

Definition

Income trust risk

Income trusts are legal entities that are entitled to receive royalties from an active business. In addition to the same risk that an equity investment would entail, investors in an income trust could be held liable for claims against the trust. Some, but not all, jurisdictions in Canada have enacted legislation to protect investors from some of this liability. In addition, changes have recently been enacted which affect the way certain income trusts and limited partnerships are taxed income. The changes will reduce the tax effectiveness of affected income trusts and partnerships.

Interest rate risk

When interest rates rise, fixed income securities such as treasury bills or bonds tend to fall in value and vice versa. The longer the duration of a fixed income security, the more sensitive it is to a change in interest rates.

Large transaction risk

When a large number of investors make redemptions from or contributions to a fund that are large with respect to the value of the fund, it may negatively impact the return of the fund. When large redemptions are made, the portfolio manager may be forced to sell investments at a loss to cover the redemption. When large purchases are made, the portfolio manager may be forced to hold a large amount of cash until it can find suitable investments.

Leverage risk

When a fund borrows to make investments, it is leveraged. This is the risk that capital losses are magnified by the use of borrowing.

Liquidity risk

Liquidity refers to the speed and ease with which an asset can be sold and changed into cash. Some securities may be illiquid because of their nature (e.g. real estate), but sometimes a shortage of buyers may cause a security to become illiquid. Funds exposed to securities that become illiquid may lose money or be forced to impose redemption restrictions.

Market risk

This is the risk that stock market fluctuations may negatively impact the value of an equity investment.

Prepayment risk

Certain fixed income securities, including mortgage-backed or other asset-backed securities, can be prepaid before maturity. If this happens unexpectedly or faster than predicted, the fixed income security can offer less income and/or potential for capital gains.

Reinvestment risk

This is the risk that a fund may be forced to invest the proceeds of maturing securities in securities paying a lower interest rate.

Repurchase, reverse repurchase transactions and securities lending risk

A repurchase transaction is where a fund sells a security to a party for cash and agrees to buy the same security back from the same party for cash. Securities lending is similar to a repurchase transaction, except that instead of selling the security and agreeing to buy it back later, the fund loans the security and can demand the return of the security at any time. In a reverse repurchase transaction a fund buys a security at one price from a party and agrees to sell the same security back to the same party at a higher price later on. It is a way for the fund to earn interest on cash balances. The risk with these types of transactions is that the other party may default under the agreement or go bankrupt, which would create losses for the fund.

Small cap risk

Smaller companies are typically riskier than larger ones because smaller companies are harder to value, they have smaller financial resources and they may be less liquid.

Specialization risk

This is the risk that is present when a fund invests in a particular part of the world, a particular industry or using specific investment style, such as value or growth.

Tracking error risk

This is the risk that an index fund doesn't replicate the benchmark return due to the difficulty in purchasing some securities in the benchmark, currency hedging gains or losses and investors' contributions or redemptions.

- 1 Go to the Human Resources web site: **www.uwo.ca/humanresources**
- 2 At top right corner click **“Login to Pension Account”**.
If you are accessing your online pension account for the first time, you may find the online demo helpful. To view, click on “a voice narrated demonstration”.
- 3 Scroll down to the grey box and type your User ID and password.
- 4 Click **“Transactions”** from the menu on the left.
Note: you can change your accumulated account or future contributions or both as follows:
- 5 Click **“Investment Allocation Accumulated”**, select the plan and account. Type your new fund percentages to a total of 100%. You will need to do this for both “Regular” and “Voluntary” accounts if applicable. Click **“submit transaction”**. Confirm your choices then click **“submit transaction”** again. *A confirmation number will appear on the screen. Please make note of this number.* Investment allocation changes to the Liquidating Trust Fund cannot be done on-line. You must use a form (see below).
- 6 Click **“Investment Allocation Future”** select the plan and account. Type your new fund percentages to a total of 100%. You will need to do this for both “Regular” and “Voluntary” accounts if applicable. Click **“submit transaction”**. Confirm your choices then click **“submit transaction”** again. *A confirmation number will appear on the screen. Please make note of this number.*
Note: to view or cancel your change, follow the instructions under “Transactions” “Pending Investment Allocation” for both Accumulated” and Future” if applicable.
- 7 Select **“logoff”** from the menu on the left.

How Am I Currently Invested?

To view your current investment instructions and account balance, follow Steps 1 to 3 above, then click **“Balances”**.

You can print a statement using your web browser’s print function. For best results, change the page orientation to “landscape” before printing.

How to change my investments directions by form

- 1 Go to the Human Resources web site: **www.uwo.ca/humanresources**
- 2 At the bottom right corner click **“Documents and Forms”**
- 3 Click beside **“Forms” “Pension” “Pension Investment Change Form”**. If you are making changes to your Liquidating Trust use the form called “Special Liquidating Trust Pension Investment Change Form”.
- 4 Print the form.
- 5 Complete the top section of the form.
Note: you can change your accumulated account or future contributions or both as follows:
- 6 Enter your new fund percentages to a total of 100% under:
“New Allocation of Accumulated Account”
and/or **“New Allocation of Future Contributions”**
Complete both **“Regular”** and **“Voluntary”** (if applicable).
- 7 Sign and date at the bottom.
- 8 Return the form to Human Resources, by campus mail: HR – Pension, SSB 5100
fax: 519-661-4104 or ext. 84104

HUMAN RESOURCE SERVICES

General Inquiries

Wade Boye
Mary MacGregor

Pension Counselling

Cara Bourdeau
Bekki Ollson

Records and Transactions

Holly Hrytzay
Shelley Mellows
James Stockford

Management, Planning and Communications

Martin Bélanger
Carol Curran
Ann Jones
Louise Koza
Jeffrey Symons

Any views or opinions expressed herein are not to be considered as representations by the University or advice to buy or sell any investment.

We are interested in your opinion regarding the pension plan design and administration. Please do not hesitate to contact a member of the Joint Pension Board or contact Human Resource Services to share your ideas and to ask questions.

The Academic and Administrative Staff Pension Boards work together as the Joint Pension Board. The boards are sub-committees of the Board of Governors and have been delegated the responsibility of administering the respective pension plans. Human Resource Services has been delegated the responsibility of day-to-day administration of the plans. Active Western Pension Plan members are invited to participate in the formation of the Joint Pension Board. Each year a call for nominations is made for the annual election of two board members- one for each of the Academic and Administrative Pension Boards. Those who are elected to the Board are required to serve a 4-year term, beginning July 1.

For further information about the Joint Pension Board, please contact a Board representative or Human Resource Services.



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