



UNIVERSITY OF WESTERN ONTARIO CANADIAN EQUITY FUND

Quarterly investment review

For the period

October 1 to December 31, 2011

The Power of Disciplined Investing™



YOUR RELATIONSHIP MANAGERS



Mary Robinson, CFA
Vice-President
Client Service
mary.robinson@greystone.ca
416-309-2585



Rod Balkwill, CFA, CMA
Vice-President
Canadian Equities

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THE QUARTER AT A GLANCE

PERFORMANCE SUMMARY AT DECEMBER 31, 2011 (%)

	Q4-11	Annualized				Inception 03/03
		1 year	2 years	3 years	4 years	
Total Portfolio	2.5	-15.3	-0.1	8.4	-5.2	8.4
Benchmark	3.6	-8.7	3.6	13.2	-0.7	9.7
Difference	-1.1	-6.6	-3.7	-4.8	-4.5	-1.3

Current benchmark: S&P/TSX composite

Please refer to the Disclosures section of this report for more information about benchmark indexes.

COMPONENT RETURNS (%)

	Q4-11	Annualized			
		1 year	2 years	3 years	4 years
Canadian Equities	2.5	-15.3	-0.1	8.4	-5.2
S&P/TSX composite	3.6	-8.7	3.6	13.2	-0.7

The indexes shown here are for reference only and may differ from your specific benchmark(s).

ASSETS UNDER MANAGEMENT

(\$000)

Value at start of quarter	\$24,657
Deposits	\$1,192
Withdrawals	-\$1,218
Investment Income	\$0
Capital appreciation/depreciation (-)	\$538
Net change in portfolio market value	\$511
Value at end of quarter	\$25,169

HIGHLIGHTS

- Market uncertainty kept a lid on stock prices despite solid corporate fundamentals (strong balance sheets, low debt and high cash) that would have the opposite effect in a “normal” environment. As a result, the S&P/TSX Composite fell by nearly 10% in 2011.
- With uncertainty high and bond yields near record lows, yield-oriented stocks found favour in Canada and abroad. Telecom Services, Pipelines, REITs and Utilities all outperformed the broad market. Larger capitalization stocks also bettered smaller-cap names.
- Most of the risks affecting investor and consumer confidence came from the macroeconomic environment, rather than stock-level factors. Indeed, the increased volatility and higher correlations hurt stock picking, since the market generally isn’t rewarding stock-level attributes.
- While the slower-growing developed markets will inhibit economic recovery due to debt shedding and austerity measures, developing nations will lead economic recovery. Canadian stocks should benefit from this emerging market expansion, given our cyclical/resource bias. However, conditions will likely remain unsettled until investors see progress towards a resolution in the European banking and sovereign debt crisis.



Rolling waves of concerns moved participants in and out of investment waters during 2011, especially from mid-summer on. Inconsistent economic data, lack of confidence in co-ordinated government fiscal policy in the US & Europe, downgrades of government debt quality and a seemingly endless string of sovereign debt crises and summit meetings in Europe all contributed to the uncertainty.

Markets moved from optimistic to pessimistic and back again, and the search for safety dominated. Yields on 10-year Treasuries in Canada and the US hit or neared all-time lows in 2011, both closing the year at approximately 2.0%. As a result of the decline, bond returns were again king in 2011.

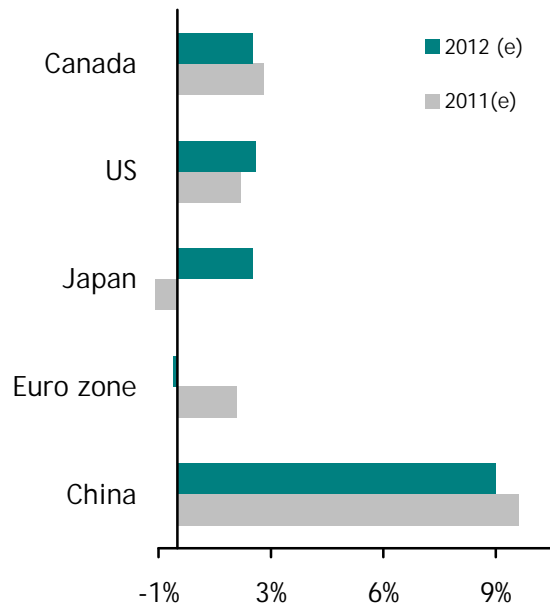
In contrast, concerns about recession in Europe and a slowdown in China hit energy stocks and commodity prices quite hard. That affected Canada's stock market more than most countries, given its heavy weighting of energy and materials companies. Ours was not nearly the worst-hit market – indeed, we ranked among the top 10 in terms of relative returns. But the S&P 500 was the world's sole major equity market with positive annual performance, which is ironic and somewhat surprising given the catalogue of economic and political challenges confronting the US.

The economic outlook remains uncertain for 2012. Europe's debt and banking crisis are the main sources of worry for equity market investors. While the ultimate collapse of the European financial system, with attendant effects on the global system, may not be the most probable outcome, it would clearly have a major negative impact on market returns. Conversely, given some form of resolution, corporations, and therefore equity markets, are generally quite attractive.

The latest European debt "solution" arrived in early December and evoked a less-than-enthusiastic response from market participants. In large measure, whether the proposal is viable or not is a side issue. Rather, the crisis is one of confidence. Successive solutions have fizzled due to the European Union's (EU's) reluctance to respond massively to the crisis. The under-response exacerbates the credibility problem.

We believe the only workable solution involves some form of fiscal-policy unity throughout the euro zone (if not the EU itself) that combines strict, enforced budget limits with unified credit arrangements for those nations requiring it. It is likely that a plan that deals effectively with both of those issues also requires significant bond purchases by the European Central Bank. The path to this solution remains unclear, given its entanglement with the domestic political agendas of EU member nations.

Global economic growth estimates for 2012 have fallen below 4%. Forecasters expect a recession in Europe and see the US and Canada growing by only about 2.0%. The outlook for



Subdued but positive, economic growth is forecasted in most regions. While GDP growth estimates have fallen, we look to economic leadership from the developing world. If sustainable, recent data suggests the US economy may also expand. (Source: Consensus Estimates)



Robert Vanderhooft, CFA Chief Executive & Chief Investment Officer



China has both growth and inflation moderating. The latter has already allowed China to begin making policy accommodations in case GDP growth slumps too far, too fast.

To some extent, therefore, the two-speed recovery of developing vs developed economies is turning into a three-speed recovery, with stronger growth coming from emerging markets, negative growth in Europe and reasonable growth from the United States. Near-term US economic data has been beating expectations; however, it's an open question whether this will translate into sustainable growth in the absence of another round of US Fed quantitative easing.

Looked at on a stock-by-stock basis, we believe equity market fundamentals are relatively good globally, with many analysts foreseeing high single or even low double-digit corporate earnings growth. The US market is trading at approximately 12 times expected 2012 earnings, with earnings growth forecast to moderate to 6-8% in 2012 from 15% in 2011. Similarly, experts predict earnings growth in Canada at 24% and 14% for 2011 and 2012, respectively. Canada is trading at 12-times forward earnings. Notwithstanding these strong numbers, volatility will remain high for stock markets tied to the events unfolding in Europe, the US and China.

Given moderating economic growth and a risk-averse sentiment, we see very little pressure on inflation. The Commodity Research Bureau Index (a measure of commodity prices) has been in decline, and we have seen individual commodities (e.g. corn, wheat, sugar, cotton, metals, silver, natural gas) move off of their highs. As a result and in the absence of credit concerns or new geopolitical events, we expect inflation to remain low for quite some time.

MARKET INDEX SUMMARY AT DECEMBER 31, 2011 (%)

<i>(\$Cdn, except as noted)</i>	<i>Q4-11</i>	<i>1 year</i>	<i>2 years</i>	<i>3 years</i>	<i>4 years</i>	<i>5 years</i>	<i>10 years</i>
S&P/TSX Composite	3.6	-8.7	3.6	13.2	-0.7	1.3	7.0
S&P 500	9.3	4.6	6.8	7.4	-0.9	-2.9	-1.6
S&P 500 (\$US)	11.8	2.1	8.4	14.1	-1.6	-0.3	2.9
Russell 1000 Growth	8.1	5.2	7.8	10.6	1.0	-0.2	-
Russell 1000 Value	10.5	2.9	6.0	4.5	-2.5	-5.2	-
MSCI EAFE (Net)	1.0	-10.0	-4.1	1.0	-7.6	-7.2	0.1
DEX Universe Bond	2.1	9.7	8.2	7.3	7.0	6.4	6.5
DEX Long Term Bond	4.9	18.1	15.3	11.9	9.5	8.3	8.9
DEX 91-day T-Bill	0.2	1.0	0.8	0.7	1.4	2.0	2.4



INVESTMENT PERFORMANCE AT DECEMBER 31, 2011 (%)

	Q4-11	Annualized			
		1 year	2 years	3 years	4 years
Your Portfolio	2.5	-15.3	-0.1	8.4	-5.2
Benchmark	3.6	-8.7	3.6	13.2	-0.7
Difference	-1.1	-6.6	-3.7	-4.8	-4.5

Current benchmark is S&P/TSX composite

SECTOR POSITION AT DECEMBER 31, 2011 (%)

% market weight	Portfolio	Benchmark	Difference
Energy	24.7	27.1	-2.3
Materials	20.4	21.1	-0.7
Industrials	6.3	5.8	0.5
Consumer Discretionary	7.0	4.0	3.0
Consumer Staples	3.5	2.8	0.6
Health Care	2.8	1.4	1.4
Financials	28.3	29.3	-1.1
Information Technology	4.7	1.3	3.4
Telecommunication Services	2.3	5.2	-2.9
Utilities	0.0	2.0	-2.0
Total	100.0	100.0	

LARGEST HOLDINGS AT DECEMBER 31, 2011 (%)

% market weight	Portfolio	Benchmark
TORONTO DOMINION BK COMMON	7.6	4.8
BANK OF NOVA SCOTIA COMMON	5.4	3.9
GOLDCORP INC COMMON	4.8	2.6
BANK OF MONTREAL COMMON	4.6	2.5
SUNCOR ENERGY INC COMMON	4.5	3.3

COMMENTARY

Greystone seeks to add value over the long term to its Canadian equity portfolios primarily through bottom-up stock selection following a growth bias. The firm believes that a company's ability to grow its earnings will also enhance the value of its stock.

- Global volatility and risk aversion defined 2011. A lack of confidence in co-ordinated government policies in the US & Europe and the Q3 slump in global growth led investors to favour safety over companies tied to economic expansion. The increased volatility muted investor response to positive news about individual companies, while companies that disappointed were disproportionately punished.
- The unfavourable environment for cyclical stocks, an underweight in higher-yielding stocks and company-specific issues led the portfolio to below-benchmark performance in 2011.
- The largest detractor from performance in 2011 was Sino-Forest, which collapsed in Q2 after fraud accusations by a short-seller. Teck Resources, Kinross Gold, Magna International and Manulife Financial also detracted. Positive contributors included Valeant Pharmaceuticals, Intact Financial and National Bank Financial.
- Higher-yielding energy producers in the portfolio, such as Baytex Energy and Crescent Point Energy, performed well, but Suncor and Canadian Natural Resources declined due to the fears of a global slowdown. Base metal producers, such as Teck Resources, declined in step with industrial metal prices, which fell on fears that global manufacturing may stall in 2012. With its "safe haven" properties, gold rose in 2011, yet most gold stocks underperformed bullion due to higher production costs and overall equity market risk aversion.
- With more than half of its stocks in cyclical sectors, Canada has significant exposure to the current volatility. While we believe that earnings expectations will moderate due to the uncertainty in the global economy, we continue to see an earnings recovery ahead. Given our expectations of modest earnings growth, equities are attractively priced at these levels.



This report is provided for informational purposes only, is not meant as investment advice and should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any predictions or projections made will occur. Past performance is not indicative of future results.

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Figures shown in this report are in Canadian dollars except as noted, and may be subject to rounding. Returns are gross of investment management fees.

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INDEXES & BENCHMARKS

Current benchmark weights and indexes are noted on each asset class page. Benchmark returns reflect any index and weighting changes made since inception. Index returns include reinvestment of dividends, if applicable, but not the deduction of any fees or expenses, which would reduce returns.

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For clients with benchmarks that blend two or more indexes (e.g. DEX 91-day T-Bill 3%, DEX Universe Bond 37%, S&P/TSX Composite 35%, S&P 500 Composite 12.5%, MSCI EAFE (Net) 12.5%): Our reporting system rebalances your benchmark to its stated asset mix on a daily basis. Consequently, there may be discrepancies between benchmark returns presented in this report and those calculated with a monthly or quarterly rebalancing.

For clients who hold fixed income: PC-Bond is the source for credit ratings. If a particular security is not identified by PC-Bond, an equivalent, recognized, independent rating agency is used. Greystone does not rate securities.

For clients who hold real estate: the provider cannot supply IPD returns immediately after quarter-end; therefore, the prior quarter's index return is used in this report for benchmark calculation purposes. When the actual index is available, the benchmark return is then re-calculated.

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ASSETS UNDER MANAGEMENT

December 31, 2011	\$33.6 billion
September 30, 2011	\$32.8 billion
Change over quarter	+\$0.8 billion

CLIENTS

- The firm was awarded and began funding four new mandates in Q4-11
- During Q4-11, five clients departed

PERSONNEL CHANGES

Hires (2012)

- Jacqueline Hatherly, LLB joins as Chief Compliance Officer & Legal Counsel
- Brad Vance, LLB, joins as Senior Vice-President & Legal Counsel
- Jonathan Jacob, CFA, FSA, FCIA joins as Senior Vice-President, Strategic Investment Initiatives
- Jeff Mouland, P.Eng., MBA joins as Executive Director & Head of Infrastructure
- No new team members in Q4-11

Departures

- None

INVESTMENT PROCESS

- No changes in 2011

INVESTMENT STRATEGIES

- Greystone EAFE Quantitative Fund discontinued on December 1, 2011; replaced by Greystone International Equity Fund within EAFE Plus Fund and Non-North American equity strategies



THE GREYSTONE INVESTMENT TEAM

Robert Vanderhoof, CFA*
Chief Executive & Chief Investment Officer

Canadian Equity

Donald MacKay, CFA*
Managing Director
Rod Balkwill, CFA, CMA
Vice-President
James Baldwin, CFA
Vice-President
Heather Greenman, CFA
Portfolio Manager
Mark Scollan, CFA
Portfolio Manager
Curtis Runge, CFA
Senior Analyst
Garrett Meier
Analyst

Equity Trading (Cdn & US)

Jeff Robertson, CFA*
Senior Vice-President
Craig Martin, CFA
Vice-President
Amanda Reich, CFA
Senior Equity Trader
Janeen Snell
WRAP trader
David Tallman
WRAP trader

Product Specialists (Cdn)

Brad Haughey, CFA
Vice-President
Chirag Patel, CFA
Vice-President

* Asset Strategy Team Member

US Equity

Grant Stahl, CFA*
Senior Vice-President
J. Blair Ledingham, CFA
Portfolio Manager
Himanshu Sharma, CFA, MBA
Portfolio Manager
Jardin Schnurr, CFA, CAIA, DMS
Senior Analyst
Perry Sui
Analyst
Paula Brinton
Analyst

Fixed Income

Blaine Pho, CFA*
Senior Vice-President
Chad Toews, CFA, CMT
Vice-President
Curtis Schimmelmann, CFA
Portfolio Manager
Neil Schell, CFA, CMA
Portfolio Manager
Michael Geng, CMA
Senior Credit Analyst
Trevor Galon
Fixed Income Trader
Jennifer Melcher, CFA
Fixed Income Trader
Rankin Jaworski
Money Market Trader

International Equity

Jeff Tiefenbach, CFA*
Senior Vice-President
Alfred Li, MBA, CFA, FRM
Vice-President
Travis Wetsch
Portfolio Manager
Michael Brown, CFA
Senior Analyst

Risk Management

Scott Linner, CFA
Vice-President

Real Estate & Mortgages

Ted Welter*
Managing Director
David Poggemiller
Senior Vice-President
Greg Zahorski
Vice-President
Connie Ashton, CFA, CGA
Vice-President
Ehren Hermanson, CFA
Portfolio Manager
Thomas Harder
Portfolio Manager
Luke Schmidt, CFA, M.Sc.
Senior Analyst
Shane Lewis, CFA
Analyst
Viktor Mosiy, CFA
Analyst
Blake Zimmer
Research Analyst

Product Specialist (RE & Mort)

Nazmin Gupta
Vice-President

Infrastructure

Jeff Mouland, P.Eng., MBA
Executive Director & Head of Infrastructure

Strategic Investment Initiatives

Jonathan Jacob, CFA, FSA, FCIA
Senior Vice-President



YOUR PORTFOLIO

PORTFOLIO SUMMARY

	<i>Assets</i>	<i>% of total portfolio</i>
Canadian Equities	25,168,808	100.0
Canadian Equity Fund	25,168,808	100.0
Total portfolio	25,168,808	100.0



DETAILED HOLDINGS

Issuer	Issue	% of fund
Canadian Equity Fund		
CASH		0.04
Treasury Bills		1.49
GOVT CANADA T/B	DISCNT MAR 01 12	0.07
GOVT CANADA T/B	DISCNT MAR 15 12	0.31
GOVT CANADA T/B	DISCNT APR 26 12	1.12
Bankers Acceptance		0.75
CIBC BANK B/A	DISCNT JAN 16 12	0.38
CIBC BANK B/A	DISCNT MAR 07 12	0.16
BK. NOVA SCOTIA BDN	DISCNT JAN 17 12	0.11
ROYAL BANK T/D	0.950 JAN 03 12	0.09
Short Term Total		2.28
Energy		24.05
BAYTEX ENERGY CORP	COMMON	2.39
BLACKPEARL RESOURCES	COMMON	0.62
CDN NATURAL RES	COMMON	4.40
CRESCENT POINT ENRGY	COMMON	2.82
MEG ENERGY	COMMON	1.75
PRECISION DRILLING	COMMON	1.27
SUNCOR ENERGY INC	COMMON	4.50
TRANSCANADA CORP	COMMON	3.62
TRICAN WELL SERVICE	COMMON	1.34
VERMILION ENERGY INC	COMMON	1.34
Materials		19.88
AGRIUM INC	COMMON	2.11
ELDORADO GOLD CORP	COMMON	1.99
FIRST MAJESTIC SILV	COMMON	0.83
GOLDCORP INC	COMMON	4.81
KINROSS GOLD CORP	COMMON	2.42
POTASH CORP OF SASK	COMMON	2.69
SEMAFO INC	COMMON	0.98
SINO FOREST CORP	COMMON	0.04
TECK RESOURCES LTD	CLASS B SUB VTG	2.10
YAMANA GOLD INC	COMMON	1.91
Industrials		6.09
CAE INC	COMMON	1.12
CDN NATL RAILWAY	COMMON	2.96
FINNING INTL	COMMON	2.01
Consumer Discretionary		6.84
CDN TIRE CORP	CLASS A NON VTG	1.42
DOLLARAMA	COMMON	1.22
GILDAN ACTIVEWEAR	COMMON	0.25
MAGNA INTL INC	COMMON	2.04
TIM HORTONS INC	COMMON	1.91
Consumer Staples		3.37
METRO INC	CLASS A SUB VTG	1.58

Issuer	Issue	% of fund
SAPUTO INC	COMMON	1.79
Health Care		2.74
VALEANT PHARMACEUTIC	COMMON	2.74
Financials		27.47
BANK OF MONTREAL	COMMON	4.58
BANK OF NOVA SCOTIA	COMMON	5.38
IGM FINANCIAL INC	COMMON	1.03
INTACT FINANCIAL	COMMON	2.51
MANULIFE FINCL CORP	COMMON	2.97
NATIONAL BK CDA	COMMON	3.43
TORONTO DOMINION BK	COMMON	7.57
Information Technology		4.52
CELESTICA INC	SUB VTG	0.83
CGI GROUP INC	CLASS A SUB VTG	2.14
OPEN TEXT CORP	COMMON	1.55
Telecommunication Service		2.26
ROGERS COMMUNICATION	CLASS B NON VTG	2.26
Other		0.48
ISHARES S&P/TSX 60	INDEX FUND	0.48
Canadian Equities Total		97.72
Total Fund		100.00



Asset Mix					
Asset Class	Guidelines (%)		Range (%)		In Compliance
	Min	Max	Low	High	Yes/No
Canadian Equities	100	100	100	100	Yes

Constraints		In Compliance
Policy Statement		Yes/No
Equity Pooled Fund		
Pooled Fund Investment Policy		See Reports
Statutory Requirements		
Must meet requirements for eligible investments outlined in The Pension Benefits Act.		Yes
Must meet requirements for eligible investments outlined in the Income Tax Act.		Yes
Conflicts of Interest		
Conflicts of interest (if any) have been disclosed to the Board.		None
Standard of Professional Conduct		
Greystone's Standard of Professional Conduct has been complied with by all employees and it is comparable to CFA Institute's Code of Ethics and Standards of Professional Conduct.		Yes
Suppression of Terrorism		
Compliance with Federal Suppression of Terrorism Regulations		Yes



COMPLIANCE REPORT

To the best of our knowledge, the UWO Diversified Equity Fund and the UWO Canadian Equity Fund portfolios are in compliance with the Investment Manager Mandate and Performance Standard dated May 30, 2007 and the Greystone Canadian Investment Policy for the Equity Fund document dated January 1, 2011 through the reporting period.

Rod Balkwill, CMA, CFA
Vice President, Canadian Equities

Anne E. Parker, LLB
Chief Compliance Officer



COMPLIANCE REPORT

GREYSTONE CANADIAN EQUITY FUND

Asset Mix					
Asset Class	Guidelines (%)		Range (%)		In Compliance
	Min	Max	Low	High	Yes/No
Short-Term + Cash	0	10	0	3	Yes
Canadian Equities	90	100	97	100	Yes

Constraints			
Policy Statement	Range (%)		In Compliance
	High	Security	Yes/No
Equities			
Maximum 10% of the market value of the Fund in any single holding.	7.70%	Toronto Dominion Bank	Yes
Maximum 10% of voting shares of a corporation.	1.026%	Celestica Inc.	Yes
Number of holdings will range from 30 to 50.	43		Yes
Minimum float adjusted market capitalization of \$750 million at the time of purchase.			Yes
The aggregate holdings in a single sector shall be within the following ranges:			
S&P/TSX sector weight less than or equal to 7%: 0% to sector weight + 5%.			Yes
S&P/TSX sector weight greater than 7% and less than 20%: sector weight times 0.25 to sector weight + 10%.			Yes
S&P/TSX sector weight greater than 20%: sector weight times 0.50 to sector weight + 15%.			Yes
Short-Term			
Minimum R-1 rating, or equivalent, for money market securities.			Yes
Minimum A rating, or equivalent, for short-term bonds and floating rate securities.			Yes
Statutory Requirements			
Must meet requirements for eligible investments outlined in The Pension Benefits Act.			Yes
Must meet requirements for eligible investments outlined in the Income Tax Act.			Yes
Conflicts of Interest			
Conflicts of interest (if any) disclosed to the client.			None
CFA Institute Code of Ethics and Standards of Professional Conduct			
CFA Institute Code of Ethics and Standards of Professional Conduct complied with.			Yes
Suppression of Terrorism			
Compliance with Federal Suppression of Terrorism Regulations.			Yes



COMPLIANCE REPORT

GREYSTONE CANADIAN EQUITY FUND

Notes:

Your portfolio holds shares of Sino-Forest Corporation which is subject to a cease-trade order issued August 26, 2011 effective until January 25, 2012.

To the best of our knowledge, the portfolio is in compliance with the Investment Policy dated January 1, 2011 throughout the reporting period.

Donnie MacKay, CFA
Managing Director, Canadian Equities

Anne E. Parker, LLB
Chief Compliance Officer