

*The University of Western Ontario Pension Plan*



# Performance and Manager Review Third Quarter 2011

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**December 14, 2011**

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Director, Investment Strategy**

INVESTED FOR  
**75**  
YEARS

# Executive Summary

Third Quarter 2011

## University of Western Ontario Pension Executive Summary Q3 2011 Performance

- Q3 equity markets (negative double digit returns) were a disaster, as uncertainty pertaining to the European sovereign debt crisis and the US debt ceiling saga played out.
- The poor equity markets for Sept 2011 year to date and the effects of the Global Financial Crisis in 2008 have combined to leave the UWO Total Fund 5 year absolute returns at about 4% for the Balanced Income Fund (2% above inflation) and about 0% for the Balanced Growth Fund (-2% below inflation). In this environment, most risks in the portfolio tended to detract from performance.
- As such, it has been extremely difficult for active managers to add value in these volatile markets, as stocks have been driven largely by headlines, as opposed to fundamentals. As an example, during the quarter only 12% of growth managers and only 30% of value managers were able to add any value to the S&P/TSX.
- Over 5 years the Balanced Income Fund has performed just below benchmark (-0.1%), a first quartile performer, while the Balanced Growth Fund is 1% below benchmark, a fourth quartile performer. During this 5 year time period the Diversified Bond Fund has added about .25% to its benchmark but the Diversified Equity Fund has detracted -1.3% from its.
- NA Equity and Cdn equity managers performed poorly in the quarter (>-1.5% below benchmark) and over the last 5 years (about -1.8% value lost ). Alliance Bernstein (since terminated in the Cdn Equity Fund, but still present in the EAFE fund) has been a major source of concern for both asset classes (Eafe & Cdn equity).

# Capital Markets Commentary

## Third Quarter 2011

### **Amid economic uncertainty, equities fall while fixed income soars**

Markets across the globe were highly volatile over the third quarter of 2011 (or the “Period”), principally driven by the ongoing European sovereign debt crisis, the US debt ceiling saga and the stubbornly weak world economic environment. Over the Period, investor worry shifted and expanded throughout Europe. Investor focus was no longer directed almost exclusively on Greece’s government-issued debt, but also on the exposure major European banks had to Greece’s debt. In the U.S., high unemployment and a stalled housing market continued to weigh on consumers.

After reaching a record-breaking high of US\$1,920 per ounce, the price of gold ended its winning streak in September, finishing the Period at US\$1,620 per ounce. The price of crude oil dropped below US\$80 per barrel over the quarter. In short, there was a continued flight-to-quality amid volatility in equity markets once again.

### **Energy and information technology sectors drag on Canadian equity markets**

Canada’s economy continued to be weighed down by the economic weakness of its trading partners and volatility in the price of crude oil. Canada’s equity market – as measured by the S&P/TSX Composite Index – returned -12.0% over the Period, driven by the relative underperformance of the information technology (in large part as a result of the falling share price of Research In Motion Ltd.) and energy (as the price of crude oil remained volatile) sectors, which returned -18.9% and -18.7%, respectively. The only positive contributors to the index’s performance over the Period were the telecommunications services and utilities sectors, which were up 0.3% and 3.6%, respectively.

### **Global equities weighed down by debt concerns**

As the European Central Bank and the International Monetary Fund discussed appropriate intervention measures, and Euro zone leaders debated the value and methods of a bailout, Greece continued to struggle with its sovereign debt issues. In light of Greece’s economic difficulties, investors began to examine the balance sheets of European banks to measure their exposures to Greek sovereign debt. Many investors did not like what they saw and, consequently, the stock prices of many European banks declined over the third quarter of 2011, which accounted for a significant portion of the Russell Developed ex-North America Large Cap Index (Net dividends) -13.1% return over Period. Emerging markets equities – as measured by the Russell Emerging Markets Index (Net dividends) – returned -16.2 over the Period, as investors grew increasingly worried that the booming economies of countries such as China and Brazil were beginning to slow.

Looking to the U.S., investors responded negatively to the amount of time it took for the U.S. government to solve its country’s debt ceiling debate, which sent jitters throughout global financial markets. The indecision over the U.S. debt ceiling was a key driver in Standard & Poor’s subsequent downgrade of U.S. sovereign debt from AAA to AA. U.S. equity markets – as measured by the Russell 3000 Index – returned -8.5% over the Period.

# Capital Markets Commentary

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### Another strong quarter for fixed income markets

Canada's bond market – as measured by the DEX Universe Bond Index – rose 5.1% over the Period, as volatility in equity markets fuelled a flight-to-quality to what investors perceived as safe havens. As Canada's economy is closely linked with its trading partners (especially the U.S.), the Bank of Canada's (the BoC) direction on interest rates is generally dictated by external economic forces. As such, the BoC left its target overnight lending rate unchanged at 1.00% over the Period.

In a further attempt to jump-start the slowing U.S. economy, the U.S. Federal Reserve Board (the Fed) announced its next round of easing measures called "Operation Twist." These measures have not been used since the early 1960s, and include the Fed spending up to US\$400 billion dollars to buy long-term U.S. government debt – and raising the \$400 billion through the sale of shorter-duration debt – in an effort to lower long-term rates and, therefore, "twist" the yield curve by flattening it.

The following are various index returns for the quarter, the year and over four years, ending September 30, 2011:

	3rd Quarter 2011	1 Year	4 Years
S&P/TSX Composite	-12.0%	-3.6%	-1.9%
Russell 3000	-8.5%	2.1%	-3.7%
MSCI EAFE	-12.5%	-7.5%	-7.9%
DEX Universe Bonds	5.1%	6.7%	7.2%
CPI (Inflation)	0.7%	3.2%	1.9%

# Capital Market Returns (In Canadian \$)

Periods Ending September 30, 2011

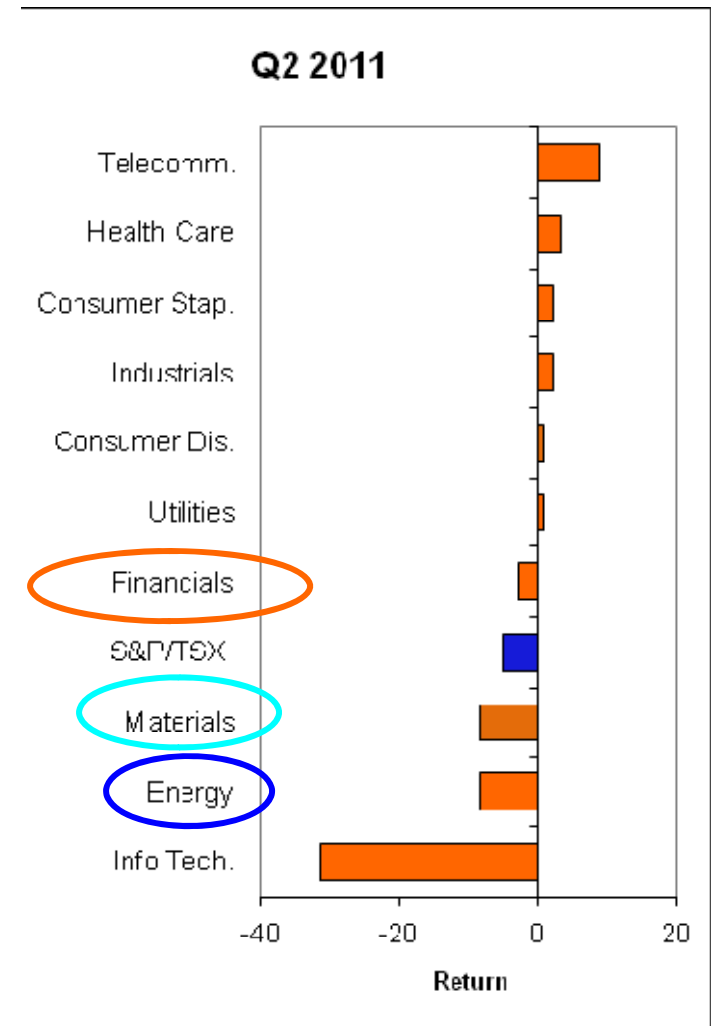
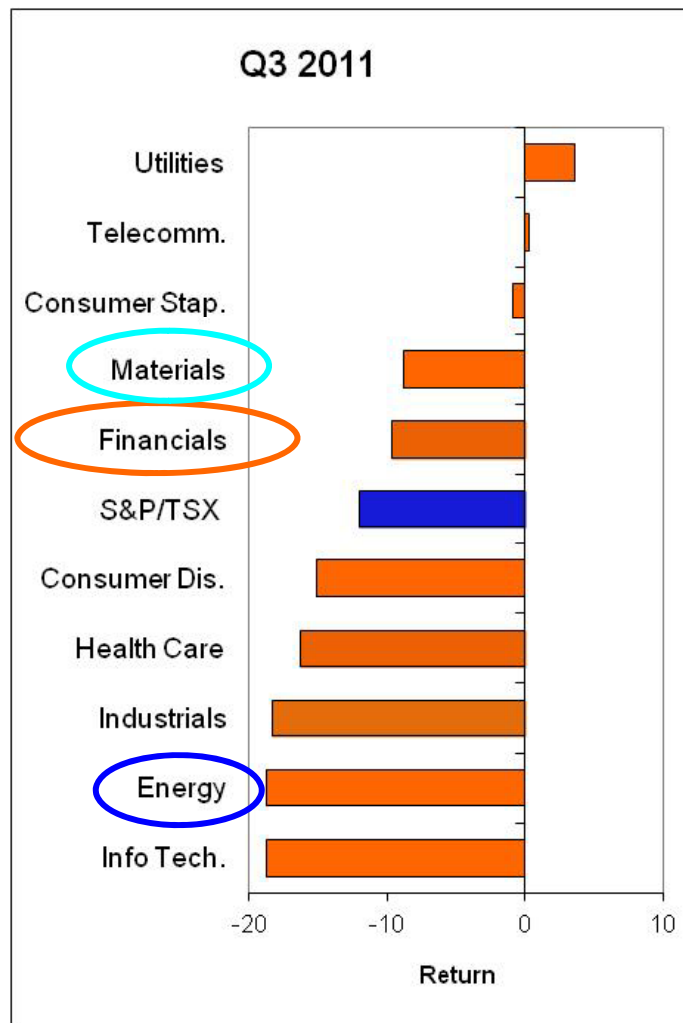
	3 Mths	YTD	1 Yr	2 Yrs	Annualized			Rolling One Year Ending Current Qtr			
					3 Yrs	4 Yrs	5 Yrs	2010	2009	2008	2007
S&P/TSX Composite	(12.02)	(11.88)	(3.55)	3.75	2.66	(1.90)	2.61	11.60	0.51	(14.40)	22.81
MSCI Canada Value	(10.51)	(7.57)	(1.30)	3.97	4.29	(0.55)	3.03	9.52	4.95	(13.76)	18.67
MSCI Canada Growth	(14.29)	(17.18)	(8.24)	(0.82)	(1.59)	(4.33)	1.75	7.20	(3.11)	(12.12)	30.23
DEX Universe Bonds	5.12	7.43	6.66	7.00	8.10	7.22	6.08	7.33	10.34	4.62	1.62
DEX Long Term Bonds	9.84	12.57	11.24	11.77	12.02	9.49	7.39	12.30	12.52	2.23	(0.60)
DEX 91 Day T-Bill	0.26	0.78	1.02	0.70	0.89	1.58	2.14	0.38	1.26	3.69	4.40
BC Aggregate Bd (\$Cdn)	12.10	11.84	6.93	5.14	7.25	8.15	5.08	3.38	11.61	10.90	(6.36)
S&P 500	(7.00)	(4.23)	2.74	4.01	0.55	(4.02)	(2.52)	5.29	(6.02)	(16.52)	3.71
S&P 500 \$Cdn Hedged	(14.20)	(8.81)	0.95	4.71	(0.99)	(6.80)	(2.84)	8.60	(11.47)	(22.25)	14.76
S&P 400 MidCap	(13.49)	(8.78)	0.28	6.25	3.36	(0.39)	0.81	12.57	(2.19)	(10.85)	5.78
S&P 400 MidCap \$Cdn Hdgd (1)	(20.43)	(13.44)	(1.77)	6.74	1.19	(3.75)	0.11	15.98	(9.04)	(17.18)	17.14
Russell 1000	(7.88)	(4.83)	2.50	4.16	0.93	(3.79)	(2.25)	5.86	(5.25)	(16.65)	4.12
Russell 2000	(15.64)	(12.97)	(2.01)	3.04	(1.03)	(2.95)	(2.36)	8.34	(8.69)	(8.50)	0.06
Russell 3000	(8.52)	(5.51)	2.14	4.08	0.77	(3.72)	(2.26)	6.06	(5.53)	(16.03)	3.78
Russell 3000 \$Cdn Hedged	(15.66)	(10.10)	0.29	4.72	(0.89)	(6.61)	(2.66)	9.35	(11.24)	(21.84)	14.88
Russell 3000 Value	(9.99)	(7.55)	(0.68)	1.79	(2.28)	(6.27)	(4.80)	4.33	(9.95)	(17.29)	1.30
Russell 3000 Growth	(7.04)	(3.41)	5.02	6.42	3.79	(1.28)	0.19	7.83	(1.26)	(15.05)	6.27
MSCI EAFE	(12.49)	(10.46)	(7.50)	(4.24)	(1.33)	(7.94)	(4.31)	(0.87)	4.78	(25.24)	11.68
MSCI EAFE Value	(12.50)	(9.88)	(8.03)	(6.78)	(1.77)	(8.91)	(5.55)	(5.52)	9.09	(27.37)	9.14
MSCI EAFE Growth	(12.48)	(11.03)	(7.05)	(1.69)	(0.94)	(7.04)	(3.14)	3.97	0.58	(23.17)	14.18
MSCI EAFE \$Cdn Hedged	(15.85)	(15.28)	(10.36)	(4.33)	(3.88)	(11.05)	(6.28)	2.11	(2.97)	(29.50)	15.50
MSCI Emerging Mkts	(16.28)	(17.84)	(14.56)	(0.79)	5.88	(3.96)	3.75	15.22	20.58	(28.32)	41.29
CPI	0.67	2.64	3.17	2.54	1.39	1.89	2.01	1.92	(0.86)	3.40	2.47

(1) S&P 400 MidCap \$Cdn Hedged Index is the exclusive property of Standard & Poor's Financial Services LLC (S&P). Russell has contracted with S&P to maintain and calculate the Index. S&P and its affiliates shall have no liability for any errors or omissions in calculating the Index.

# Sector Performance:

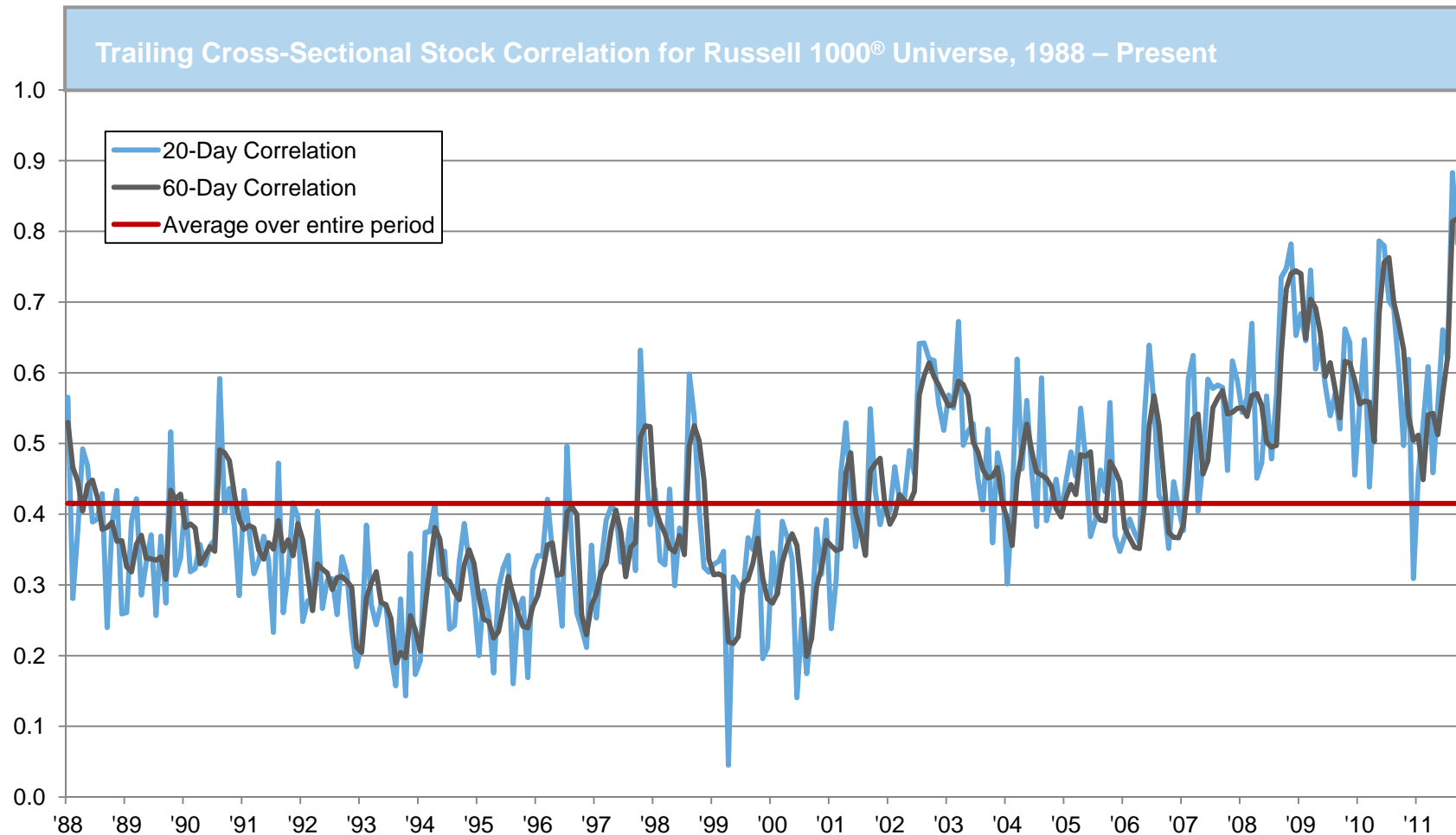
## Q3 2011 Sector Returns versus Q2 2011

Less sector breadth in Q3 with only 5 out of 10 sectors ahead



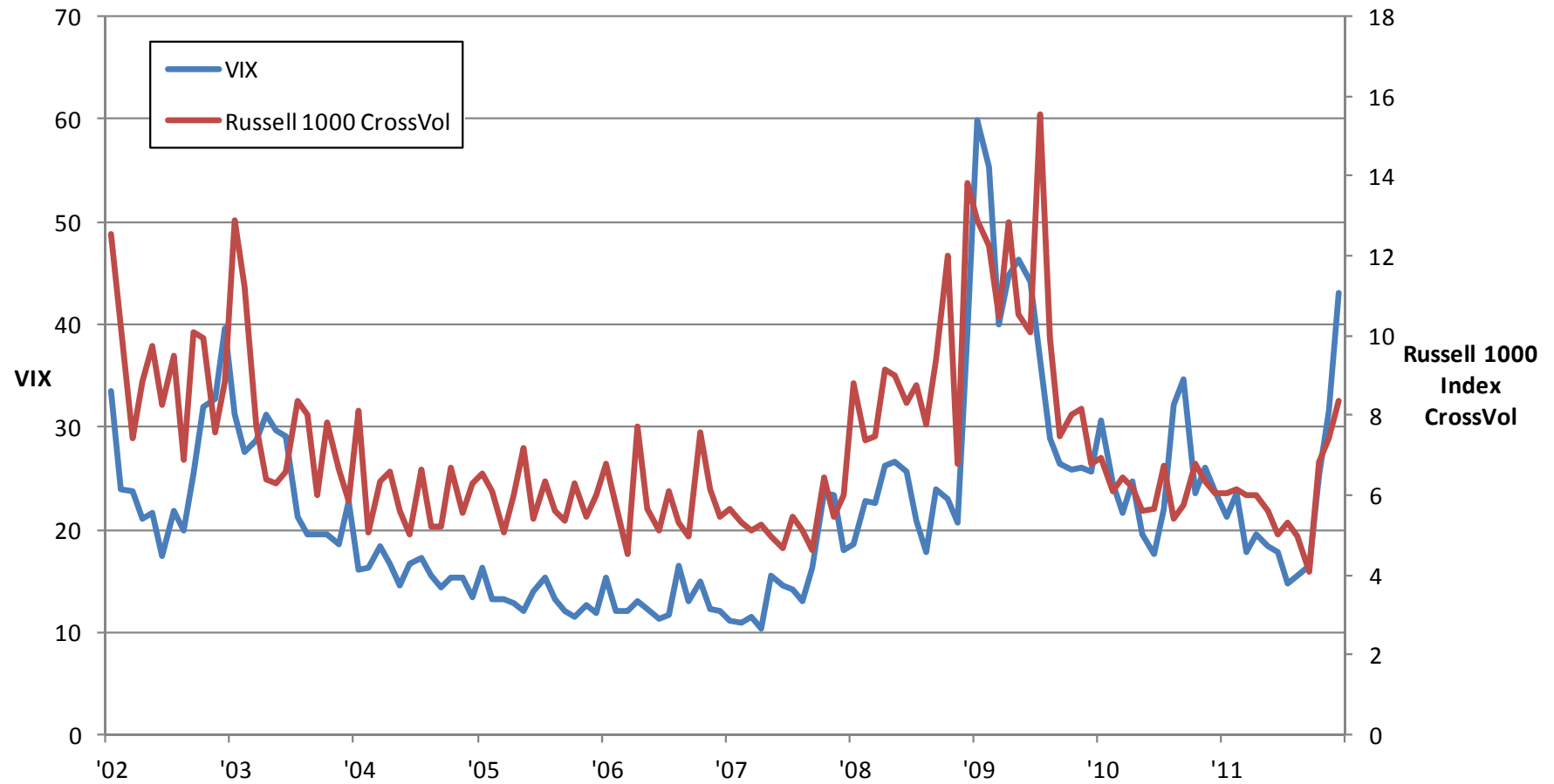
# Russell 1000® Index Stock Correlations – Third Quarter 2011

## Unprecedented correlations among stocks



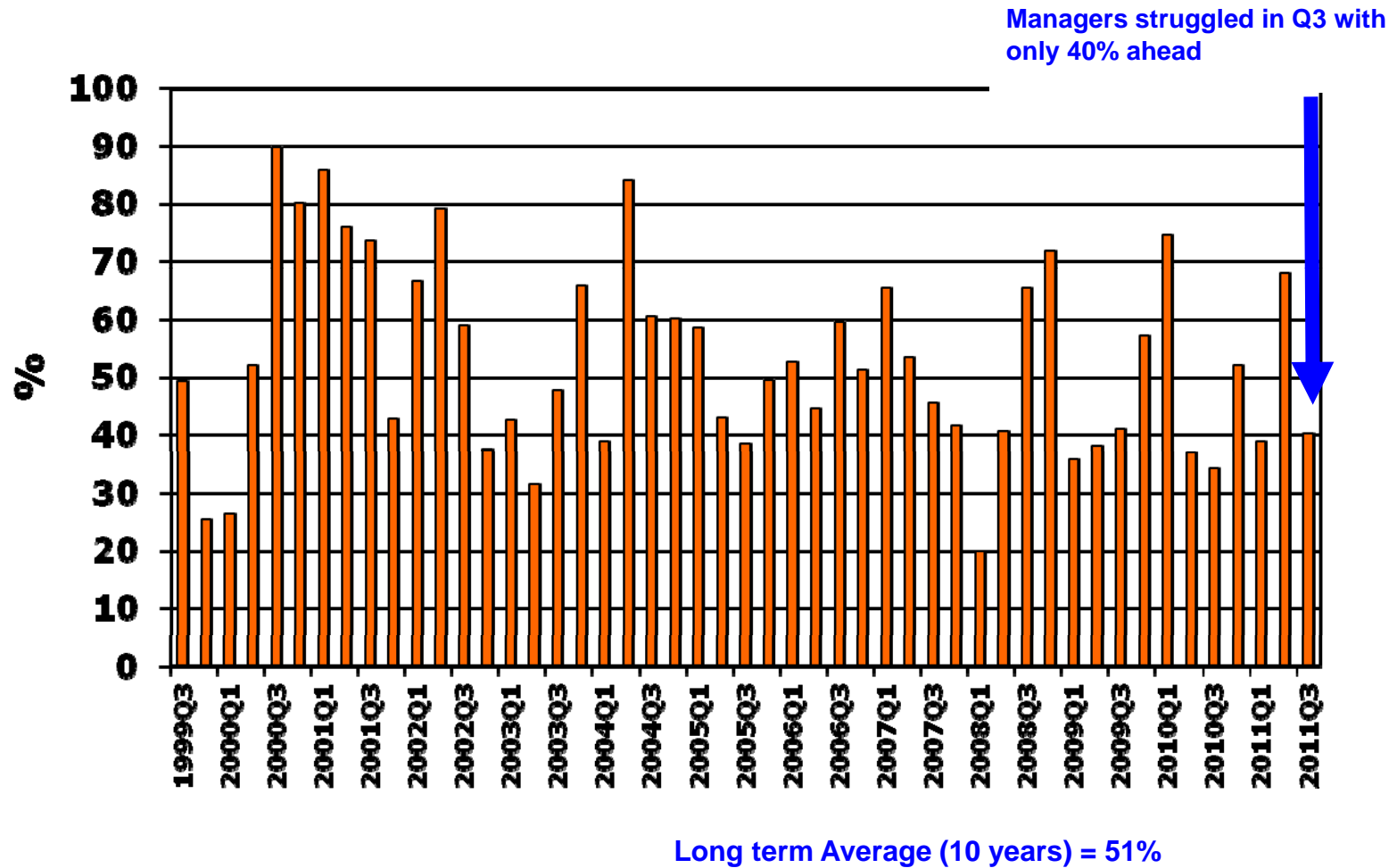
Source: Russell  
Cross section of the stock correlations for the entire Russell 1000 Index.  
Past performance is not indicative of future results.  
Indexes are unmanaged and cannot be invested in directly.

# Recent Increase in Market Volatility





# The Active Management Environment: % of Large Cap Managers that Outperformed



# Fund and Manager Review

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3. **Equity Funds**
4. **Fixed Income Funds**
5. **Money Market Fund**
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# *1. Asset and Performance Summary*

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## University of Western Ontario (Pension Plan)

### Asset Summary

As of September 30, 2011

	Total Market Value	% of Total Fund	% of Asset Class	Equity		Fixed Income		Cash & Equivalents		Alternatives	
				\$	%	\$	%	\$	%	\$	%
<b>Total</b>	<b>\$ 1,036.0</b>	<b>100.00%</b>	<b>100.0%</b>	<b>\$ 529.5</b>	<b>51.1%</b>	<b>\$ 440.9</b>	<b>42.6%</b>	<b>\$ 65.6</b>	<b>6.3%</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Diversified Equity Fund</b>	<b>415.35</b>	<b>40.09%</b>	<b>100.0%</b>	<b>415.35</b>	<b>100.0%</b>						
<b>Canadian Stocks</b>	<b>121.51</b>	<b>11.73%</b>	<b>100.0%</b>	<b>121.51</b>	<b>100.0%</b>						
Beutel, Goodman Cap	41.56	4.01%	34.2%	41.56	100.0%						
Connor, Clark & Lunn	40.53	3.91%	33.4%	40.53	100.0%						
Greystone Cap.	39.41	3.80%	32.4%	39.41	100.0%						
<b>US Equity</b>	<b>91.79</b>	<b>8.86%</b>	<b>100.0%</b>	<b>91.79</b>	<b>100.0%</b>						
Pan Agora	10.28	0.99%	11.2%	10.28	100.0%						
SSGA S&P 400 Midcap	9.61	0.93%	10.5%	9.61	100.0%						
SSGA S&P 500	71.90	6.94%	78.3%	71.90	100.0%						
<b>Non North American</b>	<b>127.25</b>	<b>12.28%</b>	<b>100.0%</b>	<b>127.25</b>	<b>100.0%</b>						
Alliance Bernstein	64.22	6.20%	50.5%	64.22	100.0%						
Fidelity EAFE	63.03	6.08%	49.5%	63.03	100.0%						
<b>Global Stocks</b>	<b>74.80</b>	<b>7.22%</b>	<b>100.0%</b>	<b>74.80</b>	<b>100.0%</b>						
Harris Assoc.	38.68	3.73%	51.7%	38.68	100.0%						
T Rowe Price	36.12	3.49%	48.3%	36.12	100.0%						
<b>Canadian Equity Fund</b>	<b>76.91</b>	<b>7.42%</b>	<b>100.0%</b>	<b>76.91</b>	<b>100.0%</b>						
Beutel, Goodman Cap	26.49	2.56%	34.4%	26.49	100.0%						
Connor, Clark & Lunn	25.77	2.49%	33.5%	25.77	100.0%						
Greystone Cap.	24.66	2.38%	32.1%	24.66	100.0%						
<b>US Equity Hedged</b>	<b>13.63</b>	<b>1.32%</b>	<b>100.0%</b>	<b>13.63</b>	<b>100.0%</b>						
SSGA Northwater Hedged	13.63	1.32%	100.0%	13.63	100.0%						

## University of Western Ontario (Pension Plan)

### Asset Summary As of September 30, 2011

	Total Market Value	% of Total Fund	% of Asset Class	Equity	Fixed Income	Cash & Equivalents	Alternatives
<b>US Equity Unhedged</b>	<b>7.32</b>	<b>0.71%</b>	<b>100.0%</b>	<b>7.32</b>	<b>100.0%</b>		
SSGA Northwater Unhedged	7.32	0.71%	100.0%	7.32	100.0%		
<b>EAFE Fund</b>	<b>13.56</b>	<b>1.31%</b>	<b>100.0%</b>	<b>13.56</b>	<b>100.0%</b>		
Alliance Bernstein	6.70	0.65%	49.5%	6.70	100.0%		
Pyramis/Fidelity	6.85	0.66%	50.5%	6.85	100.0%		
<b>MacKenzie SRI Global</b>	<b>2.72</b>	<b>0.26%</b>	<b>100.0%</b>	<b>2.72</b>	<b>100.0%</b>		
MacKenzie	2.72	0.26%	100.0%	2.72	100.0%		
<b>Target Date Funds</b>	<b>52.89</b>	<b>5.11%</b>	<b>100.0%</b>		<b>52.89</b>	<b>100.0%</b>	
TDF 2012	18.03	1.74%	34.1%		18.03	100.0%	
TDF 2014	21.70	2.09%	41.0%		21.70	100.0%	
TDF 2016	13.17	1.27%	24.9%		13.17	100.0%	
<b>Canadian Bond Fund</b>	<b>74.08</b>	<b>7.15%</b>	<b>100.0%</b>		<b>74.08</b>	<b>100.0%</b>	
SSGA Canadian Bond Fund	74.08	7.15%	100.0%		74.08	100.0%	
<b>Long Term Bond Fund</b>	<b>33.91</b>	<b>3.27%</b>	<b>100.0%</b>		<b>33.91</b>	<b>100.0%</b>	
SSGA Long Term Bond Fund	33.91	3.27%	100.0%		33.91	100.0%	
<b>Diversified Bond Fund</b>	<b>260.15</b>	<b>25.11%</b>	<b>100.0%</b>		<b>260.15</b>	<b>100.0%</b>	
Alliance Bernstein	173.62	16.76%	66.7%		173.62	100.0%	
SSGA	86.52	8.35%	33.3%		86.52	100.0%	
<b>Liquidating Trust</b>	<b>13.58</b>	<b>1.31%</b>	<b>100.0%</b>		<b>13.58</b>	<b>100.0%</b>	
Operating Account	13.58	1.31%	100.0%		13.58	100.0%	

## University of Western Ontario (Pension Plan)

### Asset Summary As of September 30, 2011

	Total Market Value	% of Total Fund	% of Asset Class	Equity	Fixed Income	Cash & Equivalents	Alternatives
<b>Money Market Fund</b>	<b>65.64</b>	<b>6.34%</b>	<b>100.0%</b>			<b>65.64</b>	<b>100.0%</b>
SSGA MMF	65.64	6.34%	100.0%			65.64	100.0%
<b>Immunized Bond Fund</b>	<b>6.28</b>	<b>0.61%</b>	<b>100.0%</b>		<b>6.28</b>		
Acad. Imm. Bd. Fund	4.43	0.43%	70.7%		4.43		
Immunized Bond Fund	1.84	0.18%	29.3%		1.84		
<b>Cash</b>	<b>0.00</b>	<b>0.00%</b>	<b>100.0%</b>			<b>0.00</b>	<b>100.0%</b>

All dollars in millions, numbers may not add due to rounding

**University of Western Ontario  
Performance Summary  
Period Ending September 30, 2011**

Account / Group Name	Market Value	Annualized						
		3 Mos RoR	1 Yr RoR	2 Yr RoR	3 Yr RoR	4 Yr RoR	5 Yr RoR	10 Yr RoR
<b>University of Western Ontario</b>	<b>\$1,036,012,930</b>	<b>(6.05)</b>	<b>(0.58)</b>	<b>2.69</b>	<b>3.02</b>	<b>(1.24)</b>	<b>1.03</b>	<b>4.19</b>
UWO Balanced Growth Policy		(7.56)	(0.71)	2.77	2.83	(1.25)	1.05	4.31
Dex bond universe index		5.12	6.66	7.00	8.10	7.22	6.08	6.48
<b>Diversified Equity Fund</b>	<b>\$415,346,904</b>	<b>(13.83)</b>	<b>(6.14)</b>	<b>(0.00)</b>	<b>(0.61)</b>	<b>(6.49)</b>	<b>(2.69)</b>	<b>2.86</b>
UWO Div. Equity Fund Policy		(12.43)	(3.56)	0.98	0.43	(4.88)	(1.38)	3.35
S&P/TSX Equity Index (CAD)		(12.30)	(4.40)	2.83	2.28	(2.66)	2.43	7.92
<b>Canadian Stocks</b>	<b>\$121,505,958</b>	<b>(13.57)</b>	<b>(5.68)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
S&P / TSX 300 Composite		(12.02)	(3.55)	--	--	--	--	--
Beutel, Goodman Cap	\$41,560,585	(12.01)	(4.36)	2.38	--	--	--	--
S&P / TSX 300 Composite		(12.02)	(3.55)	3.75	--	--	--	--
Connor, Clark & Lunn	\$40,530,591	(12.10)	(2.89)	5.25	3.91	(1.25)	3.10	--
S&P / TSX 300 Composite		(12.02)	(3.55)	3.75	2.66	(1.90)	2.61	--
Greystone Cap.	\$39,414,782	(16.61)	(9.30)	1.31	(1.04)	(6.09)	(0.22)	--
S&P / TSX 300 Composite		(12.02)	(3.55)	3.75	2.66	(1.90)	2.61	--
<b>US Equity</b>	<b>\$91,793,228</b>	<b>(15.01)</b>	<b>0.22</b>	<b>4.96</b>	<b>0.39</b>	<b>(5.29)</b>	<b>(2.75)</b>	<b>0.88</b>
UWO US Equity Policy		(15.06)	0.30	4.78	(0.66)	(5.50)	(2.74)	0.88
S&P 500 C\$ Hedged		(14.20)	0.87	4.67	(1.01)	(6.82)	(2.85)	2.01
Pan Agors	\$10,280,870	(14.69)	(1.68)	3.31	(1.09)	(5.73)	--	--
Russell 2000		(15.64)	(2.01)	3.04	(1.03)	(2.95)	--	--
SSGA S&P 400 Midcap	\$9,613,985	(20.50)	(2.05)	6.30	--	--	--	--
S&P 400 Hgd CAD		(20.43)	(1.77)	6.74	--	--	--	--
SSGA S&P 500	\$71,898,373	(14.28)	0.76	4.92	--	--	--	--
S&P 500 C\$ Hedged		(14.20)	0.87	4.67	--	--	--	--
<b>Non North American</b>	<b>\$127,248,818</b>	<b>(14.33)</b>	<b>(10.29)</b>	<b>(6.59)</b>	<b>(3.87)</b>	<b>(10.65)</b>	<b>(6.54)</b>	<b>0.92</b>
MSCI EAFE GD		(12.49)	(7.50)	(4.24)	(1.33)	(7.94)	(4.31)	1.18
Alliance Bernstein	\$64,221,720	(15.38)	(13.10)	(9.89)	(6.46)	(13.65)	(9.31)	0.64
Fidelity EAFE	\$63,027,098	(13.29)	(7.48)	(3.40)	(1.22)	(7.47)	(3.62)	--
<b>Global Stocks</b>	<b>\$74,798,899</b>	<b>(11.90)</b>	<b>(7.92)</b>	<b>(1.44)</b>	<b>0.45</b>	<b>--</b>	<b>--</b>	<b>--</b>
MSCI World GD		(9.86)	(2.32)	0.09	(0.17)	--	--	--
Harris Assoc.	\$38,676,886	(11.55)	(5.28)	(0.94)	4.62	--	--	--
T Rowe Price	\$36,122,013	(12.34)	(10.63)	(1.94)	(3.71)	--	--	--

**University of Western Ontario  
Performance Summary  
Period Ending September 30, 2011**

Account / Group Name	Market Value	Annualized							
		3 Mos RoR	1 Yr RoR	2 Yr RoR	3 Yr RoR	4 Yr RoR	5 Yr RoR	10 Yr RoR	
<b>Canadian Equity Fund</b>	<b>\$76,913,071</b>	<b>(13.54)</b>	<b>(5.63)</b>	<b>2.52</b>	<b>0.69</b>	<b>(4.40)</b>	<b>0.80</b>	<b>7.07</b>	
Beutel, Goodman Cap	\$26,487,260	(12.01)	(4.36)	2.26	--	--	--	--	
Connor, Clark & Lunn	\$25,768,422	(12.16)	(2.96)	5.22	3.93	(1.26)	3.13	--	
Greystone Cap.	\$24,657,389	(16.62)	(9.30)	1.29	(1.06)	(6.10)	(0.23)	--	
<b>US Equity Hedged</b>	<b>\$13,628,217</b>	<b>(14.26)</b>	<b>0.72</b>	<b>4.96</b>	<b>(0.05)</b>	<b>(6.83)</b>	<b>(2.87)</b>	<b>2.01</b>	
S&P 500 C\$ Hedged		(14.20)	0.87	4.67	(1.01)	(6.82)	(2.85)	2.01	
SSGA Northwater Hedged	\$13,628,217	(14.26)	0.72	4.96	(0.05)	(6.83)	(2.87)	2.01	
<b>US Equity Unhedged</b>	<b>\$7,316,450</b>	<b>(6.99)</b>	<b>2.78</b>	<b>3.77</b>	<b>0.26</b>	<b>(4.44)</b>	<b>(2.89)</b>	<b>(1.68)</b>	
S&P 500		(7.00)	2.74	4.01	0.55	(4.02)	(2.52)	(1.37)	
SSGA Northwater Unhedged	\$7,316,450	(6.99)	2.78	3.77	0.26	(4.44)	(2.89)	(1.68)	
<b>EAFE Fund</b>	<b>\$13,557,741</b>	<b>(14.32)</b>	<b>(10.29)</b>	<b>(6.25)</b>	<b>(3.82)</b>	<b>(10.55)</b>	<b>(6.13)</b>	<b>1.37</b>	
Alliance Bernstein	\$6,704,532	-15.34	(13.08)	(9.02)	(5.85)	(13.26)	(8.43)	--	
Pyramis/Fidelity	\$6,853,209	(13.30)	(7.74)	(3.54)	(1.14)	(7.40)	(3.53)	--	
<b>MacKenzie SRI Global</b>	<b>\$2,721,558</b>	<b>(9.37)</b>	<b>(3.68)</b>	<b>0.07</b>	<b>(0.42)</b>	<b>--</b>	<b>--</b>	<b>--</b>	
MacKenzie	\$2,721,558	(9.37)	(3.68)	0.07	(0.42)	--	--	--	
<b>Target Date Funds</b>	<b>\$52,894,783</b>	<b>2.60</b>	<b>4.36</b>	<b>4.46</b>	<b>5.35</b>	<b>5.24</b>	<b>4.90</b>	<b>4.75</b>	
TDF 2012	\$18,030,040	0.62	1.98	2.43	4.34	5.03	4.53	--	
TDF 2014	\$21,697,949	2.79	4.67	5.36	6.74	--	--	--	
TDF 2016	\$13,166,794	4.97	6.83	--	--	--	--	--	
<b>Canadian Bond Fund</b>	<b>\$74,078,804</b>	<b>5.18</b>	<b>6.72</b>	<b>6.96</b>	<b>8.18</b>	<b>7.25</b>	<b>6.10</b>	<b>--</b>	
Dex bond universe index		5.12	6.66	7.00	8.10	7.22	6.08	--	
SSGA Canadian Bond Fund	\$74,078,804	5.18	6.72	6.96	8.18	7.25	6.10	--	
<b>Long Term Bond Fund</b>	<b>\$33,908,431</b>	<b>9.79</b>	<b>11.13</b>	<b>11.69</b>	<b>12.03</b>	<b>9.51</b>	<b>7.41</b>	<b>--</b>	
Dex LTB Overall		9.84	11.24	11.77	12.02	9.49	7.39	--	
SSGA Long Term Bond Fund	\$33,908,431	9.79	11.13	11.69	12.03	9.51	7.41	--	
Dex LTB Overall		9.84	11.24	11.77	12.02	9.49	7.39	--	
<b>Diversified Bond Fund</b>	<b>\$260,145,965</b>	<b>4.29</b>	<b>6.19</b>	<b>8.22</b>	<b>9.12</b>	<b>6.88</b>	<b>6.31</b>	<b>5.93</b>	
UWO Diversified Bond Policy		4.49	5.66	6.41	7.59	6.75	6.06	5.84	



**University of Western Ontario  
Performance Summary  
Period Ending September 30, 2011**

Account / Group Name	Market Value	3 Mos RoR	Annualized					
			1 Yr RoR	2 Yr RoR	3 Yr RoR	4 Yr RoR	5 Yr RoR	10 Yr RoR
Alliance Bernstein	\$173,624,428	3.90	5.96	8.91	9.76	6.83	6.52	--
UWO AllianceBernstein		4.18	5.17	6.13	7.35	6.51	6.06	--
SSGA	\$86,521,537	5.09	6.67	6.93	8.18	7.22	6.08	--
<b>Money Market Fund</b>	<b>\$65,640,886</b>	<b>0.33</b>	<b>1.32</b>	<b>1.05</b>	<b>1.24</b>	<b>1.87</b>	<b>2.37</b>	<b>--</b>
SSGA MMF	\$65,640,886	0.33	1.32	1.05	1.24	1.87	2.37	--
<b>Immunized Bond Fund</b>	<b>\$6,275,166</b>	<b>4.72</b>	<b>6.75</b>	<b>6.37</b>	<b>6.97</b>	<b>6.50</b>	<b>5.82</b>	<b>--</b>
Acad. Imm. Bd. Fund	\$4,434,857	4.63	6.62	--	--	--	--	--
Immunized Bond Fund	\$1,840,309	4.95	7.07	6.68	7.18	6.65	5.94	--
<b>Balanced Funds</b>	<b>\$111,364,751</b>	<b>-6.52</b>	<b>(1.04)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
UWO BALGROWTH FD	\$78,910,991	(8.48)	(2.36)	2.10	2.27	(2.52)	0.05	--
UWO Balanced Growth Policy		(7.56)	(0.71)	2.77	2.83	(1.25)	1.05	--
UWO INCOME FUND	\$32,453,760	(1.21)	2.60	5.64	6.33	3.08	3.85	--
UWO Balanced Income Policy		(0.79)	2.98	4.95	5.70	3.41	4.03	--

\* Balanced Funds are not included in the University of Western Ontario total plan market value and return

**University of Western Ontario  
Performance Summary  
Period Ending September 30, 2011**

Account / Group Name	Market Value	Annual Returns				
		30-Sep-11	30-Sep-10	30-Sep-09	30-Sep-08	30-Sep-07
<b>University of Western Ontario</b>	<b>\$1,086,012,980</b>	<b>(0.58)</b>	<b>6.07</b>	<b>3.67</b>	<b>-12.99</b>	<b>10.68</b>
UWO Balanced Growth Policy		(0.71)	6.38	2.94	-12.52	10.76
Dex bond universe Index		6.66	7.33	10.34	4.62	1.62
<b>Diversified Equity Fund</b>	<b>\$415,346,904</b>	<b>(6.14)</b>	<b>6.54</b>	<b>-1.82</b>	<b>-22.13</b>	<b>14.11</b>
UWO Div. Equity Fund Policy		(3.56)	5.73	-0.67	-19.18	13.99
S&P/TSX Equity Index (CAD)		(4.40)	10.61	1.20	-16.09	25.59
<b>Canadian Stocks</b>	<b>\$121,505,958</b>	<b>(5.68)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
S&P / TSX 300 Composite		(3.55)	--	--	--	--
Beutel, Goodman Cap	\$41,560,585	(4.36)	9.59	--	--	--
S&P / TSX 300 Composite		(3.55)	11.60	--	--	--
Connor, Clark & Lunn	\$40,530,591	(2.89)	14.07	1.28	-15.24	22.53
S&P / TSX 300 Composite		(3.55)	11.60	0.51	-14.40	22.81
Greystone Cap.	\$39,414,782	(9.30)	13.15	-5.58	-19.75	27.20
S&P / TSX 300 Composite		(3.55)	11.60	0.51	-14.40	22.81
<b>US Equity</b>	<b>\$91,793,228</b>	<b>0.22</b>	<b>9.92</b>	<b>-8.15</b>	<b>-20.47</b>	<b>8.11</b>
UWO US Equity Policy		0.30	9.46	-10.70	-18.64	9.12
S&P 500 C\$ Hedged		0.87	8.60	-11.47	-22.26	14.76
Pan Agora	\$10,280,870	(1.68)	8.55	-9.33	-18.40	--
Russell 2000		(2.01)	8.34	-8.69	-8.50	--
SSGA S&P 400 Midcap	\$9,613,985	(2.05)	15.36	--	--	--
S&P 400 Hgd CAD		(1.77)	15.98	--	--	--
SSGA S&P 500	\$71,898,373	0.76	9.24	--	--	--
S&P 500 C\$ Hedged		0.87	8.60	--	--	--
<b>Non North American</b>	<b>\$127,248,818</b>	<b>(10.29)</b>	<b>-2.75</b>	<b>1.82</b>	<b>-28.25</b>	<b>11.88</b>
MSCI EAFE GD		(7.50)	-0.87	4.78	-25.24	11.68
Alliance Bernstein	\$64,221,720	(13.10)	-6.56	0.80	-32.07	10.31
Fidelity EAFE	\$63,027,098	(7.48)	0.87	3.29	-23.94	13.44
<b>Global Stocks</b>	<b>\$74,798,899</b>	<b>(7.92)</b>	<b>5.50</b>	<b>4.32</b>	<b>--</b>	<b>--</b>
MSCI World GD		(2.32)	2.56	(0.70)	--	--

**University of Western Ontario  
Performance Summary  
Period Ending September 30, 2011**

Account / Group Name	Market Value	Annual Returns				
		30-Sep-11	30-Sep-10	30-Sep-09	30-Sep-08	30-Sep-07
Harris Assoc.	\$38,676,886	(5.28)	3.60	16.69	--	--
T Rowe Price	\$36,122,013	(10.63)	7.59	(7.15)	--	--
<b>Canadian Equity Fund</b>	<b>\$76,012,071</b>	<b>(8.42)</b>	<b>11.27</b>	<b>-2.96</b>	<b>-19.20</b>	<b>24.60</b>
Beutel, Goodman Cap	\$26,487,260	(4.36)	9.34	--	--	--
Connor, Clark & Lunn	\$25,768,422	(2.96)	14.08	1.41	-15.32	22.74
Greystone Cap.	\$24,657,389	(9.30)	13.11	-5.59	-19.75	27.19
<b>US Equity Hedged</b>	<b>\$13,628,217</b>	<b>0.72</b>	<b>9.38</b>	<b>-9.36</b>	<b>-24.55</b>	<b>14.74</b>
S&P 500 C\$ Hedged		0.87	8.60	-11.47	-22.26	14.76
SSGA Northwater Hedged	\$13,628,217	0.72	9.38	-9.36	-24.55	14.74
<b>US Equity Unhedged</b>	<b>\$7,316,450</b>	<b>2.78</b>	<b>4.78</b>	<b>-6.40</b>	<b>-17.26</b>	<b>3.54</b>
S&P 500		2.74	5.29	-6.02	-16.52	3.71
SSGA Northwater Unhedged	\$7,316,450	2.78	4.78	-6.40	-17.26	3.54
<b>EAFE Fund</b>	<b>\$13,557,741</b>	<b>(10.29)</b>	<b>-2.03</b>	<b>1.25</b>	<b>-28.07</b>	<b>13.94</b>
Alliance Bernstein	\$6,704,532	(13.08)	-4.78	0.83	-32.17	13.74
Pyramis/Fidelity	\$6,853,209	(7.74)	0.85	3.83	-23.87	13.60
<b>MacKenzie SRI Global</b>	<b>\$2,721,558</b>	<b>(3.68)</b>	<b>3.95</b>	<b>-1.40</b>	<b>--</b>	<b>--</b>
MacKenzie	\$2,721,558	(3.68)	3.95	-1.40	--	--
<b>Target Date Funds</b>	<b>\$52,894,783</b>	<b>4.36</b>	<b>4.57</b>	<b>7.14</b>	<b>4.94</b>	<b>3.54</b>
TDF 2012	\$18,030,040	1.98	2.89	8.27	7.11	2.54
TDF 2014	\$21,697,949	4.67	6.06	9.56	--	--
TDF 2016	\$13,166,794	6.83	--	--	--	--
<b>Canadian Bond Fund</b>	<b>\$74,078,804</b>	<b>6.72</b>	<b>7.19</b>	<b>10.67</b>	<b>4.50</b>	<b>1.62</b>
Dex bond universe index		6.66	7.33	10.34	4.62	1.62
SSGA Canadian Bond Fund	\$74,078,804	6.72	7.19	10.67	4.50	1.62
<b>Long Term Bond Fund</b>	<b>\$33,908,431</b>	<b>11.13</b>	<b>12.26</b>	<b>12.70</b>	<b>2.28</b>	<b>-0.60</b>
Dex LTB Overall		11.24	12.30	12.52	2.22	-0.60
SSGA Long Term Bond Fund	\$33,908,431	11.13	12.26	12.70	2.28	-0.59

**University of Western Ontario  
Performance Summary  
Period Ending September 30, 2011**

Account / Group Name	Market Value	Annual Returns				
		30-Sep-11	30-Sep-10	30-Sep-09	30-Sep-08	30-Sep-07
Dex LTB Overall		11.24	12.30	12.52	2.22	-0.60
<b>Diversified Bond Fund</b>	<b>\$260,145,965</b>	<b>6.19</b>	<b>10.29</b>	<b>10.95</b>	<b>0.42</b>	<b>4.07</b>
UWO Diversified Bond Policy		5.66	7.17	9.99	4.25	3.37
Alliance Bernstein	\$173,624,428	5.96	11.95	11.48	-1.48	5.27
UWO Alliance Bernstein		5.17	7.09	9.82	4.06	4.25
SSGA	\$86,521,537	6.67	7.20	10.73	4.37	1.64
<b>Money Market Fund</b>	<b>\$65,640,886</b>	<b>1.32</b>	<b>0.78</b>	<b>1.60</b>	<b>3.81</b>	<b>4.37</b>
SSGA MMF	\$65,640,886	1.32	0.78	1.60	3.81	4.37
<b>Immunized Bond Fund</b>	<b>\$6,275,166</b>	<b>6.75</b>	<b>6.00</b>	<b>8.17</b>	<b>5.10</b>	<b>3.13</b>
Acad. Imm. Bd. Fund	\$4,434,857	6.62	--	--	--	--
Immunized Bond Fund	\$1,840,309	7.07	6.30	8.17	5.10	3.13
<b>Balanced Funds</b>	<b>\$111,364,751</b>	<b>(1.04)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
UWO BAL GROWTH FD	\$78,910,991	(2.36)	6.77	2.62	-15.60	11.01
UWO Balanced Growth Policy		(0.71)	6.38	2.94	-12.52	10.76
UWO INCOME FUND	\$32,453,760	2.60	8.77	7.72	-6.07	7.00
UWO Balanced Income Policy		2.98	6.96	7.22	-3.15	6.51

\* Balanced Funds are not included in the University of Western Ontario total plan market value and return

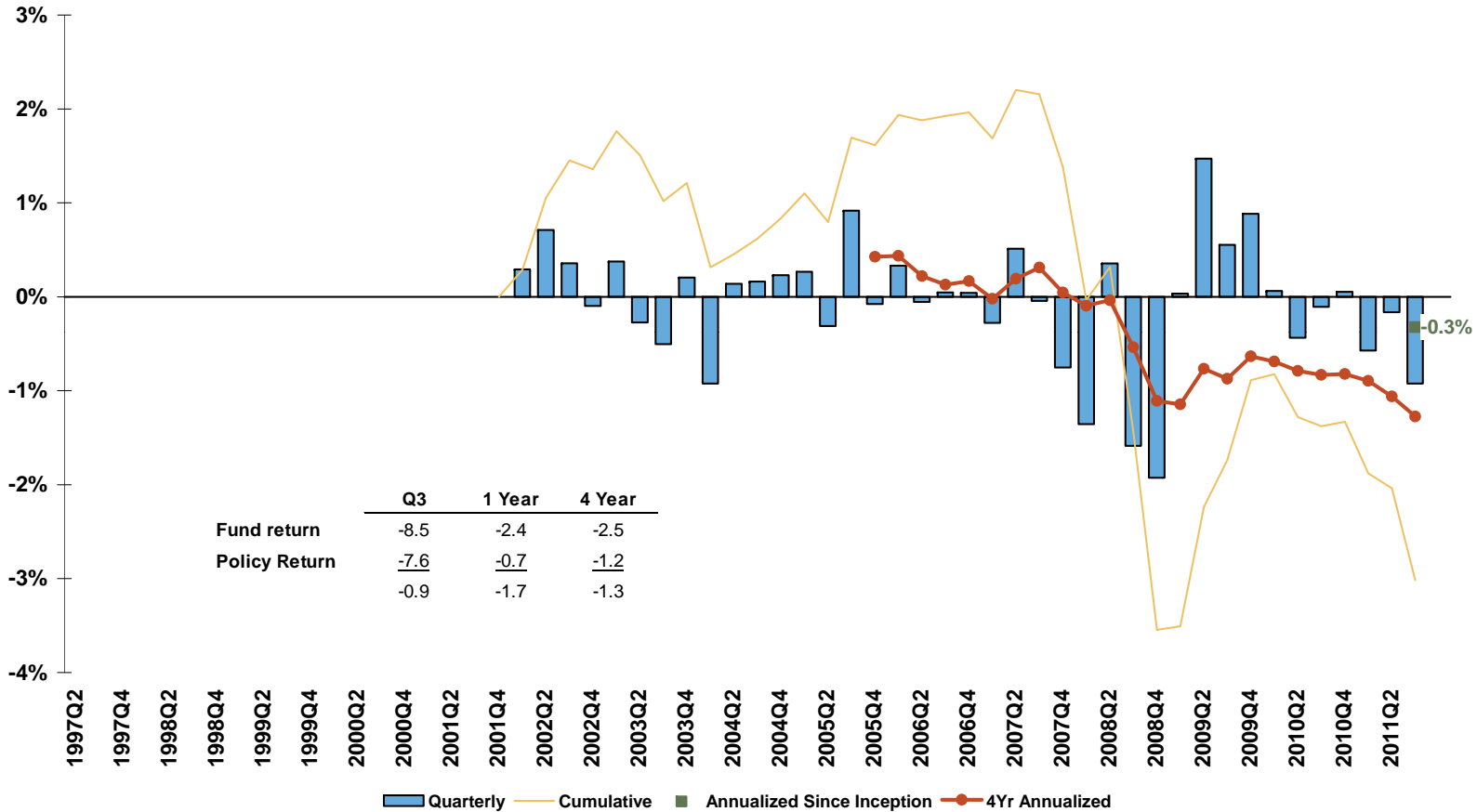
## ***2. Balanced Funds***

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# Balanced Growth Fund

Value Added Over Policy\*

Value lost over the third quarter of -92 bps

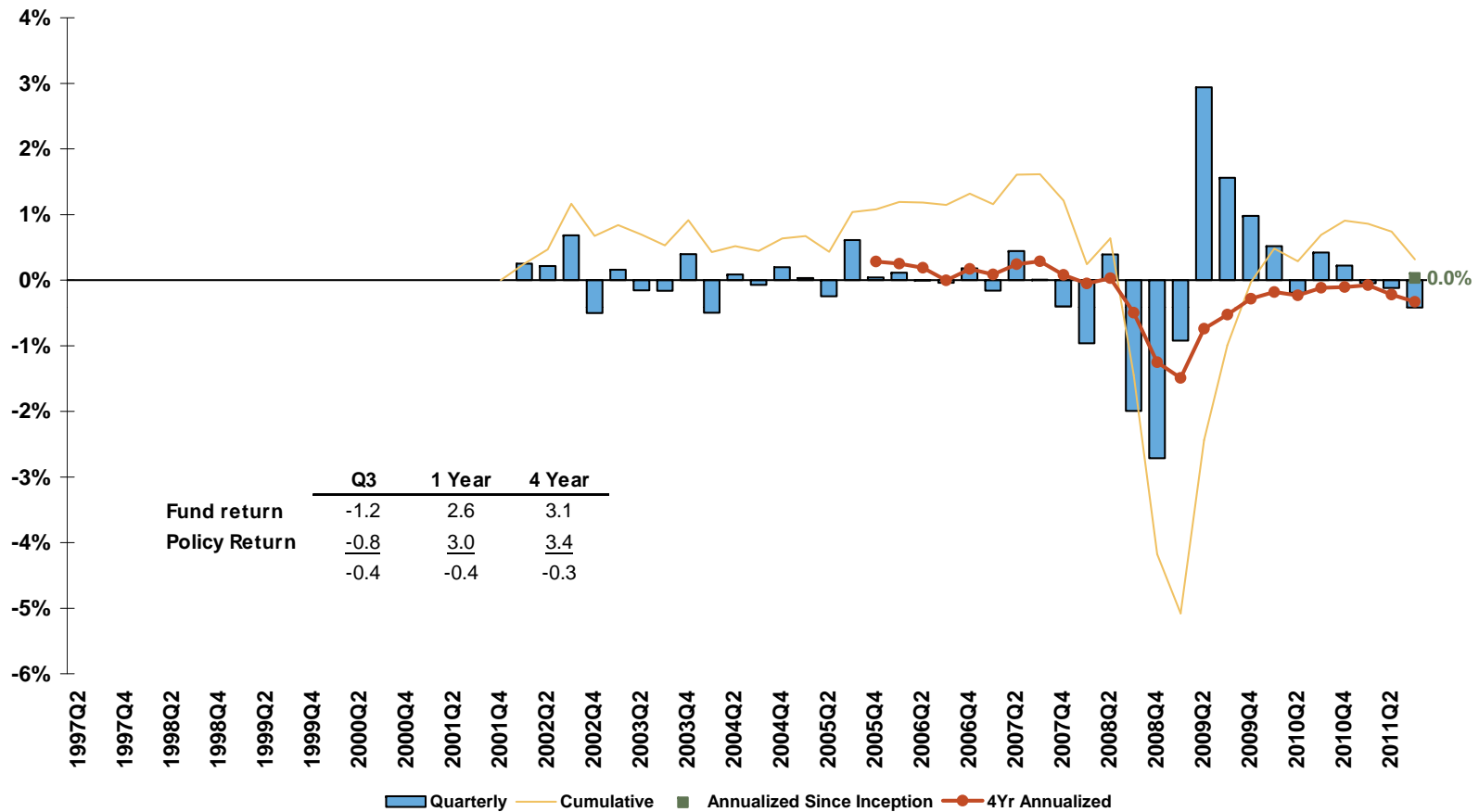


- Value lost of -1.7% versus benchmark for the year
- Value lost of -1.3% for 4 years and -0.3% since inception

# Balanced Income Fund

Value Added Over Policy\*

Value lost over the quarter of -42 bps



- Value lost of -38 bps over one year
- Underperformed by -0.3% over 4 years (1<sup>st</sup> quartile) but matched Policy since inception

\* Policy: 30% Diversified Equity Fund Policy, 70% Diversified Bond Fund Policy

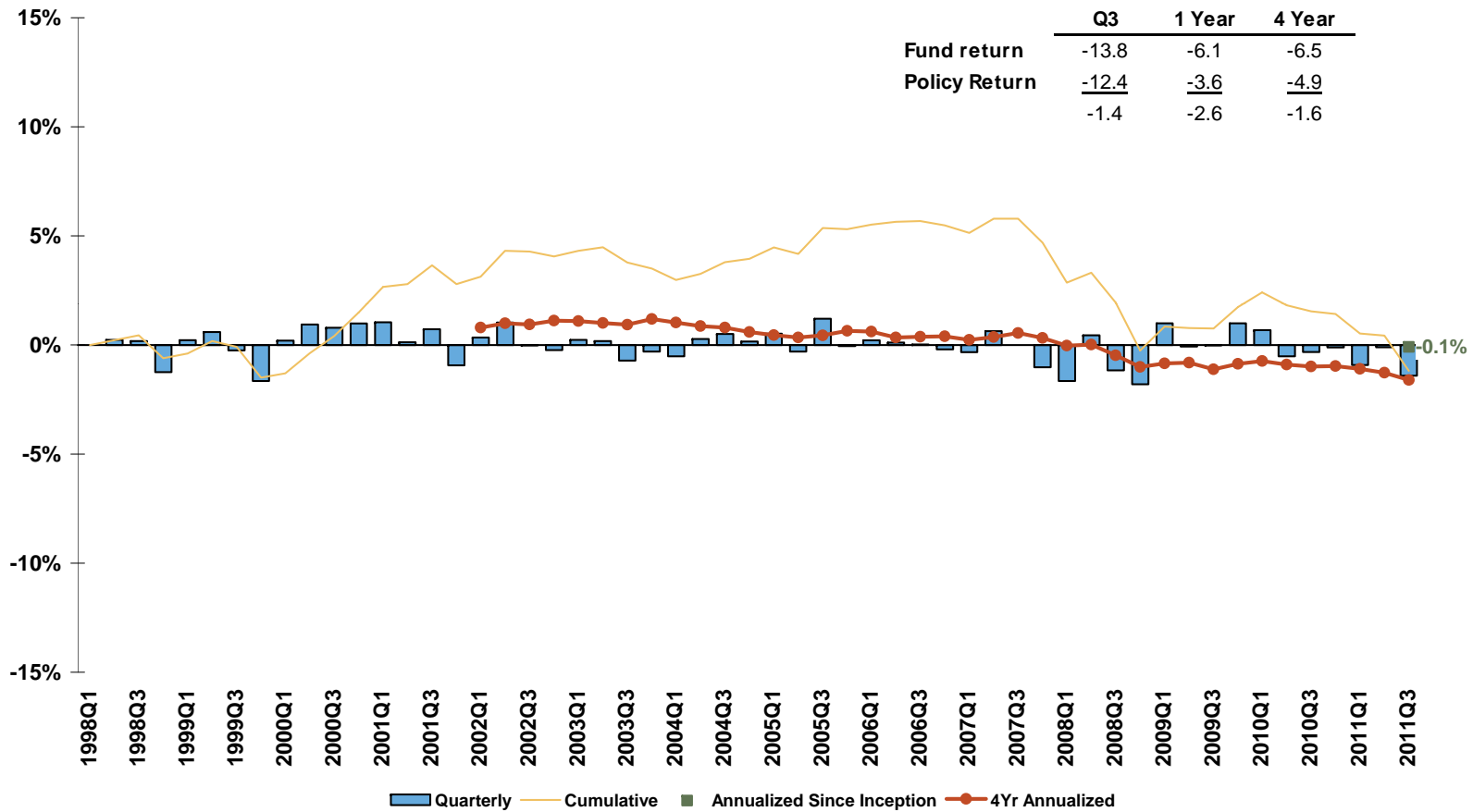
### ***3. Equity Funds***

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# Diversified Equity Fund

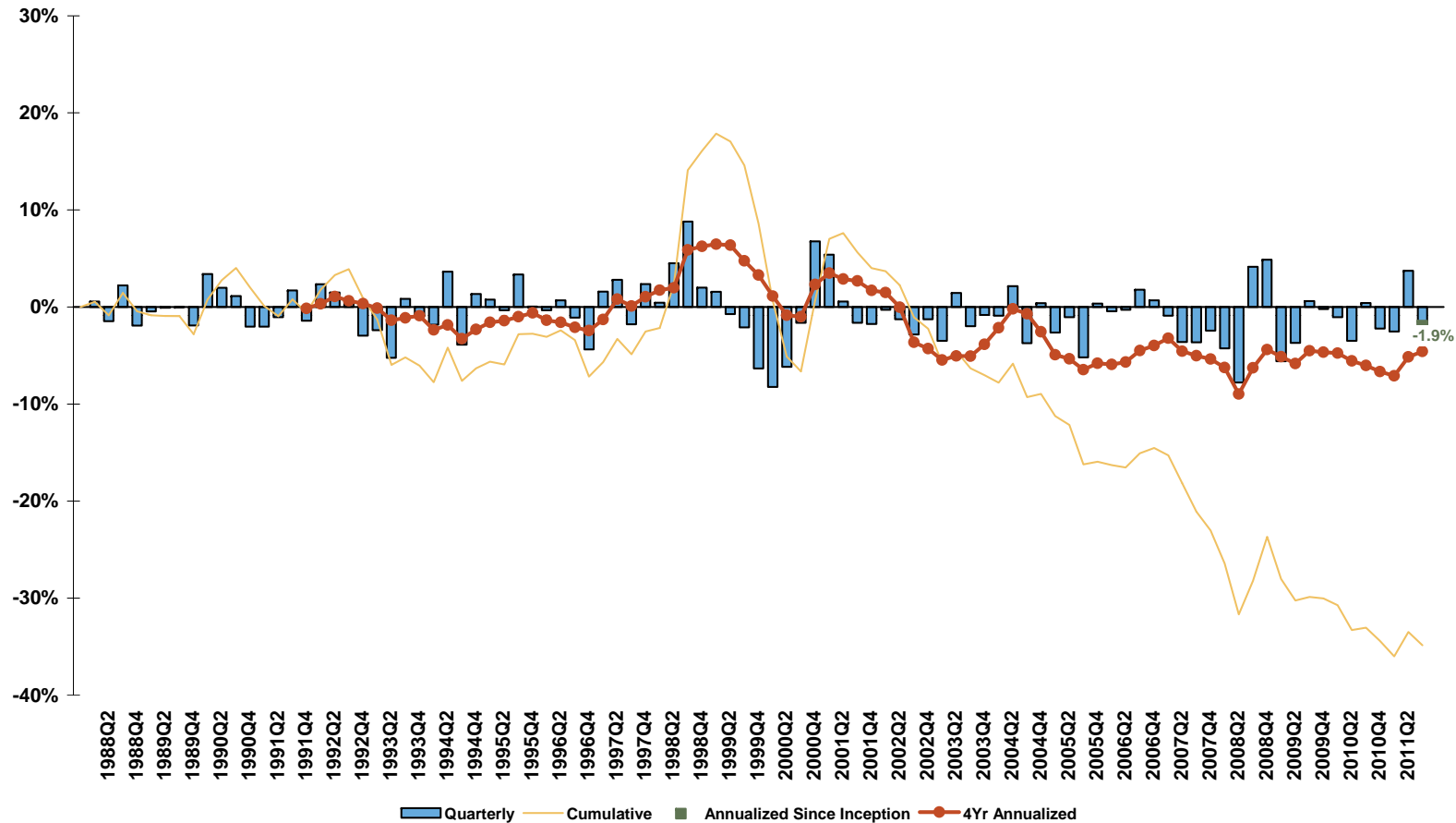
## Value Added from Policy\*



- Underperformed policy return for the quarter by -1.4%
- Value lost of -2.6% for the year and -1.6% over 4 years

# Diversified Equity Fund

## Value Added Over S&P/TSX Composite

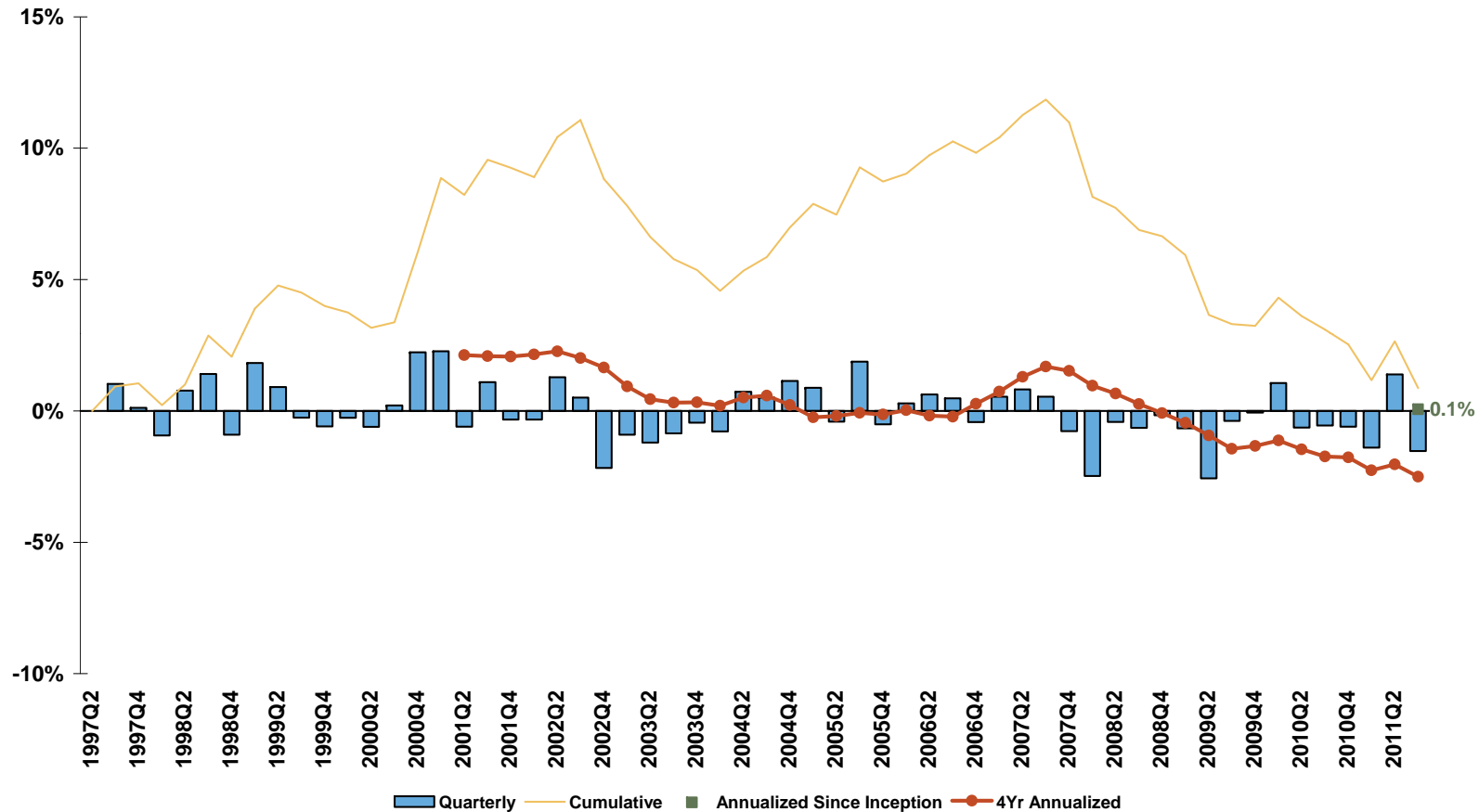


- Chart is for reference; TSX is not a performance benchmark
- Underperformed by -1.8% in Q3, lost -2.6% over the last year

# Canadian Equity Fund

Value Added Over S&P/TSX Composite

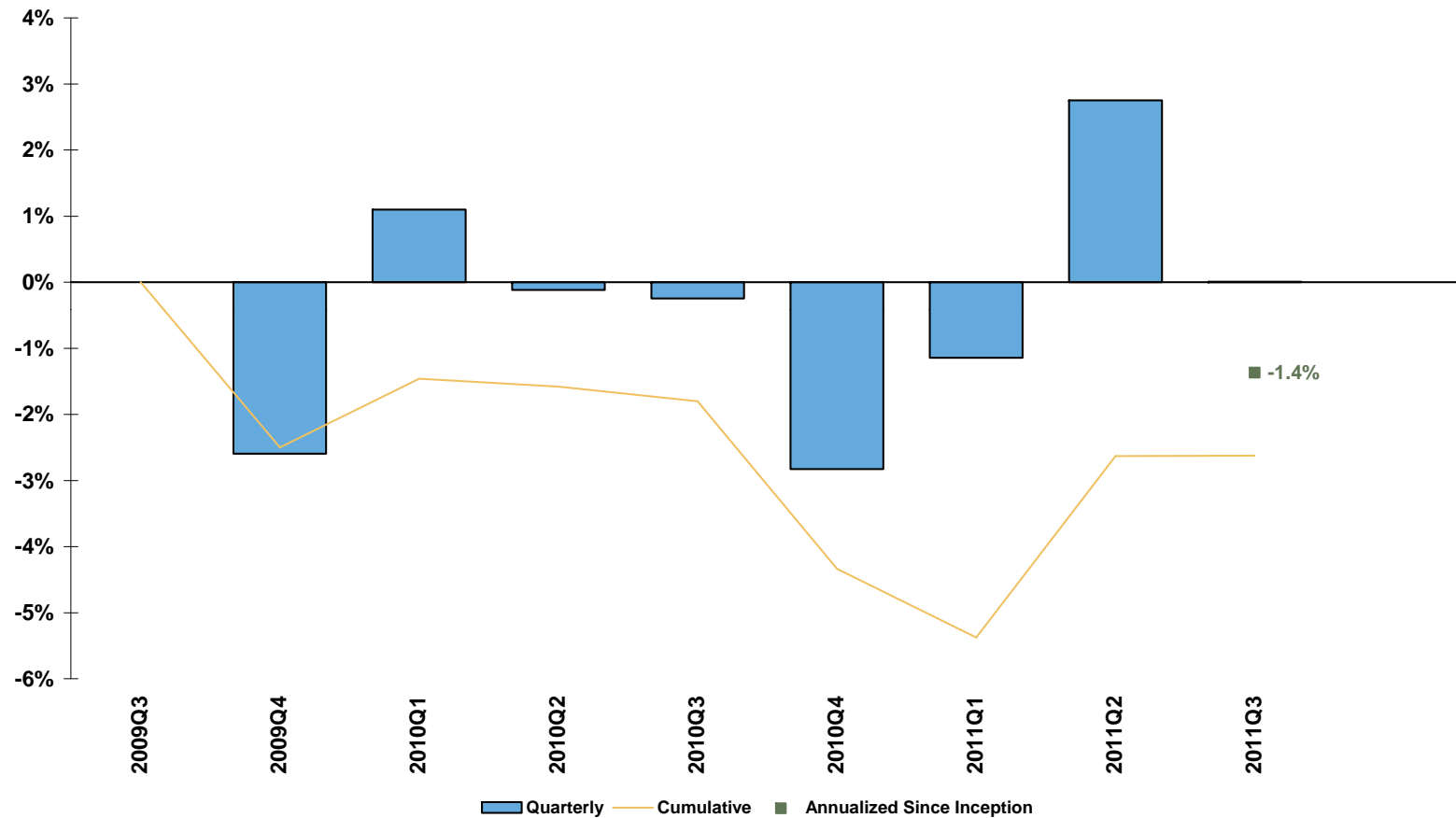
Lost -2.5% from benchmark over 4 years but below benchmark risk



- Combined Canadian equity managers underperformed S&P/TSX Composite by -1.5% in 3rd quarter and by -2.1% for the year
- Since inception added value of 10 bps over the benchmark

# Canadian Stocks–Beutel, Goodman

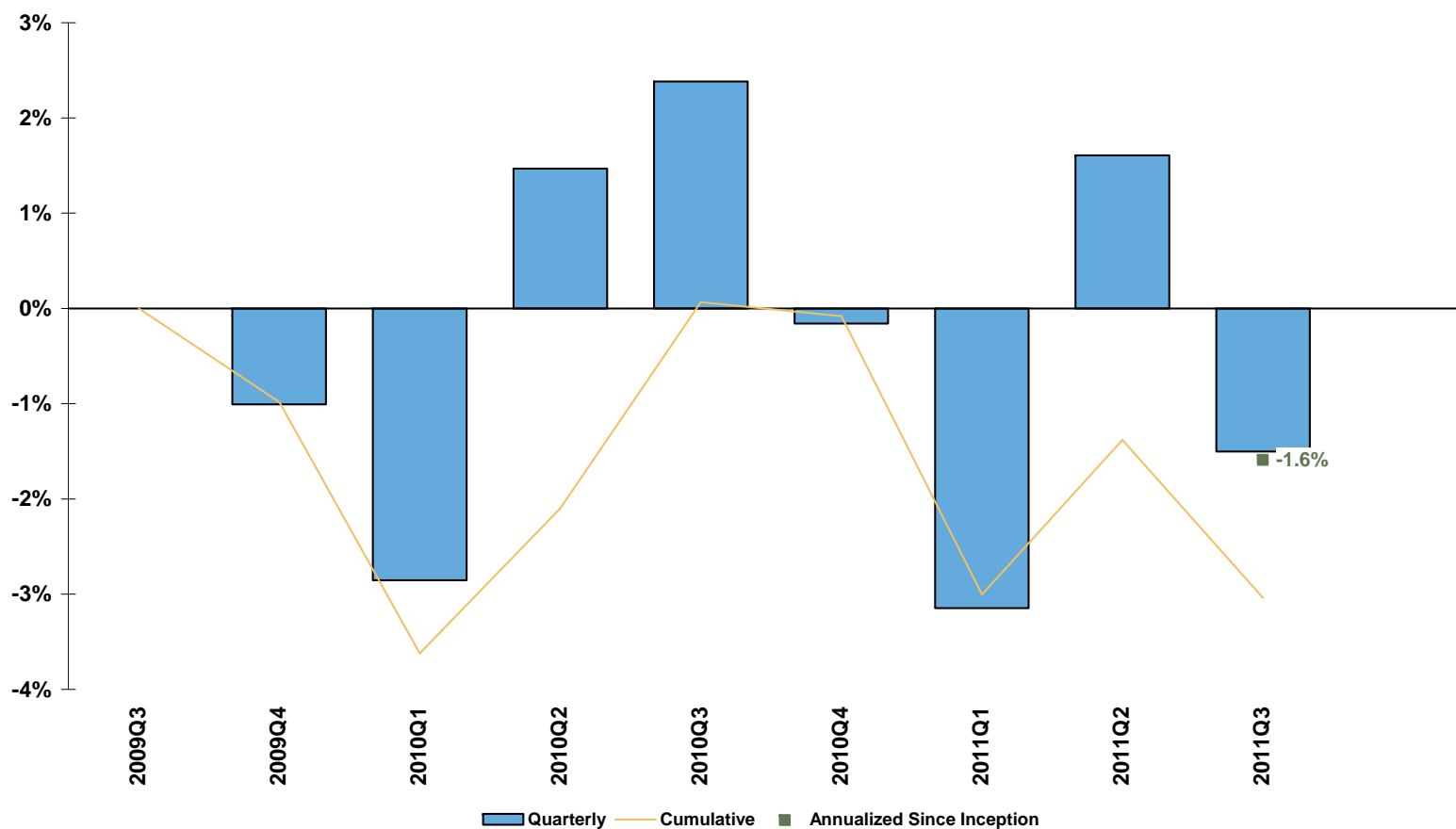
Value Added Over S&P/TSX Composite



- Matched the benchmark in Q3 (2<sup>nd</sup> quartile)
- Trailed Benchmark by -81 bps for the year
- Russell rank: Retain

# Canadian Stocks – Beutel, Goodman

Value Added Over MSCI Canada Value Index

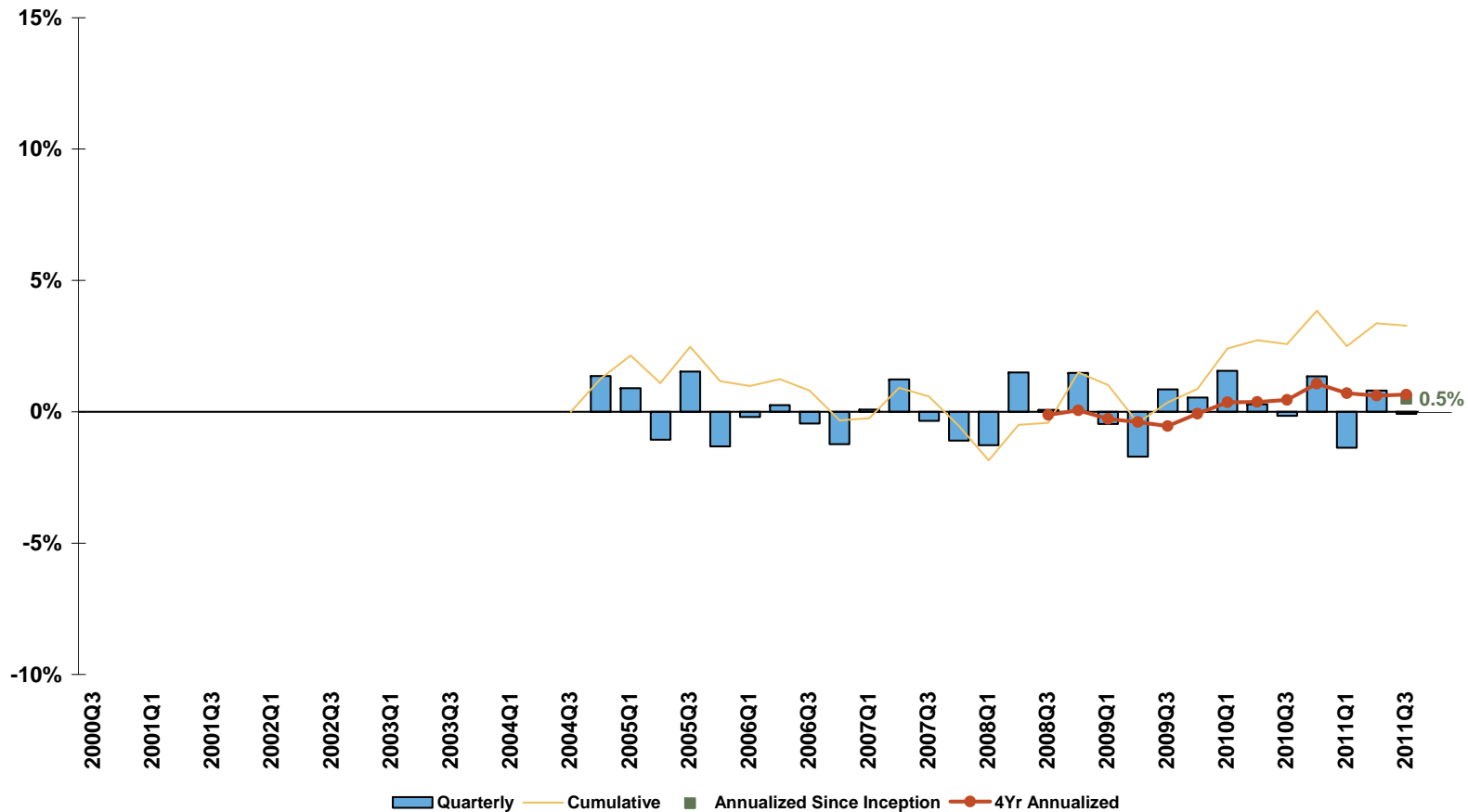


- Underperformed by -1.5% in the quarter and by -3.1% for the year

# Canadian Stocks – Connor, Clark & Lunn

Value Added Over S&P/TSX Composite

Above benchmark by +0.7% over 4 years (2<sup>nd</sup> Quartile)

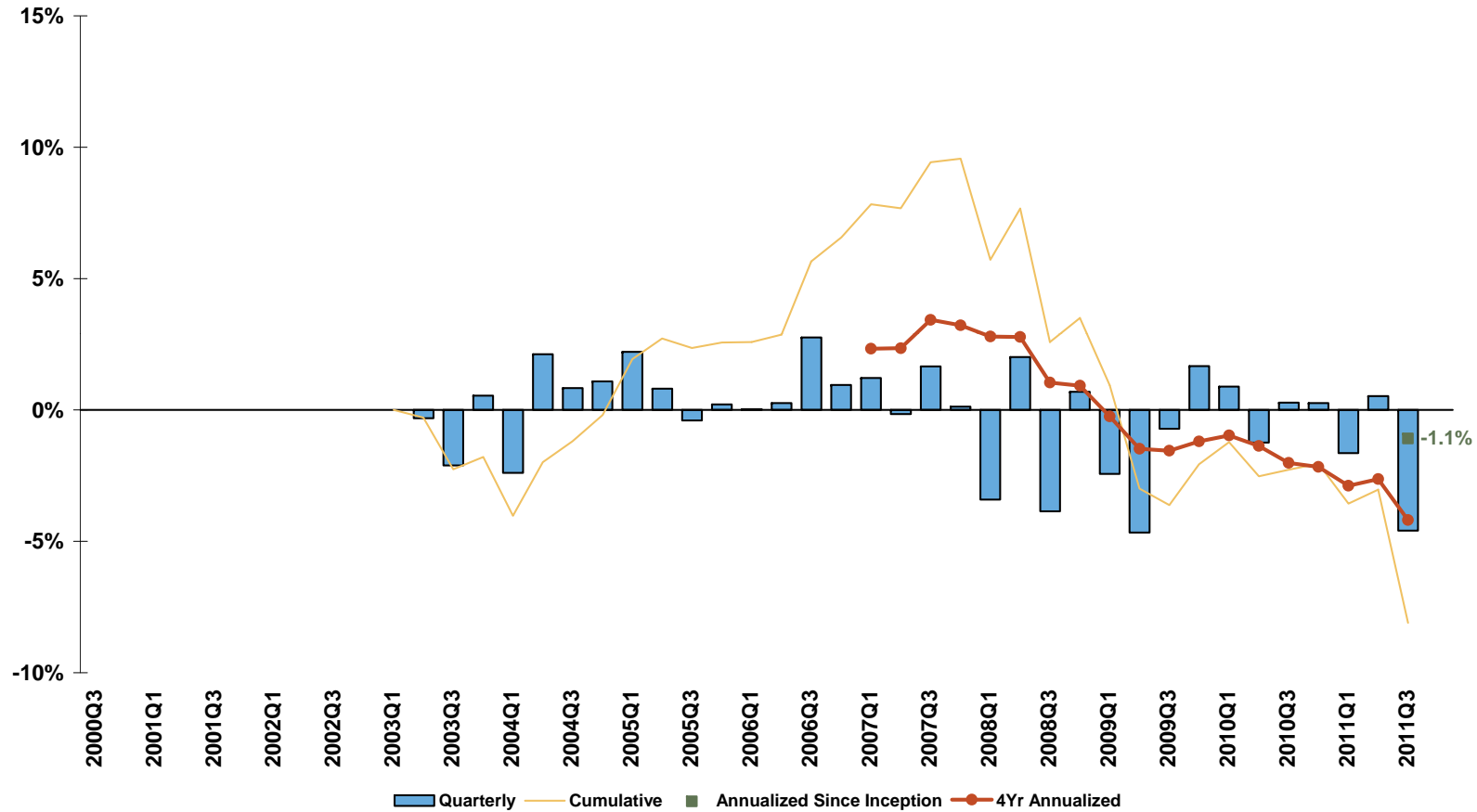


- Underperformed by -8 bps in 3<sup>rd</sup> quarter but outperformed by +66 bps for the year (2<sup>nd</sup> quartile)
- Russell Rank: Hire

# Canadian Stocks – Greystone

Value Added Over S&P/TSX Composite

Value lost of -4.2% over 4 years

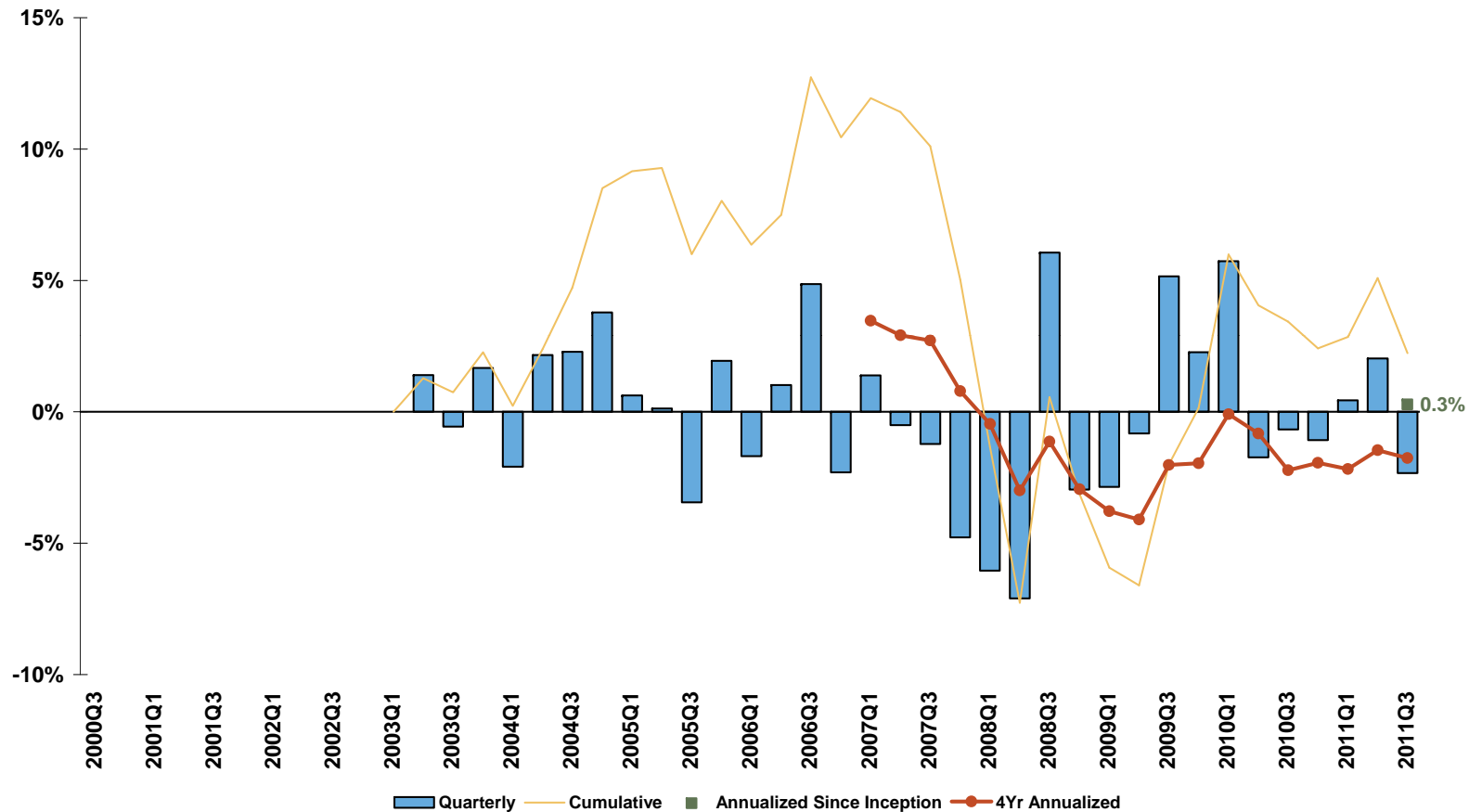


- Value lost of -4.6% in 3<sup>rd</sup> quarter and -5.7% for the year
- Value lost since inception of -1.1%
- Russell rank: Retain

# Canadian Stocks – Greystone

Value Added Over MSCI Canada Growth Index

Below style index over 4 years (-1.8%)



- Underperformed by -2.3% in 3<sup>rd</sup> quarter and by -1.1% for the year
- Value added 3 yrs of +0.6%
- Since inception value added of +0.3%



# Canadian Stock Profile

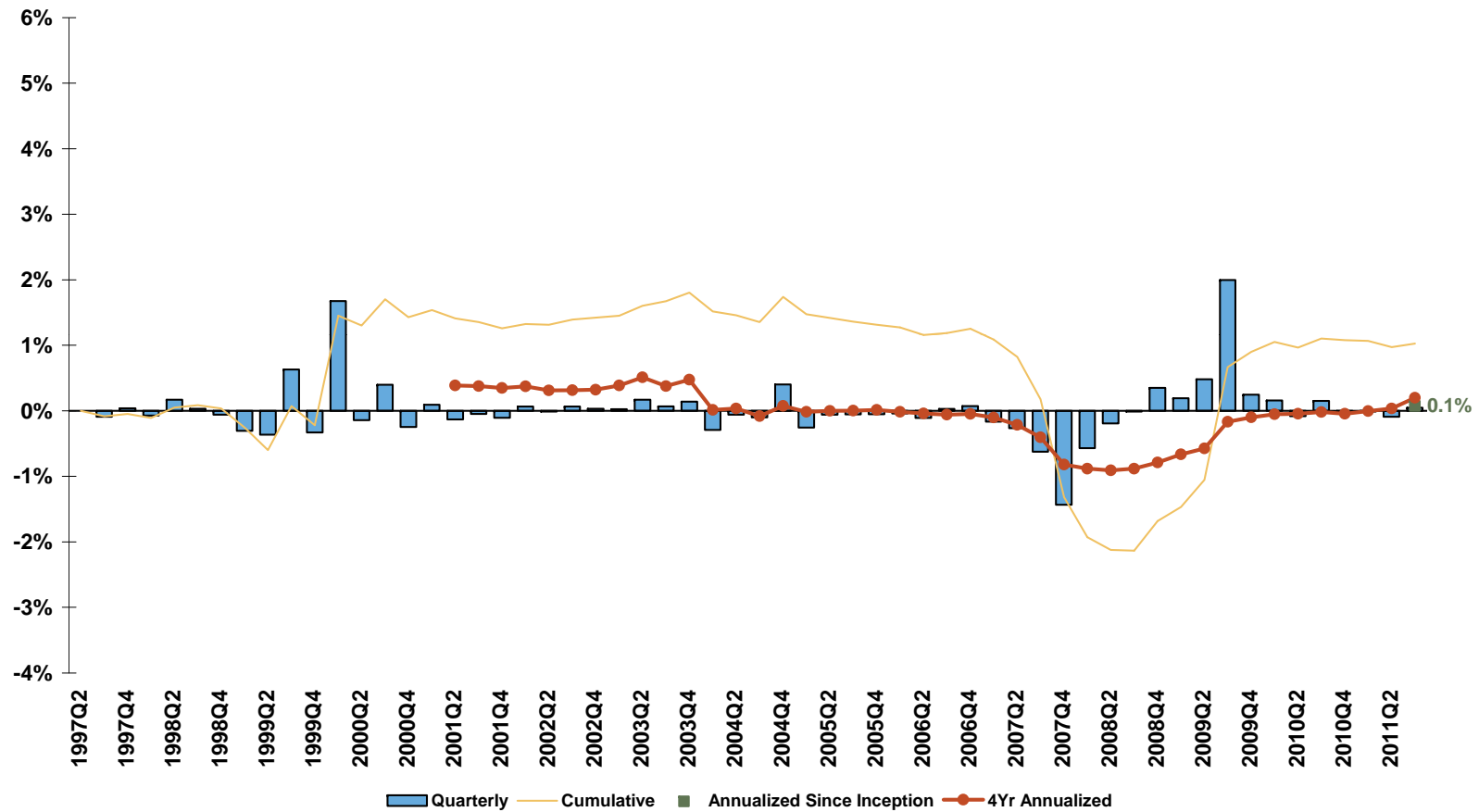
## at September 30, 2011

	Beutel, Goodman	CC&L	Greystone	Composite	S&P/TSX Comp.
<b>Portfolio Allocations</b>					
Portfolio Size (\$M)	68.0	66.3	64.1	198.4	1.4 T
% of structure	34.3%	33.4%	32.3%	100.0%	---
Cash	1.7%	1.7%	13.2%	5.4%	0.0%
<b>Style</b>					
	<i>STYLE NEUTRAL</i>				
Price/Book	1.6 x	1.8 x	1.7 x	1.7 x	1.8 x
Price/Earnings (Exc. Neg. Earnings)	13.2 x	13.6 x	13.6 x	13.4 x	14.1 x
Dividend Yield	3.2%	2.8%	2.0%	2.7%	2.9%
Price/Cash Flow	6.5 x	7.6 x	8.4 x	7.4 x	8.1 x
<b>Company Size</b>					
	<i>SLIGHT SMALL CAP OVERWEIGHT</i>				
Large Cap (Over \$11.7B)	68.1%	53.7%	46.9%	56.4%	57.9%
Medium Cap (\$3.6B -- \$11.7B)	20.0%	21.8%	37.4%	26.3%	26.3%
Small Cap (Under \$ 3.6B)	11.9%	24.3%	15.7%	17.3%	15.7%
Market Cap Average Nlog (\$Bil)	16.2	11.0	12.7	13.2	14.3
<b>Sector Weights</b> (Red = 3% or more below index, Green = 3% or more above index)					
	<i>MODERATE SECTOR BETS</i>				
Information Technology	0.0	3.1	5.0	2.6	1.6
Health Care	0.0	1.3	2.7	1.3	1.2
Consumer Discretionary	10.4	3.2	9.3	7.6	4.2
Consumer Staples	10.0	4.4	3.7	6.1	2.9
Energy	16.3	25.3	24.6	22.0	25.2
Materials	7.8	22.2	26.8	18.8	22.7
Industrials	7.8	4.7	5.4	6.0	5.2
Financial	36.8	25.7	20.7	27.9	30.0
Telecommunication Services	11.0	7.8	2.0	7.0	5.0
Utilities	0.0	2.2	0.0	0.7	2.1
Sector Deviation	22	6	13	8	---
<b>Concentration</b>					
% in Ten Largest Holdings	53.6	33.6	46.6	33.2	33.6
Number of Holdings	36	182	41	199	258

# Total U.S. Equity

Value Added over US Equity Benchmark\*

Outperformed benchmark by +21 bps over 4 years

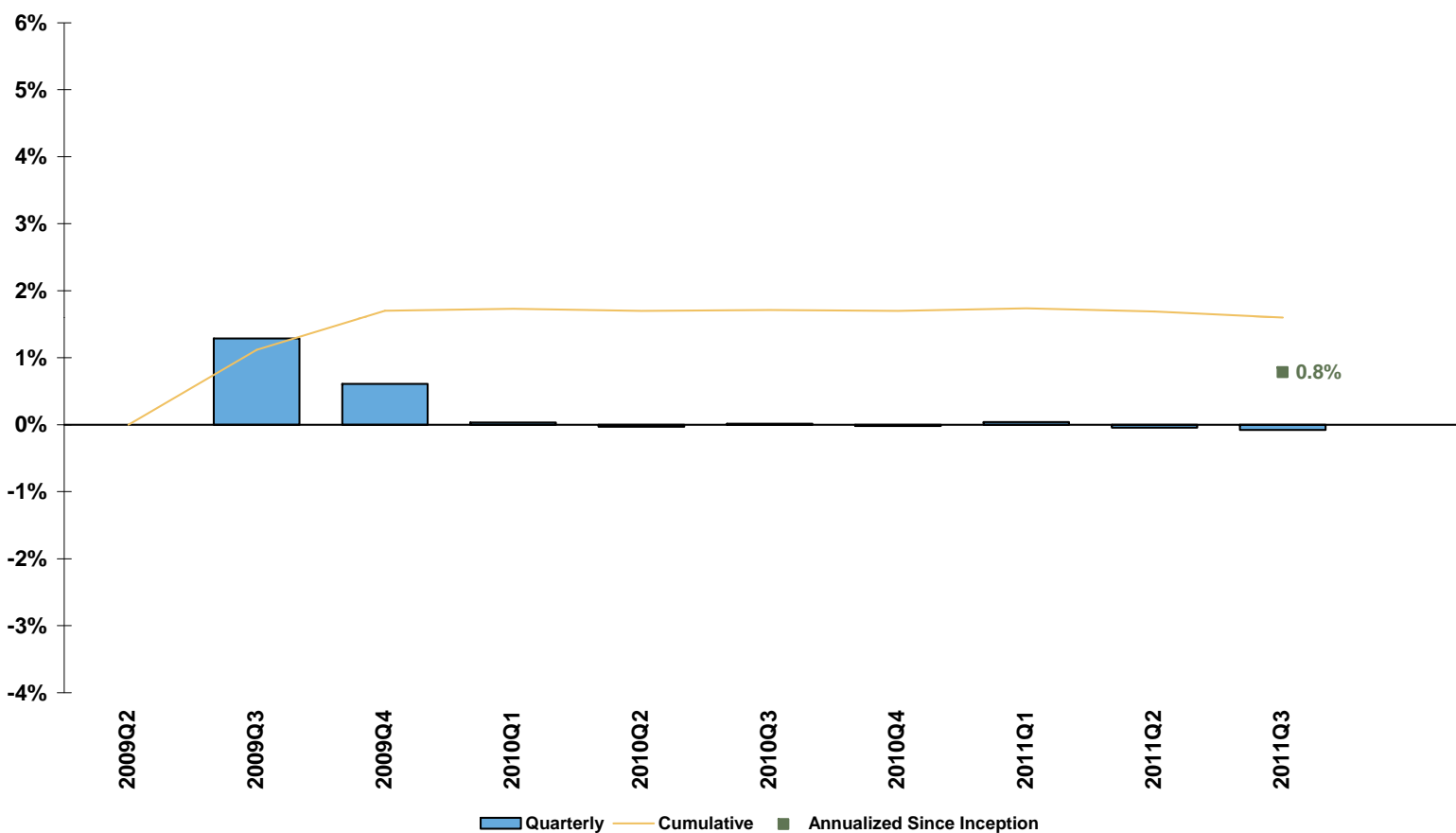


- Exceeded benchmark slightly (+5 bps) in 3<sup>rd</sup> quarter but trailed by -8 bps over one year
- Currency hedging has been beneficial over the long term

# U.S. Equity Hedged – SSgA S&P 500

Value Added vs. S&P 500 C\$ Hedged

Value Added of +0.8% since inception

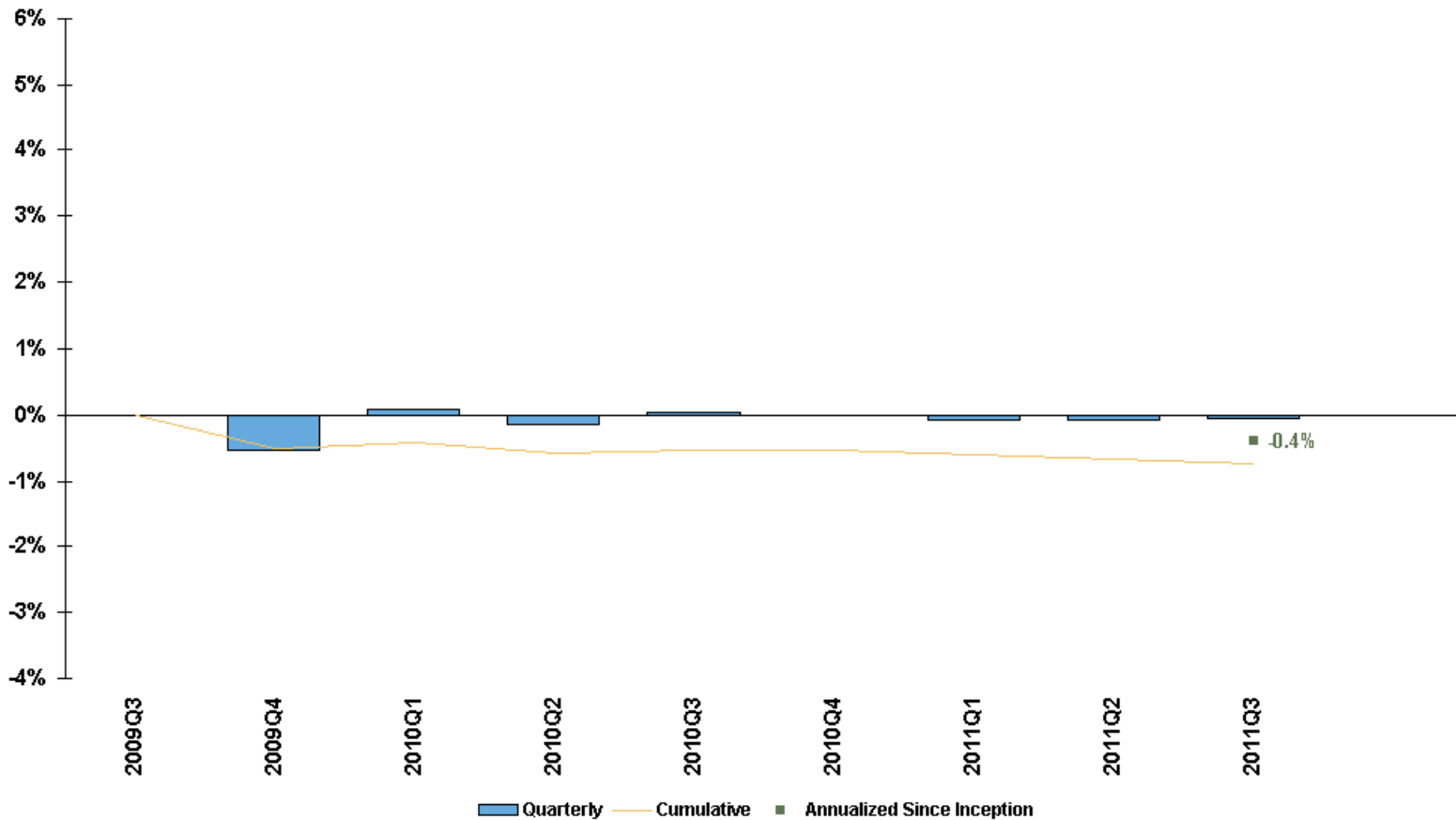


- Slightly underperformed benchmark in 3<sup>rd</sup> quarter and for the year, -8 bps and -11 bps respectively

# U.S. Mid-Cap Equity Hedged – SSgA

Value Added vs. S&P 400 C\$ Hedged Index

Value lost of -0.4% since inception

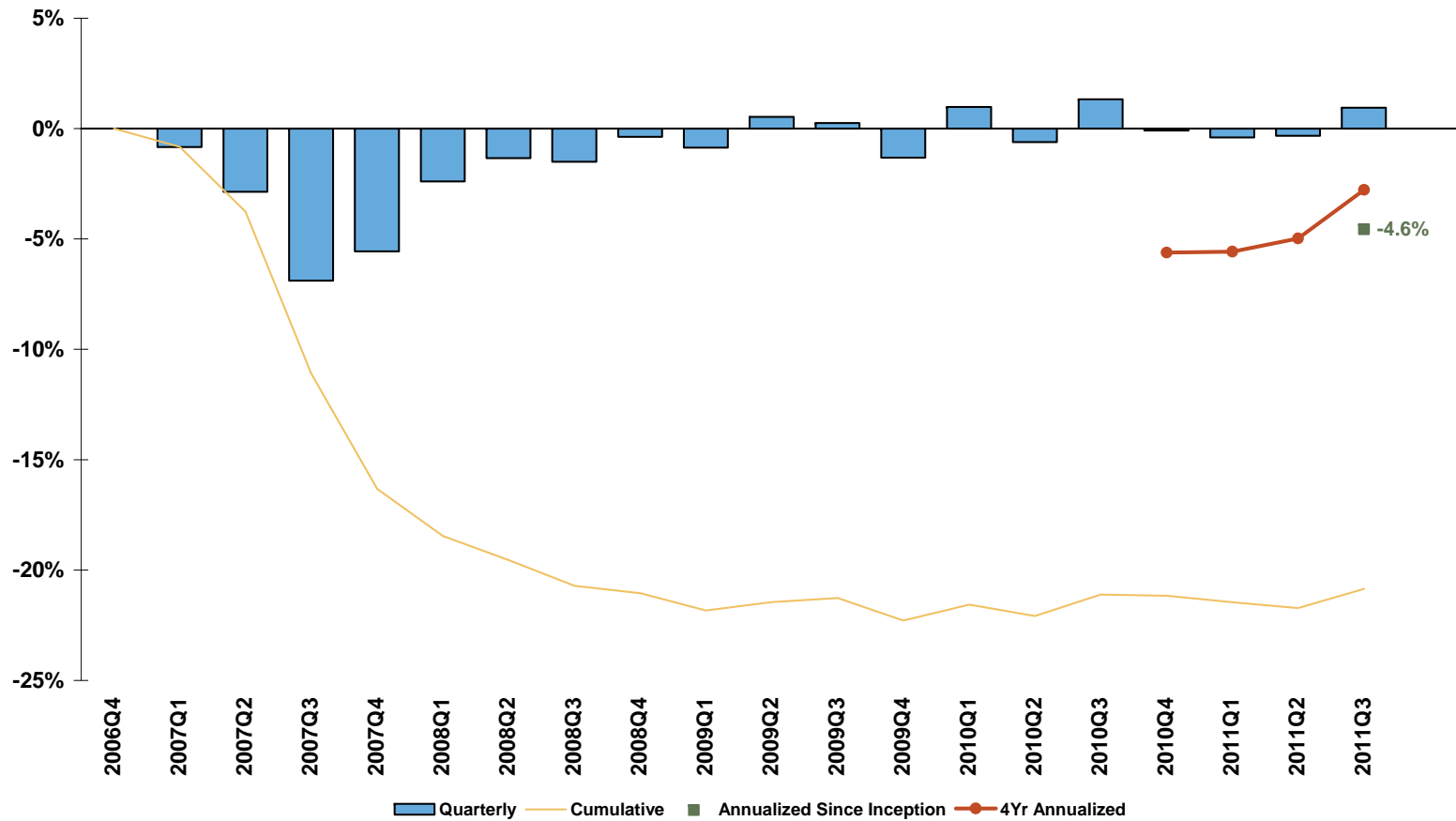


- Below benchmark by -6 bps for the quarter and by -19 bps for the year

# U.S. SC Equity Unhedged – PanAgora

Value Added vs. Russell 2000

Value lost of -2.8% over 4 years



- Outperformed by +95 bps in 3<sup>rd</sup> quarter and by +33 bps for the year
- Russell rank: Review

# US Stock Profile

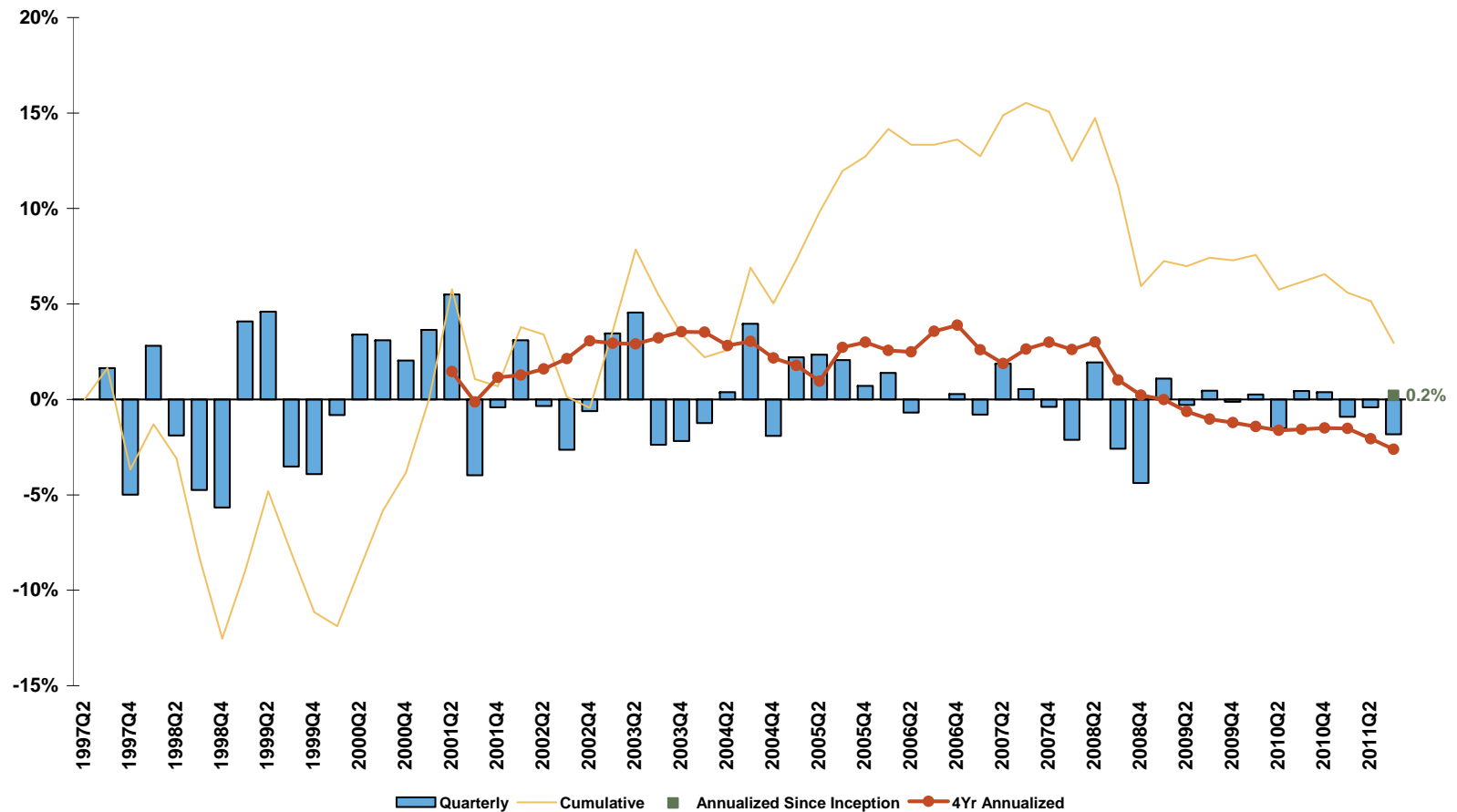
## at September 30, 2011

	PanAgora	Russell 2000
<b>Portfolio Allocations</b>		
Portfolio Size (\$M)	10.3 M	1.0 T
Cash	0.2%	0.0%
<b>Style</b>		
		<b>SLIGHT VALUE TILT</b>
Price/Book	1.5 x	1.5 x
Price/Earnings (Exc. Neg. Earnings)	13.1 x	14.9 x
Dividend Yield	1.2%	1.7%
Price/Cash Flow	8.4 x	11.2 x
<b>Company Size</b>		
		<b>SMALL CAP</b>
Large Cap (Over \$47.3B)	0.0%	0.0%
Medium Cap (\$4.6 B -- \$47.3B)	0.0%	0.0%
Small Cap (Under \$4.6 B)	100.0%	100.0%
Market Cap Average Nlog (\$Bil)	0.8	0.9
<b>Sector Weights (Red = 3% or more below index, Green = 3% or more above index)</b>		
		<b>MODEST SECTOR BETS</b>
Information Technology	18.7	17.2
Health Care	15.2	12.9
Consumer Discretionary	15.3	13.1
Consumer Staples	3.0	3.8
Energy	7.3	6.2
Materials	5.6	4.5
Industrials	15.1	15.1
Financial	18.4	22.1
Telecommunication Services	0.2	1.0
Utilities	1.0	4.0
Sector Deviation	6	---
<b>Concentration</b>		
% in Ten Largest Holdings	10.4	2.6
Number of Holdings	312	1959

# Non-North American Equity (EAFE) Fund

Value Added over MSCI EAFE Index

Long term value added, but -2.6% value lost over 4 years

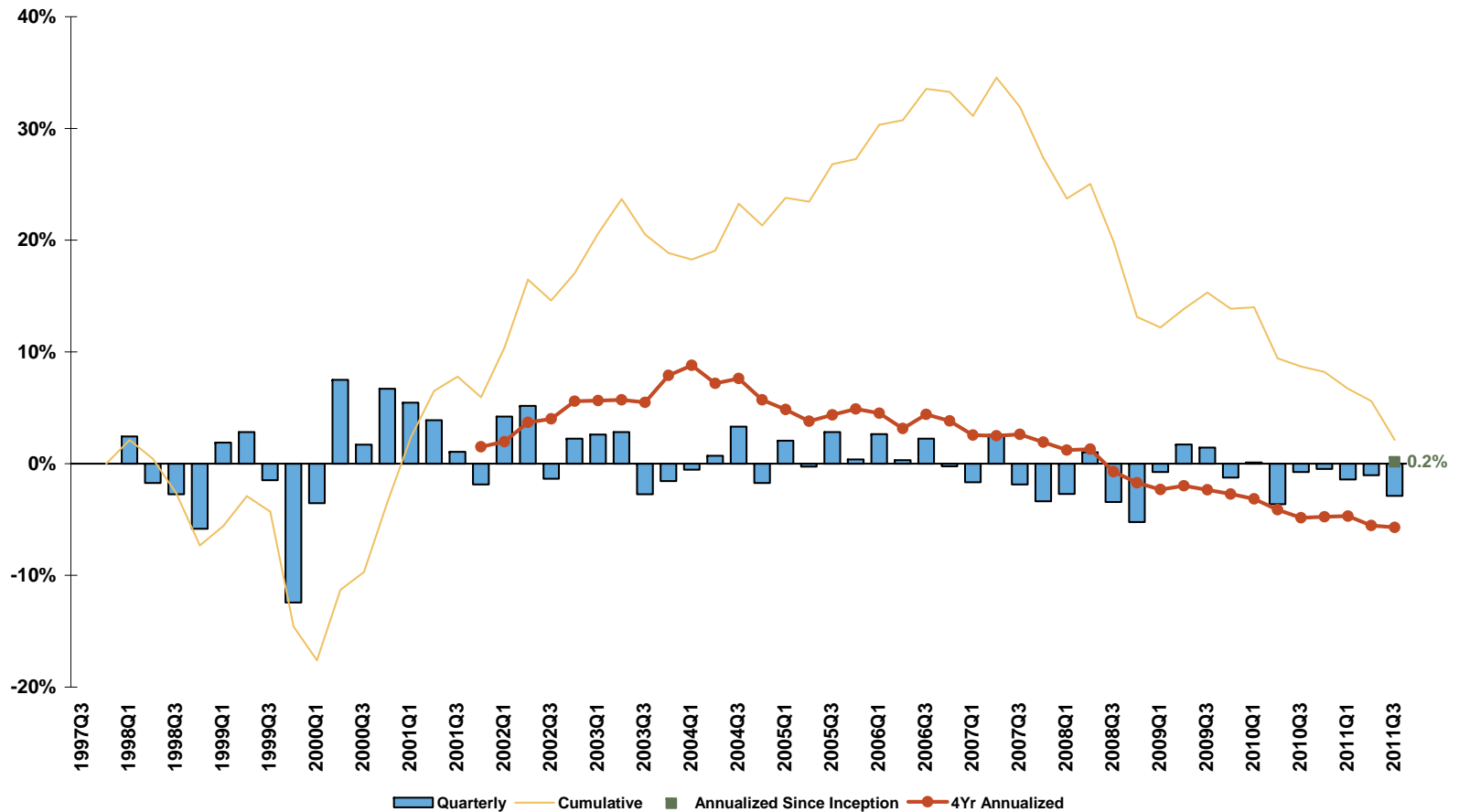


- Underperformed MSCI EAFE in 3<sup>rd</sup> quarter by -1.8% bps

# NNA Stocks - Alliance Bernstein

Value Added Over MSCI EAFE

Long term value added since inception (+0.2%)

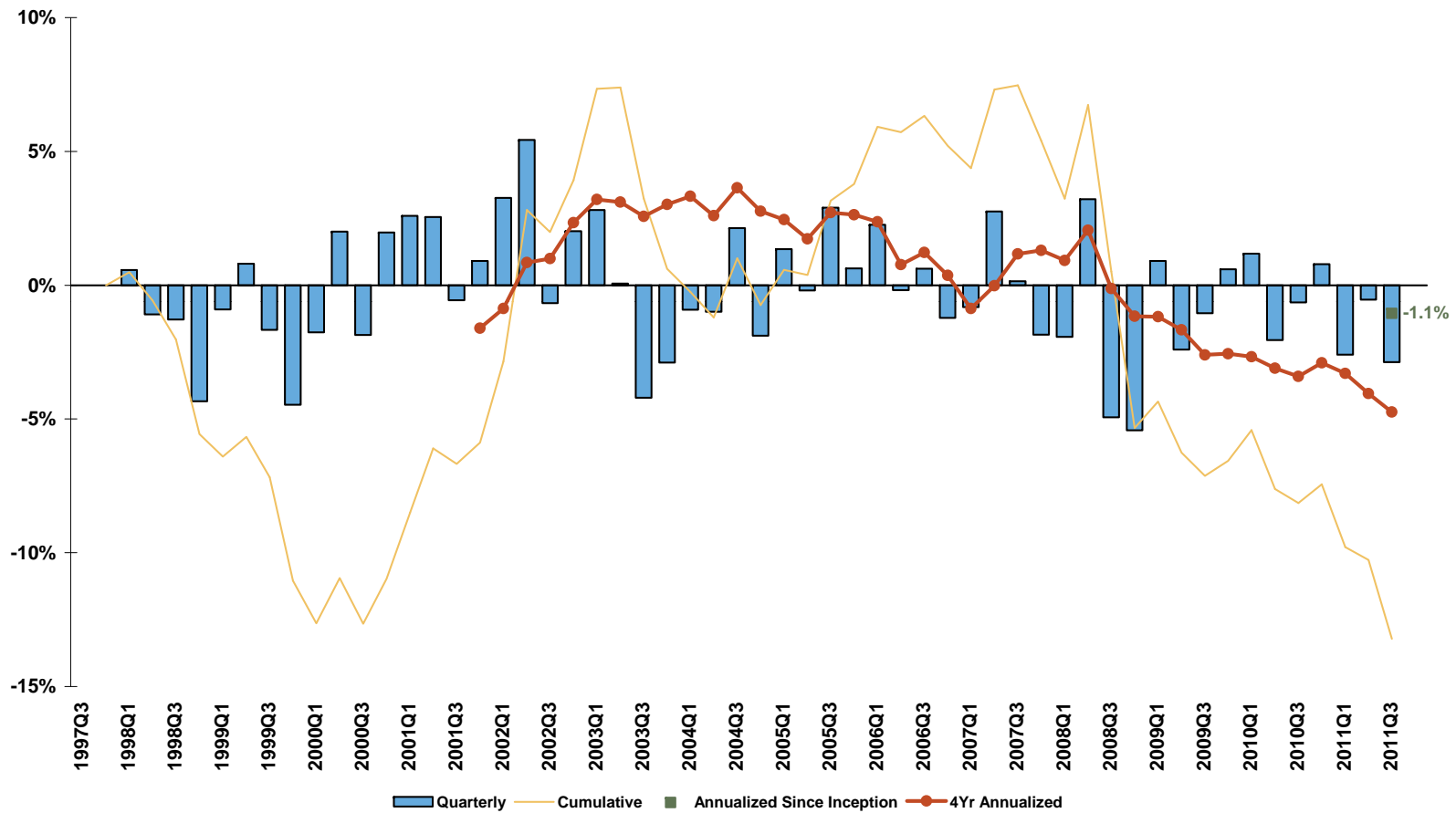


- Underperformed by -2.9% in 3<sup>rd</sup> quarter and by -5.6% over one year
- Underperformed by -5.7% over last 4 years
- Russell rank: Review



# NNA Stocks - Alliance Bernstein

Value Added Over MSCI EAFE Value Index

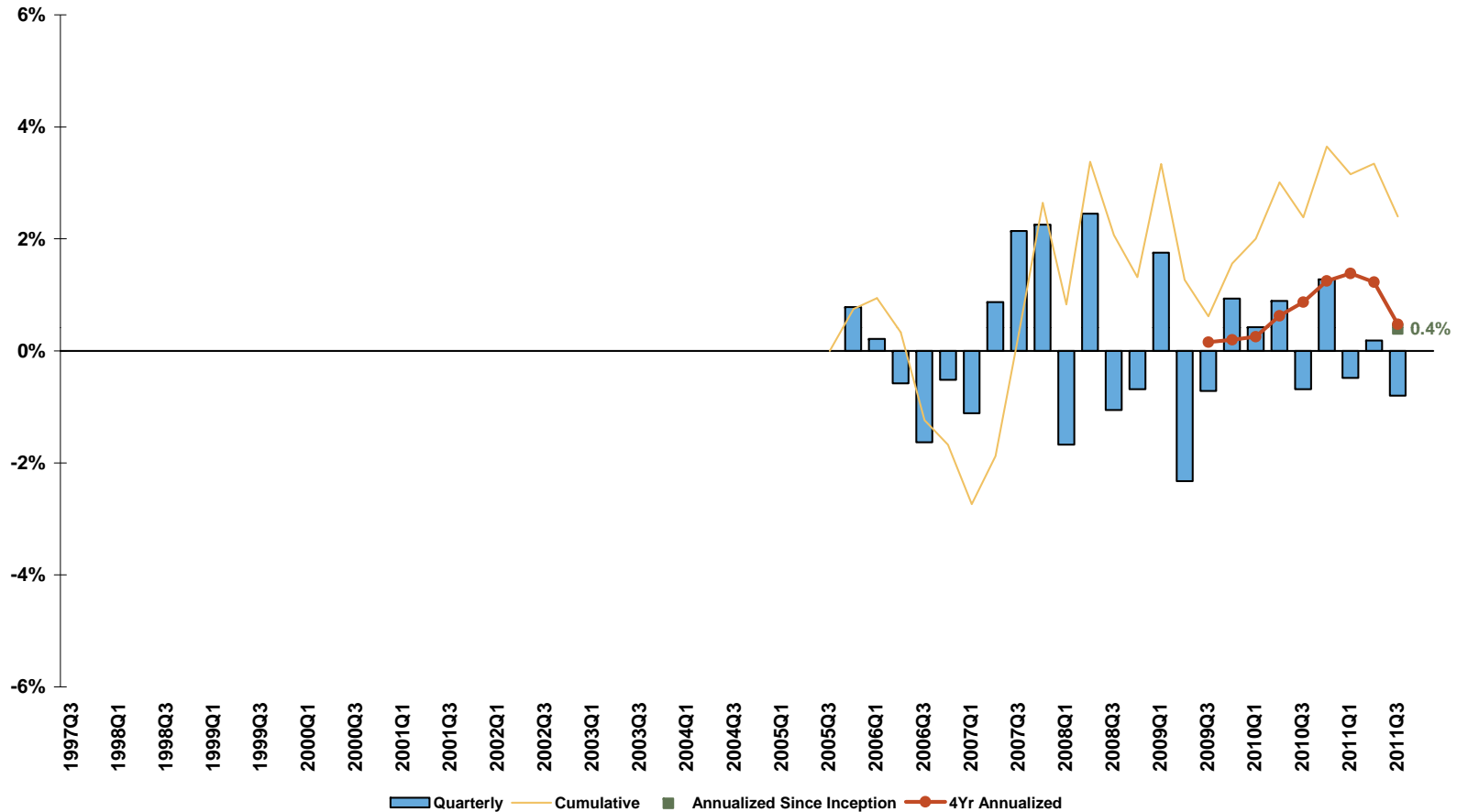


- Underperformed by -2.9% in the 3<sup>rd</sup> quarter and by -5.1% over one year
- Below value index over last 4 years (-4.7%)

# NNA Stocks – Pyramis / Fidelity

Value Added Over MSCI EAFE Index

Above benchmark since inception by +0.4%

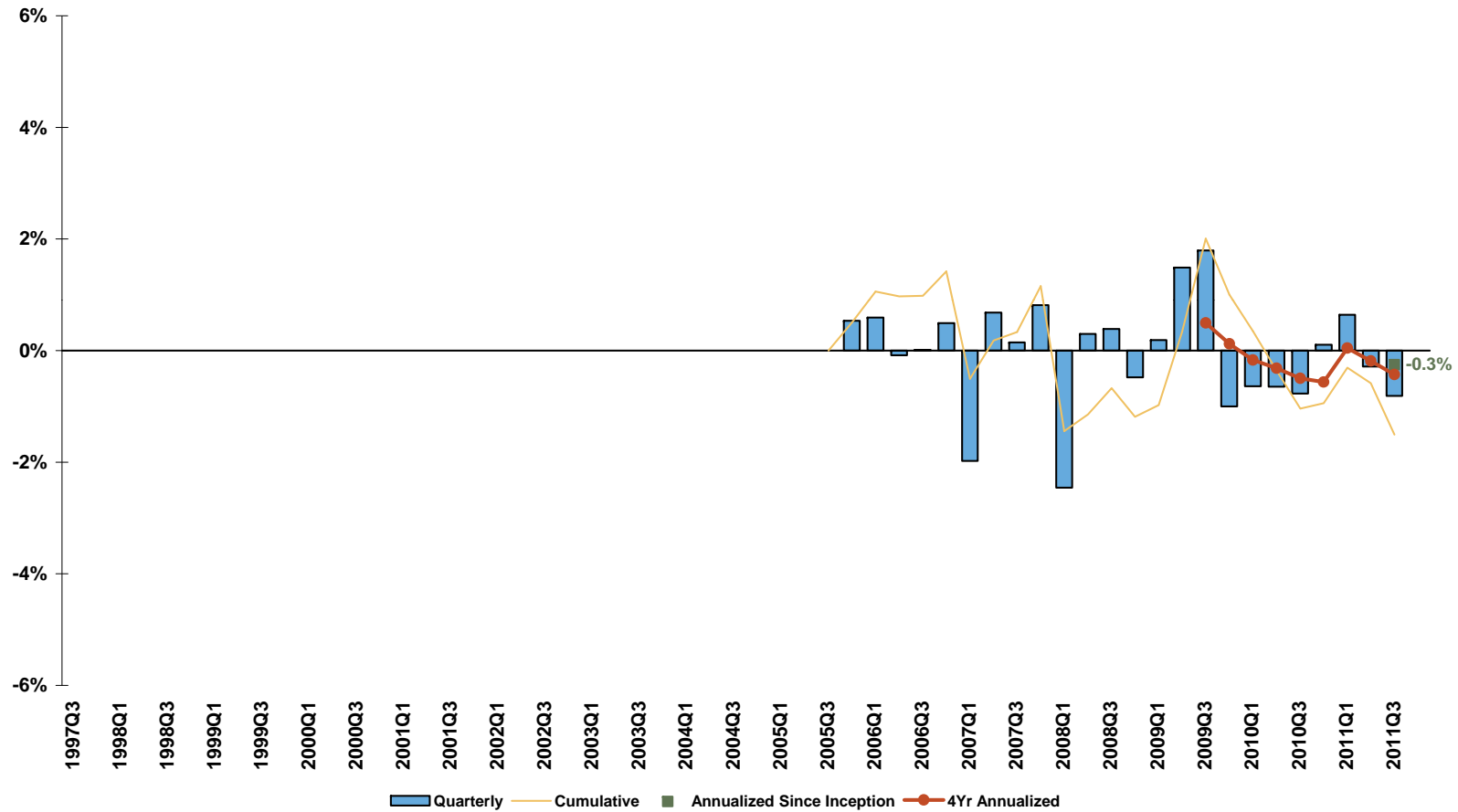


- Value lost of -80 bps in 3<sup>rd</sup> quarter but slightly outperformed by +2 bps for the year
- Exceeded benchmark by +47 bps over 4 years
- Russell rank: Review

# NNA Stocks – Pyramis / Fidelity

Value Added Over MSCI EAFE Growth Index

Slightly below Benchmark since Inception



- Underperformed by -81 bps in the 3<sup>rd</sup> quarter and by -44 bps over the year

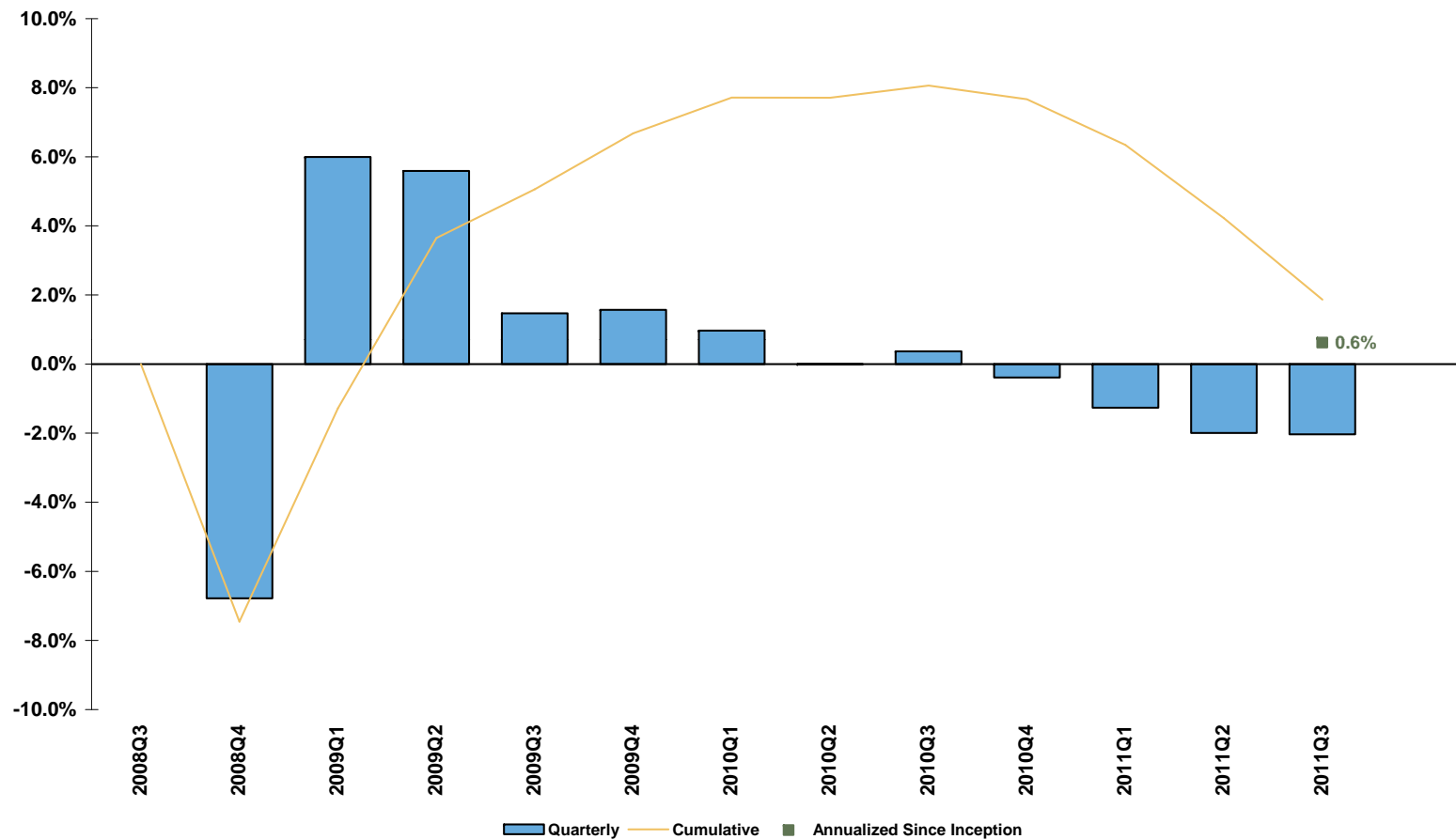
# EAFE Stock Profile

## at September 30, 2011

	AllianceBernstein (EAFE Fund)	Fidelity	EAFE Composite	MSCI EAFE
<b>Portfolio Allocations</b>				
Portfolio Size (\$M)	70.9	69.9	140.8	9.6 T
% of structure	50.4%	49.7%	100.0%	---
Cash	2.1%	3.2%	2.7%	0.0%
<b>Style</b>				
			<b>SLIGHT VALUE TILT</b>	
Price/Book	0.8 x	1.3 x	1.0 x	1.2 x
Price/Earnings (Exc. Neg. Earnings)	9.2 x	10.7 x	9.9 x	10.4 x
Dividend Yield	4.0%	3.2%	3.6%	3.9%
Price/Cash Flow	4.0 x	6.1 x	4.8 x	5.7 x
<b>Cap Size</b>				
			<b>SMALL CAP OVERWEIGHT</b>	
Large Cap (Over \$19.1B)	60.0%	62.4%	61.2%	61.8%
Medium Cap (\$2.8B -- \$19.1B)	35.1%	32.5%	34.0%	35.6%
Small Cap (Under \$2.8 B)	4.1%	4.4%	4.2%	2.2%
Market Cap Average Nlog (\$Bil)	25.9	27.2	26.5	27.7
<b>Sector Weights (Red = 3% or more below index, Green = 3% or more above index)</b>				
			<b>MODEST SECTOR BETS</b>	
Information Technology	3.4	3.9	3.7	5.0
Health Care	10.5	9.4	9.9	9.7
Consumer Discretionary	12.1	12.2	12.1	10.2
Consumer Staples	6.8	12.8	9.7	11.4
Energy	10.1	9.3	9.7	8.2
Materials	10.5	10.3	10.4	10.0
Industrials	10.1	13.5	11.7	12.3
Financial	22.0	20.0	21.0	22.1
Telecommunication Services	9.9	5.2	7.6	6.2
Utilities	4.7	3.4	4.1	4.9
Sector Deviation	7	4	4	---
<b>Country Allocation</b>				
			<b>MODEST COUNTRY BETS</b>	
United Kingdom	22.8	26.6	24.6	22.2
Total Europe Ex United Kingdom	35.4	33.7	34.5	41.1
Japan	30.3	23.4	27.0	23.1
Pacific Basin Ex Japan	9.5	11.6	10.5	13.0
% in Emerging Market Countries	5.6	5.5	5.6	0.0
Country Deviation (Equity MV)	10.1	7.0	6.7	---
% in Non Index Countries	5.5	1.5	3.6	---
<b>Concentration</b>				
% in Ten Largest Holdings	24.6	20.7	14.8	13.5
Number of Holdings	120	214	297	943

# Global Stocks

## Value Added Over MSCI World Index

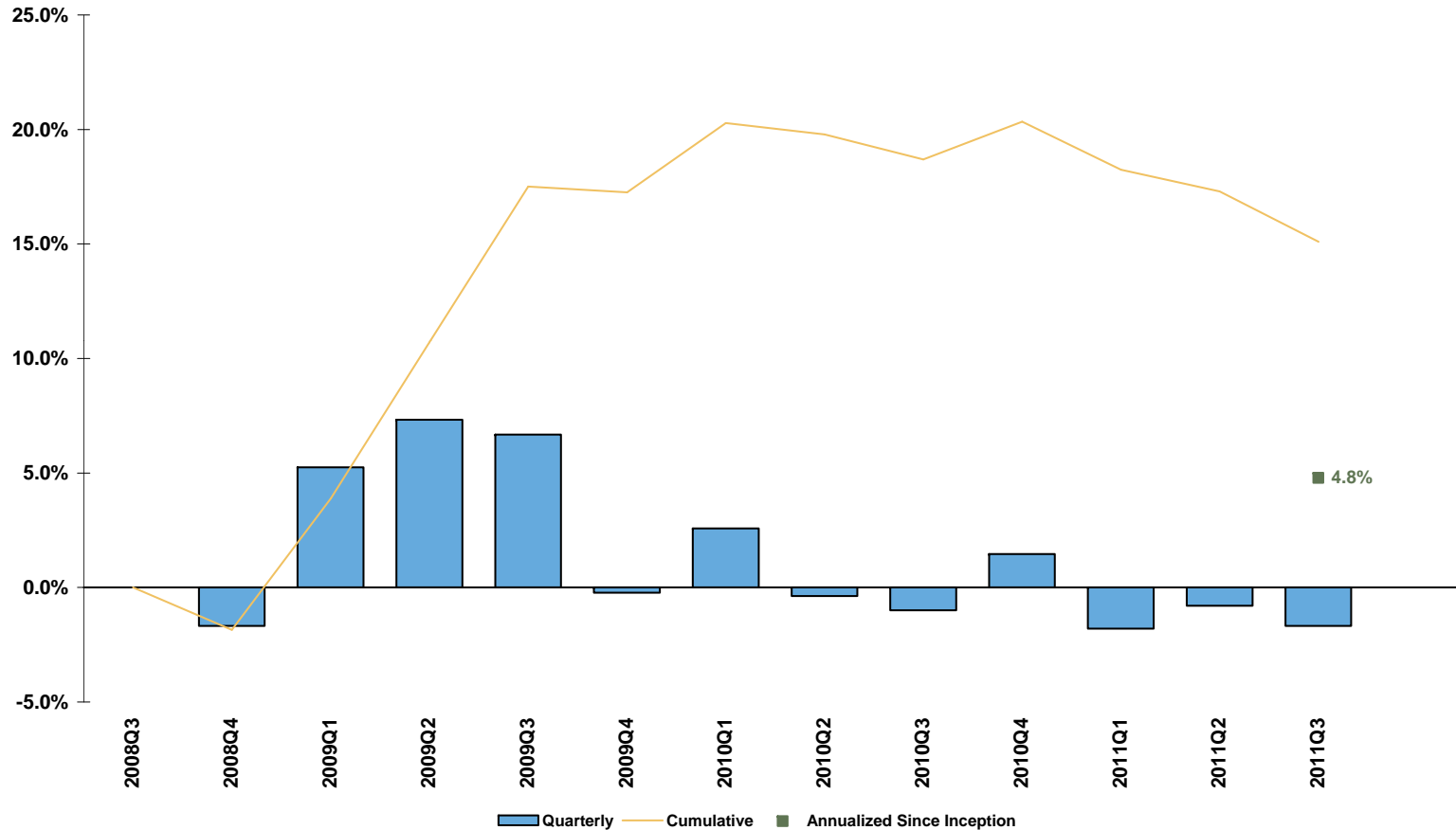


- Value lost of -2.0% in 3<sup>rd</sup> quarter and of -5.6% for one year
- Value added of +62 bps over three years (since inception)

# Global Stocks – Harris

Value Added Over MSCI World Index

Significant value added of +4.8% since inception

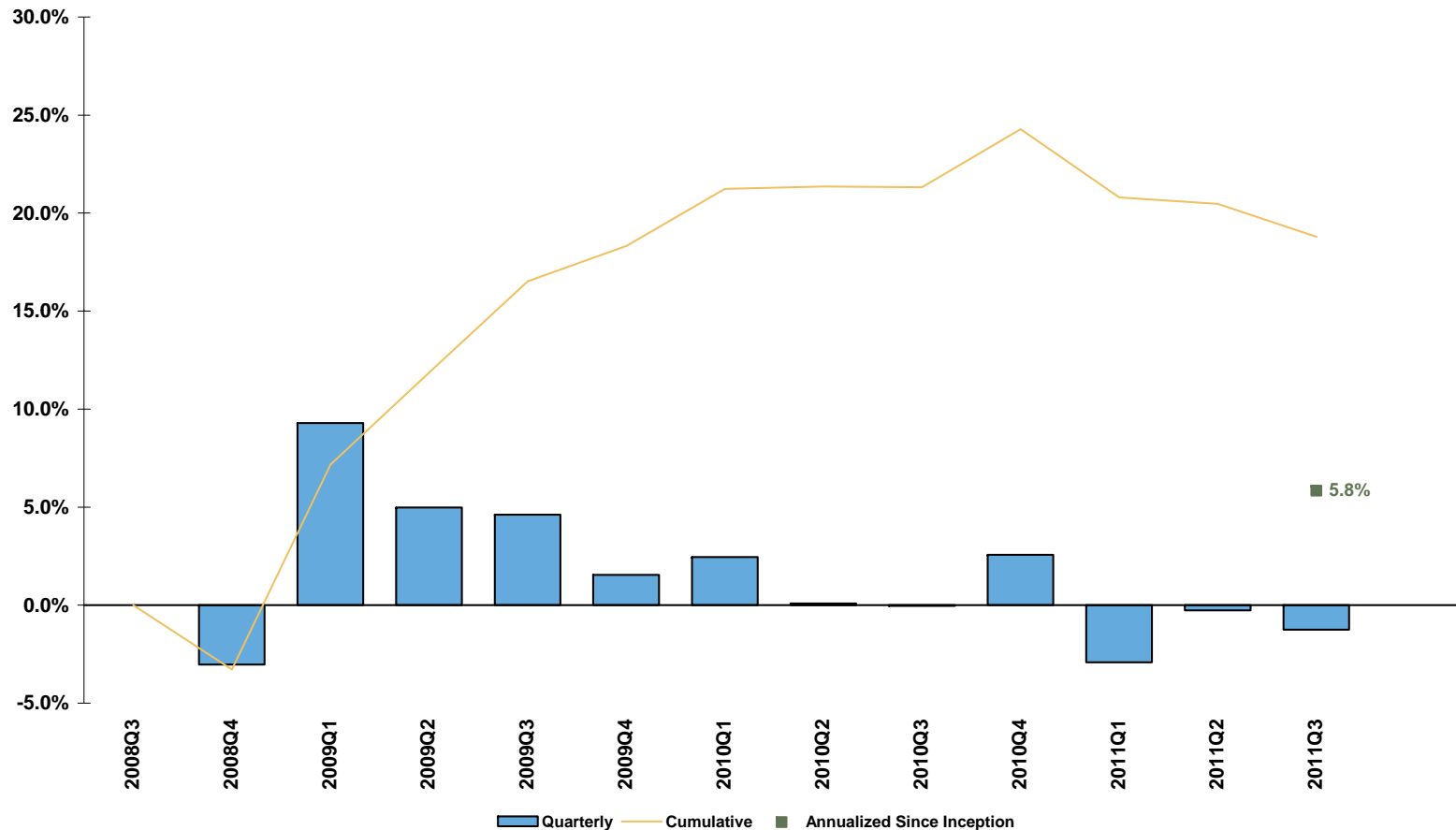


- Value lost of -1.7% in 3<sup>rd</sup> quarter and of -3.0% for one year
- Value added of +4.8% over three years (1<sup>st</sup> quartile)
- Overweight Technology and Financials; underweight Energy, Health Care, and Telecom
- Russell Rank: Hire

# Global Stocks – Harris

Value Added Over MSCI World Value Index

Significant value added of +5.8% since inception

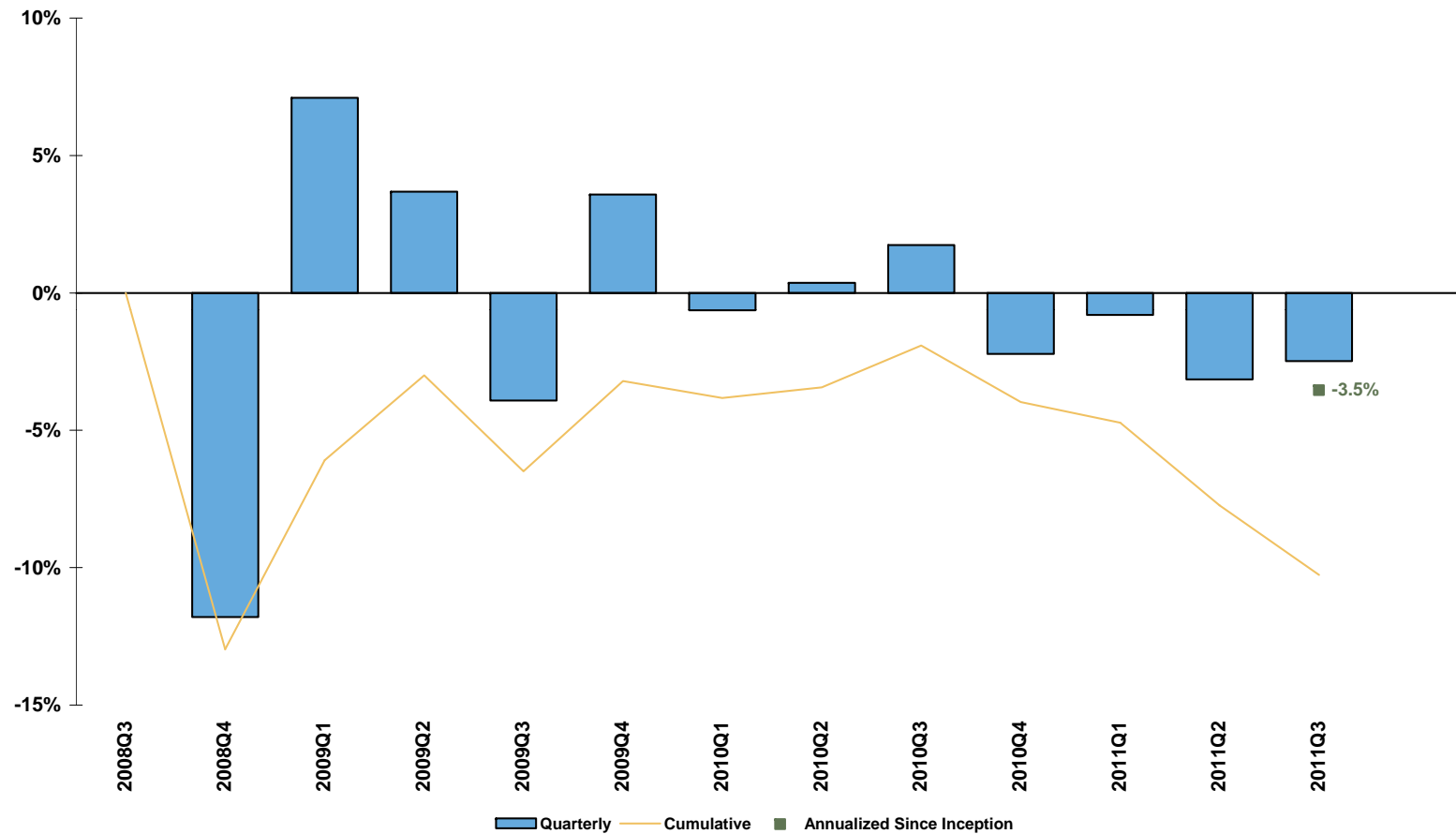


- Value lost of -1.3% in 3<sup>rd</sup> quarter and -2.0% for the year
- Value added of +1.0% over two years

# Global Stocks – T. Rowe Price

Value Added Over MSCI World Index

Value lost of -3.5% since inception



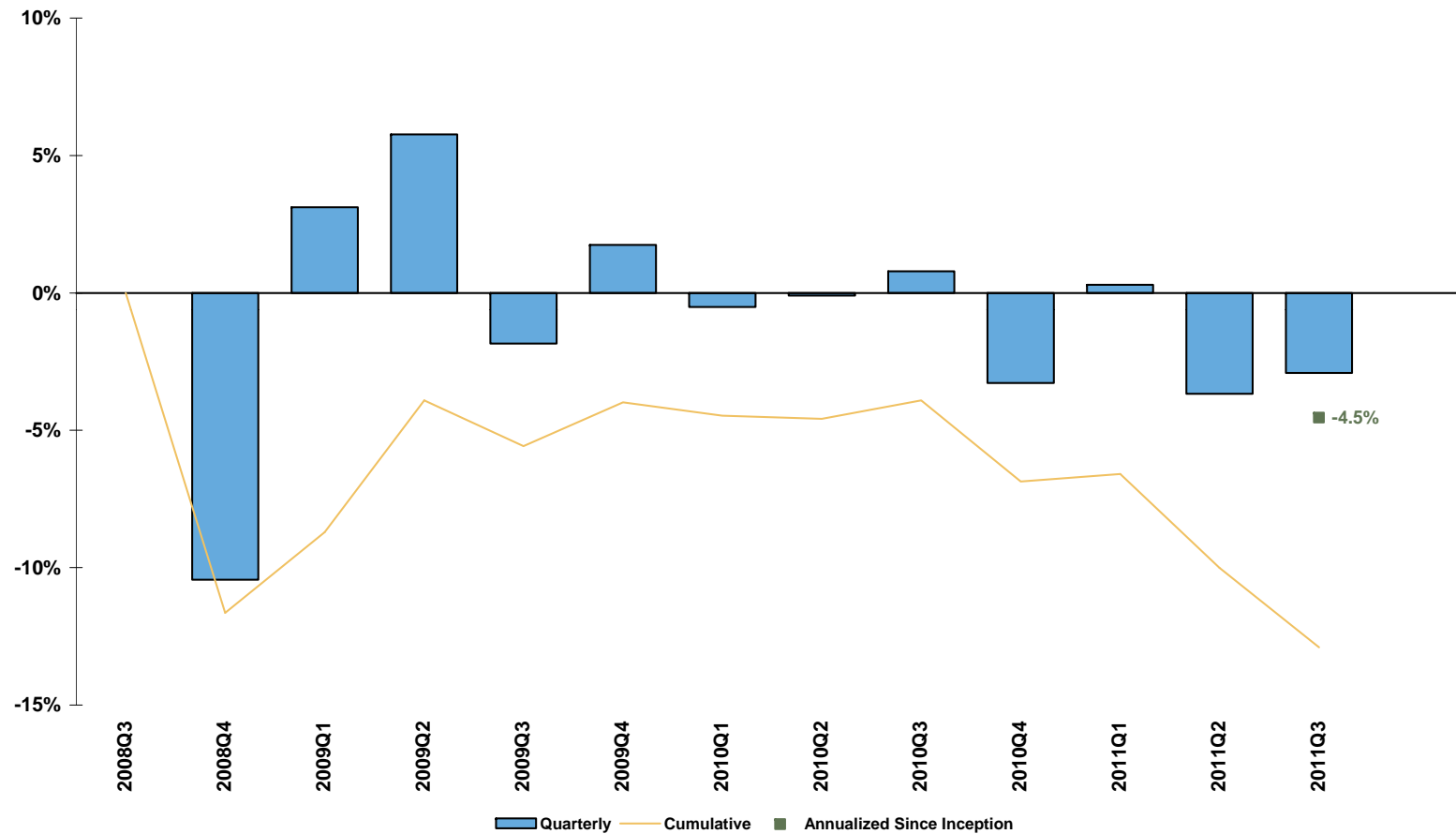
- Value lost of -2.5% in 3<sup>rd</sup> quarter and of -8.3% for the year
- Overweight Technology; underweight Consumer Staples, Health Care, Telecom, and Utilities
- Russell Rank: Hire



# Global Stocks – T. Rowe Price

Value Added Over MSCI World Growth Index

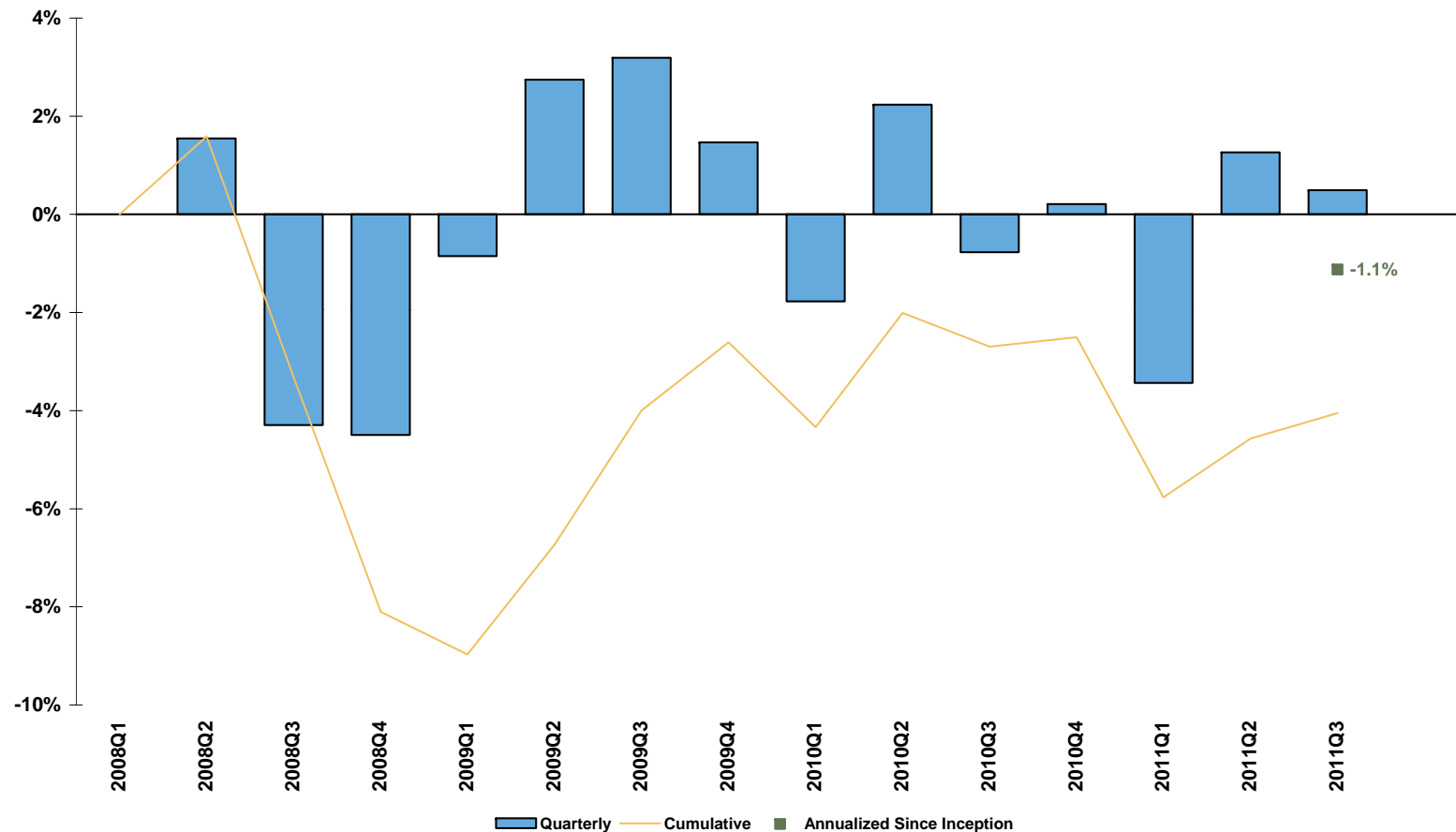
Value lost of -4.5% since inception



- Value lost of -2.9% in 3<sup>rd</sup> quarter and by -9.2% for the year

# Global Stocks – Mackenzie

## Value Added Over MSCI World Index



- **Outperformed by +49 bps in 3<sup>rd</sup> quarter but underperformed by -1.4% for the year**
- **Overweight Telecom, Financials, Health Care, and Technology; underweight Consumers, Materials, and Utilities**

# Global Stock Profile

## at September 30, 2011

	Harris Associates	T. Rowe Price	Global Equity Comp.	Mackenzie SRI	MSCI World Index
<b>Portfolio Allocations</b>					
Portfolio Size (\$M)	38.7	36.1	74.8	2.7	22.0 T
% of structure	51.7%	48.3%	100.0%	---	---
Cash	3.9%	3.3%	3.6%	1.8%	0.0%
<b>Style</b>					
			SLIGHT GROWTH BIAS	NEUTRAL	
Price/Book	1.3 x	1.8 x	1.5 x	1.6 x	1.5 x
Price/Earnings (Exc. Neg. Earnings)	11.5 x	12.3 x	11.9 x	11.3 x	11.7 x
Dividend Yield	3.0%	1.7%	2.3%	3.8%	3.1%
Price/Cash Flow	6.7 x	8.9 x	7.6 x	7.1 x	7.0 x
<b>Cap Size</b>					
			MC OVERWEIGHT	MC UNDERWEIGHT	
Large Cap (Over \$19.1B)	65.5%	60.0%	62.8%	72.3%	65.7%
Medium Cap (\$2.8B -- \$19.1B)	34.5%	37.2%	35.8%	22.8%	32.8%
Small Cap (Under \$2.8 B)	0.0%	1.7%	0.8%	2.0%	1.2%
Market Cap Average Nlog (\$Bil)	30.5	29.4	30.0	36.6	34.2
<b>Sector Weights (Red = 3% or more below index, Green = 3% or more above index)</b>					
			SIGNIFICANT SECTOR BETS		
Information Technology	24.6	25.9	25.2	16.4	12.2
Health Care	3.8	5.5	4.6	15.0	10.5
Consumer Discretionary	19.2	10.7	15.1	1.5	10.4
Consumer Staples	5.6	5.9	5.8	10.2	11.1
Energy	4.1	12.3	8.1	11.5	10.9
Materials	7.9	7.3	7.6	1.8	7.3
Industrials	8.0	12.5	10.2	9.0	10.7
Financial	25.6	18.4	22.1	23.0	18.1
Telecommunication Services	0.0	1.0	0.5	11.6	4.6
Utilities	1.2	0.6	0.9	0.0	4.2
Sector Deviation	21	16	18	16	---
<b>Country Allocation</b>					
			MODERATE BETS	LARGE BETS	
United Kingdom	4.8	12.7	8.6	10.8	9.7
Total Europe Ex United Kingdom	37.8	11.2	25.0	28.5	18.1
Japan	13.0	0.0	6.7	15.2	10.1
Pacific Basin Ex Japan	1.5	8.0	4.6	21.6	5.7
United States	38.6	56.9	47.5	16.0	50.9
% in Emerging Market Countries	2.6	15.6	8.9	13.5	0.0
Country Deviation (Equity MV)	22.1	16.9	10.7	38.2	---
% in Non Index Countries	2.7	16.7	9.5	15.8	---
<b>Concentration</b>					
% in Ten Largest Holdings	36.0	33.9	22.3	38.9	10.3
Number of Holdings	43	71	109	42	1632

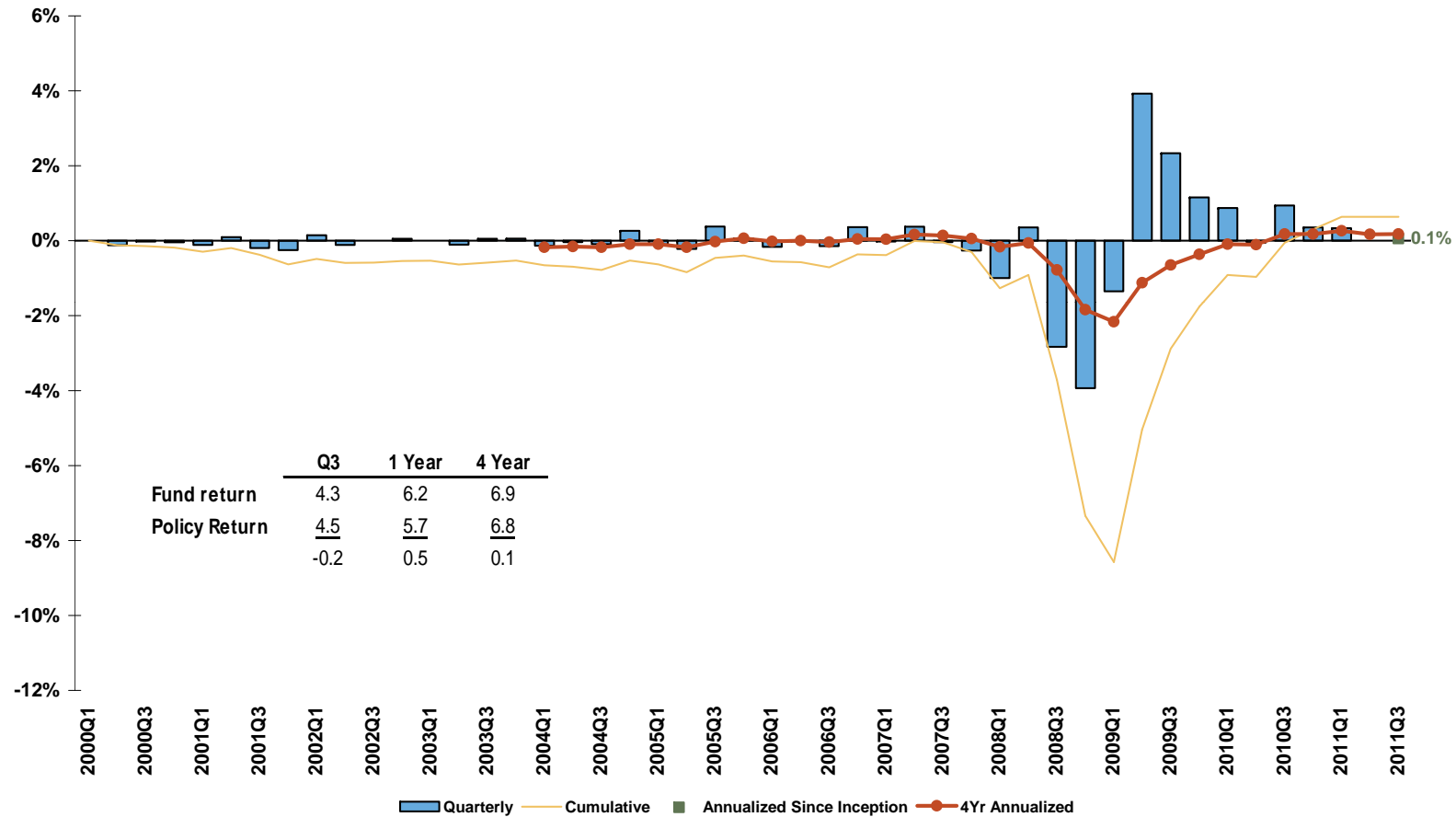
## ***4. Fixed Income***

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# Diversified Bond Fund

Value Added Over Policy\*

Added Value of 1.5% over 3 years (1<sup>st</sup> Quartile)



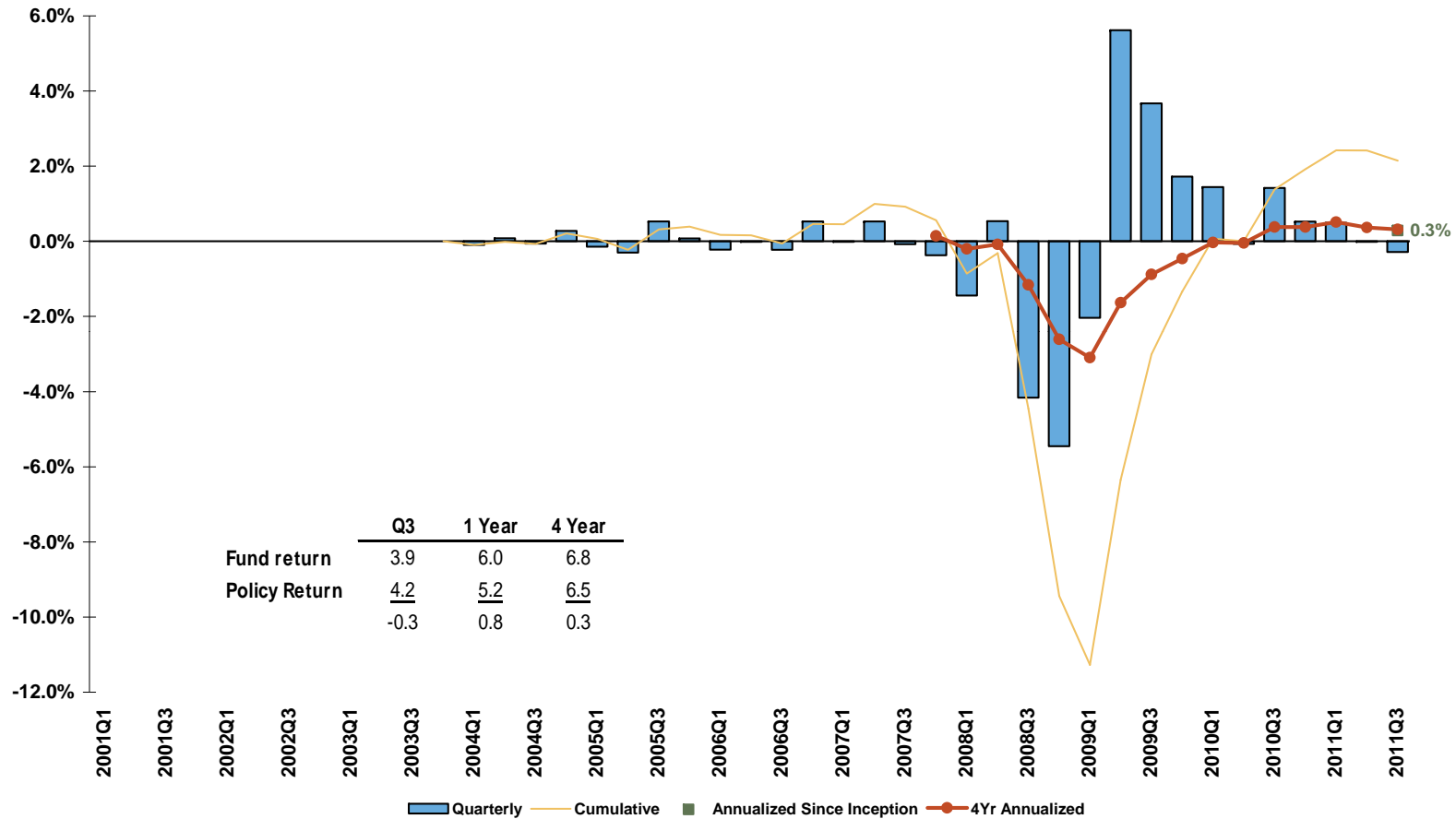
- Underperformed the benchmark by -19 bps in Q3 but outperformed by +53 bps for the year
- Added value over benchmark by +13 bps over 4 years

\* Policy: 66.5% DEX Universe Index, 33.5% BC Global Aggregate Hdg CAD since 01/31/07

# Bonds – AllianceBernstein Core +

Value Added Over AllianceBernstein Benchmark\*

Value added of 0.3% over 4 years

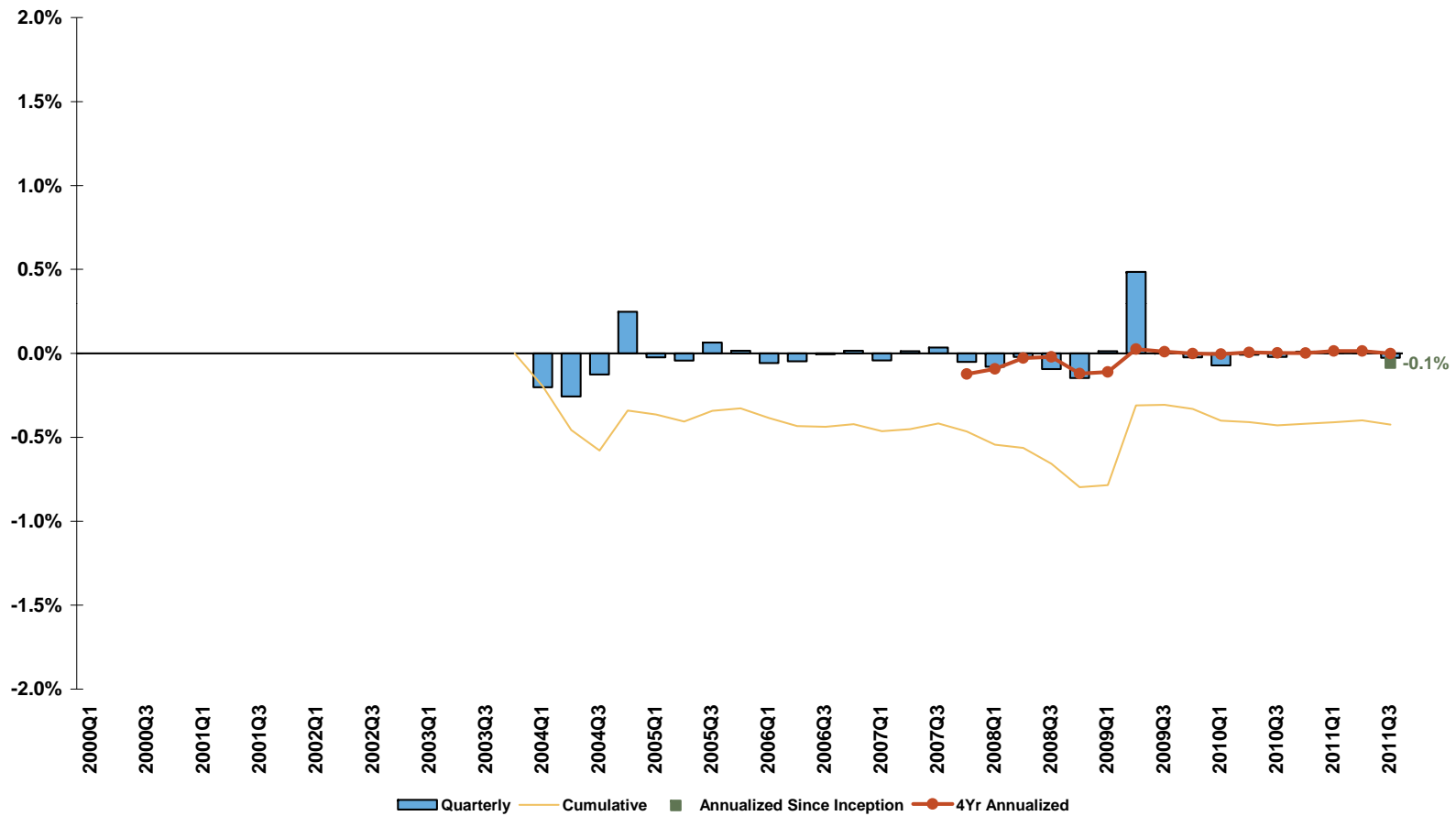


- Underperformed the benchmark by -28 bps over the quarter
- Outperformed by +79 bps for the year
- Russell rank: Hire

# Bonds (State Street)

Value Added Over DEX Universe

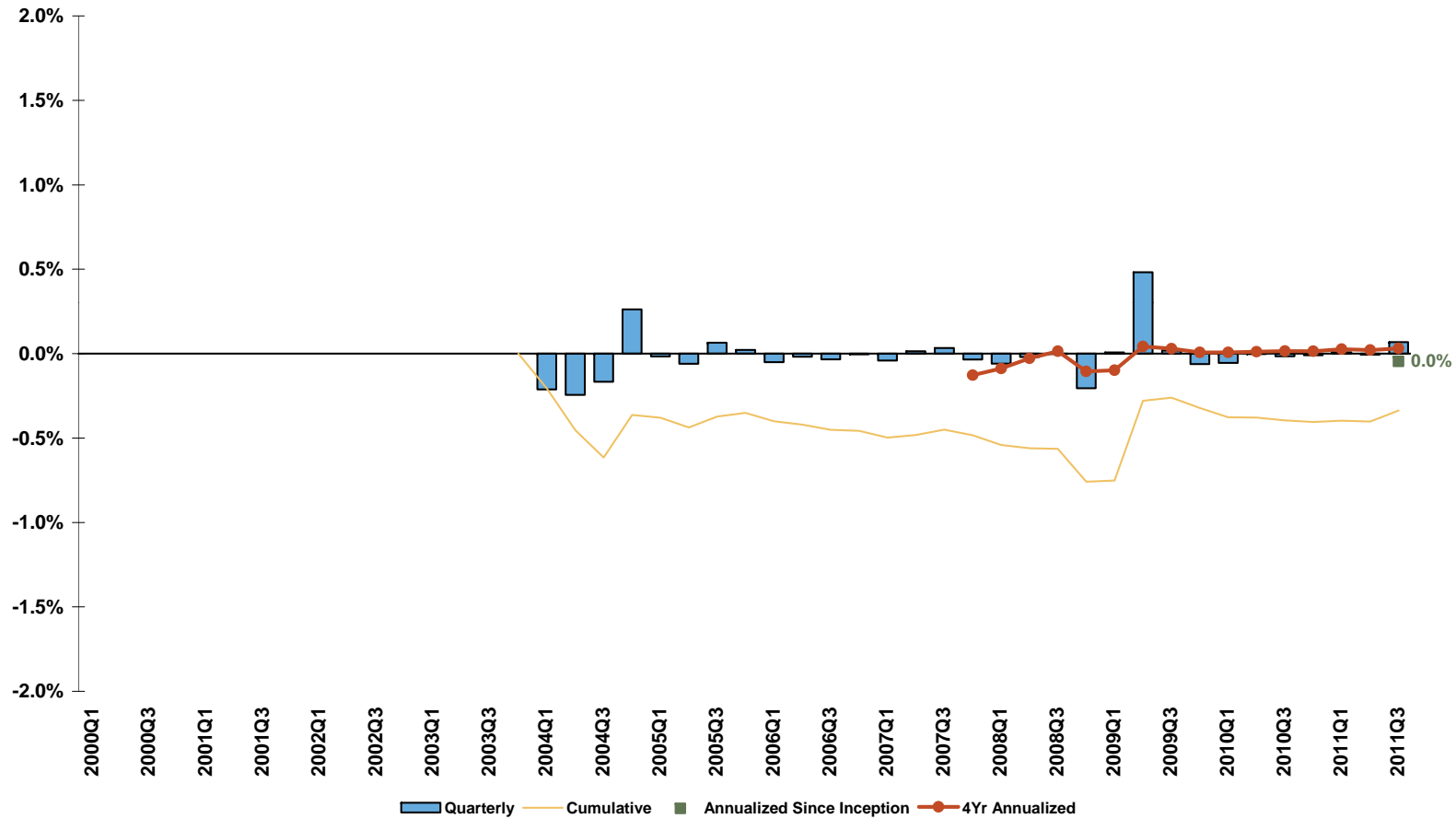
Slightly trailing benchmark since inception



- Matched benchmark in 3<sup>rd</sup> quarter (1<sup>st</sup> Quartile)
- Russell rank: Retain

# Canadian Bond Fund - State Street

Value Added Over DEX Universe



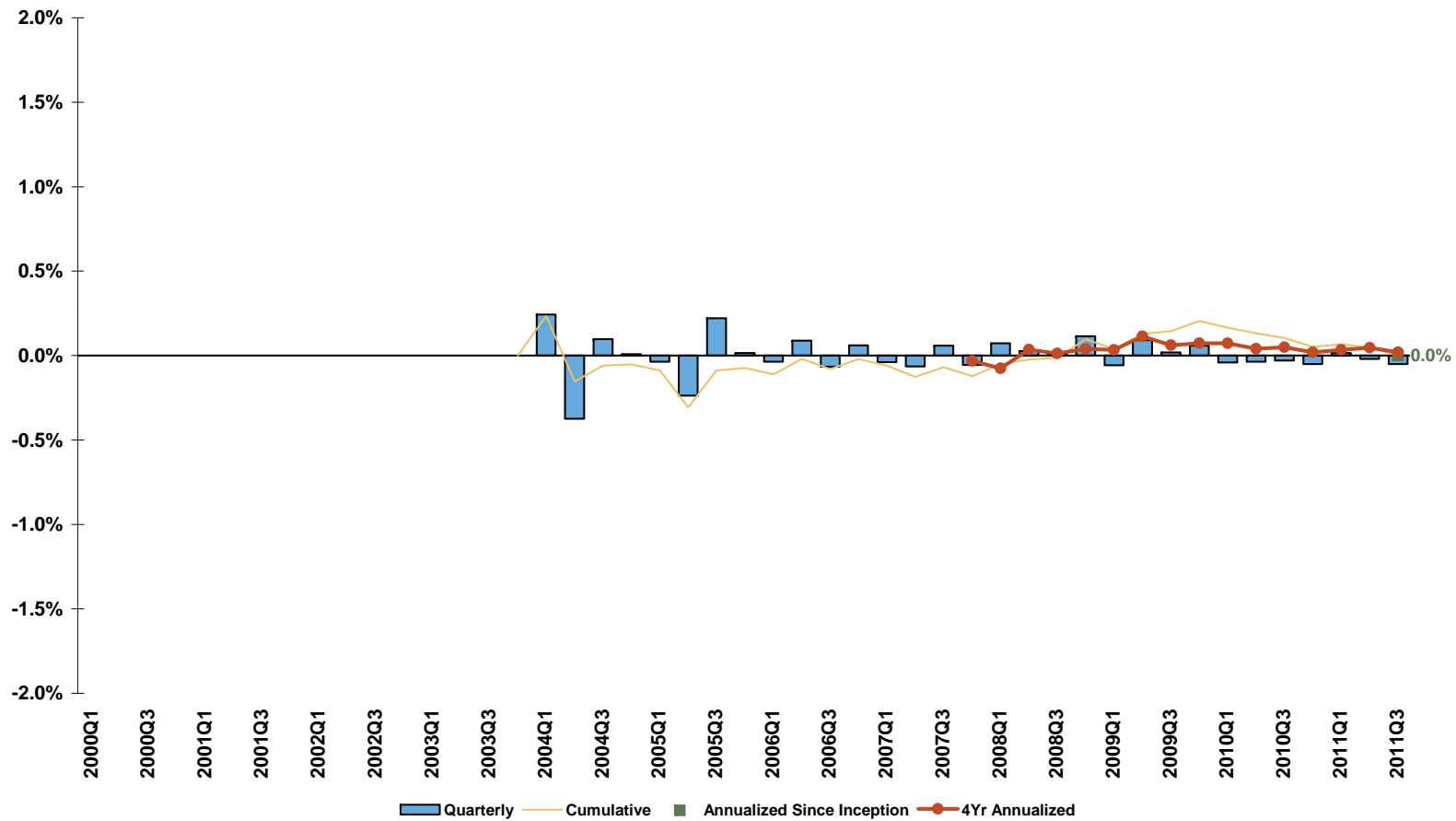
- Matched benchmark since inception



# Long Term Bond Fund – State Street

Value Added Over DEX Long Term Index

Keeping pace with the benchmark



- Russell rank: Moderate Interest

# Canadian Bond Profile\*

at September 30, 2011

	AllianceBernstein	StateStreet	Fund Composite**	DEX Universe
<b>Portfolio Allocations</b>				
Portfolio Size (\$M)	\$173.6	\$86.5	\$260.1	\$1,143.4B
% of Structure	67%	33%	100%	--
Number of Holdings	290	745	n/a	1,140
<b>Characteristics</b>				
			<b>HIGHER YIELD</b>	
Modified Duration (Yrs)	6.6	6.5	6.6	6.5
Yield to Maturity	3.2%	2.5%	3.0%	2.4%
<b>Term Structure (%)</b>				
			<b>MID TERM OVERWEIGHT</b>	
Cash	8	0	6	0
Short (1-5 years)	24	49	32	48
Medium (5-10 years)	47	23	39	24
Long (10+ years)	21	28	23	27
<b>Sector Weights (% of Portfolio)</b>				
			<b>PROVINCIAL UNDERWEIGHT</b>	
Federal Bonds	38	44	40	45
Provincial & Municipal Bonds	14	26	18	29
Corporate Bonds	29	30	30	26
Foreign Government	5	0	4	0
Foreign Corporate	1	0	0	0
Other (MBS, CMBS, ABS, etc.)	5	0	4	0
Cash	7	0	5	0
<b>Quality:</b>				
			<b>LOWER QUALITY BIAS</b>	
AAA	55	53	54	50
AA	13	23	16	23
A	16	20	17	20
BBB	15	5	11	7
Lower than BBB	2	0	1	0

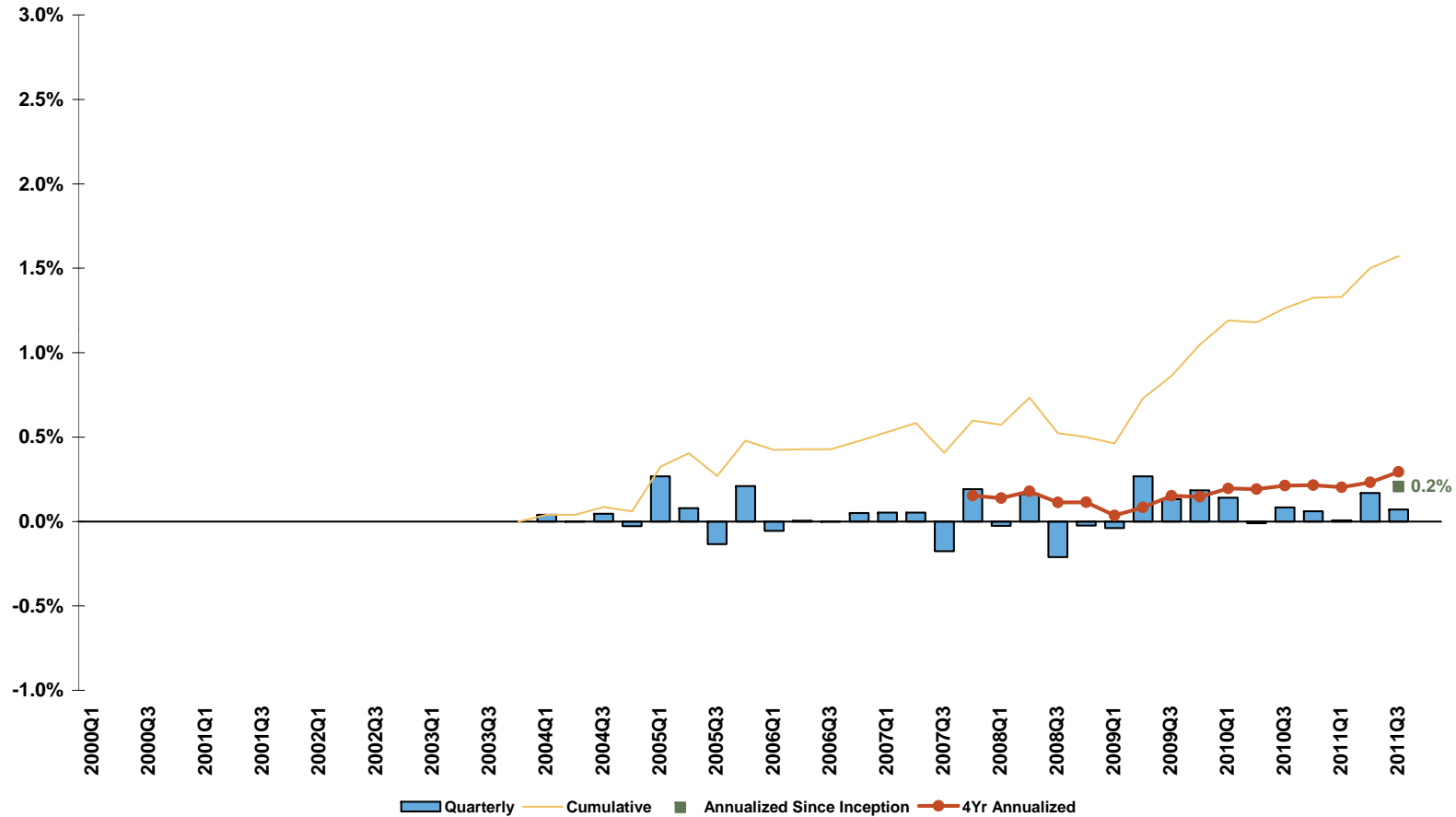
\* Fund composite represents a dollar-weighted combination of the manager-supplied information

## ***5. Money Market Fund***

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# Money Market – State Street

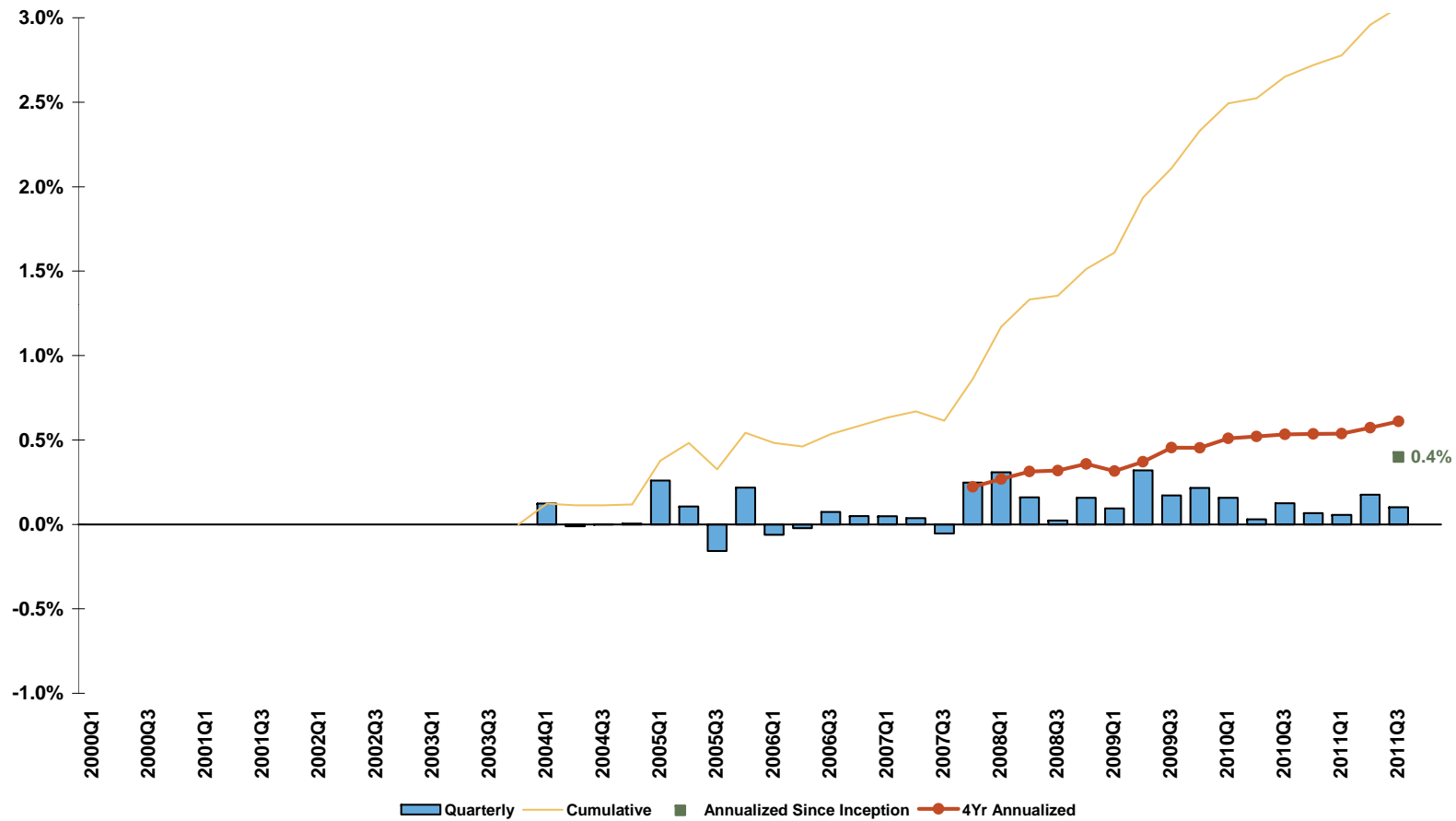
Value Added Over DEX 91 Day T-Bills



- Outperformed by +7 bps for 3<sup>rd</sup> quarter and by +31 bps for the year
- Value added of +0.2% since inception

# Money Market – State Street

Value Added Over DEX 30 Day T-Bills



- Secondary benchmark

## ***6. Target Date Funds***

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# Target Date Funds

Portfolio Positions: September 30, 2011

## A. Duration

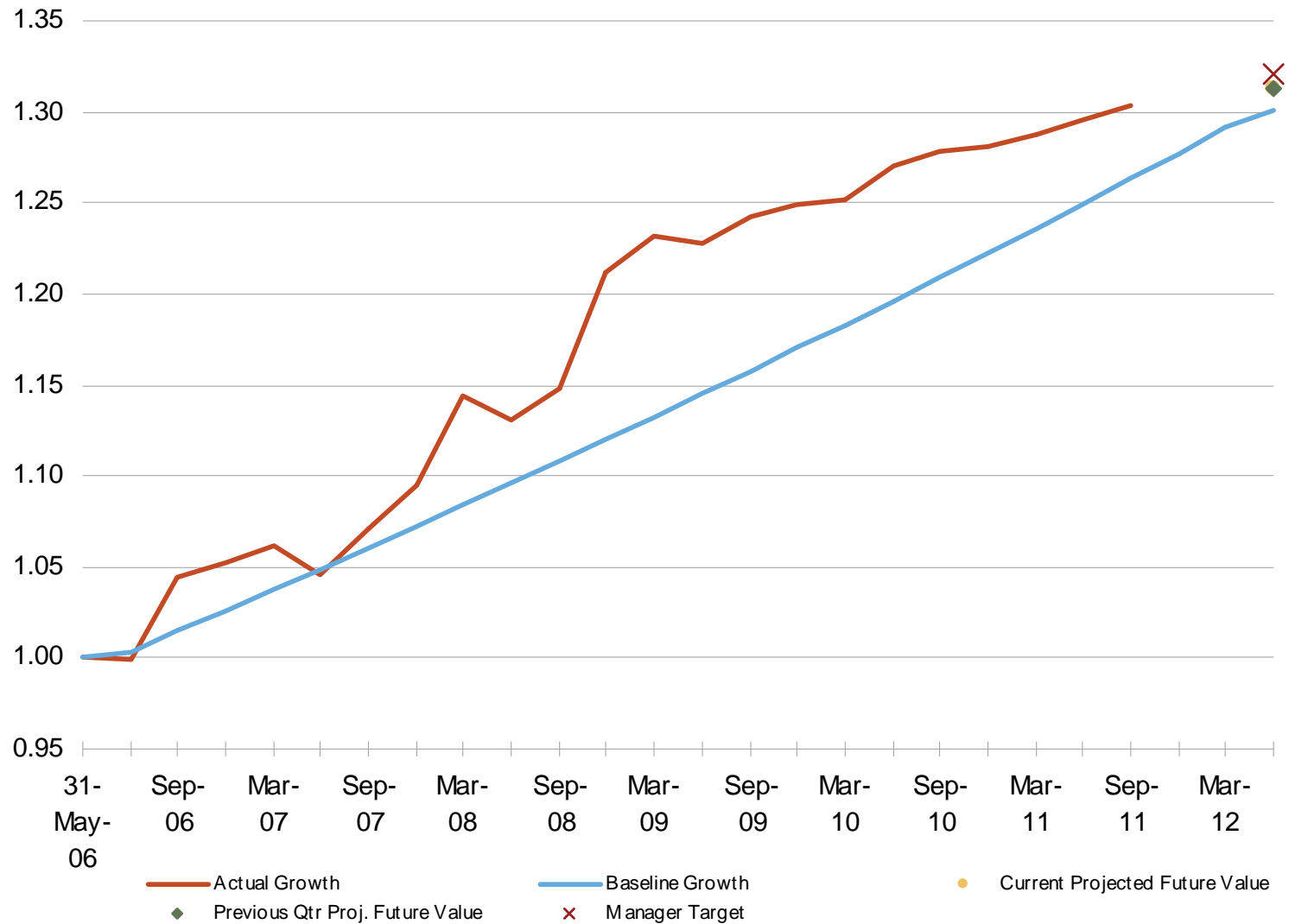
Fund	Duration		Deviation	
	Target	Actual	Actual	Maximum
June 1, 2012	0.67	0.68	0.01	0.03
June 1, 2014	2.67	2.75	0.08	0.13
June 1, 2016	4.67	4.71	0.04	0.23

## B. Dispersion

Fund	Years to Maturity	Short Term Holdings	
		Actual	Maximum
June 1, 2012	0.67	92.1%	100%
June 1, 2014	2.67	1.3%	25%
June 1, 2016	4.67	0.2%	25%

# Target Date Fund Performance Tracking

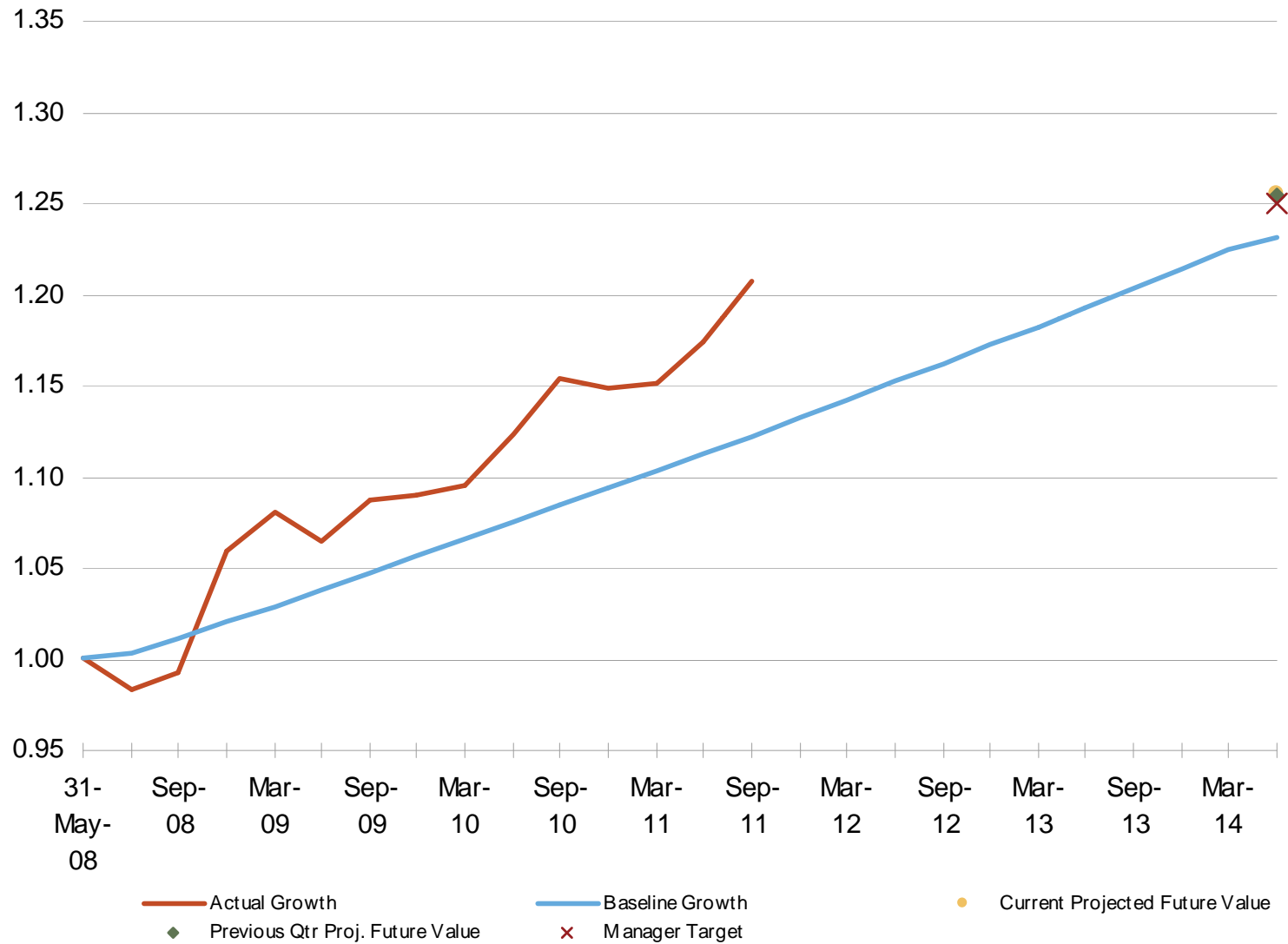
June 1, 2012 Fund – Growth of a dollar





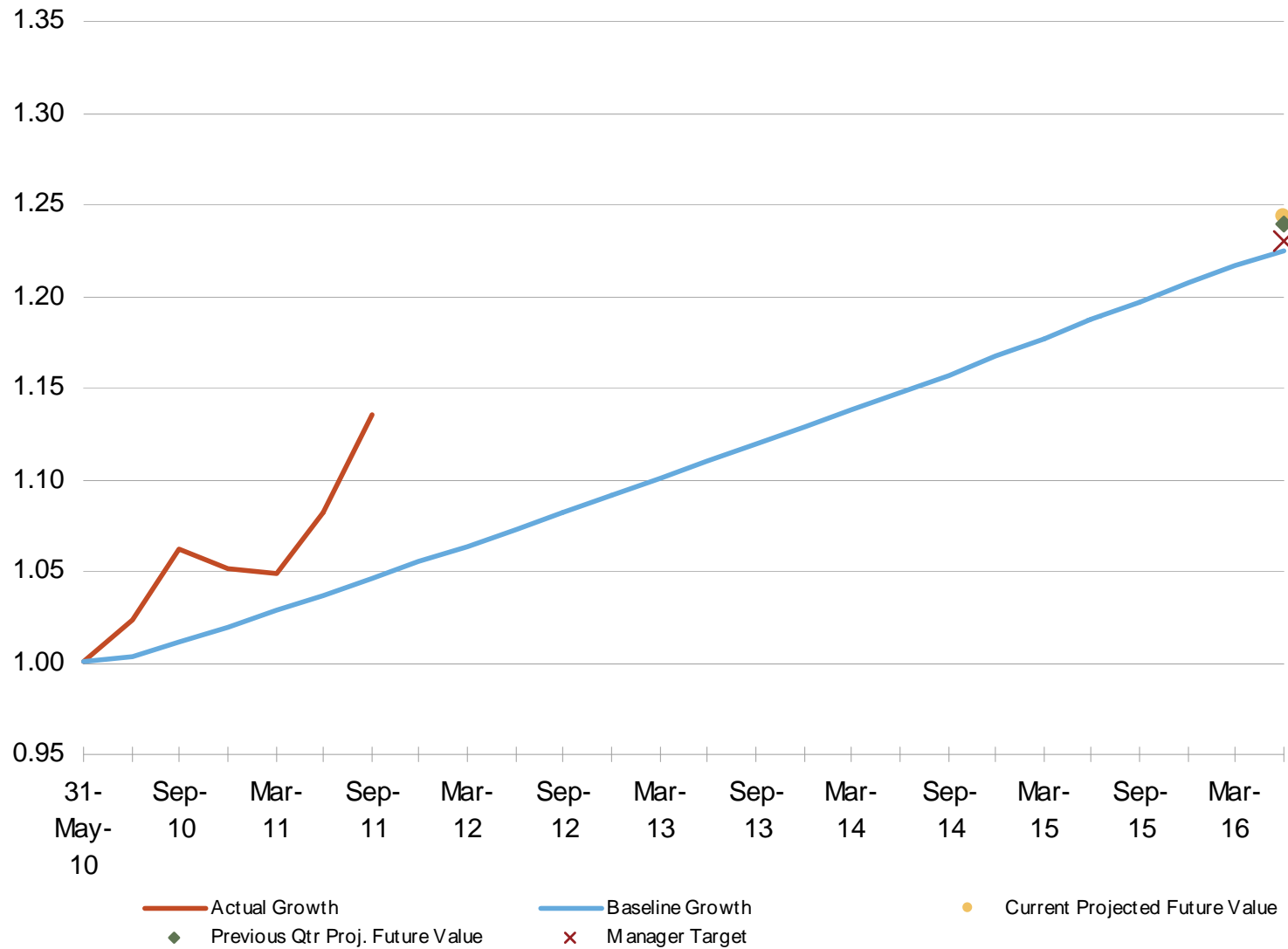
# Target Date Fund Performance Tracking

June 1, 2014 Fund – Growth of a dollar



# Target Date Fund Performance Tracking

June 1, 2016 Fund – Growth of a dollar



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**75**  
YEARS



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