

Pyramis Global Advisors
Investment Manager Review
January 13, 2012

EXECUTIVE SUMMARY

- On January 13, 2012 Martin Bélanger met with the following Pyramis Global Advisors professionals from 9:00 a.m. to 1:00 p.m. at their Smithfield, Rhode Island offices:
 - Rajan Burney, Vice President, Institutional Client Management
 - Michael Strong, Institutional Portfolio Manager
 - Chris Steward, Institutional Portfolio Manager
 - Cedric de la Chaise, Portfolio Manager, European Equities (by phone)
 - Eileen Dibb, Portfolio Manager, Japanese Equities
 - Yasmin Landy, Institutional Portfolio Manager
 - Henry Chan, Portfolio Manager (by phone)
- Ranked “Review” by Russell.
- Pyramis is a solid organization with extensive resources. However, the gradual decline in the number of analysts on their research platform is a cause for concern.
- Since our last review, Henry Chan has replaced John Lo as manager of the Pacific Basin ex-Japan and an emerging markets component was added in August 2011.
- The portfolio has slightly outperformed the benchmark in 2011, mostly due to a strong contribution from the Japanese component.
- Stock selection has added 40 bps of value, while regional allocation, mostly the allocation to Emerging Markets, has detracted value.
- Since inception (on March 8, 2005), Pyramis has provided 1.48% of value added over the benchmark, annualized.
- Year-to-date the European and Japanese portfolio managers have outperformed their benchmark, while the manager of Pacific Basin ex-Japan portfolio and the emerging markets portfolio (since August 2, 2011 only) have underperformed.
- Their investment process has not materially changed in recent years and they have adequate risk controls in place. However, the large number of holdings in the portfolio causes the tracking error of the portfolio to be low and makes it difficult for the manager to outperform. In addition, given the relatively small allocation of the manager in the Diversified Equity Fund (15%), a more concentrated approach would generate more value added.
- Regarding environmental, social and governance issues, Fidelity looks very hard at company practices and they take into account any environmental, social and governance practices that would be detrimental to the company in the long run.
- Cedric de la Chaise, the European portfolio manager, manages about \$7 billion in assets; Fidelity believes that it’s about half the total capacity.
- Fidelity doesn’t have any compliance issues, all accounts are in compliance with the portfolio guidelines, they’re not currently facing any major litigation, they have an adequate Code of Conduct and potential conflicts of interests have been disclosed.

RECOMMENDATION

- Pyramis has generated 148 bps of value added annualized since inception.
- The regional portfolio managers have remained consistent to their style and the portfolio managers that we've met have demonstrated good insight into their respective markets.
- The portfolio allows Western to have a significant exposure to emerging markets, at the relatively more affordable cost of an international equity portfolio.
- The firm's research capability is a strong competitive advantage. However, there's been a gradual decline in the number of analysts in the past few years and the turnover in portfolio managers is a concern.
- The portfolio has a very large number of holdings, which causes it to look a lot like the benchmark and makes it more difficult to generate superior performance than the index. Given that the portfolio is part of two multi-manager structures (15% of the Diversified Equity Fund and 50% of the Non-North American Equity Fund), a more concentrated portfolio would provide more value added for the same level of risk.
- Given that Russell has a "Review" rating on the strategy, and that the University has access to better options, I would recommend reviewing our allocation to Pyramis Global Advisors. Western already has a relationship with MFS Investments through the Operating & Endowment Fund. MFS manages an international equity mandate with a style similar to Pyramis. It has a more concentrated portfolio (60 to 70 names), a significant exposure to emerging markets, a strong track record and has Russell's top ranking. In addition, the portfolio would be cheaper by about 15 bps compared to what Pyramis charges us.

BACKGROUND

ORGANIZATION

- Pyramis Global Advisors is the institutional money management division of Fidelity Investments.
- As of September 30, 2011 Pyramis Global Advisors had \$12.3 billion in assets with Canadian clients and \$153.6 billion worldwide.
- Total assets managed by Fidelity Investments were U.S.\$1.52 trillion as of November 30, 2011.
- Western had \$71.6 million in assets with Pyramis as of December 31, 2011.
- Since the last review (in January 2011) Pyramis has had a net gain of 9 clients in Canada for total net assets of \$59 million.
- In the Pyramis International Growth strategy (Western's strategy), they had a net gain of 2 clients, but net asset losses of \$807 million.
- Fidelity Investments is privately owned but key employees are eligible to take part in a phantom share plan.
- Sales people are paid a salary and earn a commission based on gross sales; they are also eligible for a long-term profit sharing plan that is linked to the financial health of the company.
- Portfolio manager compensation is related to performance:
 - Comparisons are made with the MSCI EAFE Index and a peer group universe.
 - They measure performance over 1-year, 3-year and 5-year horizons.
- Analysts performance is evaluated using quantitative metrics (~70%) and qualitative metrics (~30%).
- Since our last review there have been some personnel changes at the senior level at Pyramis, but nothing that has a direct impact on our portfolio:
 - In July 2011, Patrick Sheppard was named Chief Global Compliance Officer for the firm.
 - In August 2011, Boyce Greer, who had served as Vice Chairman of Pyramis Global Advisors and Head of Institutional Investments for Fidelity Asset Management passed away.
 - Subsequently, Charlie Morrison and Derek Young were appointed to the role of Vice-Chairman of Pyramis Global Advisors.
- Overall, there are no concerns with Pyramis organizational structure.

INTERNATIONAL GROWTH MANDATE*Performance Analysis***As of December 31, 2011**

	1-Month	3-Month	1-Year	3-Year	5-Year	Since Inception (08/03/2005)
Pyramis International Growth	-0.80%	1.77%	-9.86%	2.08%	-5.49%	0.01%
MSCI EAFE	-0.80%	0.97%	-9.97%	0.96%	-7.23%	-1.47%
<i>Value Added</i>	<i>-0.01%</i>	<i>0.80%</i>	<i>0.11%</i>	<i>1.12%</i>	<i>1.74%</i>	<i>1.48%</i>
Pyramis Europe	-0.97%	4.67%	-8.59%	2.54%	-4.82%	0.28%
MSCI Europe	-1.39%	2.98%	-9.07%	1.01%	-7.78%	-1.86%
<i>Value Added</i>	<i>0.42%</i>	<i>1.69%</i>	<i>0.48%</i>	<i>1.53%</i>	<i>2.96%</i>	<i>2.14%</i>
Pyramis Japan	0.67%	-6.52%	-8.22%	-2.88%	-9.77%	-3.28%
MSCI Japan	0.98%	-6.06%	-12.21%	-4.66%	-9.02%	-2.95%
<i>Value Added</i>	<i>-0.31%</i>	<i>-0.46%</i>	<i>3.99%</i>	<i>1.78%</i>	<i>-0.75%</i>	<i>-0.33%</i>
Pyramis Pacific ex-Japan	-0.87%	2.68%	-13.90%	12.08%	0.09%	6.28%
MSCI Pacific ex-Japan	-0.78%	3.58%	-10.63%	13.27%	-0.05%	4.25%
<i>Value Added</i>	<i>-0.09%</i>	<i>-0.90%</i>	<i>-3.27%</i>	<i>-1.19%</i>	<i>0.14%</i>	<i>2.03%</i>
Emerging Markets Equity		1.75%				
MSCI Emerging Markets		2.06%				
<i>Value Added</i>		<i>-0.31%</i>				

International Growth:

- The fund has 396 names:
 - 89 in Europe
 - 82 in Japan
 - 39 in Pacific ex-Japan
 - 186 in Emerging Markets
- The portfolio turnover for 2011 was 58%.
- The Institutional Portfolio Manager is Michael Strong.
 - Strong is responsible for regional allocation, complying with investment guidelines and cash management.
- Stock selection is made by the regional portfolio managers:
 - Europe: Cedric de la Chaise (based in London, U.K.)
 - Japan: Eileen Dibb (based in Rhode Island)

- Pacific Basin ex-Japan: Henry Chan (based in Singapore)
 - Emerging Markets: Robert von Rekowsky (based in Boston)
- The Fund has outperformed its benchmark by 1.48% since inception.
 - The European and Pacific regions have added value; Japan has detracted value.
 - It's too early to tell about the Emerging Markets component.
- Total return for the portfolio in 2011 was -9.86%, compared to -9.97% for the MSCI EAFE.
 - Value added came mostly from Japan with + 399 bps and to some extent from Europe with + 48 bps.
 - The Pacific Basin ex-Japan has detracted value of 327 bps, while the Emerging Markets component has lost 31 bps since inception.
 - Regional allocation subtracted 0.30% of value.
 - Stock selection provided 0.40% of value added; stock selection was positive in Europe (0.30%) and Japan (0.80%), while it was negative in Pacific ex-Japan (-0.40%) and Emerging Markets (-0.30%).
- The Fund uses the MSCI EAFE Index as a benchmark, not the MSCI EAFE Growth Index.
- The top contributors to the performance of the portfolio for the year-to-date period ending November 30, 2011 were:
 - Having no allocation to Tokyo Electric Power, a Japanese utilities
 - Rakuten, a Japanese retailer
 - Fresenius Mde Care Ag & Co., a German provider of healthcare equipment
- The top detractors were:
 - Lloyds Banking Group, a U.K. bank
 - Transocean, a Swiss offshore drilling contractor
 - Roche Holdings, a Swiss pharmaceutical company
- From a sector point of view, their overweight in Software & Services and in Healthcare Equipment and Services as well as their underweight in Technology Hardware and Equipment have added the most value.
- Their underweight in Pharmaceuticals and their overweight in Insurance have been detractors.
- Normally they would expect that most of the return should be coming from stock selection (normally 75% to 85%). In 2011 regional allocation subtracted 0.30% while stock selection added about 0.40% to performance.
- Stock selection has added the most value in Software & Services, Capital Goods and Telecommunication Services.
- Stock selection has detracted the most value in Energy, Banks and Insurance.
- As of December 31, 2011 the portfolio was slightly underweight compared to the MSCI EAFE Index in Europe, Japan and Pacific Basin ex-Japan, due to the 5.2% allocation to Emerging Markets.

Europe:

- Cedric de la Chaise's investment philosophy involves looking for growth, quality and reasonable valuations.
- The credit of sovereign debt has impacted the solvency of European banks.
- The portfolio manager will try to manage the portfolio by keeping a good balance between defensive companies and cyclical companies. He tries to find the based value companies in defensive sectors while identifying cyclical names where earnings downgrades have been sufficiently discounted.
- The European component accounted for 61.3% of the portfolio as of December 31, 2011, compared to 65.2% for the benchmark.
- The portfolio had a -8.59% return in 2011, compared to -9.07% for the benchmark, for a positive value added of 0.48%.
- Since inception the European component has had a positive value added (2.14%, annualized).
- The top contributors to the performance of the European portfolio in 2011 (as of November 30, 2011) were:
 - Fresenius Mde Care Ag & Co., a German provider of healthcare equipment
 - Shire, a U.K. based pharmaceutical company
 - SAP, a German software provider
- The top detractors were:
 - Lloyds Banking Group, a U.K. bank
 - Transocean, a Swiss offshore drilling contractor
 - Roche Holdings, a Swiss pharmaceutical company
- From a sector point of view, their underweight in Technology Hardware and Equipment, Healthcare Equipment & Services as well as their overweight in Automobile & Components have added the most value.
- Their overweight in Materials and Food & Staples Retailing, as well as their underweight in Insurance have been detractors.
- Stock selection has added value in Capital Goods, Telecommunication Services and Automobiles and Components.
- Stock selection had detracted the most value in Energy, Banks and Insurance.
- Cedric has admitted making two important mistakes:
 - He should have reduced the portfolio exposure to cyclical due to the expected slowdown.
 - He expected that bank regulation would have been more favourable to growth in the banking sector.
- Portfolio positioning:
 - The portfolio manager has a cautiously optimistic view.
 - Valuations are quite attractive at the moment in Europe. More than 50% of company revenues are coming from outside Europe. The proportion of the portfolio that depends on consumer revenues is small. The portfolio is mostly exposed to global growth. However, the market still expects 25% in earnings growth in 2012 in Europe.
 - They are currently overweight in the U.K., where most businesses are institutional.

- They have little investments in Italy or Spain.
- The demand for commodity has picked up in China.
- The portfolio is underweight in Banks, Telecommunication Services and Utilities.
 - In Telecoms the market has not adjusted for the high debt levels, there's no deleveraging happening and companies are not growing their cash flows.
- The portfolio has its largest overweight in Media, Commercial and Professional Services and Software and Services.
- Regarding the integration of environmental, social and governance factors, the portfolio manager mentioned that looking at ESG factors is part of the fundamental process. They look at them on a case by case basis and they assess whether it's a risk or not and if the companies' earnings power may be affected.

Japan:

- The portfolio is managed by Eileen Dibb; she focuses on earnings growth.
- From a valuation point of view, she looks at relative P/E ratios and P/B ratios.
- She incorporates potential currency fluctuations in earnings growth.
- She tries to incorporate the best ideas from analysts.
- She monitors approximately 100-150 companies; they focus on about 35 stocks, the best growth stocks over time; most of them will make it into the portfolio.
- She currently manages approximately \$1.8 billion in Japanese equities.
- The Japanese component accounted for 20.8% of the portfolio as of December 31, 2011, compared to 21.6% for the benchmark.
- The portfolio had a -8.22% return in 2011, compared to -12.21% for the benchmark, for a value added of 3.99%.
- Since inception the Japanese component has had a negative value added (-0.33%, annualized), although value added has been positive since Eileen Dibb took over the portfolio.
- The top contributors to the performance of the Japanese portfolio in 2011 (as of November 30, 2011) were:
 - Having no allocation to Tokyo Electric Power, a utilities
 - Rakuten, a retailer
 - Japan Tobacco, a tobacco company
- The top detractors were:
 - Kansai Electric Power, a utilities
 - JS Group, a provider of building materials and housing equipment
 - Olympus, a producer of life sciences imaging systems; they sold out of this position.
- From a sector point of view, their overweight in Retailing and their underweight in Utilities have added the most value.
- Their underweight in Pharmaceuticals, as well as their overweight in Real Estate have been detractors.
- Stock selection has added the most value in Software and Services, Diversified Financials and Materials.

- Stock selection has detracted the most value in Capital Goods, Automobiles & Components and Real Estate.
- Current portfolio positioning:
 - The portfolio is overweight in Retailing, Diversified Financials and Food & Staples Retailing.
 - Prospects look good for EPS growth in Retailing. In Diversified Financials, they feel that leasing companies will outperform. In Food & Staples Retailing, they see value in convenience stores.
 - The portfolio is underweight in Pharmaceutical and Technology & Hardware Equipment.
 - Demand has not been good for IT companies because of problems with the supply chain.
- Amortization of goodwill is the most significant accounting difference between Japan and North America; they are currently looking at a conversion to the new International Financial Reporting Standards and the implications.
- Regarding the integration of environmental, social and governance factors, the portfolio manager mentioned that Japan has some of the best environmental practices in the world. However, governance is sometimes an issue as some companies have non-shareholder friendly approaches.

Pacific Basin ex-Japan:

- Henry Chan took over the portfolio in May 2011.
- He tries to identify companies in the early part of the earnings cycle. He has a more growth-oriented approach and incorporates macro-economic assumptions to build the portfolio.
- Because of the small weight in the MSCI EAFE Index (currently 13.2% of the Index), the Pacific Basin ex-Japan component of the portfolio is managed more aggressively than the other two components, i.e. the number positions is smaller (about 20-30) and the active positions are larger.
- The expected tracking error of the sub-portfolio is 8% to 10%.
- The Pacific Basin ex-Japan component accounted for 13.0% of the portfolio as of December 31, 2011, compared to 13.2% for the benchmark.
- The portfolio had a -13.90% return in 2011, compared to -10.63% for the benchmark, for a negative value added of 3.27%. The portfolio has underperformed by approximately 265 bps since Henry Chan took over in May 2011.
- Since inception the Pacific Basin ex-Japan component has had a positive value added (2.03%, annualized).
- The top contributors to the performance of the Pacific Basin ex-Japan portfolio in 2011 (as of November 30, 2011) are:
 - Tencent Holdings Ltd., a Chinese software manufacturer.
 - Changyou.Com, a Chinese developer of online games.
 - SJM Holdings, a Honk Kong based casino operator.
- The top detractors were:
 - Li & Fung Ltd., a Hong Kong retailer.
 - Cheung Kong, a Hong Kong real estate company.
 - Westpac Bank, an Australian bank.

- From a sector point of view, their underweight in Real Estate and their overweight in Consumer Services and Food Beverage & Tobacco have added the most value.
- Their overweight in Software & Services and Diversified Financials as well as their underweight in Utilities have been detractors.
- Stock selection has added the most value in Software & Services, Capital Goods and Consumer Services.
- Stock selection has detracted the most value in Real Estate, Insurance and Materials.
- Portfolio positioning:
 - The portfolio's largest overweights are currently in Food, Beverage & Tobacco, Telecommunication Services and Diversified Financials.
 - Adding a large position in Telecommunication Services was the most significant change to the portfolio made by Henry Chan. He feels that there's potential for earnings surprises due to earnings power by network operators and the industry restructuring.
 - The portfolio's largest underweights are in Transportation, Utilities and Real Estate.
- Regarding the integration of environmental, social and governance factors, the portfolio manager spends a lot of time meeting with company management to ensure that they have governance practices that enhance shareholder value. They also assess the operating environment of each company and compare them with competitors to evaluate potential risks.

Emerging Markets:

- Bob von Rekowsky manages this segment of the portfolio.
- Emerging markets have been added to the Western portfolio in August 2011.
- The portfolio manager is based in Boston and the team is integrated with the emerging markets debt team.
- He invests in mid and small cap companies with a bottom-up process.
- Ideas are generated by applying quantitative screens to the portfolio (P/B ratios, P/E ratios, EPS growth rates, etc.), through company visits, industry research, etc.
- Following an initial screen, rigorous fundamental research is applied. Governance is important in selecting stocks in emerging markets. They also try to understand the drivers of earnings, the competitive landscape and the quality of management.
- The portfolio has typically about 200 names to diversify the risk.
- Emerging markets are not in the MSCI EAFE Index. The manager may invest opportunistically up to 15% in Emerging Markets. As of December 31, 2011 4.9% of the portfolio was invested in Emerging Markets.
- The portfolio's return for the last three months of 2011 was 1.75%, compared to 2.06% for the MSCI Emerging Markets Index, for a negative value added of 0.31% .
- The top contributors to the performance of the Emerging Markets portfolio in from August 2 to December 31 are:
 - Samsung Electronics, a South Korean electronics manufacturer.
 - Advanced Info Svc Pub, a Thailand based telecom company.
 - KT & G Corp., a South Korean Tobacco company.
- The top detractors were:

- China Yurun Food Group, a Chinese meat product processor and supplier.
- Changyou.Com, a Chinese developer of online games.
- CTC Media, a Russian media company.
- From a sector point of view, their overweight in Food Beverage & Tobacco and their underweight in Insurance and Technology Hardware & Equipment have added the most value.
- Their underweight in Food & Staples Retailing and Semiconductors as well as their overweight in Transportation have been detractors.
- Stock selection has added the most value in Semiconductors, Automobiles & Components Banks.
- Stock selection has detracted the most value in Food, Beverage & Tobacco, Technology Hardware and Equipment and Media.
- Portfolio positioning:
 - The portfolio's largest overweights are currently in Automobile & Components, Food, Beverage & Tobacco and Retailing.
 - The portfolio's largest underweights are currently in Food & Staples Retailing, Materials, Diversified Materials.

Investment Personnel:

- Since our last review, the Pacific Basin ex-Japan portfolio sleeve transitioned to Pyramis Global Advisors Henry Chan from Fidelity International portfolio manager John Lo. Pyramis believes that integrating management of the Pacific Basin ex-Japan portfolio on the Pyramis investment platform will allow Henry closer integration and coordination with the other members of the core International Growth team. Pyramis also believes that Henry's approach will result in better portfolio construction and a less volatile portfolio. Henry was on conference call during the meeting, although it was past midnight in Hong Kong. He has demonstrated a good understanding of the market dynamics of the region. The portfolio has underperformed since he joined as a portfolio manager, but it's too soon to reach any conclusions.
- We met again with Eileen Dibb, the new portfolio manager of Japanese equities, and she has again demonstrated a strong knowledge of the Japanese markets and the companies in her portfolio. We also discussed the engagement work she does with company management in order to improve shareholders' rights.
- We met again with Cedric de la Chaise, the European equity manager. He has generated good performance since he has started managing our portfolio. He provided good insights about the portfolio and was candid about his mistakes.
- The only portfolio manager that we haven't met so far is Bob von Rekowsky, who manages the Emerging Markets portfolio. He doesn't meet with clients in order to focus all of this time on portfolio management. I met with Yasmin Landy, who is an Institutional Portfolio Manager. Although she's not involved with stock selection, she's very familiar with the portfolio as she works directly with the portfolio manager on process, implementation and risk management.
- Michael Strong, Brian Hoesly and Chris Steward have remained in place as lead portfolio managers of the strategy.
- The firm has 395 equity research professionals as of December 31, 2011, down from 409 when we held our last review in 2009, which was already a decline from 439 the

year before due to a round of layoffs. However, it represents a significant increase since June 30, 2011 as the headcount was 368 then. Most of the decline from 2009 to 2011 took place in the U.S. The increase in hiring in the second half of 2011 took place across the board. Although Pyramis' research resources remain large compared to peers, these large personnel changes need to be monitored.

- The structure they have in place (Michael Strong as lead portfolio manager who makes the regional decisions and the regional portfolios managed by dedicated portfolio managers using the research produced by local analysts) seems to be working for them; with a large pool of analysts located all over the world, Fidelity has a strong position compared to its competitors.

Investment Process:

- Process hasn't changed: bottom-up growth.
- The strategy focuses on companies with above-average earnings growth combined with attractive relative valuations. Companies that possess fundamental strength in a technology or business \ strategy that provides a competitive advantage are emphasized.
- Fidelity leverages its global research team to assess a company's competitive position.
- Buy criteria:
 - Attractive business model
 - Favorable secular trends
 - Positive earnings surprises
 - Reasonable valuations
- Sell criteria:
 - Deterioration in company fundamentals
 - Excessive price appreciation
- The portfolio's strategy of combining several sub-portfolios results in a large number of holdings in the portfolio, which causes the tracking error of the portfolio be low and makes it difficult for the manager to outperform. In addition, given the relatively small allocation of the manager in the Diversified Equity Fund (15%), a more concentrated approach would generate more value added.
- Environmental, Social and Governance Factors (ESG):
 - Regarding the integration of environmental, social and governance factors, Fidelity, and by extension Pyramis, believes that high standards of corporate social responsibility ("CSR") will generally make good business sense and have the potential to protect and enhance investment returns. Their investment process takes social, environmental and ethical issues into account when these have a material impact on either investment risk or return. They believe that social, environmental, and ethical best practices should be encouraged provided it enhances long term financial return.
 - They do not screen out companies from our investment universe purely on the grounds of poor social, environmental, or ethical performance but rather adopt a positive engagement approach whereby they discuss these issues with the management of the companies in which they invest on

behalf of their clients. They use the information gathered during these meetings both to inform their investment decisions and to encourage company management to improve procedures and attitudes. They believe that this is one effective way to improve the attitude of business towards CSR.

Risk Controls:

- Risk controls are Michael Strong's responsibility.
 - Regional weights: Benchmark weight +/- 5%
 - Country weights: Benchmark weight +/- 5%
 - Industry group weights: Benchmark weight +/- 5%
 - Security weights: Benchmark weight +/- 3%
 - Market capitalization: Benchmark weighted average +/- 15%
 - Emerging markets weight: up to 15%
- The portfolio manager has access to a web-based application that tracks several metrics, such as beta and tracking error.
- The macro economic environment is also taken into consideration.
- They target the stock specific risk to account for about 66^{2/3}% to 70% of total risk and the tracking error to be between 2% and 4%.
- They monitor their exposure to growth and value and to dividend and momentum.

Capacity:

- Russell raised some issues about capacity, more specifically that the assets managed by Cedric de la Chaise were too large for him to generate some value added.
- Cedric de la Chaise manages US\$7.0 -7.5 billion in European equities. Fidelity estimates that the total capacity is about double that level.
 - They determine capacity based on investment style, number of holdings and turnover.
 - They focus on companies with \$2 to \$5 billion in market capitalization.

Trading:

- The transactions related to Western's account are executed through different trading desk within the organization:
 - Pacific Basin ex-Japan portfolio: Pyramis trading desk
 - Japan and Emerging Markets sub-portfolios: Fidelity trading desk
 - Europe sub-portfolio: Fidelity Worldwide Investment
- They provided a visit to Pyramis' trading floor.
- The Pyramis trading desk is designed to facilitate agency trading and principal trading, electronic trading and program trading. They utilize various execution tools including algorithmic strategies, alternative trading systems (ATS), electronic crossing networks (ECNs), and direct access to liquidity centers. They attempt to limit price movement and information leakage in a given security by using crossing networks and also by monitoring daily volume to ensure that we do not distort the price of a security.
- Fidelity's trading desk has synchronized global trading operations with desks in Boston, Rhode Island, London, Tokyo and Hong Kong. Their Portfolio Management

Ordering System links portfolio managers and traders on-line. In addition to their internal resources, Fidelity traders have direct links to Wall Street firms that communicate indication of interest ("IOIs") as well as market color and liquidity.

- Fidelity Worldwide Investment has a strict rule that portfolio managers may not place trades themselves. Instead, portfolio managers instruct the traders who in turn instruct brokers. This segregation of duties provide the following benefits, according to Fidelity:
 - Orders can be aggregated and clients receive the benefit of any savings.
 - Continuous monitoring of prices ensures best execution. Compliance reviews reports daily for any prices outside the high/low for the day.
 - Their dedicated dealing desks maintain very good relationships within the markets. This helps to ensure that we are shown lines of stock and receive market information throughout the trading day.
 - Managers can focus their time on portfolio management.
- All three trading platforms monitor closely the execution of trades by looking at trading patterns, execution reports and following up with brokers in case of discrepancies.
- All three trading platforms closely monitor trading costs, by reviewing various metrics, such as brokers' commissions, bid/ask spreads, local taxes and levies paid. Pyramis believes that its commission costs are below the industry average.
- Pyramis may use soft dollars to pay brokers for research that helps in the management of the portfolio. Fidelity does not claim compliance with the CFA Institute Soft Dollar Policy, although it has a detailed policy in place.
- All three trading platforms only trade with brokers on an approved list. The various trading platforms look at several factors in selecting brokers, including: commission rates, speed and certainty of execution, reliability, creditworthiness, overall trading relationship with the broker, degree of anonymity which a broker can provide, market impact, settlement capability and value of research provided.
- Pyramis selects trading venues with the intent of limiting price movement and information leakage. Their trading capabilities give them access to execution management systems, alternative trading systems, direct market access algorithmic strategies and traditional broker desks.
- There haven't been any issues with liquidity when doing monthly redemptions; they keep 1-2% of the portfolio invested in cash for redemption purposes.
- Overall, Pyramis has adequate trading capabilities.

COMPLIANCE

- Pyramis is in compliance with the investment objective, investment guidelines and investment constraints of our mandate.
- Due to its size, Fidelity faces litigation from time to time. All litigation has been disclosed in applicable regulatory filings and Fidelity doesn't expect any of the proceedings to have a negative material impact on its operations.
- There were no issues raised by regulators which would have a material effect on the relationship between Fidelity Canada and Western.
- Pyramis has an adequate Code of Ethics "Rules of Employee Investing" that employees have comply with.

- To the best of its knowledge, Pyramis has disclosed any conflict of interest or potential conflict of interest involving Pyramis or key investment personnel
- Fidelity has received SSAE-16 and SAS-70 for audit of its internal controls.

THE UNIVERSITY OF WESTERN ONTARIO RETIREMENT PLANS
Pyramis Global Advisors
Meeting Agenda

Date: January 13, 2012

Meeting time: 9:00 AM to 1:00 PM

Location: Smithfield, Rhode Island

Western Attendee:

Martin Bélanger, Director, Investments

1) ORGANIZATION (10 min):

- Introduction – relationship review
- Discuss any meaningful change to your corporate structure since the last review
- Review changes in assets under management
- Discuss clients gained and lost
- Overview of new products
- Briefly discuss your business continuity plan

2) INVESTMENT PERSONNEL (10 min):

- Introduction to key personnel on our mandates
- Discuss personnel turnover

3) REVIEW OF INTERNATIONAL GROWTH MANDATE (30 min):

- Performance overview
- Attribution analysis
- Detractors/contributors to performance
- Portfolio characteristics
- Overview of investment process and changes to investment policy, if any; please provide examples of stocks added that meet your investment criteria
- Discuss changes made to the portfolio
- Describe how you measure and control portfolio investment risk
- Discuss currency management
- Address how you handle capacity issues
- Report how you integrate environmental, social and governance factors in your investment process and the impact on your portfolio and investment strategy
- Discuss current portfolio positioning

4) REVIEW OF INTERNATIONAL GROWTH – EUROPEAN EQUITIES (30 min):

- See topics section 3

5) REVIEW OF INTERNATIONAL GROWTH – JAPAN EQUITIES (30 min):

- See topics section 3

6) REVIEW OF INTERNATIONAL GROWTH – PACIFIC BASIN EX-JAPAN EQUITIES (30 min):

- See topics section 3

7) REVIEW OF INTERNATIONAL GROWTH – EMERGING MARKETS EQUITIES (30 min):

8) INVESTMENT RESEARCH (30 min):

- Review global research platform
- Review approach to research
- Discuss research reports with analysts

9) TRADING (15 min):

- Overview of trading systems and methodology
- Execution analysis
- Discuss total trading costs analysis
- Discuss soft dollars allocation
- Discuss broker/dealer selection
- Discuss stock exchange selection

10) COMPLIANCE (15 min):

- Provide an overview of your compliance processes
- Confirm that all investments managed by Pyramis Global Advisors on behalf of Western are in compliance with the terms and conditions of the Investment Manager Agreement dated July 28, 2005 and in compliance with all applicable laws
- Describe any material litigation to which your firm, key personnel or the funds have been party over the past year
- Describe any material issue raised as a result of recent regulatory reviews
- Confirm that your key investment personnel complies with an appropriate code of ethics
- Confirm that any conflict of interest or potential conflict of interest involving Pyramis Global Advisors or key investment personnel has been disclosed

11) OTHER (10 min):

- Office tour