

## **Joint Pension Board Meeting**

**June 7, 2012**

**9:00 AM**

**SSB4220**

Present: Prof. Stephen Foerster, Ms. Krys Chelchowski, Mr. Jim Loupos, Mr. Martin Bélanger, Mr. Jeffrey Symons, Mr. James Stockford, Ms. Louise Koza, Prof. Craig Dunbar, Ms. Michelle Loveland, Ms. Lynn Logan, Ms. Cindy Servos, Ms. Jane O'Brien, Ms. Ann Jones, Mr. Ab Birch

Guests: Mr. Bruce Curwood, Russell Investments, Marlon Brown, Bruce Winch, Kurt Umbarger and Jason Nogueira for T. Rowe Price via conference call.

Regrets: Ms. Shannon Butler

### **3. T. Rowe Price Manager Review**

T. Rowe Price joined the meeting via conference call and presented to the Joint Pension Board on a proposed change to the portfolio. Questions were held until the end and are summarized as follows:

Q. - Why are the portfolios you offer having different results? Do they share information or ideas?

A. – While some overlap does exist, they have made different sector bets and the new portfolio is specifically trying to reduce volatility.

Q. – The value add for the first six months of the fund was very high. Was fund size an issue in this?

A. – Assets at the time were lower, however recent results are excellent with much higher AUM.

Q. – Can you comment on the negative 2011 returns?

A. – Emerging markets were hit that year, along with consumer discretionary and energy. More defensive consumer staples were not held.

Q. – Is the new portfolio manager healthy and well protected? What are your succession plans?

A. – Associate Portfolio Managers are in place and working closely with the primary manager on the strategy.

T. Rowe Price then ended the call and left the meeting.

Martin Bélanger commented that he had a meeting onsite with the T. Rowe Price team and with the legacy manager's retirement he recommended moving to the new strategy. Fees on the new fund were actually slightly lower.

One Joint Pension Board member asked if there was anything not in Mr. Bélanger's report but that came out of his visit or any concerns about the existing manager. Martin Bélanger stated there are no concerns however with the upcoming departure; he recommended moving to the new manager.

A motion was put to the Joint Pension Board to approve a transition to the new fund.

Moved: Jim Loupos

Seconded: Lynn Logan

All in favour, approved.

## **2. Approval of the May 22 minutes**

Motion: Lynn Logan

Seconded: Craig Dunbar

All in Favour

## **4. First Quarter Performance Review**

Bruce Curwood presented the exhibit to the Joint Pension Board. Mr. Curwood highlighted the excess returns versus benchmarks for the period. One Joint Pension Board member asked if with so many unique styles working together would we as a whole start to look like an index without that intention. Mr. Curwood commented that although we had many holdings, there was a value-add for instance in not holding energy or materials in the quarter which paid off for the funds.

Jeffrey Symons left the meeting, and Ann Jones took over the minutes at this point.

Harris was singled out by Mr. Curwood as a highlight performance this quarter. The money market fund also exceeded its benchmark.

## **5. Update on Joint Pension Board Priority "Reviewing the Diversified Equity Fund"**

The Joint Pension Board reviewed the "Low Volatility" option for the fund. Martin Bélanger presented a back tested strategy as it would have performed as part of the Diversified Equity Fund. At ten percent of the Diversified Equity Fund, the strategy adds 60 basis points value. In the Canadian Equity Fund, at twenty five percent, it adds between 170 and 200 basis points.

The Joint Pension Board discussed a proposed communication plan for a low-volatility strategy, which should include language around lower risk and higher stability, without promising additional return.

Mr Bruce Curwood discussed Emerging Markets and various implementation approaches. The Board reviewed pros and cons of each method, and costs for each. Negative characteristics of these markets were discussed including transparency, liquidity, and volatility.

One board member commented that in choosing one of these strategies, we should very carefully align our goal to the strategy. Mr. Curwood stated that for emerging markets active management would likely be best.

## **6. Other Business**

Updates were provided to the Joint Pension Board on the following topics.

The Romspen information is now available to members on our website.

The transfer of SRI assets to Aberdeen is 90% complete and will finish June 15.

The new TDF 2018 is up and running.

The transfer from Fidelity to MB should be done by June 14

Motion to adjourn

Motion: Michelle Loveland

Seconded: Jane O'Brien

All in Favour

Meeting adjourned at 11:05 am