Report of the Investment Committee

For Information

This report outlines the performance of the operating and endowment investment portfolio and the recent activities of the Investment Committee.

Performance

The investment performance of the portfolio for the past four years was as follows:

Asset Class	Annual Sept. 30 2011	Annual Sept. 30 2010	Annual Sept. 30 2009	Annual Sept. 30 2008	Annualized for Four years Ending Sept. 30, 2011
Fixed Income	6.4%	7.5%	9.9%	5.7%	7.4%
Alternative Investments:					
Hedge funds	3.9	(1.3)	(16.6)	(10.7)	(6.5)
Private equity	10.6	-	-	-	-
Equities:					
Canadian	(5.8)	10.6	(0.3)	(15.8)	(3.3)
US	0.1	8.6	(12.7)	(20.3)	(6.7)
Non North American	(8.9)	3.8	0.3	(22.8)	(7.5)
Total Return	(0.6)%	7.6%	2.8%	(10.5)%	(0.4)%
Policy Return	(0.4)%	7.8%	3.2%	(11.0)%	(0.3)%

For additional information, please refer to the attached pages, which show the amounts held by each investment manager at September 30, 2011, the annual and annualized returns by manager over the five years ending September 30, 2011.

Returns in relation to the real rate of return objective

One of the Investment Committee's objectives is to earn a real rate of return over the long term (i.e., to earn a given rate over the rate of inflation, as measured by the Consumer Price Index). In September 2011, the Property & Finance Committee approved changes to the University's Statement of Investment Objectives, Policies and Governance which included a reduction in the real return objective from 5% to 4%. Inflation has averaged 2.0% per year for the past five and ten years.

For the four years ending September 30, 2011, the annualized real rate of return was -2.3%, consisting of a nominal return of -0.4% less inflation of 1.9%. For the five years ending September 30, 2011, the annualized real rate of return for the portfolio was -0.2%, which consisted of a nominal (actual) annualized return of 1.8% less 2.0% for inflation. The 5 year annualized return does not meet the Investment Committee's performance objective of a real rate of return of 4%.

Value added by Active Management

Another of the Investment Committee's objectives is to earn the return produced by the asset mix policy based on the returns of the market indices plus a premium to reflect the additional fees related to active management. In order to achieve this objective, investment managers with active investment mandates need to outperform their benchmark indices. For example, Canadian equity managers need to outperform the TSX Composite Index over time.

Over the five years ending September 30, 2011, the actual annualized return for the portfolio was 1.8%

and the return generated by the market indices for the portfolio was 1.6% (the policy return). Over this period, our combination of managers achieved higher results than could have been achieved by a passive or index style of management. It should be noted that 55% of the total portfolio is actively managed and 45% is passively managed.

Book and Market Value of the Portfolio

As at September 30, 2011, the operating and endowment portfolio had a book value of $384,904,000 and market value of $427,049,000 as follows:

	Book Value ($000's)	Market Value ($000's)	Actual Asset Mix	Policy Asset Mix
Bonds	$100,793	$150,840	35.3%	25.0%
Alternative Investments	21,747	22,047	5.2	15.0
Canadian equities	72,445	84,002	19.7	20.0
US equities	79,300	85,141	19.9	20.0
Non-North American equities	110,619	85,019	19.9	20.0
Total	$384,904	427,049	100.0%	100.0%

At September 30, 2011 the portfolio consisted of the following components:

Portion related to Endowed funds	*$200,507,000*	*47.0%*
Portion related to Operating and Non-endowed funds	*226,542,000*	*53.0%*
Total market value of portfolio	*$427,049,000*	*100.0%*

Update on Investment Committee Activities

- Revisions to the Statement of Investment Objectives, Polices & Governance have been completed and have been approved by Property & Finance and the Board
- Administration completed its research on Infrastructure funds and presented a report for the Committee's review at the December 1st meeting
- The Committee asked Administration to continue with their work on Infrastructure given the discussion that took place, with the objective of making an investment in the near term
- Administration completed the initial funding of the approved 5% allocation to Greystone Mortgage Fund and a 2.5% allocation to Romspen Mortgage Investment Fund
- The Committee agreed to terminate Highstreet Asset Management and to re-allocate the assets to the remaining Canadian Equity managers and not make any further changes to the Canadian Equity structure at this time
- The Committee approved an additional investment of $50 million, being reallocated from the short term portfolio, in conjunction with rebalancing the Operating & Endowment portfolio
- Mercer Global Investments made a presentation to the members related to a potential investment in their Canadian Core Plus Fixed Income product. The members discussed the manager and product at length and determined that it would be appropriate to step back and re-evaluate the active vs passive decisions previously made given the events of the past few months
- The Committee requested that Administration obtain additional information from Mercer's and bring the topic forward for discussion at the next meeting

University of Western Ontario Endowment Plan

Asset Summary

As of September 30, 2011

	Total Market Value	% of Total Fund	% of Asset Class	Equity & Convertible		Fixed Income		Real Estate		Cash & Equivalents		Alternative	
Total Fund													
UWO Endowment - Total Fund	$ 427.0	100.0%	100.0%	$ 253.7	59.4%	$ 150.8	35.3%	$ 12.7	3.0%	$ 0.5	0.1%	$ 9.3	2.2%
Canadian Stock Managers	**84.0**	**19.7**	**100.0**	**83.5**	**99.5**	--	--	--	--	**0.5**	**0.5**	--	--
Beutel, Goodman Capital Mgmt.	31.8	7.4	37.9	31.4	98.6	--	--	--	--	0.5	1.4	--	--
Greystone Canada	24.9	5.8	29.7	24.9	100.0	--	--	--	--	--	--	--	--
Highstreet Asset Management	27.2	6.4	32.4	27.2	100.0	--	--	--	--	--	--	--	--
U.S Stock Managers	**85.1**	**19.9**	**100.0**	**85.1**	**100.0**	--	--	--	--	--	--	--	--
SSgA Midcap Hedge Blend	14.1	3.3	16.5	14.1	100.0	--	--	--	--	--	--	--	--
J.P. Morgan 130/30	38.3	9.0	44.9	38.3	100.0	--	--	--	--	--	--	--	--
SSgA S&P 500 Hedge Blend	32.8	7.7	38.5	32.8	100.0	--	--	--	--	--	--	--	--
Hedge Funds	**3.2**	**0.7**	**100.0**	--	--	--	--	--	--	--	--	**3.2**	**100.0**
Northwater Capital Mgmt. Inc. NET III	3.2	0.7	100.0	--	--	--	--	--	--	--	--	3.2	100.0
Non-North American Mgrs	**85.0**	**19.9**	**100.0**	**85.0**	**100.0**	--	--	--	--	--	--	--	--
Templeton International	42.0	9.8	49.4	42.0	100.0	--	--	--	--	--	--	--	--
MFS/SSgA Hedge Blend	43.0	10.1	50.6	43.0	100.0	--	--	--	--	--	--	--	--
Fixed Income Managers	**150.8**	**35.3**	**100.0**	--	--	**150.8**	**100.0**	--	--	--	--	--	--
State Street Global Advisors	150.8	35.3	100.0	--	--	150.8	100.0	--	--	--	--	--	--
Private Equity													
Adams Street Partners	6.2	1.4	100.0	--	--	--	--	--	--	--	--	6.2	100.0
Real Estate Managers	$ **12.7**	**3.0%**	**100.0%**	$ --	--%	$ --	--%	$ **12.7**	**100.0%**	$ --	--%	$ --	--%
Bentall Investment Management	11.5	2.7	90.5	--	--	--	--	11.5	100.0	--	--	--	--
GPM	1.2	0.3	9.5	--	--	--	--	1.2	100.0	--	--	--	--

Performance Summary by Portfolio

Annual Value Added by Asset Class – September 30th, 2011

				Annualized			Rolling 12-Months			
	3 Mths	YTD	1 Yr	3 Yrs	4 Yrs	5 Yrs	2010	2009	2008	2007
Total Fund - UWO Endowment	(7.2)	(5.2)	(0.6)	3.2	(0.4)	1.8	7.6	2.8	(10.5)	11.0
Policy Portfolio	(7.2)	(5.0)	(0.4)	3.5	(0.3)	1.6	7.8	3.2	(11.0)	9.8
Canadian Stock Managers	(13.2)	(13.9)	(5.8)	1.3	(3.3)	1.7	10.6	(0.3)	(15.8)	24.7
Beutel Goodman	(11.9)	(10.3)	(3.0)	4.6	0.0	3.8	10.1	7.2	(12.6)	20.6
Greystone	(16.6)	(17.3)	(9.3)	(0.9)	(6.0)	(0.1)	13.6	(5.5)	(19.7)	27.2
Highstreet	(11.3)	(14.4)	(5.6)	(0.6)	(4.4)	1.1	8.9	(4.6)	(14.7)	26.5
S&P/TSX Composite Index	(12.0)	(11.9)	(3.6)	2.7	(1.9)	2.6	11.6	0.5	(14.4)	22.8
U.S. Stock Managers	(13.0)	(9.2)	0.1	(1.7)	(6.7)	(3.3)	8.6	(12.7)	(20.3)	11.8
SSgA Midcap Hedge Blend	(20.5)	(14.0)	(2.4)	1.0	(4.5)	(0.4)	16.0	(9.0)	(19.0)	17.4
JP Morgan 130/30	(8.7)	(7.7)	0.1	2.9	--	--	5.7	3.0	--	--
SSgA S&P 500 Hedge Blend	(14.3)	(8.9)	0.8	(3.7)	--	--	8.7	(18.5)	--	--
S&P 500 - Total Return Index	(7.0)	(4.2)	2.7	0.6	(4.0)	(2.5)	5.3	(6.0)	(16.5)	3.7
S&P MidCap 400 Index	(13.5)	(8.8)	0.3	3.4	(0.4)	0.8	12.6	(2.2)	(10.9)	5.8
S&P 400 Canada Dollar Hedged (BNYM Calc.)	(20.4)	(13.5)	(1.9)	1.2	(3.8)	0.1	16.0	(9.0)	(17.2)	17.1
S&P 500 Canada Dollar Hedged (BNYM Calc.)	(14.2)	(8.9)	0.9	(1.0)	(6.8)	(2.9)	8.6	(11.5)	(22.3)	14.8
Hedge Funds	7.0	9.5	3.9	(5.1)	(6.5)	(4.1)	(1.3)	(16.6)	(10.7)	6.0
Northwater Capital Mgmt. Inc. NET III	7.0	9.5	3.9	(5.1)	(6.5)	(4.1)	(1.3)	(16.6)	(10.7)	6.0
90 Day LIBOR (US$)	0.1	0.2	0.3	0.7	1.4	2.2	0.3	1.4	3.5	5.4
Non-North American Mgrs.	(15.3)	(13.1)	(8.9)	(1.8)	(7.5)	(3.3)	3.8	0.3	(22.8)	15.7
Templeton International	(14.3)	(11.5)	(9.4)	(2.3)	(8.0)	(3.7)	(1.0)	4.1	(23.4)	15.8
MFS Investment Management	(13.3)	(10.0)	(6.3)	1.2	(3.8)	--	4.1	6.2	(17.3)	--
MFS/SSgA Hedge Blend	(16.3)	(14.7)	(8.5)	(0.6)	(6.5)	--	11.5	(3.7)	(22.1)	--
MSCI EAFE Hedged to C$ w/Gross Dividends	(15.8)	(15.3)	(10.4)	(3.9)	(11.0)	(6.3)	2.1	(3.0)	(29.5)	15.5
MSCI EAFE Index	(12.5)	(10.5)	(7.5)	(1.3)	(7.9)	(4.3)	(0.9)	4.8	(25.2)	11.7
Private Equity	1.5	7.5	10.6	--	--	--	--	--	--	--
Adams Street	1.5	7.5	10.6	--	--	--	--	--	--	--
MSCI All Country World Index	(10.7)	(9.0)	(4.0)	0.5	(5.5)	(2.4)	4.1	1.5	(21.3)	11.0
Fixed Income Managers	5.0	7.2	6.4	8.0	7.4	6.2	7.5	9.9	5.7	1.7
State Street Global Advisors	5.0	7.2	6.4	8.0	7.4	6.2	7.5	9.9	5.7	1.7
DEX Bond Universe Index	5.1	7.4	6.7	8.1	7.2	6.1	7.3	10.3	4.6	1.6

SSgA Midcap Hedge Blend includes the history of the Northwater hedges.
MFS/SSgA hedge Blend includes the history of the Northwater hedges.

Policy (effective 9/30/2011):	
S&P/TSX Composite	20%
S&P 500 - 2/3 hedged	16%
S&P 400 Hedged	4%
MSCI EAFE half hedged	20%
DEX Universe	25%
MSCI ACWI	5%
90-Day LIBOR	5%
IPD All Property	2.5%
IPD All Industrials	2.5%

UWO Operating - Combined

Total Fund Real Returns – September 30th, 2011

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
UWO Annualized Returns	-0.6	3.4	3.2	-0.4	1.8	2.8	4.3	5.1	5.8	4.6
CPI (Inflation)	3.2	2.5	1.4	1.9	2.0	1.8	2.0	2.0	2.0	2.0
Real Return	-3.8	0.9	1.8	-2.3	-0.2	1.0	2.3	3.1	3.8	2.6

	Yr Ending 9/30/2011	Yr Ending 9/30/2010	Yr Ending 9/30/2009	Yr Ending 9/30/2008	Yr Ending 9/30/2007	Yr Ending 9/30/2006	Yr Ending 9/30/2005	Yr Ending 9/30/2004	Yr Ending 9/30/2003	Yr Ending 9/30/2002
UWO Annual Returns	-0.6	7.6	2.8	-10.5	11.0	8.1	14.0	10.5	11.4	-5.5
CPI (Inflation)	3.2	1.9	-0.9	3.4	2.5	0.7	3.2	1.8	2.2	2.3
Real Return	-3.8	5.7	3.7	-13.9	8.5	7.4	10.8	8.7	9.3	-7.8

UWO Operating - Combined

Total Fund Value Added – September 30th, 2011

	1 Year Annualized	2 Years Annualized	3 Years Annualized	4 Years Annualized	5 Years Annualized	6 Years Annualized	7 Years Annualized	8 Years Annualized	9 Years Annualized	10 Years Annualized
UWO Annualized Return (1)	-0.6	3.4	3.2	-0.4	1.8	2.8	4.3	5.1	5.8	4.6
Policy Return (2)	-0.4	3.6	3.5	-0.3	1.6	2.6	4.2	5.0	5.7	4.6
Value Added	-0.2	-0.2	-0.3	-0.1	0.2	0.2	0.1	0.1	0.1	0.0

	Yr Ending 9/30/2011	Yr Ending 9/30/2010	Yr Ending 9/30/2009	Yr Ending 9/30/2008	Yr Ending 9/30/2007	Yr Ending 9/30/2006	Yr Ending 9/30/2005	Yr Ending 9/30/2004	Yr Ending 9/30/2003	Yr Ending 9/30/2002
UWO Annual Return (1)	-0.6	7.6	2.8	-10.5	11.0	8.1	14.0	10.5	11.4	-5.5
Policy Return (2)	-0.4	7.8	3.2	-11.0	9.8	7.8	14.2	10.3	11.9	-5.3
Value Added	-0.2	-0.2	-0.4	0.5	1.1	0.3	-0.2	0.2	-0.4	-0.2

Policy Mix as of September 30										
S&P/TSX Composite	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
S&P 500	5%	5%	5%	5%	15%	15%	10%	20%	20%	20%
S&P 500 Hedged Currency	11%	11%	11%	10%	5%	5%	10%	0%	0%	0%
S&P 400 Hedged Currency	4%	4%	4%	5%	5%	5%	5%	5%	5%	5%
MSCI EAFE	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MSCI EAFE Hedged Currency	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%
Total Equity	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
DEX Universe (3)	25%	40%	40%	40%	40%	40%	40%	40%	40%	40%
MSCI All Country World (ACWI)	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
90-Day LIBOR	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Real Estate (4)	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Notes:
(1) All returns except for the Northwater Hedge Fund are before deducting investment managers' fees.
(2) The UWO Policy Return is the return that would have been earned (before investment managers' fees) by investing the portfolio in index funds in proportion to the target or policy asset mix.
(3) Includes hedge fund and private equity prior to July 2010
(4) Current 5% allocation consists of 2.5% REALpac / IPD Canada - All Property Index and 2.5% REALpac / IPD Canada - All Industrials Index