
Semi-Annual Update on Investment Performance

For the Period Ending June 30, 2018

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Assets Under Management

Ending June 30, 2018

	Market Value of Assets (C\$ millions)	
	December 31, 2017	June 30, 2018
LTCAP	2,917	2,942
Pension	4,987	5,105
EFIP	1,976	1,698
Total	9,880	9,745

- Total assets managed by UTAM remain at approximately \$10 billion.

Performance: LTCAP, Pension, and EFIP

Periods ending June 30, 2018

	YTD	1 Year	5 Years	10 Years
LTCAP	2.2%	8.4%	10.3%	5.0%
Pension	2.2%	8.4%	10.2%	4.9%
EFIP	0.9%	1.7%	1.7%	1.7%

¹ Returns are net of all investment fees and expenses, including UTAM costs.

- Year-to-date (YTD) Pension and LTCAP generated returns of 2.2%, and EFIP returned 0.9%.

Performance: Evaluating Returns

- 1) Were the returns generated good or bad?
- 2) How much did UTAM add or detract with its active management approach?

To answer these questions, we need to consider the following:

Target Return: The return objective for each portfolio.

Reference Portfolio Return: The return from the passive, easy to implement, low-cost and simple benchmark portfolio that is appropriate for Pension and LTCAP's long-term risk and return objectives.

Performance: Actual vs Target

Periods ending June 30, 2018

	YTD	1 Year	5 Years	10 Years
Actual Portfolio Returns				
LTCAP	2.2%	8.4%	10.3%	5.0%
Pension	2.2%	8.4%	10.2%	4.9%
EFIP	0.9%	1.7%	1.7%	1.7%
University Target Returns				
LTCAP & Pension: CPI + 4%	3.1%	6.5%	5.7%	5.5%
EFIP: 365 day T-bill + 0.50%	1.1%	1.5%	1.4%	1.8%
Actual minus Target				
LTCAP	-0.9%	1.9%	4.6%	-0.4%
Pension	-0.9%	2.0%	4.5%	-0.5%
EFIP	-0.2%	0.1%	0.4%	-0.1%

Performance: Reference vs Target

Periods ending June 30, 2018

	YTD	1 Year	5 Years	10 Years
Reference Portfolio Returns¹				
LTCAP	1.6%	7.0%	8.4%	4.4%
Pension	1.6%	7.0%	8.4%	4.4%
University Target Returns				
LTCAP & Pension: CPI + 4%	3.1%	6.5%	5.7%	5.5%
Reference minus Target				
LTCAP	-1.5%	0.6%	2.7%	-1.1%
Pension	-1.5%	0.6%	2.7%	-1.1%

Performance: Actual vs Reference

Periods ending June 30, 2018

	YTD	1 Year	5 Years	10 Years
Actual Portfolio Returns				
LTCAP	2.2%	8.4%	10.3%	5.0%
Pension	2.2%	8.4%	10.2%	4.9%
Reference Portfolio Returns				
LTCAP	1.6%	7.0%	8.4%	4.4%
Pension	1.6%	7.0%	8.4%	4.4%
Actual minus Reference (UTAM value-add)				
LTCAP	0.6%	1.4%	1.9%	0.7%
Pension	0.6%	1.4%	1.8%	0.6%

- UTAM has outperformed over all periods.

Performance: UTAM Value Added in Dollar Terms

Periods ending June 30, 2018

	YTD	1 Year	5 Years	10 Years
UTAM Value Add (%)				
LTCAP	0.6%	1.4%	1.9%	0.7%
Pension	0.6%	1.4%	1.8%	0.6%
UTAM Value Added (\$ millions)				
LTCAP	17	37	215	193
Pension	29	65	347	311
LTCAP + Pension	46	102	561	504

- \$100 million added over the last year and in excess of \$500 million added over the last 5 and 10 years.

Current Asset Allocation and Limits: LTCAP

June 30, 2018

	Reference	Actual	Outside	----- Bands -----	
	Portfolio	Portfolio ¹	Band?	Min.	Max.
Equity:					
Canadian	10.0	10.3	N	5.0	15.0
US	20.0	19.9	N	15.0	25.0
Europe, Australia, Far East (EAFE)	15.0	15.0	N	10.0	20.0
Emerging Markets	10.0	10.1	N	5.0	15.0
Global	5.0	5.0	N	0.0	10.0
Total Equity	60.0	60.2	N	50.0	70.0
Fixed Income:					
Credit (Corporate Credit)	20.0	19.9	N	10.0	30.0
Rates (Government Bonds)	20.0	12.1	N	10.0	30.0
Total Fixed Income	40.0	32.0	N	25.0	50.0
Other:					
Absolute Return		7.9			
Cash		-0.2			
Total Other	0.0	7.8	N	0.0	15.0
Total:	100.0	100.0			
Currency Exposure:	32.4	32.4	N	25.0	40.0

Current Asset Allocation and Limits: Pension

June 30, 2018

	Reference Portfolio	Actual Portfolio ¹	Outside Band?	----- Bands -----	
				Min.	Max.
Equity:					
Canadian	10.0	10.3	N	5.0	15.0
US	20.0	19.8	N	15.0	25.0
Europe, Australia, Far East (EAFE)	15.0	15.0	N	10.0	20.0
Emerging Markets	10.0	9.9	N	5.0	15.0
Global	5.0	5.0	N	0.0	10.0
Total Equity	60.0	59.9	N	50.0	70.0
Fixed Income:					
Credit (Corporate Credit)	20.0	19.9	N	10.0	30.0
Rates (Government Bonds)	20.0	12.3	N	10.0	30.0
Total Fixed Income	40.0	32.2	N	25.0	50.0
Other:					
Absolute Return		7.5			
Cash		0.4			
Total Other	0.0	7.9	N	0.0	15.0
Total:	100.0	100.0			
Currency Exposure:	32.4	32.2	N	25.0	40.0

Active Risk: Actual Risk minus Reference Risk

June 30, 2018

Active Risk Zone	Active Risk
Target Zone ("Normal")	$-0.50\% \leq \text{Active Risk} \leq 1.50\%$
Notification and Analysis Zone ("Watch")	$1.50\% < \text{Active Risk} \leq 1.75\%$
Mitigation Zone ("Alert")	$\text{Active Risk} > 1.75\%$

	Risk (Volatility %)
LTCAP (A)	8.3
Pension (B)	8.2
Reference Portfolio (C)	7.4
LTCAP Active Risk (A – C)	0.9% or 90 bps
Pension Active Risk (B – C)	0.8% or 80 bps

- Active Risk for LTCAP and Pension remains well within the "Normal" Zone (-50 bps to 150 bps)