Fund Review for First Half of 2014

Most of the global capital markets continued to advance and posted positive results for the first half of 2014. During the period, the Canadian dollar depreciated against the US dollar but appreciated slightly against the Euro.

The Bank of Canada has maintained the overnight target interest rate at 1%, and long term Canada Bond yields fell by 0.5% from 3.3% to 2.8%. Inflation rate has been kept within the target of 1% - 3% set by the Bank.

2014 has so far been a good year for the York University Pension Fund. For the first six months of 2014, the Pension Fund had a gross return of 7.6% (7.3% net), matching the benchmark return.

Investment Manager and Policy Update

The Pension Fund Board of Trustees has approved an updated target asset allocation for the York University Pension Fund: 20% Canadian Bonds, 10% Global Bonds, 50% Equity, 10% Infrastructure, and 10% Real Estate. These changes will be implemented over the coming year, and there were no recent changes to the Manager Structure.
## Investment Results at June 30, 2014*

<table>
<thead>
<tr>
<th>Investment Manager (type of portfolio)</th>
<th>YTD Return</th>
<th>Benchmark YTD Return</th>
<th>Manager Allocations (% of Total Fund)</th>
<th>Market Value of assets (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TD Asset Management (Cdn. Bonds, passive/active)</td>
<td>8.2%</td>
<td>8.3%</td>
<td>33.0%</td>
<td>627,427</td>
</tr>
<tr>
<td>Foyston Gordon &amp; Payne (Canadian equities, active)</td>
<td>12.8%</td>
<td>12.9%</td>
<td>7.6%</td>
<td>143,728</td>
</tr>
<tr>
<td>Mawer Investment Management (Canadian equities, active)</td>
<td>11.7%</td>
<td>12.9%</td>
<td>7.5%</td>
<td>143,412</td>
</tr>
<tr>
<td>TD Asset Management (U.S. equities, passive)</td>
<td>7.4%</td>
<td>7.4%</td>
<td>10.0%</td>
<td>189,800</td>
</tr>
<tr>
<td>WEDGE Capital Management (U.S. Small &amp; Mid Cap equities, active)</td>
<td>7.6%</td>
<td>8.1%</td>
<td>5.0%</td>
<td>94,319</td>
</tr>
<tr>
<td>Aberdeen Asset Management (Global equities, active)</td>
<td>9.2%</td>
<td>6.8%</td>
<td>7.7%</td>
<td>146,489</td>
</tr>
<tr>
<td>Walter Scott &amp; Partners (Global equities, active)</td>
<td>4.5%</td>
<td>6.4%</td>
<td>8.0%</td>
<td>152,404</td>
</tr>
<tr>
<td>LSV Asset Management (Int’l equities, active)</td>
<td>5.6%</td>
<td>5.0%</td>
<td>9.7%</td>
<td>184,567</td>
</tr>
<tr>
<td>Gryphon International (Int’l equities, active)</td>
<td>1.2%</td>
<td>5.0%</td>
<td>4.9%</td>
<td>92,624</td>
</tr>
<tr>
<td>Infrastructure (Private Infrastructure, active)</td>
<td>9.3%</td>
<td>5.3%</td>
<td>5.3%</td>
<td>100,606</td>
</tr>
<tr>
<td>Mesirow Financial (Currency hedge overlay, Passive)</td>
<td>-0.6%</td>
<td>0%</td>
<td>0%</td>
<td>2,569</td>
</tr>
<tr>
<td><strong>Total Fund</strong></td>
<td><strong>7.6%</strong></td>
<td><strong>7.6%</strong></td>
<td><strong>100%</strong></td>
<td><strong>1,900,885</strong></td>
</tr>
</tbody>
</table>

*Results are based on information provided by Towers Watson and CIBC Mellon. Returns do not include expenses. Total assets include operating funds. Benchmark returns are returns of the relevant capital market index used to evaluate the returns of the investment portfolios. The benchmark for the Total Fund is a composite of the asset class benchmarks calculated using the same proportion as the investment policy.

## News from the Pension and Benefits Office

The Pension & Benefits office recently posted a new Pension Plan Booklet:

http://www.yorku.ca/hr/documents/pension/York_University_Pension_Plan.pdf

This booklet will be reviewed each year and updated when applicable. We encourage everyone to review the information provided.

The December 31, 2013 pension statements are available on the retirement planner at:

http://www.yorku.ca/hr/services/employees/yurp.html

We thank all those who have provided us with an e-mail address and ask those who have not to please provide us with an e-mail address, if you have one, so you are able to access the pension statements online. Please e-mail askpb@yorku.ca with this information.
**Actuarial Valuation Results**

The purpose of the actuarial valuation is to determine the funded status of the Plan as at year end and the minimum funding requirements for the University for the following three calendar years. The Actuarial Valuation Report is required to be completed and filed with the provincial pension regulators (FSCO) at least every three years. The valuation report as at December 31, 2013 was filed, and the next report required to be filed will be as of December 31, 2016.

The results at December 31, 2013 incorporate Stage 2 Funding Relief, and indicate the following contribution requirements for the University for 2014 (2013 actual):

- The University will contribute 100% of each member’s contributions to the member’s money purchase account. This is expected to total approx. $23.2 M (2013 $21.8 M).
- To cover the cost of providing the minimum guaranteed pension and additional special payments required to fund the deficit, the University will contribute an additional $14.0 M (2013 $44.0 M).
- Total University contributions for 2014 are expected to be $37.2 M (2013 $65.8 M).

Due to the positive investment experience and the plan design changes, the Pension Plan deficit at the end of 2013 improved to $17.7 million from $219.5 million at the end of 2012.

Changes to the contribution rates have been approved. For 2014, the contribution rates for plan members will be as follows (YMPE means year’s maximum pensionable earnings):

- January to February: 4.5% of earnings up to the YMPE plus 6% of earnings above the YMPE.
- March to August: 4.95% of earnings up to the YMPE plus 6.63% of earnings above the YMPE.
- September to December: 5.4% of earnings up to the YMPE plus 7.26% of earnings above the YMPE.

Total employee contributions for 2014 (not including additional voluntary contributions) are expected to be $23.2 million (2013 $20.6 M).

**CONTACT INFO**

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For more information on Pension Fund investments, contact Leona Fields, Director, Pension Fund at ext. 55122, or at fieldsl@yorku.ca

If you have any questions or feedback regarding this newsletter or other pension communication, or for further information on any pension issue, please see contact information on last page.

**Websites:**

http://www.yorku.ca/hr/services/employees/benefits.html
http://www.yorku.ca/finance/divisions/pensioninvestments.htm