



August 2011

NEWSLETTER

Information about the York University Pension Plan

Fund Review for First Half of 2011

Major financial, economic, and natural events around the world sent shock waves to the markets in the first half of 2011. From earthquakes and a tsunami in Japan, to debt crises in Europe, to an impasse in the U.S. debt limits, the markets went along for a roller coaster ride, but most regions were still able to end the first half of the year on a positive note.

The deal-or-no-deal headlines out of Europe and the U.S. added to the volatility in the currency market. The continued appreciation of the Canadian dollar relative to the U.S. dollar had a negative impact on

returns for Canadian investors in the U.S.; however, the appreciation of the Euro added a positive return for Canadian investors in Europe.

The Bank of Canada was able to keep interest rates low and unchanged, but inflation worries may bring higher rates later in the year.

For the first six months of 2011, the Pension Fund had a gross return of 2.8% (2.5% net), outperforming the benchmark return of 2.3%. See the table on the next page for more details.

Investment Manager and Policy Update

In the first half of 2011, two investment managers were terminated, and one new firm was hired.

First, due to many organizational and personnel changes, as well as ongoing concerns with performance, AllianceBernstein was terminated. Aberdeen Asset Management was hired in their place to manage a Global equity portfolio. Second, last year, one of our long time managers, Sceptre Investment Counsel, merged with Fiera Investment Management, to become FieraSceptre. Though Sceptre has been performing well, there was concern that this merger / take over would have a negative impact on the organization, culture, and investment teams that had been able to perform well in the past. FieraSceptre was terminated and the Canadian equity assets have been transitioned to the other two remaining Canadian equity managers.

In addition to the manager changes, the Investment Policy was changed with an increased allocation to Global equity from 10% to 15%, and a corresponding decrease in Canadian equity from 20% to 15%. Following this change, the York University Pension Fund's target policy allocation becomes 30% Canadian bonds, 15% Canadian equity, 15% U.S. equity, 15% International equity, 15% Global equity, and 10% Infrastructure.

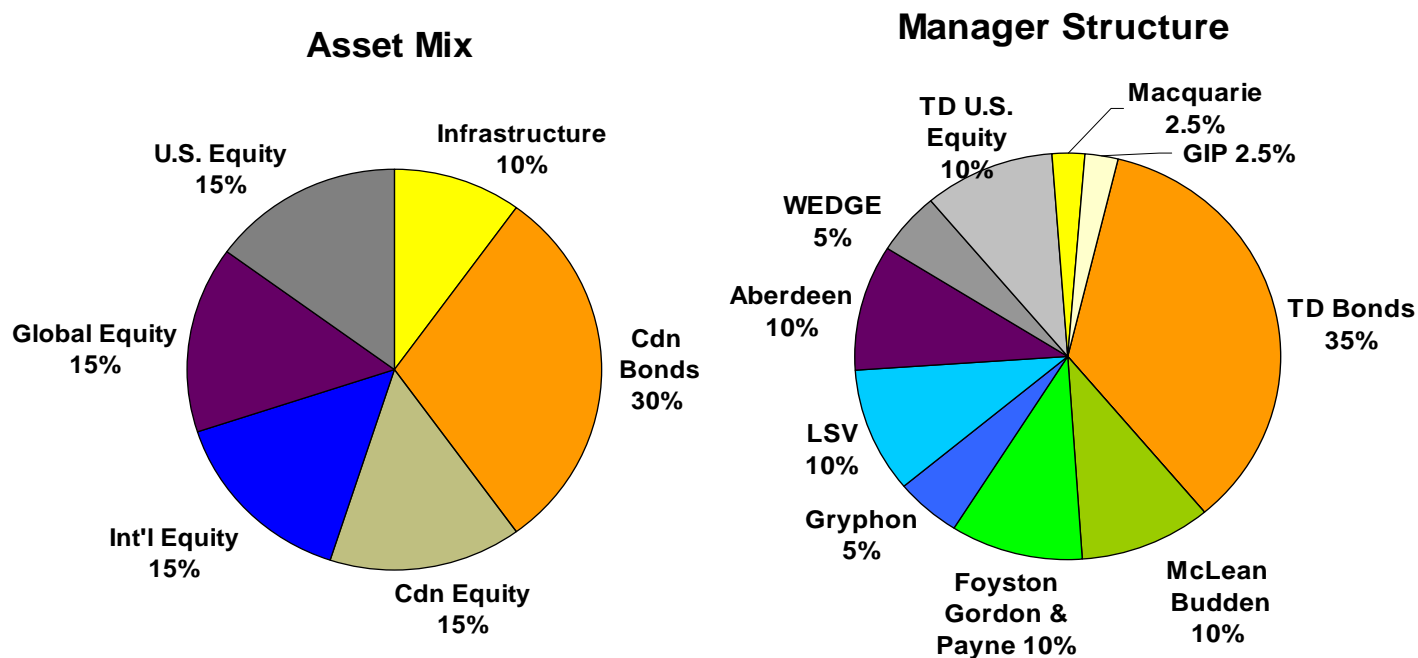
The graphs on the next page show the Asset Mix Policy and Manager Structure at June 30th, 2011. The table shows the actual allocations and investment performance for all of the Fund's investment managers.

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>



Investment Manager and Policy Update (cont'd)



Investment Results at June 30, 2011*

Investment Manager (type of portfolio)	YTD Return	Benchmark YTD Return	Manager Allocations (% of Total Fund)	Market Value of assets (thousands)
TD Asset Management (Cdn. Bonds, passive/active)	2.6%	2.2%	32.6%	445,821
Foyston Gordon & Payne (Canadian equities, active)	3.1%	0.2%	10.1%	138,218
McLean Budden (Canadian equities, active)	-1.5%	0.2%	9.8%	134,394
TD Asset Management (U.S. equities, passive)	4.6%	4.6%	9.9%	135,782
WEDGE Capital Management (U.S. Small & Mid Cap equities, active)	5.5%	3.0%	5.5%	74,472
Aberdeen Asset Management (Global equities, active)	2.9%	-1.2%	10.1%	138,577
LSV Asset Management (Int'l equities, active)	3.2%	2.0%	10.0%	136,463
Gryphon International (Int'l equities, active)	3.0%	2.0%	5.2%	71,509
Infrastructure (Private Infrastructure, active)	3.3%	5.0%	6.1%	83,106
Mesirow Financial (Currency hedge overlay, active)	-0.7%	0.0%	-0.1%	-799
Total Fund	2.8%	2.3%	100.0%	\$1,366,443

* 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 provided the December 31, 2010 annual pension statements electronically for the first time this year. Plan members can access their statement by logging into the York University Retirement Planner. If you are not familiar with the Planner, there is a video available which explains how to log in. The link is <http://www.yorku.ca/hr/services/employees/yurp.html>.

Communications were sent out to plan members by email when the statements were ready to view April 1, 2011. If the Pension and Benefits office does not have a plan member's email address, the paper statement was mailed to the member's home address May 1, 2011. If you received a hard copy of your statement you can still provide an email address to us so you will be able to access next year's statement earlier.

Pension statements from December 31, 2006 onward are available on the York University Retirement Planner.

Actuarial Valuation Results

The Actuarial Valuation Report for Funding Purposes as at December 31, 2010 has been completed by the actuary. The purpose of the valuation is to determine the funded status of the Plan as at December 31, 2010 and the minimum funding requirements for the University for three years, beginning 2011. The report shows that the Pension Plan deficit at the end of 2010 increased significantly to approx. \$217.2 M (2007 \$44.1 M). A deficit in the Plan means that the present value of all the pension benefits earned to date is more than the total value of the Pension Fund assets as of the same date.

The University will continue to contribute 103% of each member's contributions to the member's money purchase account. This is expected to total approx. \$19.6 M for 2011 (2008 \$17.1 M).

The University is required to make special payments to fund the deficit. Due to the new solvency relief rules, the required special payments for 2011 will be \$8.7 M, and then increase to \$24.2 M for 2012 and 2013.

In addition, the University is required to contribute the cost of the minimum guarantee benefits that will accrue in the Pension Plan during 2011. The actuary estimates this cost plus expenses to be approx. \$18.4 M (2008 \$11.0 M).

The contribution rates for plan members remain the same at 4.5% of earnings up to the YMPE (year's maximum pensionable earnings) plus 6% of earnings above the YMPE. Total employee contributions (not including additional voluntary contributions) are expected to be approx. \$19.1 M in 2011 (2008 \$16.6M).

CONTACT INFO

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