

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

Minutes of Asset-Liability Results Meeting
Friday, December 14, 2012

ATTENDANCE:

Present: Henry Hudek (Chair), Laurel Repski (Vice-Chair), Mary Anne Walls (Secretary), Mike Emslie (Treasurer), Barry Barske, Ed Byard, Ray Erb, Colin Morrison, Hans Werner, Greg Gillis

Regrets: Jane Barske, Judy Graham, Kyle MacDonald, Murray Wiegand, Ron Youngson

Also In Attendance: Ronda Perinot (Recording Secretary), Brian White, Nathan LaPierre & Jeffrey King (Aon Hewitt)

The Aon Hewitt presenters guided the Board through the Asset-Liability Results meeting (handout provided).

Section 1: Purpose of the Meeting

It was noted that the purpose of the asset-liability meeting was to review the range of proposed investment strategies, and to provide direction to Aon Hewitt re asset class and mix in portfolio.

Section 2: Recap from Last Meeting

At the last meeting the Board considered various asset mix scenarios and parameters that would be used to model various portfolios. The Board had considered:

- Model portfolios based on traditional only, and traditional and alternative (real estate and infrastructure) asset classes
- Given that the inclusion of alternatives produces more efficient portfolios, will continue to include model portfolios with alternative asset classes in the study
- Duration: as a measure of interest rate sensitivity in the portfolio
- If moving to include alternatives, would need to do so in one move (as opposed to gradually) due to the size of the investment

It had been noted by Aon Hewitt that the current portfolio is reasonably efficient which is viewed as unusual and a good starting point to making the portfolio even more efficient (reduce risk and improve risk/reward trade off).

Section 3: Results

The results of the portfolio modeling were reviewed with Aon Hewitt.

- It was noted that an optimized 60% growth portfolio would have a lower expected 10-year contribution requirement and economic cost, while at the same time an improved worst-case scenario contribution requirement and economic cost than the current portfolio (based on projections)
- While model portfolios with greater than 60% growth assets produce even lower expected 10-year contribution requirement and economic cost, and improved worst-case scenario

contribution requirement and economic cost than the current portfolio, it was noted that this should be viewed with caution due to the fact that there is no provision of adverse deviation in actuarial valuations

- Were adverse deviation to be included, the advantages of a high growth asset portfolio would be reduced or eliminated

Based on the fact that the Aon Hewitt analysis showed that a 75% growth portfolio has potentially advantageous characteristics, the Board decided to continue to include the 75% growth portfolio in the modeling.

A discussion concerning de-risking strategies (glide path analysis) followed:

- Will need to decide whether the move to de-risking should be “cliff” (all in one move) or gradual
- Will need to decide whether de-risking should be tied to financial status of the plan (funded position)
- Will need to establish a systematic and predefined transition of the portfolio; could include a statement in SIP to the effect that when a particular funded status is reached (eg 105%) de-risking of the portfolio would take place

Section 4: Next Steps

At the next meeting, the Board will need to select and approve the new portfolio.

- Will review a 60% growth portfolio at next meeting
- Will review a 75% growth portfolio at next meeting
- Will eliminate 65% growth portfolio with alternatives from further review
- Aon Hewitt will come back with number of alternatives for moving to long term bonds
- Will look at glide paths (75 – 60 – 40) and (60 – 40)
- Final decisions will be made concerning real estate (whether to keep in) and infrastructure (whether to remove)

- Next meeting will include quick review of quarter 4 results.

The next ALS meeting with Aon Hewitt is to take place on February 8, 2013.

Meeting Adjourned

Chair

Secretary