



Lakehead  
UNIVERSITY

# *retirement*

**PLAN REVIEW**

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Spring/Summer 2018

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**Access newsletters online:**

Lakehead University Plan Members have access to Proteus' website where you can view current and past newsletters, Proteus' performance updates, investment manager presentations and other pension plan related documents.

**[www.proteusperformance.com](http://www.proteusperformance.com)**

**User ID: Lakehead | Password: learning**

# PERFORMANCE SUMMARY



## INVESTMENT STRATEGY

Capital Markets are unpredictable over short time periods and a well-diversified portfolio will help protect your capital over the long-term. Successful long-term investors do not focus on poor performance in any given year – they review their strategy and make sure it is well aligned with their long-term objectives. Completing a ‘Risk Profile’ will help to determine the type of investor you are. If you are unsure of the best strategy for you, you should seek independent professional advice before making your investment decisions.

Period Ending March 31, 2018				
	1 year	3 year	4 year	10 year
Lakehead Pension Total Portfolio	4.1	5.3	6.7	6.8
<i>Benchmark</i>	<i>4.0</i>	<i>4.4</i>	<i>6.4</i>	<i>6.0</i>
Lakehead Short Term Account*	1.0	0.9	1.0	n/a
<i>Benchmark</i>	<i>0.8</i>	<i>0.6</i>	<i>0.7</i>	<i>0.9</i>

*\*Performance shown is for the underlying pooled fund.*

## Plan Governance

Plan Governance is handled by the Pension Board and Pension Advisory Committee.

The Professional Plan is administered by the Pension Board which is advisory to the Board of Governors. The Pension Board consists of the following members:

- Two Members of the Faculty (Bargaining Units #1 and #2);
- One Pensioner;
- One Member of Non-Faculty Staff; and
- Two persons chosen by the Board of Governors.

The Employee Plans is administered by the Pension Advisory Committee, which is advisory to the Board of Governors of the University. The Committee consists of:

- Two members appointed by the Board of Governors;
- One member of each bargaining unit;
- One member of non-union staff; and
- One member of non-union Technical staff.

# Lakehead's Investment Structure and Managers

## Investment Structure

### Lakehead University Main Pension Plan

*Lakehead Pension Total Portfolio* — The pension plan investment structure is comprised of a number of underlying investment funds managed by various investment management firms (see below). The goal of the investment mix is to provide long term capital growth and capital preservation. The Portfolio is currently invested in Canadian large-cap and mid-cap equities, Canadian bonds, Canadian commercial mortgages, American large-cap and small cap equities and International large-cap and small-cap equities.

## Underlying Investment Managers

### Main Pension Plan

#### Balanced Fund

*Jarislowsky Fraser Total Portfolio* — Invests in the pooled JF Canadian equity and bond funds. The target allocation is a 50-50 split between the two funds. The JF Canadian equity fund emphasizes buying long-term growth at a reasonable price. The JF Bond fund is managed based on safety of principal, conservative duration management, and optimization of yield.

#### Canadian Equity Fund

*CGOV Canadian Equity* — Attempts to buy companies at a sufficient discount to their intrinsic values. The companies are diversified across a minimum of globally recognized industry sectors with the mandate limited to 25 companies. The fund is not expected to exhibit index-like characteristics.

#### American Equity Fund

*Dimensional US Equity Small Cap Value* — Invests primarily in securities of small-cap U.S. companies.

#### Global Equity Funds

*Letko Brosseau Equity* — Invests in the Letko Brosseau RSP Equity fund. Equity portfolios typically consist of 80 to 120

### Lakehead University Short Term Account

*Short Term Account* — The Short Term Account is comprised of one underlying investment fund managed by Jarislowsky Fraser (JF). The underlying fund is a money market fund. Money market funds invest in short term interest bearing (or discount) securities of governments, corporation and other short term borrowers with a time horizon generally under one-year. The rate of return for the fund should be consistent with short term Canadian interest rates.

companies diversified by sector, geography, and individual security. The process is driven by security selection.

*State Street Global Advisors (SSgA)* — A portfolio of primarily large capitalization global equity stocks that is intended to match the return on the MSCI World Index.

#### International Equity Fund

*Dimensional International Small Cap Value* — Invests primarily in securities of small-cap international (non-U.S.) companies.

#### Fixed Income Funds

*Addenda Bond Fund* — Invests in a diversified portfolio of bonds and provides investors with interest income and safety of principal along with opportunities for moderate capital growth.

*Addenda Commercial Mortgages Fund* — Invests in commercial mortgages which are held until maturity unless their annual review process indicates a cause for concern.

# THE IMPORTANCE OF REVIEWING PLAN STATEMENTS

As a member of a pension or other retirement savings program, it's important to stay up-to-date with what's going on with your plan. Quarterly, semi-annual and annual plan statements provide key information to keep you updated and informed.

Once you receive them, it's important to review them. Here's why:

- Statements have a lot of important, structured information that are constructed for specified time periods. No two statements are the same.
- Your statements include personal rates of return for your various plans and individual fund returns.
- Statements often include important plan member messages, which may relate to investment fund changes, investment fee changes or account management tips.
- Statements typically have various forms of income projection at retirement based on existing assets you have and current contribution levels. Look at the results and see if they reflect all of your retirement assets outside of the plan.
- Statements include comparable benchmarks, which let you review how well your investments are performing.
- Statements also include fees. It's important to understand the fees that are associated with your plan, including withdrawal fees. You wouldn't want to pay a sizeable fee for a small withdrawal.

Once your statement is issued, spend a few minutes reviewing it. Ensure your personal information is up-to-date and correct – like your birthdate and marital status. File your statements away in a safe place and stay in touch with your account. Your retirement savings are a product of all your hard years of work - your statements reflect that!

## What questions to ask when looking for a financial advisor

While some individuals may feel comfortable planning for retirement on their own, others often seek advice from qualified financial advisors. Financial advisors can add great value to helping you plan for retirement.

When looking for a financial advisor, make sure you ask these questions:

**What are your qualifications?** What training and development do they have and how do they stay current? Do they hold any designations such as Certified Financial Planner™ (CFP™); CFA or CA? Advisors often provide both financial and tax support and this could be interrelated especially for non-registered investments.

**What experience do you have?** How long has your advisor been in practice and with which firms? Get references from clients.

**What services do you offer?** The services of a financial advisor will differ and will depend on credentials, registration, areas of expertise and the firm for which the individual works. Ask for an example of their work (such as a financial plan, investment recommendation or income projection modeling to meet a specified target income).

**Will anyone besides me benefit from your recommendations?** Ask your advisor for a description of their conflicts of interest in writing.

**Can I have it in writing?** Ask your advisor to provide you with a written agreement that details the services that will be provided and keep for your files. Ask if they can provide a recap of meetings, and both recommendations and suggestions for asset mix changes or product recommendations.

**How will I pay for your services?** Advisors may charge an hourly rate, a percentage of your assets under their care or they may receive a salary or commissions. Whatever the arrangement, this should be disclosed in writing – and how it will be reflected on ongoing reports.

Any qualified advisor should be open and transparent regarding the above questions and happy to provide you with answers.



# MARKET REVIEW

## Canadian Equities

- Canadian equities fell this quarter, returning -4.5%.
- The information technology and real estate sectors are the only sectors with a positive return over the quarter.

## International Equities

- World markets, represented by the MSCI World Index (C\$), and the U.S. market represented by the S&P 500 (C\$) were up 1.7% and 2.1% respectively for the quarter.
- The MSCI EAFE Index (C\$) was up 1.4% for the quarter. The MSCI Emerging Markets (C\$) Index was also up for the quarter, achieving a return of 4.4%.

## Fixed Income

- The Bank of Canada (BOC) raised its key interest rate by 25bps to 1.25% during the first quarter.
- Strong recent economic data, coupled with close-to-target inflation and the Canadian economy operating near capacity resulted in the rate hike decision.
- The FTSE TMX Canada Universe Bond Index rose 0.1% for the quarter.

## A note about the performance summary:

*Returns are shown before fees unless indicated. Past performance of a fund is not necessarily indicative of future performance.*

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