

**Lakehead University**  
**Pension Investment Fund**  
**Financial Statements**  
For the year ended December 31, 2016

**Contents**

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## Independent Auditor's Report

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### To the Administrator Lakehead University Pension Investment Fund

We have audited the accompanying financial statements of Lakehead University Pension Investment Fund ("the Fund"), which comprise the statement of financial position as at December 31, 2016, and the statement of changes in net assets available for benefits for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by management based on the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act of Ontario.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act of Ontario, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## Independent Auditor's Report (cont'd)

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### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016, and the changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act of Ontario.

### Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 in the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Administrator of the Fund to meet the requirements of the Financial Services Commission of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Administrator of the Fund and the Financial Services Commission of Ontario and should not be used by parties other than the Administrator of the Fund or the Financial Services Commission of Ontario.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
June 9, 2017

## Lakehead University Pension Investment Fund Statement of Financial Position

December 31 (in thousands of dollars)

2016

2015

Assets	Professional and Administrative Staff Plan (Ontario) Registration Number 246058	Employee Pension Plan (Ontario) Registration Number 526921	Professional and Administrative Staff Plan (Ontario) Registration Number 246058	Employee Pension Plan (Ontario) Registration Number 526921	Total	Total
Cash and cash equivalents	\$ 1,464	\$ 277	\$ 1,242	\$ 224	\$ 1,741	\$ 1,466
Investments, at market value (Note 3, Schedules 1 and 2)	185,015	34,653	176,717	31,697	219,668	208,414
(cost 2016 - \$189,327; cost 2015 - \$184,954)	10	2	5	1	12	6
HST receivable	359	136	468	81	495	549
Sponsor's contributions receivable	308	94	293	86	402	379
Employees' contributions receivable	187,156	35,162	178,725	32,089	222,318	210,814
<b>Liabilities</b>						
Accounts payable (Note 4)	262	50	215	38	312	253
Deferred pension contributions (Note 5)	161	-	-	-	161	-
	423	50	215	38	473	253
<b>Net assets available for benefits</b>	<b>\$186,733</b>	<b>\$35,112</b>	<b>\$178,510</b>	<b>\$32,051</b>	<b>\$221,845</b>	<b>\$210,561</b>

On behalf of the Administrator

The accompanying notes are an integral part of these financial statements.

## Lakehead University Pension Investment Fund

### Statement of Changes in Net Assets Available for Benefits

For the year ended December 31 (in thousands of dollars)	2016	2015				
	Professional and Administrative Staff Plan (Ontario Registration Number 246058)	Employee Pension Plan (Ontario Registration Number 526921)	Professional and Administrative Staff Plan (Ontario Registration Number 246058)	Employee Pension Plan (Ontario Registration Number 526921)	Total	Total
<b>Income</b>						
Investment income	\$ 4,290	\$ 809	\$ 5,123	\$ 923	\$ 6,046	\$ 6,046
Net realized gains on investments	9,378	1,772	7,460	1,343	8,803	8,803
Net unrealized change in market value of investments	6,048	833	(4,908)	(711)	(5,619)	(5,619)
Other cash receipts - pension transfers (Note 6)	-	19	22	-	22	22
Contributions (Note 7) - employees	2,578	694	2,479	670	3,149	3,149
- sponsor	4,273	705	4,569	638	5,207	5,207
	<b>26,567</b>	<b>4,832</b>	<b>14,745</b>	<b>2,863</b>	<b>17,608</b>	<b>17,608</b>
<b>Expenses</b>						
Administration and professional fees (Note 8)	803	154	796	141	937	937
Increase in net assets before benefits paid	25,764	4,678	13,949	2,722	16,671	16,671
<b>Benefits Paid</b>						
Pension benefits and refunds (Note 9)	17,598	1,560	22,447	5,907	28,354	28,354
Increase (decrease) in net assets available for benefits	8,166	3,118	(8,498)	(3,185)	(11,683)	(11,683)
Net assets available for benefits, beginning of year	178,510	32,051	186,699	35,545	222,244	222,244
Interfund Pension Transfers (Note 6)	57	(57)	309	(309)	-	-
<b>Net assets available for benefits, end of year</b>	<b>\$ 186,733</b>	<b>\$ 35,112</b>	<b>\$ 178,510</b>	<b>\$ 32,051</b>	<b>\$ 210,561</b>	<b>\$ 210,561</b>

The accompanying notes are an integral part of these financial statements.

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# Lakehead University Pension Investment Fund

## Notes to Financial Statements

December 31, 2016

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### 1. Description of Plans

The Lakehead University Pension Investment Fund ("the Fund") consists of two plans. The following description of the Professional and Administrative Staff Plan ("PP") and the Lakehead University Employee Pension Plan ("LUEPP") is a summary only. For more complete information, reference should be made to the Plan Agreements.

The Fund consists of 100% ownership of a Master Trust, the assets of which are held by Northern Trust. Addenda Capital, CGOV Asset Management, Dimensional Fund Advisors Canada ULC, Jarislowsky Fraser Limited, Letko Brosseau & Associates Inc., and State Street Global Advisors Ltd. act as managers for the Fund and have discretionary investment authority. As of December 31, 2016, the LUEPP held 551,376.11 units or 15.9%, and the Professional Plan held 2,892,989.56 units or 84.1%, of a total of 3,444,365.67 units of the Master Trust.

The Fund is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

#### Professional and Administrative Staff Plan

The Plan is a contributory defined contribution pension plan. The Plan provides for a defined benefit guarantee for service prior to January 1, 1997. Under the Plan, contributions of 6.5% (2015 - 6.5%) of earnings were made by faculty and librarians and 8.05% (2015 - 8.05%) by the Plan sponsor. For other members, contributions of 8.05% (2015 - 8.05%) of earnings were made by employees and 8.05% (2015 - 8.05%) by the Plan sponsor.

#### Lakehead University Employee Pension Plan

The Plan is a contributory defined contribution pension plan. Under the Plan, employees contribute 7.9% (2015 - 7.9%) of their earnings except for contracted employees who contribute 7.15% (2015 - 7.15%) of their earnings. The Plan sponsor matches employee contributions. For contract lecturers, contributions of 6.5% (2015 - 6.5%) of earnings were made by employees and 7.9% (2015 - 7.9%) by the Plan sponsor.

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### 2. Significant Accounting Policies

#### Basis of Presentation

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Commission of Ontario ("FSCO") for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act of the Province of Ontario. These regulations require pension plans to adhere to the provisions of *Section 4600 - Pension Plans in Part IV - Accounting Standards for Pension Plans* of the CPA Canada Handbook although they permit the exclusion of the actuarial liabilities of the Plan. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet its pension obligations. These financial statements have been prepared to assist in meeting the requirements of FSCO.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

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### 2. Significant Accounting Policies (cont'd)

They are intended solely for the Administrator of the Fund and FSCO and should not be used by parties other than the Administrator of the Fund or FSCO.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and term deposits with maturity dates of less than 90 days from the date that they were acquired.

#### Investments

Investments are stated at fair value which is based on closing quoted market prices.

Dividend income is recognized as of the ex-dividend date. The purchase and sale of securities are recorded on a trade date basis.

Realized gains and losses from security transactions are based on the average cost of the security.

#### Use of Estimates

The preparation of financial statements in accordance with the accounting principles described in the significant accounting policies requires the Fund Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the Fund Administrator's best estimates as additional information becomes available in the future.

#### Foreign Currency Translation

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

3. Investments (in thousands of dollars)

	2016		2015	
	Market Value	Cost	Market Value	Cost
Canadian equities	\$ 31,239	\$ 26,421	\$ 26,718	\$ 28,837
Canadian unit trust equities	63,115	57,582	62,735	58,506
US unit trust equities	55,207	33,498	57,981	35,759
Canadian unit trust bonds	70,031	71,750	60,884	61,756
Accrued income	76	76	96	96
	<b>\$ 219,668</b>	<b>\$ 189,327</b>	<b>\$ 208,414</b>	<b>\$ 184,954</b>



## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

### 3. Investments (cont'd)

Individually significant investments (in thousands of dollars)

The cost or market value of the following investments exceeds 1% of the cost or market value of total pension fund investments at December 31, 2016:

	2016 Market Value	2016 Cost
<b>Canadian Equity Fund</b>		
Jarislowsky Fraser Investments - Equity Fund (1)	\$ 33,039	\$ 30,982
Letko Brosseau - RSP Equity Fund (2)	28,491	25,016
<b>Bond Fund</b>		
Addenda Capital - Bond Fund(5)	37,610	38,634
Addenda Capital - Commercial Mortgage Fund (5)	10,025	10,024
Jarislowsky Fraser Investments - Bond Fund (1)	22,396	23,091
<b>Foreign Equity Fund</b>		
State Street Global Advisors - Global Equity Unit Trust (4)	32,548	15,259
Dimensional Fund Advisors - International Small Cap (3)	22,660	18,239
<b>Miscellaneous - Other</b>		
CGOV - Canadian common stocks (6)	\$ 31,315	\$ 26,497

- (1) Jarislowsky Fraser investments are pooled funds administered by Jarislowsky Fraser Limited.
- (2) Letko Brosseau investments are pooled funds administered by Letko, Brosseau & Associates Inc.
- (3) Dimensional Fund investments are pooled funds administered by Dimensional Fund Advisors Canada ULC
- (4) State Street Global Advisors investments are a pooled fund administered by State Street Global Advisors, Ltd.
- (5) Addenda Capital investments are a pooled fund administered by Addenda Capital.
- (6) CGOV investments are a segregated fund administered by CGOV Asset Management

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

#### 4. Accounts Payable (in thousands of dollars)

	2016	2015
<b>Investment Management</b>		
Addenda Capital	\$ 26	\$ 22
CGOV Asset Management	33	31
Jarislowsky Fraser Limited	36	34
State Street Global Advisors, Ltd.	20	11
<b>Other</b>		
BDO Canada LLP - Audit	10	9
Eckler Ltd. - Actuarial	34	31
Proteus - Investment Advisors	29	29
Northern Trust - Custodial Services	64	14
Minister of Finance	10	10
Lakehead University	50	62
	<b>\$ 312</b>	<b>\$ 253</b>

#### 5. Actuarial Valuation

In the event that an actuarial valuation discloses a going concern unfunded liability or a solvency deficiency as defined by the Pension Benefits Act (1987), the University will be obligated to make additional contributions as required by the Act. The most recent actuarial valuation of the Plan at December 31, 2015, reported that based on then current provisions, the Plan had both a going concern unfunded liability and a solvency deficiency, and that additional University contributions would be required upon filing. The University is making special payments under Regulation 990 of the Pension Benefits Act of \$92,100 monthly to the Plan. These payments are expected to continue until the next scheduled actuarial valuation for the year ended December 31, 2018, at which point they will be reassessed. The University contributed \$168,000 in excess of this requirement in 2016 due to the timing of the actuarial valuation results. This excess contribution has been deferred to 2017.

#### 6. Pension Transfers (in thousands of dollars)

Pension transfers into the Lakehead University Plans were \$19 (2015 - \$22).

Transfers between the Lakehead University Employee Pension Plan and the Professional and Administrative Staff Plan were \$57 (2015 - \$309). Funds are transferred for members of the Lakehead University Employee Pension Plan that transfer to the Professional and Administrative Staff Plan when changing benefit classification effective January 1, 2016.

**Lakehead University Pension Investment Fund**  
**Notes to Financial Statements**

December 31, 2016

7. Contributions (in thousands of dollars)

	Professional Plan 2016	LUEPP 2016	Total 2016	Professional Plan 2015	LUEPP 2015	Total 2015
<b>Employee</b>						
Current Service Contributions	\$ 2,578	\$ 694	\$ 3,272	\$ 2,479	\$ 670	\$ 3,149
<b>Sponsor</b>						
Current Service Contributions	3,168	705	3,873	3,050	638	3,688
Going Concern and Solvency Special Payments	1,105	-	1,105	1,519	-	1,519
	4,273	705	4,978	4,569	638	5,207
	\$ 6,851	\$ 1,399	\$ 8,250	\$ 7,048	\$ 1,308	\$ 8,356

As of December 31, 2016 no required contributions were past due.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

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### 8. Administrative Expenses and Professional Fees (in thousands of dollars)

	2016	2015
Investment management fees	\$ 520	\$ 536
Actuarial fees	180	120
Investment counselling	113	115
Audit fees	10	10
Custodial service fees	49	53
Other - Pension Commission	10	10
Administration	90	101
Goods and services tax rebate	(15)	(8)
	\$ 957	\$ 937

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### 9. Pension Benefits and Refunds (in thousands of dollars)

	2016	2015
Pension benefits	\$ 7,472	\$ 7,487
Refunds	11,686	20,867
	\$ 19,158	\$ 28,354

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### 10. Related Party Transactions

The Pension Fund does not hold any securities of the employer sponsor or its related parties.

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### 11. Income Taxes

The Fund is not subject to income tax since it is a Registered Pension Trust as defined by the Income Tax Act (Canada).

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### 12. Statement of Cash Flows

A statement of cash flows is not presented since the cash flow information is readily apparent from other financial statements or is adequately disclosed in the notes to the financial statements.

# Lakehead University Pension Investment Fund

## Notes to Financial Statements

December 31, 2016

### 13. Financial Instruments

The objective of the Fund is to maximize the long-term return for its defined contribution members, balanced with the relative preservation of capital, followed by capital growth in its Retirement Account. The Fund's investment policy is established by the Board of Governors and is set out in the statement of investment policies and procedures ("SIPP"). The SIPP was last amended January 29, 2016 to add the following provision to comply with legislation:

#### 13.1 Environmental, Social, and Governance (ESG) Investment Criteria

The Plan's investment managers may consider all qualitative and quantitative factors affecting financial performance of existing and potential investments, including environmental, social and governance (ESG) factors. An investment manager's ability and desire to incorporate ESG factors into their investment selection process may be used as part of the decision criteria when evaluating investment opportunities.

The SIPP permits cash and cash equivalents, and fixed income investments in: bonds, debentures, coupons and residuals, mortgage and mortgage backed securities, asset-backed securities and preferred shares. It additionally permits equity investments in: publicly traded common stocks; rights, warrants, installment receipts, convertible debentures and other instruments convertible into common stocks; income trust units issued and/or registered in jurisdictions where appropriate legislation is in place to limit the liability of unitholders; American Depositary Receipts; and Global Depositary Receipts. Investments in alternative strategies that are permitted include: private equity, real estate, and hedge funds. The SIPP outlines an asset allocation target of:

Asset Class	Permissible Range
Canadian Money Market	0-20%
Canadian Fixed Income	30-50%
Canadian Equities	20-40%
Global Equities	20-40%
Alternative Assets	0-10%

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

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### 13. Financial Instruments (cont'd)

The Fund is in compliance with the SIPP's allowable asset allocation, as at December 31, 2016.

The Plan's investment performance is expected to:

- a) exceed the investment performance of the benchmark index over 3-7 year periods, with an emphasis on rolling 4-year periods; or
- b) rank in the top 50% of comparable portfolios over rolling 3-7 year periods, with an emphasis on rolling 4-year period in terms of return.

The performance of the investment manager(s) relative to an appropriate benchmark and/or peer group over 3-7 year periods will be evaluated quarterly. The performance of individual asset classes is expected to:

- a) exceed the return of their corresponding benchmark indices by a average of 0.5%; or
- b) rank in the top 50% of the appropriate investment manager performance measurement universes over 3-7 year periods, with an emphasis on rolling 4-year periods in terms of return.

In 2016, the Fund had a one year rate of return of 11.6% and a four year return of 11.0%, measured against a one year benchmark of 8.0% and a four year benchmark of 9.1%.

The carrying value of cash and cash equivalents, sponsor's and employees' contributions receivable, and accounts payable approximates their fair value because of their short-term nature.

Risks arising from financial instruments:

#### **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's financial position and revenue. This risk arises from the Fund's investments whose returns are linked to interest rates. The Plan invests in pooled funds that may hold debt instruments linked to interest rates.

#### **Foreign Currency Risk**

Foreign currency exposure arises from the Fund's holdings of foreign equity or debt instruments. The Fund invests in mutual funds that may hold debt or equity instruments denominated in a foreign currency and as such would be exposed to fluctuations in currency risks. All of the Fund's investments are denominated in Canadian or US Dollars. US Dollar investments are translated into Canadian Dollars at the market rate at the end of the fiscal period. Investments denominated in foreign currencies are noted on the Schedule of Cost and Market Value of Investments by type (Schedule 1). An increase or decrease of 5% in the US exchange rate would result in an increase or decrease of net assets available for benefits of \$2,760,000.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

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### 13. Financial Instruments (cont'd)

#### Market Risk

Concentrations of market risk exist when a significant portion of the portfolio is invested in securities with similar characteristics and/or similar economic, political or other conditions that may prevail. The Fund Administrator believes that the investments in which the Fund invests spreads the market risk over different market sectors. The Fund Administrator uses a variety of investment management companies to ensure the portfolio is balanced to help mitigate market risk. An increase or decrease of 10% of the Fund's investment portfolio would result in an increase or decrease of net assets available for benefits of \$21,966,000.

An increase or decrease of 10% in the portion of the portfolio invested in Canadian Equities would result in an increase or decrease of net assets available for benefits of \$9,443,000.

An increase or decrease of 10% in the portion of the portfolio invested in Foreign Equities would result in an increase or decrease of net assets available for benefits of \$5,521,000.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit exposure to the Fund is represented by the fair value of the contributions receivable and investments presented in the Statement of Net Assets Available for Benefits. A portion of the Fund's cash equivalents are invested in short term debt instruments guaranteed by the Federal and certain provincial governments.

## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

### 13. Financial Instruments (cont'd)

#### Financial Instruments Fair Value Hierarchy

Disclosure of a three-level hierarchy for fair value measurements is based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

#### Level 1:

For securities valued based on unadjusted quoted prices in active markets for identical assets.

#### Level 2:

For securities valued based on inputs, other than quoted prices included in Level 1, that are observable for the asset, either directly or indirectly.

#### Level 3:

For securities valued based on inputs that are based on unobservable market data.

The following tables present the Fund's financial investments evaluated at fair value as at December 31<sup>st</sup> (in thousands of dollars), classified according to the fair value hierarchy described above:

	Level 1	Level 2	Level 3	2016 Total
<i>Canadian</i>				
Cash and cash equivalents	\$ 1,741	-	-	\$ 1,741
Equities - Common Stock	31,314	-	-	31,314
Unit Trusts - Bonds and debentures	-	70,031	-	70,031
Unit Trusts - Equities	-	63,115	-	63,115
<i>Foreign</i>				
Unit Trusts - Equities	-	55,208	-	55,208
	<u>\$ 33,055</u>	<u>188,354</u>	<u>-</u>	<u>\$ 221,409</u>

	Level 1	Level 2	Level 3	2015 Total
<i>Canadian</i>				
Cash and cash equivalents	\$ 1,466	-	-	\$ 1,466
Equities - Common Stock	26,814	-	-	26,814
Unit Trusts - Bonds and debentures	-	60,884	-	60,884
Unit Trusts - Equities	-	62,735	-	62,735
<i>Foreign</i>				
Unit Trusts - Equities	-	57,981	-	57,981
	<u>\$ 28,280</u>	<u>181,600</u>	<u>-</u>	<u>\$ 209,880</u>



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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

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### 13. Financial Instruments (cont'd)

The following is an analysis of the investments of the Fund using the hierarchy related to the inputs to fair value measurement.

#### Level 1

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable quote is observable. US partnerships are classified as Level 1 when they are held in a pooled fund and a reliable quote is observable. Cash, short-term notes and treasury bills are classified as Level 1. These instruments mature within one year and are stated at cost, which, when combined with accrued interest income, approximates market value.

#### Level 2

These instruments mature within one year and are stated at cost, which, when combined with accrued interest income, approximates market value. The Fund classified unit trusts as Level 2.

#### Level 3

The Fund has no investments classified as Level 3.

As at December 31, 2016 and 2015 the Fund's investments are Level 1 and 2 within the fair value hierarchy. There were no transfers between levels during the year.

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### 14. Capital Management

The Fund's capital is its net assets available for benefits. The Fund's objective when managing capital is to safeguard the Fund's ability to continue to provide pension and related payments to its members. The Fund is not exposed to any externally imposed capital restrictions.

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## Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2016

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### 15. Contingency

The Financial Services Commission of Ontario (FSCO) has raised an issue with the Plan amendments made to the Professional and Administrative Staff Plan in 2000. The amendment provided that pensioner increases would be granted only to the extent that the funds in the Retirement Account of the Plan are sufficient to support the increase. FSCO has indicated that the amendment may be considered void unless a court agrees the amendment is necessary to rectify the language of the Plan to reflect its original intent, or the Plan is further amended to comply with requirements of the Pension Benefits Act.

The University believes that the plan amendments have been properly applied and has retained legal counsel to assist with the matter. While the ultimate outcome of the matter is uncertain, it is possible that FSCO could consider some or all of the plan amendments void. In this case, the plan actuary has estimated the potential impact as follows:

	Liability for Pension Increases Since 2000	Increases in Future Obligations for Pension Increases After 2010
For all pensions commencing before February 25, 2000	\$7.3 million	\$5.4 million

On April 24, 2015 FSCO corresponded with the University. The correspondence was reviewed by the Actuary and by legal counsel; a response has been provided to FSCO and is being assessed by FSCO. At the time of the publishing of these statements, no course of action has been decided upon.

## Lakehead University Pension Investment Fund Schedule 1 - Market Value and Cost of Investments by Type

December 31 (in thousands of dollars)	2016		2015	
	Market value	Cost	Market value	Cost
<b>Equities</b>				
<b>Common stock</b>				
Canada - CAD	\$ 31,238	\$ 26,421	\$ 26,718	\$ 28,837
<b>Unit trust equity</b>				
Canada - CAD	63,115	57,582	62,735	58,506
Foreign - USD	55,208	33,498	57,981	35,759
<b>Total unit trust equity</b>	<b>118,323</b>	<b>91,080</b>	<b>120,716</b>	<b>94,265</b>
<b>Total equities</b>	<b>149,561</b>	<b>117,501</b>	<b>147,434</b>	<b>123,102</b>
<b>Fixed Income</b>				
<b>Unit trust bonds</b>				
Canada - CAD	70,031	71,750	60,884	61,756
	219,592	189,251	208,318	184,858
Accrued income	76	76	96	96
<b>Total investments</b>	<b>\$ 219,668</b>	<b>\$ 189,327</b>	<b>\$ 208,414</b>	<b>\$ 184,954</b>

The accompanying notes are an integral part of these financial statements.

**Lakehead University Pension Investment Fund  
Schedule 2 - Market Value and Cost of Investments  
by Investment Manager**

December 31 (in thousands of dollars)	2016		2015	
	Market Value	Cost	Market Value	Cost
Addenda Capital	\$ 47,635	\$ 48,658	\$ 39,368	\$ 39,914
CGOV Asset Management	31,314	26,497	26,814	28,933
Dimensional Fund Advisors Canada ULC	22,660	18,239	19,873	17,149
Jarislowsky Fraser Limited	57,020	55,658	50,252	51,686
Letko, Brosseau & Associates Inc.	28,491	25,016	33,999	28,662
State Street Global Advisors	32,548	15,259	38,108	18,610
	<b>\$ 219,668</b>	<b>\$ 189,327</b>	<b>\$ 208,414</b>	<b>\$ 184,954</b>

The accompanying notes are an integral part of these financial statements.