

**Lakehead University Pension
Investment Fund
Financial Statements
For the year ended December 31, 2004**

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**Lakehead University Pension Investment Fund
Statement of Net Assets Available for Benefits**

For the year ended December 31	2004	2003
Assets		
Cash	\$ 29,944	\$ 56
Investments, at market value (Note 3) (Schedule) (cost 2004 - \$170,307,956; cost 2003 - \$169,189,943)	192,797,929	180,313,301
GST receivable	44,455	38,914
Sponsor's contributions receivable	244,284	202,265
Employees' contributions receivable	244,122	223,672
	193,360,734	180,778,208
Liabilities		
Accounts payable (Note 4)	267,011	249,084
Net assets available for benefits	\$ 193,093,723	\$ 180,529,124

On behalf of the Pension Plan Administrator

Lakehead University Pension Investment Fund Statement of Changes in Net Assets Available for Benefits

For the year ended December 31			2004	2003
	Professional Plan (Ontario Registration Number 246058)	Lakehead University Employee Pension Plan (Ontario Registration Number 526921)	Total	Total
Increase in net assets				
Investment income (Note 3)	\$ 6,462,965	\$ 965,730	\$ 7,428,695	\$ 5,202,736
Net realized gains on investments	1,815,964	271,350	2,087,314	2,103,187
Net unrealized change in market value of investments	9,868,942	1,474,670	11,343,612	20,002,563
Other cash receipts – pension transfers (Note 5)	566,144	(429,140)	137,004	3,910
	18,714,015	2,282,610	20,996,625	27,312,396
Contributions				
Employees	1,316,534	529,833	1,846,367	1,653,663
Sponsor	1,531,641	474,048	2,005,689	1,728,717
	21,562,190	3,286,491	24,848,681	30,694,776
Decrease in net assets				
Pension benefits and refunds (Note 6)	9,837,393	1,469,955	11,307,348	9,858,505
Administrative expenses and professional fees (Note 7)	841,283	135,451	976,734	855,666
	10,678,676	1,605,406	12,284,082	10,714,171
Net increase for the year	10,883,514	1,681,085	12,564,599	19,980,605
Net assets available for benefits, beginning of year	157,142,282	23,386,842	180,529,124	160,548,519
Net assets available for benefits, end of year	\$ 168,025,796	\$ 25,067,927	\$ 193,093,723	\$ 180,529,124

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

Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2004

1. Description of Plans

The Lakehead University Pension Investment Fund ("the Fund") has 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 assets of the Fund are held by RBC Global Services; Royal Trust. Jarislowsky Fraser Limited, Brandes Investment Partners, L.P. and McLean Budden Limited act as managers for the Fund and have discretionary investment authority.

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, 1998. Under the Plan, contributions of 6.5% of earnings were made by faculty and librarians and 7.8% by the Plan sponsor. For other members, contributions of 8.05% of earnings were made by employees and 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% of their earnings, except for United Steelworkers of America employees and contracted employees who contribute 7.5% and 7.15%, respectively, of their earnings. The Plan sponsor matches employee contributions.

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 for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act of the Province of Ontario. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because it excludes the actuarial liabilities of the Fund. Consequently, these financial statements do not purport to show the adequacy of the Fund's assets to meet its pension obligations.

Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2004

2. Significant Accounting Policies (cont'd)

Investments

Market Values

All investments are stated at their estimated fair (market) value as at the statement date. Market values are determined as follows using listed market values where available:

- i) Publicly traded bonds, debentures and equities are valued at published mid-market quotations.
- ii) Mortgages, term deposits and guaranteed investment certificates are valued using current market yields.
- iii) Equity investments, including mutual funds and corporate shares, are valued at the closing sales price on the stock exchange where listed, or at the average of the closing bid and ask prices if the security did not trade on the valuation date.

Supplementary amortized cost values

Bonds, debentures and mortgages are carried at amortized cost. When there has been a loss in the value of investments that is other than a temporary decline, the investment is written down and the loss is recognized as part of "net realized gains (losses) on investments". Investments in bonds, debentures and corporate shares denominated in foreign currencies are translated to Canadian currency at historical rates of exchange.

Investment income

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.

Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2004

3. Investments and Investment Income

The cost and market values of investments at December 31, 2004 and 2003 are provided in the attached schedule.

Investment income

	<u>2004</u>	<u>2003</u>
Bonds and debentures - Canadian	\$ 3,512,679	\$ 3,319,645
Corporate shares - Canadian	2,280,049	1,820,728
Foreign - Global	1,590,844	-
Short-term notes and treasury bills	44,411	60,120
Other	712	2,243
	<u>\$ 7,428,695</u>	<u>\$ 5,202,736</u>

Individually significant investments

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, 2004:

	<u>2004 Cost</u>	<u>2004 Market Value</u>
Canadian Equity Fund		
McLean Budden Investments (1)		
Equity Growth Fund	\$ 22,960,918	\$ 25,653,907
Jarislowsky Fraser Investments (3)		
Equity Fund	\$ 34,482,591	\$ 50,106,353
Foreign Equity Fund		
Brandes Pooled Investments (2)		
Global Equity Unit Trust	\$ 48,601,015	\$ 49,136,952

Lakehead University Pension Investment Fund
Notes to Financial Statements

December 31, 2004

3. Investments and Investment Income (cont'd)

	<u>2004 Cost</u>	<u>2004 Market Value</u>
Fixed Income Fund		
McLean Budden Investments (1)		
Fixed Income Pool Fund	\$ 21,347,312	\$ 22,365,742
Bond Fund		
Jarislowky Fraser Investments (3)		
Bond Fund	\$ 40,758,454	\$ 43,640,694
Money Market Fund		
McLean Budden Investments (1)		
Pooled Money Market Fund	\$ 1,894,281	\$ 1,894,281

- (1) McLean Budden Investments are pooled funds administered by McLean Budden Limited.
- (2) Brandes Pooled Investments are pooled funds administered by Brandes Investment Partners, L.P.
- (3) Jarislowky Fraser Investments are pooled funds administered by Jarislowky Fraser Limited.

Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2004

4. Accounts Payable

	2004	2003
Management fees	\$ 260,011	\$ 242,084
Audit accrual	7,000	7,000
	\$ 267,011	\$ 249,084

5. Pension Transfers

The balance of pension transfers for the year includes pension transfers from Lakehead University Employee Pension Plan to the Professional Administrative Staff Plan in the amount of \$545,653 (2003 - \$176,735). Funds are transferred for members of the LUEPP that transfer to the PP when changing benefit classification effective January 1, 2005.

6. Pension Benefits and Refunds

	2004	2003
Pension benefits	\$ 7,140,166	\$ 6,571,924
Refunds	4,167,182	3,286,581
	\$ 11,307,348	\$ 9,858,505

7. Administrative Expenses and Professional Fees

	2004	2003
Investment management fees	\$ 757,587	\$ 682,293
Actuarial fees	74,148	88,350
Investment counselling	26,750	26,750
Consulting fees	69,229	2,996
Audit fees	6,955	5,055
Custodial service fees	79,549	82,369
Other – Pension Commission	6,971	6,767
Goods and services tax rebate	(44,455)	(38,914)
	\$ 976,734	\$ 855,666

Lakehead University Pension Investment Fund Notes to Financial Statements

December 31, 2004

8. Related Party Transactions

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

9. 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).

Lakehead University Pension Investment Fund Schedule – Cost and Market Values of Investments

For the year ended December 31	2004		2003	
	Cost	Market Value	Cost	Market Value
Brandes Global Equity Unit Trust	\$ 48,601,015	\$ 49,136,952	\$ 47,010,171	\$ 44,865,425
Corporate shares - Canadian	263,385	-	263,385	-
Jarislowsky Fraser Bond Fund	40,758,454	43,640,694	37,271,713	39,588,656
Jarislowsky Fraser Equity Fund	34,482,591	50,106,353	38,725,225	47,612,590
Jarislowsky Fraser Balanced Fund	-	-	110,865	118,021
McLean Budden Equity Growth Fund	22,960,918	25,653,907	23,908,450	25,383,669
McLean Budden Fixed Income Pool	21,347,312	22,365,742	20,145,698	20,990,504
McLean Budden Money Market Fund	1,894,281	1,894,281	1,754,436	1,754,436
	\$ 170,307,956	\$ 192,797,929	\$ 169,189,943	\$ 180,313,301

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