## GSI Newsletter - November 2016

An informational bulletin for members of the ELCIC Pension Plan

# what's NEWs at gsi

**November 2016**

## Investment Results - January to September 2016

The ELCIC Pension Plan return for the nine months of 2016 is 6.4% (before expenses) when combining the results of the Fixed Income Fund and the Growth Fund. Assets in individual member accounts are allocated between these two funds based on the member's age, so the individual returns will vary based on the allocation.

Here is a breakdown of the results by fund and investment manager.

| ELCIC Pension Plan Jan to Sept 2016 | ELCIC Pension plan | Median Balanced Pooled Fund | | Excess return |
|---|---|---|---|---|
| All funds combined | 6.4% | 6.1% | | 0.3% |

| Fixed Income Fund Jan to Sept 2016 | ELCIC portfolio | Index Benchmark | CPI + 1% | Excess return |
|---|---|---|---|---|
| Bond Fund | 5.8% | 5.3% | | 0.5% |
| Mortgage Fund | 2.8% | 1.5% | | 1.3% |
| Total Fixed Income Fund | 5.1% | | 2.6% | 2.5% |

| Growth Fund Jan to Sept 2016 | ELCIC portfolio | Index Benchmark | CPI + 5% | Excess return |
|---|---|---|---|---|
| Canadian equity value | 11.6% | 15.8% | | -4.2% |
| Canadian equity growth | 11.4% | 15.8% | | -4.4% |
| Global equity sustainability fund | 2.2% | 0.3% | | 1.9% |
| Total Growth Fund | 7.1% | | 5.6% | 1.5% |

## Fixed Income Fund

**Phillips, Hager & North (PH&N)**, the fixed income investment manager, achieved a year to date return of 5.1%. The excess this past quarter was due to corporate bond strategies as the key driver of the value added. They also state that “the fund continues to hold a small tactical position in long-term Government of Canada real return bonds, which was additive to relative performance as inflation expectations rose in the third quarter”. The provincial bonds also make up a significant portion of the portfolio and are focused on Province of Ontario bonds with superior liquidity and additive relative performance.

The PH&N mortgage trust fund returning 2.8% to September this year finds opportunities in the extraordinarily low interest rate environment which creates a favourable scenario for mortgage investing. PH&N states, “Seven years have passed since the financial crisis, and investors are perhaps starting to realize that this slow-growth, low inflation world is structural in nature, and is likely to define the economic environment going forward”.

## Growth Fund

**Jarislowsky Fraser (JF)**, the Canadian equities value manager's performance continues to lag behind the index. The main reason is due to stock selection in the Consumer Discretional sector where both Canadian Tire and Gildan Activewear Inc were relatively poor performers.

**Manulife Asset Management (MAM)** reported that in the last few months they altered the strategy's exposure to resource to achieve greater revenue diversity in both the commodity and the geographic exposures and to improve the growth profile through to 2019.

**Allianz GI Global Sustainability Fund** cited the companies, SAP se and Amadeus as top performers contributing to the outperformance. They also recognized that being underweight in the utilities and telecom sectors and due to specific stock selection in the consumer discretionary, industrials and financials also contributed to the outperformance.

## Thinking Retirement?


Upon your request we can provide **Eckler Retirement Services** with your account information and Eckler will send you a quote with your retirement options. Eckler has experienced counselors that can explain in simplified terms your options at retirement, including information on your government benefits, RRSP's and taxes.

You can call **1-877-988-1581** at any time and ask to speak to **James Ralko**.

**GSI administers pension and benefits plans that enhance the well-being of employees who serve in the ELCIC and its affiliates.**