Report of the Investment Committee

For Information

This report outlines the performance of the operating and endowment investment portfolio and the recent activities of the Investment Committee.

Performance

The investment performance of the portfolio for the past four years was as follows:

Asset Class	Annual Mar 31 2013	Annual Mar 31 2012	Annual Mar 31 2011	Annual Mar 31 2010	Annualized for Four years Ending Mar 31, 2013
Fixed Income	4.55%	9.52%	5.11	5.57%	6.17%
Alternative Investments:					
Hedge funds	-	-	-	-	-
Private equity	10.41	19.68	-	-	-
Real Estate	12.33	-	-	-	-
Equities:					
Canadian	9.72	(7.07)	16.60	40.26	13.64
US	16.25	7.28	14.34	38.79	18.61
Non North American	14.08	(0.41)	7.13	32.29	12.64
Absolute Return Strategies	-	-	-	-	-
Total Return	10.44%	3.22%	10.04%	23.11%	11.48%
Policy Return	10.22%	2.27%	11.05%	25.04%	11.85%

For additional information, please refer to the attached pages, which show the amounts held by each investment manager at March 31, 2013, the annual and annualized returns by manager over the five years ending March 31, 2013.

Returns in relation to the real rate of return objective

One of the Investment Committee's objectives is to earn a 4% real rate of return over the long term (i.e., to earn 4% over the rate of inflation, as measured by the Consumer Price Index). Inflation has averaged 1.8% per year for both the five and ten year periods.

For the four years ending March 31, 2013, the annualized real rate of return was 9.6%, consisting of a nominal return of 11.5% less inflation of 1.9%. For the five years ending March 31, 2013, the annualized real rate of return for the portfolio was 3.0% The 5 year annualized return does not meet the Investment Committee's performance objective of a real rate of return of 4%.

Value added by Active Management

Another of the Investment Committee's objectives is to earn the return produced by the asset mix policy based on the returns of the market indices plus a premium to reflect the additional fees related to active management. In order to achieve this objective, investment managers with active investment mandates need to outperform their benchmark indices. For example, Canadian equity managers need to outperform the TSX Composite Index over time.

Over the five years ending March 31, 2013, the actual annualized return for the portfolio was 4.7% and the return generated by the market indices for the portfolio was 4.5% (the policy return). Over this period, our combination of managers achieved slightly better results than what could have been achieved by a passive or index style of management. It should be noted that approximately 65% of the total portfolio is actively managed and 35% is passively managed.

Book and Market Value of the Portfolio

As at March 31, 2013, the operating and endowment portfolio had a book value of $483,979,000 and market value of $597,244,000 as follows:

	Book Value ($000's)	Market Value ($000's)	Actual Asset Mix	Policy Asset Mix
Fixed Income	$114,813	$158,826	26.6%	15.0%
Alternative Investments	62,046	65,661	11.0	25.0
Canadian equities	94,116	117,763	19.7	20.0
US equities	86,316	132,738	22.2	20.0
Non-North American equities	126,688	122,256	20.5	20.0
Total	$483,979	597,244	100.0%	100.0%

At March 31, 2013 the portfolio consisted of the following components:

Portion related to Endowed funds	*$252,820,000*	*42.3%*
Portion related to Operating and Non-endowed funds	*344,424,000*	*57.7%*
Total market value of portfolio	*$597,244,000*	*100.0%*

Update on Investment Committee Activities

- At the December 2012 meeting, the recommendation to hire two infrastructure managers (Hastings and First State) was approved and carried.
- Since that time, Administration has been busy conducting legal and tax due diligence on these two managers.
- Agreements are in the process of being executed with both mandates being fully funded by mid 2014.
- The Committee initiated discussion around an integrated risk management plan that would include risk budgeting, stress-testing the non-endowed fund balance, assessing downside risk protection strategies and developing a currency hedging policy. Discussion on this topic will continue at the August meeting.
- Future priorities will include reviewing the fixed income portfolio, the structure of the Canadian equity allocation, any allocation to emerging markets, discussing public versus private asset allocation, considering global equity and low volatility equity strategies.

University of Western Ontario Endowment Plan

Asset Summary

As of March 31, 2013

	Total Market Value	% of Total Fund	% of Asset Class	Equity & Convertible		Fixed Income		Real Estate		Cash & Equivalents		Alternative	
Total Fund													
UWO Endowment - Total Fund	$ 597.2	100.0%	100.0%	$ 371.7	62.2%	$ 161.4	27.0%	$ 48.1	8.1%	$ 1.1	0.2%	$ 15.0	2.5%
Canadian Stock Managers	**117.8**	**19.7**	**100.0**	**116.7**	**99.1**	**--**	**--**	**--**	**--**	**1.1**	**0.9**	**--**	**--**
Beutel, Goodman Capital Mgmt.	66.5	11.1	56.5	65.4	98.4	--	--	--	--	1.1	1.6	--	--
Greystone Canada	51.3	8.6	43.5	51.3	100.0	--	--	--	--	--	--	--	--
U.S Stock Managers	**132.7**	**22.2**	**100.0**	**132.7**	**100.0**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
SSgA Midcap Hedge Blend	26.6	4.4	20.0	26.6	100.0	--	--	--	--	--	--	--	--
J.P. Morgan 130/30	54.1	9.1	40.7	54.1	100.0	--	--	--	--	--	--	--	--
SSgA S&P 500 Hedge Blend	52.1	8.7	39.3	52.1	100.0	--	--	--	--	--	--	--	--
Non-North American Mgrs	**122.3**	**20.5**	**100.0**	**122.3**	**100.0**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Templeton International	57.8	9.7	47.3	57.8	100.0	--	--	--	--	--	--	--	--
MFS/SSgA Hedge Blend	64.5	10.8	52.7	64.5	100.0	--	--	--	--	--	--	--	--
Fixed Income Managers	**158.8**	**26.6**	**100.0**	**--**	**--**	**134.1**	**84.5**	**24.7**	**15.5**	**--**	**--**	**--**	**--**
State Street Global Advisors	134.1	22.5	84.5	--	--	134.1	100.0	--	--	--	--	--	--
Greystone Capital Management	24.7	4.1	15.5	--	--	--	--	24.7	100.0	--	--	--	--
Private Equity													
Adams Street Partners	15.0	2.5	100.0	--	--	--	--	--	--	--	--	15.0	100.0
Real Estate Managers	**23.4**	**3.9**	**100.0**	**--**	**--**	**--**	**--**	**23.4**	**100.0**	**--**	**--**	**--**	**--**
Bentall Investment Management	13.4	2.2	57.1	--	--	--	--	13.4	100.0	--	--	--	--
GPM	10.0	1.7	42.9	--	--	--	--	10.0	100.0	--	--	--	--
Other Absolute Return Strategy													
Romspen	$ 27.2	4.6%	100.0%	$ --	--%	$ 27.2	100.0%	$ --	--%	$ --	--%	$ --	--%

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Performance Summary by Portfolio

Annualized Value Added by Asset Class – March 31, 2013

	Market Value	Quarter	Annualized 1 Year	3 Years	4 Years	5 Years
UWO Endowment - Total Fund	$ 597.24	5.58%	10.44%	7.85 %	11.48 %	4.73 %
Total Fund Policy		*5.64*	*10.22*	*7.77*	*11.85*	*4.53*
Canadian Stock Managers	117.76	5.77	9.72	5.94	13.64	2.78
Beutel, Goodman Capital Mgmt.	66.49	7.40	12.85	8.83	16.05	6.59
Greystone Canada	51.27	3.73	5.92	2.60	10.72	(0.61)
S&P/TSX Composite Index		*3.34*	*6.11*	*4.86*	*13.15*	*2.06*
U.S Stock Managers	132.74	12.48	16.25	12.56	18.61	4.55
SSgA Midcap Hedge Blend	26.55	13.61	17.89	14.09	24.23	7.76
J.P. Morgan 130/30	54.08	13.58	17.56	12.15	15.54	--
SSgA S&P 500 Hedge Blend	52.11	10.81	14.11	12.10	19.96	--
US Equity Policy		*11.86*	*15.50*	*12.92*	*19.74*	*5.66*
S&P 400 Canada Dollar Hedged		*13.59*	*18.15*	*14.48*	*24.61*	*7.98*
S&P 500 - Total Return Index		*12.85*	*15.84*	*12.73*	*14.69*	*5.60*
S&P 500 Canada Dollar Hedged		*10.76*	*14.27*	*12.25*	*20.07*	*4.42*
Non-North American Mgrs	122.26	5.78	14.08	6.77	12.64	1.89
Templeton International	57.77	4.42	11.16	4.23	9.36	(0.76)
MFS Investment Management	63.09	5.41	13.28	8.29	12.07	2.97
MFS/SSgA Hedge Blend	64.48	7.02	16.78	9.08	16.55	4.99
MSCI EAFE Hedged to CS w/Gross Dividends–		*9.90*	*17.75*	*5.08*	*13.41*	*0.69*
MSCI EAFE Index		*7.37*	*13.64*	*5.54*	*10.13*	*(0.59)*
Fixed Income Managers	158.83	0.78	4.55	6.37	6.17	5.89
State Street Global Advisors	134.13	0.71	4.54	6.37	6.17	5.88
Greystone Capital Management	24.70	1.31	4.13	--	--	--
DEX Bond Universe Index		*0.69*	*4.54*	*6.45*	*6.12*	*5.88*
Dex ST 60 + MT 40 +50bp		*1.20*	*4.63*	--	--	--
Private Equity Manager						
Adams Street Partners	$ 15.03	4.32%	10.41 %	--%	--%	--%
MSCI All Country World Index		*8.80*	*13.02*	*8.40*	*12.57*	*2.43*
Real Estate Managers						
Bentall Investment Management	13.36	2.32	9.85	--	--	--
GPM	10.04	8.59	16.81	--	--	--
Bentall - IPD All Property Ind		*5.90*	*17.59*	--	--	--
GPM - IPD Industrial Index		*3.80*	*13.53*	--	--	--
Other Absolute Return Strategy						
Romspen	27.23	2.06	8.60	--	--	--
Dex ST 60 + MT 40 +50bp		*1.20*	*4.63*	--	--	--

Performance Summary by Portfolio

Annual Value Added by Asset Class – March 31, 2013

	Market Value	Rolling One Year Periods					
		03/31/13	03/31/12	03/31/11	03/31/10	03/31/09	03/31/08
UWO Endowment - Total Fund	**$ 597.24**	**10.44%**	**3.22%**	**10.04 %**	**23.11 %**	**(18.42)%**	**(2.23)%**
Total Fund Policy		*10.22*	*2.27*	*11.05*	*25.04*	*(20.29)*	*(2.11)*
Canadian Stock Managers	**117.76**	**9.72**	**(7.07)**	**16.60**	**40.26**	**(31.22)**	**2.58**
Beutel, Goodman Capital Mgmt.	66.49	12.85	(2.52)	17.16	40.74	(24.16)	(0.99)
Greystone Canada	51.27	5.92	(13.62)	18.04	39.14	(35.48)	1.97
S&P/TSX Composite Index		*6.11*	*(9.76)*	*20.41*	*42.15*	*(32.42)*	*4.00*
U.S Stock Managers	**132.74**	**16.25**	**7.28**	**14.34**	**38.79**	**(36.87)**	**(10.82)**
SSgA Midcap Hedge Blend	26.55	17.89	0.25	25.63	60.38	(38.99)	(10.15)
J.P. Morgan 130/30	54.08	17.56	9.76	9.33	26.32	(18.03)	--
SSgA S&P 500 Hedge Blend	52.11	14.11	7.74	14.59	46.99	–	--
US Equity Policy		*15.50*	*7.59*	*15.88*	*42.78*	*(35.94)*	*(10.59)*
S&P 400 Canada Dollar Hedged		*18.15*	*1.01*	*25.71*	*60.70*	*(39.10)*	*(8.32)*
S&P 500 - Total Return Index		*15.84*	*11.52*	*10.88*	*20.77*	*(24.08)*	*(15.58)*
S&P 500 Canada Dollar Hedged		*14.27*	*8.02*	*14.59*	*46.94*	*(40.26)*	*(6.36)*
Non-North American Mgrs	**122.26**	**14.08**	**(0.41)**	**7.13**	**32.29**	**(31.80)**	**(13.64)**
Templeton International	57.77	11.16	(4.04)	6.14	26.35	(32.70)	(12.75)
MFS Investment Management	63.09	13.28	3.60	8.21	24.21	(26.61)	--
MFS/SSgA Hedge Blend	64.48	16.78	3.04	7.86	42.20	(30.89)	--
MSCI EAFE Hedged to C$ w/Gross Dividends~		*17.75*	*(3.66)*	*2.28*	*42.60*	*(37.45)*	*(15.05)*
MSCI EAFE Index		*13.64*	*(2.71)*	*6.33*	*25.15*	*(34.03)*	*(13.08)*
Fixed Income Managers	**158.83**	**4.55**	**9.52**	**5.11**	**5.57**	**4.75**	**6.37**
State Street Global Advisors	134.13	4.54	9.53	5.11	5.57	4.75	6.37
DEX Bond Universe Index		*4.54*	*9.74*	*5.13*	*5.13*	*4.93*	*5.78*
Private Equity Manager							
Adams Street Partners	15.03	10.41	19.68	–	--	–	--
MSCI All Country World Index		*13.02*	*2.54*	*9.91*	*26.04*	*(29.78)*	*(11.66)*

SSgA Midcap Hedge Blend includes the history of the Northwater hedges.
SSgA S&P 500 Hedge Blend includes the history of the Northwater hedges.
MFS/SSgA Hedge Blend includes the history of the Northwater hedges.

Real Estate Managers							
Bentall Investment Management	$ 13.36	9.85%	--%	– %	-- %	– %	-- %
GPM	10.04	16.81	--	–	--	–	--
Bentall - IPD All Property Ind		*17.59*	--	–	--	–	--
GPM - IPD Industrial Index		*13.53*	--	–	--	–	--

UWO Operating - Combined

Total Fund Value Added – March 31, 2013

Generally value added from active management despite poor hedge fund performance

	1 Year Annualized	2 Years Annualized	3 Years Annualized	4 Years Annualized	5 Years Annualized	6 Years Annualized	7 Years Annualized	8 Years Annualized	9 Years Annualized	10 Years Annualized
UWO Annualized Return (1)	10.4	6.8	7.8	11.5	4.7	3.5	4.5	5.6	5.7	7.5
Policy Return (2)	10.2	6.2	7.8	11.9	4.5	3.4	4.3	5.4	5.5	7.2
Value Added	0.2	0.6	0.1	-0.4	0.2	0.1	0.3	0.2	0.2	0.2

	Yr Ending 3/31/2013	Yr Ending 3/31/2012	Yr Ending 3/31/2011	Yr Ending 3/31/2010	Yr Ending 3/31/2009	Yr Ending 3/31/2008	Yr Ending 3/31/2007	Yr Ending 3/31/2006	Yr Ending 3/31/2005	Yr Ending 3/31/2004
UWO Annual Return (1)	10.4	3.2	10.0	23.1	-18.4	-2.2	10.9	13.4	6.7	24.4
Policy Return (2)	10.2	2.3	11.1	25.0	-20.3	-2.1	9.6	14.1	6.1	24.2
Value Added	0.2	0.9	-1.0	-1.9	1.9	-0.1	1.2	-0.7	0.6	0.2

Policy Mix as of March 31										
S&P/TSX Composite	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
S&P 500	5%	5%	5%	5%	5%	15%	15%	10%	20%	20%
S&P 500 Hedged Currency	11%	11%	11%	11%	10%	5%	5%	10%	0%	0%
S&P 400 Hedged Currency	4%	4%	4%	4%	5%	5%	5%	5%	5%	5%
MSCI EAFE	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MSCI EAFE Hedged Currency	10%	10%	10%	10%	10%	5%	5%	5%	5%	5%
Total Equity	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
DEX Universe (3)	25%	25%	40%	40%	40%	40%	40%	40%	40%	40%
MSCI All Country World (ACWI)	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%
90-Day LIBOR	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%
Real Estate (4)	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%

Notes:

(1) All returns are before deducting investment managers' fees.

(2) The UWO Policy Return is the return that would have been earned (before investment managers' fees) by investing the portfolio in index funds in proportion to the target or policy asset mix.

(3) Includes hedge fund and private equity prior to July 2010

(4) Current 5% allocation consists of 2.5% REALpac / IPD Canada - All Property Index and 2.5% REALpac / IPD Canada - All Industrials Index

UWO Operating - Combined

Total Fund Real Returns – March 31, 2013

A Real Return of 9.6% over the last 4 years and above the 4% Real Objective Over the Long Term

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years	20 Years
UWO Annualized Returns	10.4	6.8	7.8	11.5	4.7	3.5	4.5	5.6	5.7	7.5	7.9
CPI (Inflation)	1.0	1.5	2.1	1.9	1.8	1.7	1.8	1.8	1.9	1.8	1.8
Real Return	9.5	5.3	5.8	9.6	3.0	1.8	2.8	3.8	3.9	5.7	6.1

	Yr Ending 3/31/2013	Yr Ending 3/31/2012	Yr Ending 3/31/2011	Yr Ending 3/31/2010	Yr Ending 3/31/2009	Yr Ending 3/31/2008	Yr Ending 3/31/2007	Yr Ending 3/31/2006	Yr Ending 3/31/2005	Yr Ending 3/31/2004
UWO Annual Returns	10.4	3.2	10.0	23.1	-18.4	-2.2	10.9	13.4	6.7	24.4
CPI (Inflation)	1.0	1.9	3.3	1.4	1.2	1.4	2.3	2.2	2.3	0.8
Real Return	9.5	1.3	6.7	21.7	-19.7	-3.6	8.5	11.2	4.4	23.7