

## GSI Newsletter - August 2016

An informational bulletin for members of the ELCIC Pension Plan



**August 2016**

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### **Member Pension Statements**

Pension Statements for the six months ending June 30, 2016 were mailed a few weeks ago. Please contact GSI immediately if you did not receive your statement. Review the information on your statement carefully and notify GSI of any errors in your personal information.



Keep this statement in your files and use it to track your savings and to plan for retirement.

## Investment Results - January to June 2016

The ELCIC Pension Plan return for the six months of 2016 is 1.9% (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 Jun 2016	ELCIC Pension plan	Median Balanced Pooled Fund	Excess return
All funds combined	1.9%	2.0%	-0.1%
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Fixed Income Fund Jan to Jun 2016	ELCIC portfolio	Index Benchmark	CPI + 1% Excess return
Bond Fund	4.5%	4.0%	0.5%
Mortgage Fund	2.0%	1.1%	0.9%
Total Fixed Income Fund	3.9%	3.2%	0.7%
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Growth Fund Jan to Jun 2016	ELCIC portfolio	Index Benchmark	CPI + 5% Excess return
Canadian equity value	6.4%	9.8%	-3.4%
Canadian equity growth	3.5%	9.8%	-6.3%
Global equity sustainability fund	-5.7%	-5.6%	-0.1%
Total Growth Fund	-0.2%	4.6%	-4.8%
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### Fixed Income Fund

**Phillips, Hager & North (PH&N)**, the fixed income investment manager, attributes the excess return to their duration strategy and their holdings in provincial and government agency bonds, such as an overweight in Province of Ontario bonds which contributed positively to their performance. PH&N participated in a new issuance from the Province of Newfoundland motivated by attractive valuations.

### Growth Fund

**Economic Comment** Generally, stock markets are recovering after a weak first quarter. While Brexit may have slowed this recovery, it appears to be short lived and the Pension Plan's investment managers believe the economic growth will continue at a modest rate.

**Jarislowsky Fraser (JF)**, the Canadian equities value manager lagged the strong performance of the index this past quarter. They state "The main detractor from the relative performance was the portfolio's underweight in the Material sectors and more specifically its absence from the gold sub-sector. Gold bullion has risen in price by 25% so far in 2016 based on concerns around the global currencies and economic growth as well as the safe haven nature of the commodity."

**Manulife Asset Management (MAM)** reported that "On a year-to-date basis, the strong returns in the Canadian equity market have been driven by value and small-capitalization stocks, which have significantly outperformed growth and large-capitalization stocks. Although these market dynamics have been a challenge to our strategy, we are confident in our current positioning, with overweight exposure to the consumer staples, consumer discretionary, information technology and energy sectors and gold sub-sector, and underweight exposure to the financials, telecommunication services and utilities sectors."

**Allianz GI Global Sustainability Fund** performed right on par with the benchmark. The investment is held in US dollars which resulted in a 1.5% return this quarter. When converted to Canadian dollars for our record keeping the return was a loss of 5.7%.

**Featured Company – Adidas** AllianzGI stated in their report this quarter that, "The top contributor to performance was Adidas, which is benefiting from strong demand for athletic footwear and apparel, driven by more active lifestyles and the rise of "**Athleisure**," casual attire designed to be worn for both exercise and everyday use. Recent results confirmed that the company is successfully executing on its strategy, helped by price increases and favourable shifts in product and channel mix."

## Financial Literacy

**Lisa Thiessen CPA, CA, Executive Director, GSI**

In my Synod Convention/Assembly remarks this spring, I mentioned that the GSI Board's review of its mission and mandate has focused on financial literacy and wellness and in some cases the connection between the two.

One of the ways GSI provides financial literacy is through the member retirement workshops. It was great to meet many of you attending these over the past two years, but most of you did so because of a pivotal life event or aha moment. This could be triggered by a milestone birthday, a first real look at your pension statement, a health event, a change in employment for you or your spouse or a discussion with a friend about their recent retirement. And it was great that you took the initiative and signed up and came.

I would like say to the rest of you... don't wait for the pivotal life event!

According to the findings of the federal government's Canada Financial Capability Survey, **One in three** Canadian adults is not preparing financially for retirement. The same **percentage** are not confident that their income will be enough for them to maintain their desired standard of living in retirement. **Six in ten** working-age Canadians do not know how much money they will need to do so.

Here are some suggestions to get started on the road to financial literacy:

- understand how your pension and benefits plans work
  - it's on the website, or call GSI
- look at your pay stub regularly and check the deductions
- read your semi-annual plan member statement – every word and number!
  - do the same for all your statements
- track your spending and sort it into buckets: basic living, debt repayment, entertainment and extras, giving, saving
  - what % of your pay do each of these make up?
- and...

**ASK** – please write me and tell me what would be helpful to motivate you to come to my next education session, what information you hope to find there and what other resources GSI might provide to you.

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



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