



AON reported that 2022 has been, so far, a poor year for investment returns with negative returns in all asset classes. The YTD (to September 30) return on the total Fund was -10.9% with the worst period being the first 2 quarters with some moderation evident in the 3rd quarter.

AON highlighted the fact that Beutel Goodman did add value compared to the Benchmark, as did the BlackRock International Equity Fund.

The Beutel Goodman Bond mandate produced expected returns.

Somerset (the investment manager for the Emerging Markets mandate significantly underperformed relative to the Benchmark and AON recommended a review of this Manager.

AON identified 3 economic trends that could affect investment returns into 2023:

1. Inflation - AON expects inflation to peak early in 2023 and then decline, but inflation will remain stubborn and will likely remain higher than average for several years.
2. Recession - AON expects the economy will dip into recessionary territory at some point in 2023.
3. Interest Rates - The Bank of Canada has signaled that it will relax further rate increases for the time being however the US Federal Reserve will likely be more aggressive in making further rate increases.

The overall Asset Mix of the Fund is now in compliance with the SIPP, following a rebalancing of the Fund on November 9.

The Committee advised AON that a Sub-committee has been formed to review the overall equity strategy for the Fund. Concerns were expressed about the Fund's exposure to emerging markets and to currency risks (i.e. should the equity holdings be Canadianized)

The Committee also highlighted the maturing nature (fewer contributing members versus retirees) and

As mentioned above, the Committee is concerned about the performance of our emerging markets manager (Somerset) and has passed a motion to recommend to sell off all Somerset holdings and reinvest the proceeds the Blackrock MSCI World Index Fund.

**MOVED: (M. Wiegand / L. Hilton)**

A. Bendor- Samuel attended a forum in the Fall – m

September 18  
December 11

Operations Committee Meeting dates for 2023 – 2pm-3:30pm  
March 6