

BREAKING

DAWN

Canada's Top 40 money managers are helping plan sponsors adapt to the new normal

By Craig Sebastiano



TOP 10 | FASTEST GROWING (\$)CPA = CANADIAN PENSION ASSETS
ASSETS (MILLIONS) AS OF JUNE 30, 2013

	Company	2013 CPA	2012 CPA	\$ Variance
1	BlackRock *	\$59,628.3	\$51,611.5	↑ \$8,016.8
2	Fiera Capital Corp. ¹	\$22,995.7	\$16,901.0	↑ \$6,094.7
3	Beutel, Goodman & Company Ltd.	\$30,039.1	\$25,348.0	↑ \$4,691.1
4	J.P. Morgan Asset Management (Canada)	\$17,026.2	\$13,210.0	↑ \$3,816.2
5	TD Asset Management	\$67,737.0	\$64,064.0	↑ \$3,673.0
6	State Street Global Advisors, Ltd.*	\$28,943.2	\$25,437.0	↑ \$3,506.2
7	Wellington Management Company, LLP	\$12,071.9	\$9,273.0	↑ \$2,798.9
8	Franklin Templeton Institutional	\$11,320.0	\$8,675.0	↑ \$2,645.0
9	Mawer Investment Management Ltd.	\$5,184.6	\$2,859.6	↑ \$2,325.1
10	Sprucegrove Investment Management Ltd.	\$11,319.3	\$9,158.5	↑ \$2,160.8

Notes: * Restated June 30, 2012 pension value 1 Fiera Capital Corp. acquired UBC Global Asset Management in Q1 of 2013

It's been five years since Lehman Brothers filed for bankruptcy, which sped up the severity of the financial crisis and sent markets into a tailspin. Canada's Top 40 money managers are trying to help pension plan sponsors adjust to a new environment.

The financial crisis turned pension plans' worlds upside down. "Until that time, many plans continued to think that they could operate on a business-as-usual basis," explains David Service, director of investment consulting with Towers Watson.

It's now become clear that plan sponsors have to rethink how they are managing their plans. However, some are being cautious—maybe a little too cautious.

"If you step back and look at the market, it's a different world. There has been a shift from the Great Moderation to the Great Uncertainty. With the Great Uncertainty, people are unsure what to do," explains Timothy Thompson, chief operating officer of TD Asset Management (No. 1 on the Top 40 Money Managers list). "There's been a lot of waiting, watching, thinking, talking. You may take action because you have to. Sometimes you're forced to take action. But there is a definite holding pattern in place."

BREAKDOWN | CANADIAN ASSETS UNDER MANAGEMENT

ASSETS (MILLIONS) AS OF JUNE 30, 2013

Mutual Fund Assets	\$587,895.0
Pension Segregated Fund Assets	\$421,188.8
Pension Pooled Fund Assets	\$285,831.9
Sub-advised Assets	\$229,783.2
High Net Worth	\$171,980.9
Other Assets	\$137,139.2
Insurance Company Assets	\$122,101.8
Endowment & Foundation Assets	\$52,793.8
Corporate Assets	\$43,751.9
Insurance Segregated Fund Assets	\$43,058.5
Trust Funds	\$7,324.7

Note: Canadian-domiciled clients only

BREAKDOWN | POOLED FUND ASSETS UNDER MANAGEMENT

ASSETS (MILLIONS) AS OF JUNE 30, 2013

	Active	Passive
Canadian Equity	\$28,777.2	\$9,889.5
U.S. Equity	\$5,006.1	\$16,932.7
Non-N.A. Equity	\$2,874.5	\$3,321.0
Global Equity	\$25,899.5	\$1,024.0
Canadian Bonds	\$33,567.6	\$1,596.8

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

TOP 10 | CAP INVESTMENT MANAGERS

ASSETS (MILLIONS) AS OF JUNE 30, 2013

	Company	2013 CDN CAP AUM
1	BlackRock	\$14,036.5
2	MFS Investment Management ¹	\$10,897.2
3	TD Asset Management	\$9,083.5
4	GLC Asset Management Group Ltd.	\$8,228.6
5	Standard Life Investments Inc.	\$8,122.4
6	Sun Life Global Investments	\$5,604.8
7	Pyramis Global Advisors (A Fidelity Investments Company)	\$5,077.7
8	Connor, Clark & Lunn Financial Group	\$4,200.1
9	Phillips, Hager & North Investment Management (RBC Global Asset Management)	\$4,074.3
10	Invesco	\$4,025.6
	Top 10 Total:	\$73,350.7

Note: 1 Formerly known as MFS McLean Budden

TOP 10 | POOLED FUND MANAGERS

ASSETS (MILLIONS) AS OF JUNE 30, 2013

	Company	2013 CPA
1	BlackRock	\$43,866.8
2	TD Asset Management	\$31,853.0
3	Brookfield Asset Management	\$15,051.0
3	Phillips, Hager & North Investment Management (RBC Global Asset Management)	\$14,585.3
5	State Street Global Advisors, Ltd.	\$12,267.3
6	MFS Investment Management ¹	\$11,994.5
7	Standard Life Investments Inc.	\$11,231.6
8	Connor, Clark & Lunn Financial Group	\$10,491.0
9	Beutel, Goodman & Company Ltd.	\$9,848.9
10	Pyramis Global Advisors (A Fidelity Investments Company)	\$8,610.9
	Top 10 Total:	\$169,800.3

Note: 1 Formerly known as MFS McLean Budden

“The consulting community also took a pause, in terms of aggressively recommending new strategies following the crisis,” says Peter Muldowney, senior vice-president, institutional strategy, with Connor, Clark & Lunn Financial Group (No. 7). “While consultants are once again advising their clients to consider solutions to better meet plans’ needs, recommendations of new approaches receive a ‘tepid’ response, as an air of caution persists within the investment community.”

Invest at Your Own Risk

Following the financial crisis, pension plan sponsors now have a better idea of the risks they face. “I think they truly understand what is meant by the concept of financial risk and how badly they can be hurt by it,” says Service. “This time, I think they will take steps to mitigate that so the next time something like this happens, they won’t be hurt as badly.”

Some are paying greater attention to risk, depending on the plan’s funding status. BlackRock Canada (No. 2) has recently seen that many plans are willing to take on a little more risk by investing in more illiquid assets and also outside of Canada, says Noel Archard, the firm’s managing director and head. “And the ones that might have been in a more conservative stance because of funding, it caused them to look at minimum volatility or risk parity strategies—things that might get them to a place that they want from a return stream but with a little less volatility embedded in the portfolio.”

Gone is the long-held belief that equity investments are the solution to most pension problems. The financial crisis gave plan sponsors a good appreciation of the impact this asset class can have on the plan’s financial health. “They’ve definitely come to the conclusion that they need to be more open to complementary asset classes or

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

TOP 40

MONEY MA

TD ASSET MANAGEMENT 1 Rank 2012: 1 ↑ 5.7% 2013 CPA: \$67,737.0 2012 CPA: \$64,064.0 Total Assets 2013: \$200,063.0	FIERA CAPITAL CORP. ¹ 6 Rank 2012: 11 ↑ 36.1% 2013 CPA: \$22,995.7 2012 CPA: \$16,901.0 Total Assets 2013: \$65,060.9	J.P. MORGAN ASSET MANAGEMENT 11 Rank 2012: 15 ↑ 28.9% 2013 CPA: \$17,026.2 2012 CPA: \$13,210.0 Total Assets 2013: \$22,659.2	BNY/MELLON ASSET MANAGEMENT LTD. 16 Rank 2012: 16 ↑ 10.6% 2013 CPA: \$13,794.1 2012 CPA: \$12,467.0 Total Assets 2013: \$17,741.4
BLACKROCK * 2 Rank 2012: 2 ↑ 15.5% 2013 CPA: \$59,628.3 2012 CPA: \$51,611.5 Total Assets 2013: \$136,767.4	CONNOR, CLARK & LUNN FINANCIAL GROUP 7 Rank 2012: 8 ↑ 11.3% 2013 CPA: \$21,116.6 2012 CPA: \$18,967.2 Total Assets 2013: \$44,288.8	STANDARD LIFE INVESTMENTS INC. 12 Rank 2012: 12 ↑ 7.4% 2013 CPA: \$16,816.5 2012 CPA: \$15,662.1 Total Assets 2013: \$34,508.2	PYRAMIS GLOBAL ADVISORS (A Fidelity Investments Company) 17 Rank 2012: 18 ↑ 15.5% 2013 CPA: \$13,281.9 2012 CPA: \$11,501.4 Total Assets 2013: \$74,408.0
PHILLIPS HAGER & NORTH INVESTMENT MANAGEMENT (RBC Global Asset Management) 3 Rank 2012: 3 ↓ 1.6% 2013 CPA: \$44,141.6 2012 CPA: \$44,849.9 Total Assets 2013: \$198,795.0	GREYSTONE MANAGED INVESTMENTS INC. * 8 Rank 2012: 6 ↑ 1.1% 2013 CPA: \$21,017.3 2012 CPA: \$20,790.9 Total Assets 2013: \$33,150.6	LETKO, BROUSSEAU & ASSOCIATES INC. 13 Rank 2012: 13 ↑ 8.7% 2013 CPA: \$15,358.1 2012 CPA: \$14,130.0 Total Assets 2013: \$24,151.0	GLC ASSET MANAGEMENT GROUP LTD. 18 Rank 2012: 17 ↑ 9.9% 2013 CPA: \$13,022.0 2012 CPA: \$11,850.8 Total Assets 2013: \$33,665.5
BEUTEL, GOODMAN & COMPANY LTD. 4 Rank 2012: 4 ↑ 18.5% 2013 CPA: \$30,039.1 2012 CPA: \$25,348.0 Total Assets 2013: \$34,967.6	MFS INVESTMENT MANAGEMENT ² 9 Rank 2012: 7 ↓ 14.0% 2013 CPA: \$17,858.5 2012 CPA: \$20,756.0 Total Assets 2013: \$23,148.1	BROOKFIELD ASSET MANAGEMENT 14 Rank 2012: 14 ↑ 10.9% 2013 CPA: \$15,051.0 2012 CPA: \$13,578.0 Total Assets 2013: \$16,915.0	BENTALL KENNEDY (CANADA) LP 19 Rank 2012: 20 ↑ 11.2% 2013 CPA: \$12,167.0 2012 CPA: \$10,940.0 Total Assets 2013: \$20,993.0
STATE STREET GLOBAL ADVISORS, LTD. * 5 Rank 2012: 5 ↑ 13.8% 2013 CPA: \$28,943.2 2012 CPA: \$25,437.0 Total Assets 2013: \$43,742.7	CIBC GLOBAL ASSET MANAGEMENT INC. * 10 Rank 2012: 10 ↑ 1.0% 2013 CPA: \$17,166.0 2012 CPA: \$17,001.7 Total Assets 2013: \$88,894.4	JARISLOWSKY, FRASER LTD. 15 Rank 2012: 9 ↓ 17.7% 2013 CPA: \$14,517.0 2012 CPA: \$17,636.0 Total Assets 2013: \$31,199.0	WELLINGTON MANAGEMENT COMPANY, LLP 20 Rank 2012: 21 ↑ 30.2% 2013 CPA: \$12,071.9 2012 CPA: \$9,273.0 Total Assets 2013: \$14,721.9

Even though it's been years since the financial crisis ended, plan sponsors have maintained their focus on risk and learned to live in the new world of low interest rates

NAGERS

CANADIAN ASSETS (MILLIONS) UNDER MANAGEMENT AS OF JUNE 30, 2013

CPA = CANADIAN PENSION ASSETS

↑↓ Indicates an increase or decrease in variance from 2012 to 2013

FRANKLIN TEMPLETON INSTITUTIONAL	21
Rank 2012: 26	↑ 30.5%
2013 CPA:	\$11,320.0
2012 CPA:	\$8,675.0
Total Assets 2013:	\$39,328.0

SPRUCEGROVE INVESTMENT MANAGEMENT LTD.	22
Rank 2012: 23	↑ 23.6%
2013 CPA:	\$11,319.3
2012 CPA:	\$9,158.5
Total Assets 2013:	\$13,240.0

MANULIFE ASSET MANAGEMENT	23
Rank 2012: 24	↑ 23.1%
2013 CPA:	\$11,250.0
2012 CPA:	\$9,138.8
Total Assets 2013:	\$41,875.1

LEITH WHEELER INVESTMENT COUNSEL LTD. *	24
Rank 2012: 27	↑ 15.0%
2013 CPA:	\$10,466.5
2012 CPA:	\$9,097.9
Total Assets 2013:	\$13,400.3

MORGUARD INVESTMENTS LTD.	25
Rank 2012: 25	↑ 10.0%
2013 CPA:	\$9,897.1
2012 CPA:	\$8,996.0
Total Assets 2013:	\$13,210.0

PIMCO CANADA CORP.	26
Rank 2012: 22	↑ 5.1%
2013 CPA:	\$9,669.0
2012 CPA:	\$9,200.0
Total Assets 2013:	\$16,753.0

ADDENDA CAPITAL INC. *	27
Rank 2012: 19	↓ 16.8%
2013 CPA:	\$9,186.2
2012 CPA:	\$11,036.9
Total Assets 2013:	\$23,200.8

ABERDEEN ASSET MANAGEMENT PLC	28
Rank 2012: 28	↑ 30.2%
2013 CPA:	\$8,124.5
2012 CPA:	\$6,238.9
Total Assets 2013:	\$11,900.2

BAILLIE GIFFORD OVERSEAS LTD.	29
Rank 2012: 35	↑ 37.9%
2013 CPA:	\$6,381.0
2012 CPA:	\$4,627.0
Total Assets 2013:	\$8,243.0

GUARDIAN CAPITAL LP	30
Rank 2012: 30	↑ 9.1%
2013 CPA:	\$5,964.4
2012 CPA:	\$5,467.4
Total Assets 2013:	\$18,553.5

SUN LIFE GLOBAL INVESTMENTS *	31
Rank 2012: 33	↑ 20.5%
2013 CPA:	\$5,604.8
2012 CPA:	\$4,652.4
Total Assets 2013:	\$5,604.8

HEXAVEST INC. *	32
Rank 2012: n/a	↑ 37.7%
2013 CPA:	\$5,604.5
2012 CPA:	\$4,070.1
Total Assets 2013:	\$6,501.2

FOYSTON, GORDON & PAYNE INC.	33
Rank 2012: 31	↑ 1.7%
2013 CPA:	\$5,493.0
2012 CPA:	\$5,399.4
Total Assets 2013:	\$12,085.0

MAWER INVESTMENT MANAGEMENT LTD.	34
Rank 2012: n/a	↑ 81.3%
2013 CPA:	\$5,184.6
2012 CPA:	\$2,859.6
Total Assets 2013:	\$17,142.3

RUSSELL INVESTMENTS CANADA LTD. *	35
Rank 2012: 34	↑ 6.9%
2013 CPA:	\$4,950.1
2012 CPA:	\$4,631.7
Total Assets 2013:	\$14,587.6

GE ASSET MANAGEMENT CANADA COMPANY	36
Rank 2012: 32	↑ 1.4%
2013 CPA:	\$4,936.3
2012 CPA:	\$4,868.8
Total Assets 2013:	\$5,448.4

BURGUNDY ASSET MANAGEMENT LTD.	37
Rank 2012: n/a	↑ 32.8%
2013 CPA:	\$4,351.0
2012 CPA:	\$3,276.3
Total Assets 2013:	\$11,451.6

MERCER GLOBAL INVESTMENTS CANADA LTD. *	38
Rank 2012: n/a	↑ 42.7%
2013 CPA:	\$4,344.8
2012 CPA:	\$3,045.1
Total Assets 2013:	\$4,436.1

INVESCO	39
Rank 2012: 38	↑ 6.9%
2013 CPA:	\$4,328.6
2012 CPA:	\$4,049.8
Total Assets 2013:	\$32,475.7

PARETO INVESTMENT MANAGEMENT LTD.	40
Rank 2012: 36	↓ 4.3%
2013 CPA:	\$4,262.1
2012 CPA:	\$4,455.5
Total Assets 2013:	\$4,262.1

Notes: * Restated June 30, 2012 pension value * Managers with third-party management
 1 Fiera Capital Corp. acquired UBC Global Asset Management in Q1 of 2013
 2 Formerly known as MFS McLean Budden

Figures in this report are based on responses provided by the survey participants. Benefits Canada assumes no responsibility for the accuracy of the data provided. All totals are subject to a +/- variance due to rounding.

2013 Top 40 Total: \$616,386.6
2012 Top 40 Total: \$558,920.5
% Variance: ↑ 10.3%

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

TOP 5 | FASTEST GROWING (%) - LESS THAN \$1.0 BILLION

ASSETS (MILLIONS) AS OF JUNE 30, 2013			
Company	2013 CPA	2012 CPA	% Variance
1 American Century Investment Management Inc.	\$599.8	\$190.1	↑ 215.5%
2 Investec Asset Management Ltd.	\$749.5	\$301.0	↑ 149.0%
3 Morneau Shepell ¹	\$378.0	\$0.0	↑ 100.0%
4 Nuveen Investments Canada ²	\$184.6	\$0.0	↑ 100.0%
5 Brookfield Investment Management Inc.	\$289.0	\$201.0	↑ 43.8%

Notes: 1 Canadian investment arm came into existence in May 2012 2 No Canadian pension assets until new mandate won in Q4 of 2012

TOP 5 | FASTEST GROWING (%) - \$1.0 BILLION TO \$10.0 BILLION

ASSETS (MILLIONS) AS OF JUNE 30, 2013			
Company	2013 CPA	2012 CPA	% Variance
1 Pyrford International Ltd.	\$1,145.3	\$631.0	↑ 81.5%
2 Mawer Investment Management Ltd.	\$5,184.6	\$2,859.6	↑ 81.3%
3 QV Investors Inc.	\$1,548.0	\$1,005.2	↑ 54.0%
4 Triasima Portfolio Management Inc.	\$1,060.3	\$714.3	↑ 48.4%
5 AlphaFixe Capital	\$1,549.0	\$1,064.0	↑ 45.6%

TOP 5 | FASTEST GROWING (%) - GREATER THAN \$10.0 BILLION

ASSETS (MILLIONS) AS OF JUNE 30, 2013			
Company	2013 CPA	2012 CPA	% Variance
1 Franklin Templeton Institutional	\$11,320.0	\$8,675.0	↑ 30.5%
2 Wellington Management Company, LLP	\$12,071.9	\$9,273.0	↑ 30.2%
3 J.P. Morgan Asset Management (Canada)	\$17,026.2	\$13,210.0	↑ 28.9%
4 Sprucegrove Investment Management Ltd.	\$11,319.3	\$9,158.5	↑ 23.6%
5 Manulife Asset Management	\$11,250.0	\$9,138.8	↑ 23.1%

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

strategies beyond 'plain-vanilla' equities and fixed income, which have dominated portfolios for decades," Muldowney explains.

A Kick in the Assets

When stocks and bonds won't do, there are alternatives—alternative investments, that is. "So much depends on risk appetite, the size of the plan and the flexibility that they have," Archard

explains. "But if time's on their side and the funding status is in good shape, they've got the opportunities to pick off the returns in the alternatives space."

Infrastructure, for example, is popular with investors. "Because of the low-yield environment, real assets can provide yield and are not too correlated with other traditional asset classes," says Patrick De Roy, an institutional portfolio manager with Pyramis Global

“There has been a shift from the Great Moderation to the Great Uncertainty”

— Timothy Thompson,
TD Asset Management

Advisors (No. 17). “In alternative investments, we see more requests for real estate and infrastructure than for hedge funds. We think that real assets are clearly a trend.”

Investing in real estate is certainly a growing trend. The Pension Investment Association of Canada says pension fund allocations to real estate reached a record of 10.2% of total Canadian assets at the end of 2012. For plans that can't afford to purchase properties or don't want to buy into funds of funds, exchange-traded funds (ETFs) are becoming a more popular option. A recent study from Greenwich Associates finds that approximately one-third of Canadian institutional funds and asset managers use real estate investment trust ETFs. “Canadian institutional investors are hungry for real estate exposure,” explains Greenwich Associates consultant Andrew McCollum. “ETFs offer a relatively efficient means of exposure for smaller funds or for funds concerned about the risk and complexity of investing in real estate directly.”

Some plan sponsors, such as the Halifax Regional Municipality Pension Plan, are making a big push into private investments. “We have private equity, private debt, infrastructure and real estate,” says the plan's CEO, Terri Troy. “And we put it all in one bucket. We don't have a separate allocation for each

TOP 10 | DB INVESTMENT MANAGERS

ASSETS (MILLIONS) AS OF JUNE 30, 2013

Company	2013 CDN DB AUM
1 TD Asset Management	\$58,427.0
2 BlackRock	\$41,799.5
3 Phillips, Hager & North Investment Management (RBC Global Asset Management)	\$40,068.7
4 State Street Global Advisors Ltd.	\$25,526.8
5 Beutel, Goodman & Company Ltd.	\$22,401.0
6 Fiera Capital Corp. ¹	\$20,217.0
7 Greystone Managed Investments Inc.	\$17,924.3
8 J.P. Morgan Asset Management (Canada)	\$16,968.3
9 Connor, Clark & Lunn Financial Group	\$16,917.1
10 CIBC Global Asset Management Inc.	\$16,886.1
Top 10 Total:	\$277,135.8

Note: 1 Fiera Capital Corp. acquired UBC Global Asset Management in Q1 of 2013

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

We offer something different. And it works.



Our Flagship Strategies	10 Yr Quartile Rank*
WorldWide Equity <i>25-30 names, unconstrained stock picking</i>	1
Global Value <i>Low-volatility, down-side risk protection</i>	1
International Equity <i>Best ideas, benchmark-agnostic strategy</i>	1
Developing Countries <i>Peerless replacement value approach</i>	2

*Based on the following eVestment Universes at Jun. 30/13, respectively: All Global Equity, All EAFE Equity, All Emerging Markets Equity.

Pier 21 Asset Management is the Canadian home for time-tested, differentiated investment boutiques based around the globe. As a result of these exclusive relationships, Pier 21 has grown to over \$2.1 Billion in AUM with institutional clients across Canada. We offer something different. And it works.

PIER 21
ASSET MANAGEMENT INC.

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THE NUMBERS

- At the end of June 30, 2013, Canadian pension assets for the Top 40 money managers totalled \$616.4 billion compared with \$558.9 billion the year prior—an increase of 10.3%.
- Baillie Gifford Overseas had the biggest jump, moving up six places from No. 35 to No. 29.
- Thirty-five managers reported an increase in pension assets, with only five reporting a decrease.
- Twenty-three managers reported double-digit increases in pension assets over the last 12 months, versus 10 managers in last year's report.
- Mawer Investment Management (No. 34 on the Top 40 Money Managers list and No. 2 on the Top 5 Fastest Growing (%) - \$1.0 billion to \$10.0 billion list) had the largest percentage increase in assets within the Top 40, rising 81.3%.
- Four managers are new to this year's list: Hexavest (No. 32), Mawer Investment Management (No. 34), Burgundy Asset Management (No. 37) and Mercer Global Investments Canada (No. 38).

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

subset. Our overall target for the bucket is between 10% and 40%.”

But when it comes to hedge funds, many plan sponsors aren't as enthusiastic. Concerns about governance issues, fees, headline risk and lack of transparency have turned some plan sponsors away from these strategies, Service explains. (For more on current and future trends in hedge fund investing, see our virtual roundtable on page 67.)

Hello, World!

And alternative assets aren't the only way pension plan sponsors are looking to broaden their horizons. Canadian equities represent only about 4% of the total market capitalization in the developed market, so it's natural for Canadian plan sponsors to seek

TOP 10 | ENDOWMENT & FOUNDATION FUND MANAGERS

ASSETS (MILLIONS) AS OF JUNE 30, 2013

Company	2013 CDN E&F AUM
1 TD Asset Management	\$6,103.0
2 Fiera Capital Corp. ¹	\$5,493.3
3 Scotia Global Asset Management	\$2,624.1
4 Jarislowsky, Fraser Ltd.	\$2,515.0
5 Mawer Investment Management Ltd.	\$2,487.6
6 J.P. Morgan Asset Management (Canada)	\$2,446.0
7 Phillips, Hager & North Investment Management (RBC Global Asset Management)	\$2,396.8
8 State Street Global Advisors, Ltd.	\$2,179.6
9 Letko, Brosseau & Associates Inc.	\$1,954.7
10 Beutel, Goodman & Company Ltd.	\$1,947.6

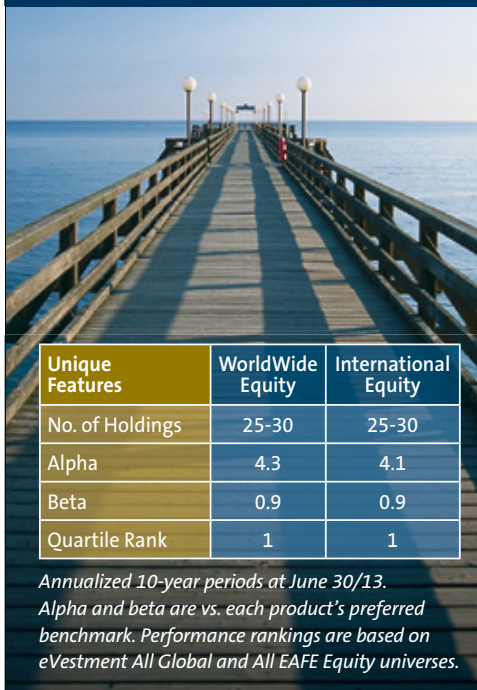
Top 10 Total:

\$30,147.6

Note: 1 Fiera Capital Corp. acquired UBC Global Asset Management in Q1 of 2013

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

We offer unconstrained stock picking. And it works.



Unique Features	WorldWide Equity	International Equity
No. of Holdings	25-30	25-30
Alpha	4.3	4.1
Beta	0.9	0.9
Quartile Rank	1	1

Annualized 10-year periods at June 30/13.

Alpha and beta are vs. each product's preferred benchmark. Performance rankings are based on eVestment All Global and All EAFE Equity universes.

Our WorldWide and International Equity Strategies overlay a thematic framework to support a bottom up long-term stock picking process. The 27-year-old GARP approach is anchored in quality and stable growth, and invests in the 25 to 30 best ideas, with an eye to risk control.

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ASSET MANAGEMENT INC.

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TOP 10 | TOTAL CANADIAN ASSETS UNDER MANAGEMENT

ASSETS (MILLIONS) AS OF JUNE 30, 2013

Company	2013 CDN AUM
1 TD Asset Management	\$200,063.0
2 Phillips, Hager & North Investment Management (RBC Global Asset Management)	\$198,795.0
3 BlackRock	\$136,767.4
4 CIBC Global Asset Management Inc.	\$88,894.4
5 Scotia Global Asset Management	\$86,584.3
6 CI Institutional Asset Management (A division of CI Investments Inc.)	\$81,570.0
7 Pyramis Global Advisors (A Fidelity Investments Company)	\$74,408.0
8 Fiera Capital Corp. ¹	\$65,060.9
9 Mackenzie Institutional	\$60,798.8
10 BMO Global Asset Management ²	\$60,147.5
Top 10 Total:	\$1,053,089.2

Notes: 1 Fiera Capital Corp. acquired UBC Global Asset Management in Q1 of 2013 2 BMO Asset Management Inc. merged with BMO Harris Private Bank in June 2012

Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

investment opportunities beyond our borders. While there is a tendency toward home bias in the portfolio, plan sponsors continue to buy up international equities, after the foreign property rule was eliminated in 2005. This move isn't because Canada is no longer an attractive place to invest, but because it offers a way to reduce risk and find higher-yielding assets.

"I'm not sure I'm ready to proclaim the death of Canadian equity investments," says Thompson. "Canadian equities will have a place. It's the continuation of the trend to diversification strategies."

While moving out of Canadian equities is one way to diversify a portfolio, some plan sponsors are looking elsewhere to cope with a low-yield environment. Interest rates have remained low for the past couple of years, and despite a jump in long-term bond yields over the summer, yields may stay low for some time. On Oct. 23, the Bank of Canada announced that its interest rate will remain at 1%. Plan sponsors are moving to expand their fixed income universe by investing in emerging market or high-yield fixed income, or global bonds, says De Roy.

We offer low volatility global equity. And it works.



Global Value	5 Yr	10 Yr
Down Market Capture %	57.3	68.5
Beta	0.7	0.8
Standard Deviation %	10.8	10.9
Quartile Ranking*	1	1

*The performance ranking is based on the eVestment All Global Equity universe at June 30/13.

Our Global Value Strategy begins with historical earnings stability as a key indicator of success. The process is a well-defined obstacle course of quality tests and risk hurdles, where only the survivors are chosen. The result is a uniquely risk-controlled, benchmark-agnostic portfolio of low volatility stocks.

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TOTAL | CANADIAN ASSETS UNDER MANAGEMENT BY ASSET CLASS

ASSETS (MILLIONS) AS OF JUNE 30, 2013

Canadian Bonds	\$562,686.6
Canadian Equity	\$444,122.4
Balanced Funds	\$231,046.8
Global Equity	\$137,410.6
U.S. Equity	\$119,825.9
Other	\$64,636.5
EAFE Equity	\$64,168.6
Real Estate	\$58,656.9
Cash	\$44,403.2
Overlay Strategy	\$43,641.8
Non-North American Equity	\$39,774.9
Global Bonds	\$28,573.1
Emerging Markets	\$26,604.2
High-yield Bonds	\$19,286.4
Currency	\$16,728.5
Money Market/Cash Equivalents	\$15,180.5
U.S. Bonds	\$12,253.7
Hedge Funds	\$11,098.1
Infrastructure	\$10,086.9
Real Return Bonds	\$7,704.5
Mortgages	\$6,608.0
Asian Equity	\$5,351.0
Private Equity	\$4,785.4
Other Alternatives	\$4,367.3
Timber & Agriculture	\$1,665.4
Income Trust	\$1,426.2
Commodities	\$238.2
Managed Futures	\$96.4

“They are looking for a way they can add yield in their portfolio without significantly increasing the volatility.” While 10-year Canadian government bonds currently yield less than 3%, government bonds in Chile and Colombia have yields of more than 5% and 6%, respectively.

Even though it’s been years since the financial crisis ended, plan sponsors have maintained their focus on risk and learned to live in the new world of low interest rates. But, as often happens, the pendulum can swing too far in the other direction: plan sponsors may now be too cautious. “Understandably, after the crisis, plan sponsors weren’t prepared to make changes or be open to new investment strategies,” says Muldowney. “But I feel the caution lingers today—and that’s not a good thing, because it suggests a resistance to change.”

At least one plan sponsor agrees. “I just think that moving now to all of the strategies that come with limiting the downside is unfortunate,” says Blair Richards, CEO of Halifax Port ILA/HEA Pension Plan. “I think a lot of plans are going to regret some of the decisions they’re making in response to what happened in 2008.” 

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Source: Firms participating in the Canadian Institutional Investment Network Spring 2013 Top 40 Money Managers Survey

IS INCREASED LONGEVITY A RISK FOR PENSION PLANS?

Earlier this year, the Canadian Institute of Actuaries released updated mortality tables confirming that people are living longer. The life expectancy of a 60-year-old man has increased by 2.9 years to 27.3 years, while the life expectancy of a 60-year-old woman has risen by 2.7 years to 29.4 years. While living longer is a good thing for plan members, it may be a challenge for plan sponsors, which will have to make payments to those pensioners for longer periods.

Increased longevity shouldn’t be a surprise for many plan sponsors, though. “I think, instead, the timing is more of an inconvenience for plan sponsors, adding a new cost to an already-tough situation,” says Peter Muldowney, senior vice-president, institutional strategy, with Connor, Clark & Lunn Financial Group.

However, not all plan sponsors are worried about the changes to the tables. “The beauty of the tables is that they’re seldom a surprise. We’ve known about this for quite some time,” says Blair Richards, CEO of Halifax Port ILA/HEA Pension Plan, adding that the plan is already prepared for the new tables so it won’t have a disruptively negative impact on liabilities.

Terri Troy, CEO of the Halifax Regional Municipality Pension Plan, says the update is well below the interest rate or equity risk in pension plans. “It’s more of a one-time adjustment that people have to make up for, but it’s one time,” she adds. “It’s small compared to other risks in a pension plan.”