



# A Critical Conversation

## Working Through the Economic Crisis: The Future of Canada's Nonprofit and Voluntary Sector

(Supplementary Slides)

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# Translating Donor's Expectations

## From the Donor's Eyes

- Fiscally Responsible
- Common Objectives with the Organization
- Sound Risk Management
- Prudent Oversight
- Proven Success

## Displayed Stewardship

- = A Prudent Process
- = Investment Policy Statement
- = Portfolio Structure
- = Reporting Protocols
- = Donor Updates / Transparency



# Risk Management Strategies & Portfolio Structure

## - The Benefits of Low Volatility

### EXAMPLES:

Years	Sample Portfolio #1	
	Annual Return	Cumulative Return
Year 1	13.0%	13.0%
Year 2	2.0%	15.3%
Year 3	-5.0%	9.5%
Year 4	8.0%	18.3%
Year 5	19.0%	4.07%
Year 6	6.0%	49.2%
Year 7	11.0%	65.6%
Year 8	7.5%	78.0%
Year 9	-12.0%	56.6%
Year 10	-5.0%	48.8%
Year 11	9.5%	62.9%
Year 12	2.1%	66.4%
Year 13	12.0%	86.3%
Year 14	6.5%	98.4%
Year 15	-18.0%	62.7%
Year 16	25.0%	103.4%
Year 17	8.0%	119.7%
Year 18	5.4%	131.5%
Year 19	8.3%	150.7%
Year 20	5.4%	164.3%

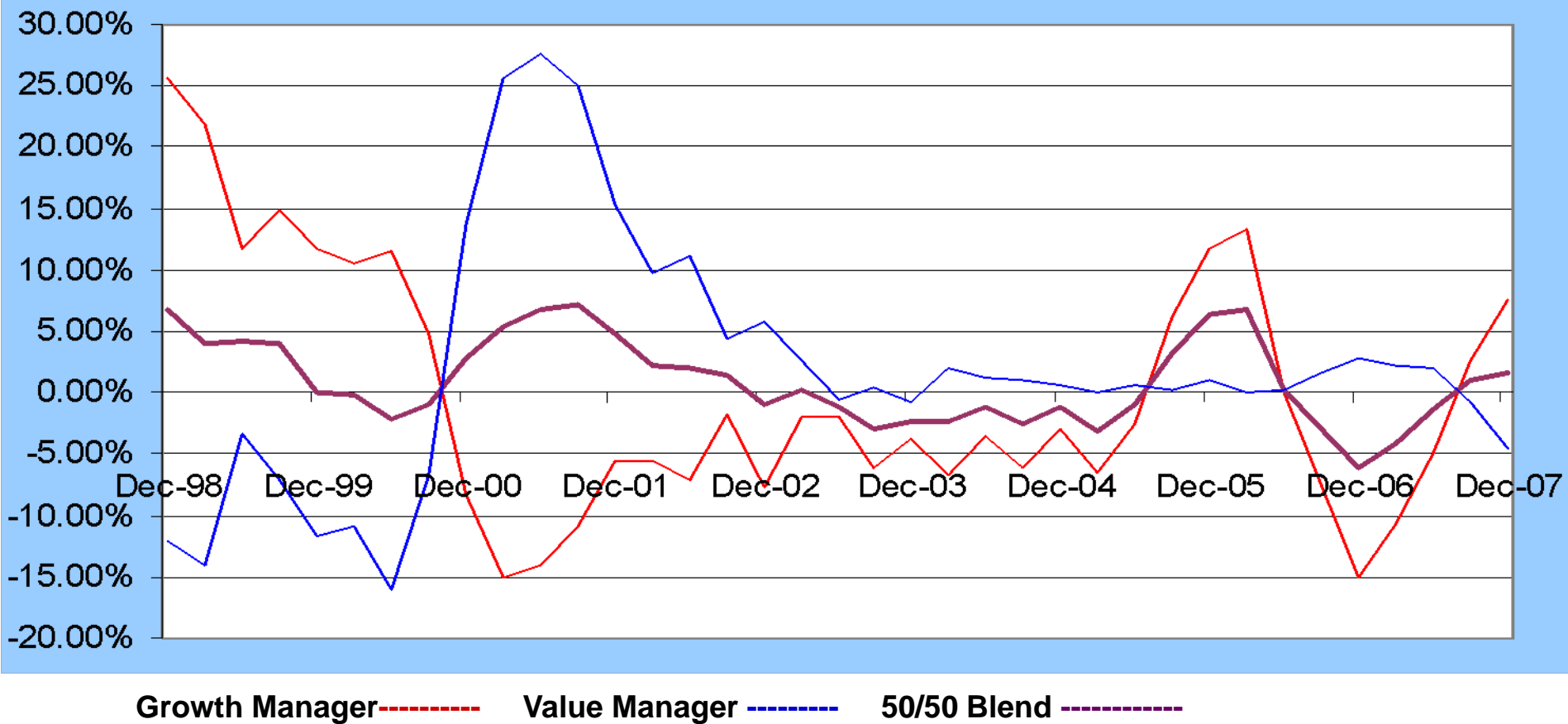
Simple Average	5.4%
Standard Deviation	9.8
Compounded Average	5.0%

Sample Portfolio #2	
Annual Return	Cumulative Return
5.4%	5.4%
5.4%	11.2%
5.4%	17.2%
5.4%	23.6%
5.4%	30.3%
5.4%	37.4%
5.4%	44.8%
5.4%	52.7%
5.4%	61.0%
5.4%	69.8%
5.4%	79.0%
5.4%	88.7%
5.4%	99.0%
5.4%	109.8%
5.4%	121.2%
5.4%	133.2%
5.4%	145.9%
5.4%	159.3%
5.4%	173.3%
5.4%	188.2%

5.4%
0.0
5.4%



# The Importance of Style Diversification



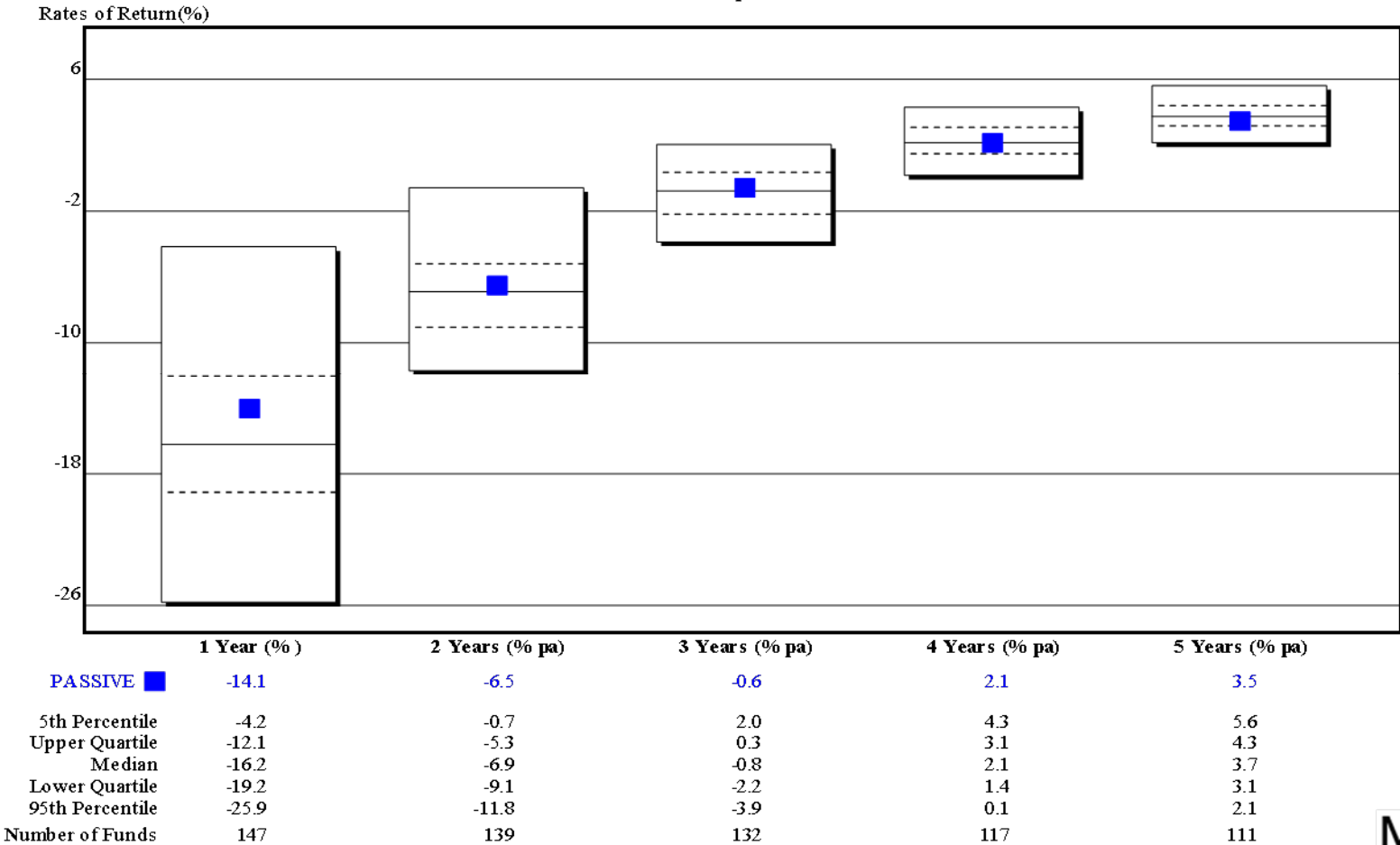
Style diversification decreases market risk



# Balanced Universe Rolling Returns (at December 2008)

## Mercer Passive Portfolio

Comparison with the Mercer Pooled - Canadian Balanced Universe  
Performance before fees for periods ended December 2008

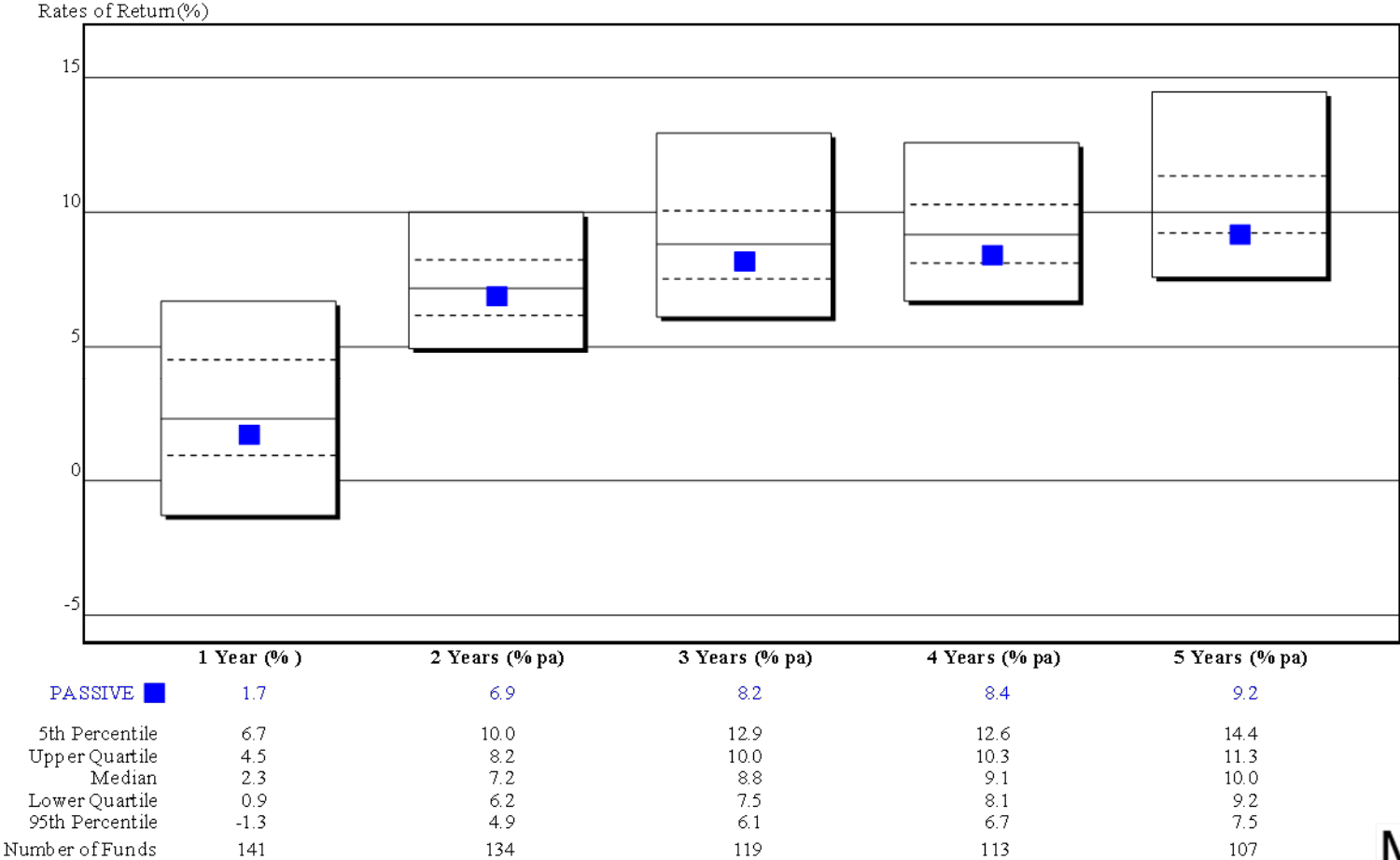


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# Balanced Universe Rolling Returns (at December 2007)

## Mercer Passive Portfolio Comparison with the Mercer Pooled - Canadian Balanced Universe Performance before fees for periods ended December 2007



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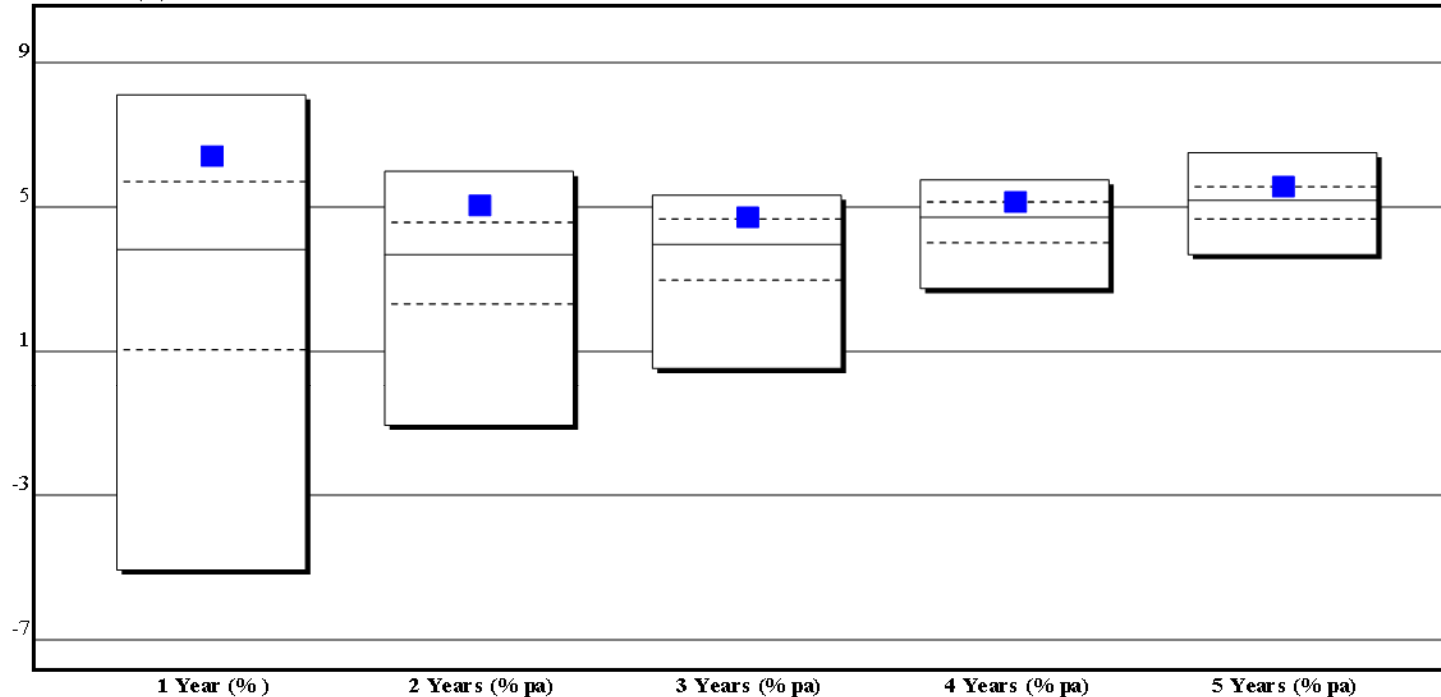


# Fixed Income Universe Rolling Returns (at Dec. 2008)

## DEX Universe Bond

Comparison with the Mercer Pooled - Canadian Fixed Income Universe  
Performance before fees for periods ended December 2008

Rates of Return(%)



	1 Year (%)	2 Years (% pa)	3 Years (% pa)	4 Years (% pa)	5 Years (% pa)
DEXU ■	6.4	5.0	4.7	5.1	5.5
5th Percentile	8.1	6.0	5.3	5.7	6.5
Upper Quartile	5.7	4.5	4.6	5.1	5.6
Median	3.8	3.6	3.9	4.7	5.2
Lower Quartile	1.0	2.3	3.0	4.0	4.7
95th Percentile	-5.1	-1.1	0.5	2.7	3.7
Number of Funds	128	123	107	101	96

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