

2013 in Review

Ron Mock: 2013 was a solid year, we ended up with a 10.9% return. We have \$141 billion in the fund, we have a funding surplus, for the first time in a decade, that's a great result. Real estate did really well, infrastructure did really well, private equity did well. Public equities performed extremely well. The one area where we were down a bit was in fixed income or in bonds, but we expected that. We expected that to happen, because we anticipated interest rates going up, when interest rates go up bonds are down. You know what, that's why we have a diversified portfolio, that's why we have different things built into the portfolio, so that when some things are going up, and some things aren't we end up in a very good spot.

10.9% for 2013 is a very good result. Members services performed extremely well in 2013, out of a score of 10 they got a 9.1 as ranked by our members in terms of delivering service. That's a pretty good result. They were ranked #1 globally by CEM, an independent firm that goes out and surveys large pension plans around the world, they try and exceed out members expectations each and every day, because they have that culture, that's how they achieve scores like 9.1 and #1 in the world.

Being fully funded is great news for our members. The sponsors have worked very very hard to ensure that the plans sustainability, the plans ability to pay for generations to come is squarely intact. They've worked hard at that, they're to be applauded for the efforts, and because of that effort, we have a surplus today. This is very important to the members. Having said that, there still are challenges that face the fund going forward, for example, demographic challenges. Longevity, people are living longer, and that still will present, in the future, a challenge for the fund. We have to constantly be monitoring what the horizon looks like, what's on the horizon for us. Making sure that we are adapting the plan accordingly as we move forward. We're in a good position, we're in a very strong position right now, having said that, I don't think this is time for complacency. This is not a time to rest on our laurels, we're in a very strong spot.