

QUARTERLY INVESTMENT REPORT

March 31, 2017

Assets Under Management

as at March 31, 2017	\$ 39,156 million
as at December 31, 2016	\$ 37,653 million

Asset Mix

	Policy Asset Mix	March 31, 2017		December 31, 2016	
		(CAD millions)	(%)	(CAD millions)	(%)
Fixed Income	30.5%	12,156	31	11,417	30.3
Inflation Sensitive & Alternatives	30%	8,838	22.6	9,200	24.4
Canadian Equity	8.0%	3,751	9.6	3,943	10.5
Global Developed Equity*	15.0%	9,539	24.4	9,132	24.3
Emerging Markets Equity	5.5%	1,720	4.4	1,297	3.4
Global Small Cap Equity	5.0%	1,794	4.6	1,271	3.4
Private Equity	6.0%	1,055	2.7	1,089	2.9
Overlays	0.0%	300	0.8	304	0.8
	100%	39,156	100.0	37,653	100.0

*Includes PAUS

Performance Summary

	Q1 2017	Year to Date	1 Year	4 Year
LAPP	3.02%	3.02%	10.07%	8.99%
Policy Benchmark	2.88%	2.88%	9.44%	8.88%
Excess Returns	0.14%	0.14%	0.63%	0.11%

Note: Performance net of fees

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Investment Performance by Calendar Years

Asset Category	Asset/Sub-Asset Category Benchmark	2017		Calendar Years		
		QTD	YTD	2016	2015	2014
Total	Fund	3.0	3.0	5.8	7.9	11.4
	Policy	2.9	2.9	6.0	6.7	12.9
	CPI (one month lag)	0.9	0.9	1.2	1.4	2.0
Fixed Income	Asset Category Total	1.6	1.6	2.6	4.3	14.6
	Asset Category Benchmark	1.2	1.2	1.5	4.1	14.5
	Short Term and Cash	0.2	0.9	0.9	0.9	1.2
	FTSE TMX Canada 91 day T Bill Index	0.1	0.5	0.5	0.6	0.9
	Universe Bonds	1.7	3.3	3.3	4.1	9.8
	FTSE TMX Canada Universe Bond Index	1.2	1.7	1.7	3.5	8.8
	Long Bonds	1.8	2.4	2.4	4.1	18.8
	FTSE TMX Canada L.T. Govt. Bond Index	1.5	1.3	1.3	4.5	17.9
	Private Debt & Loan	0.7	4.4	4.4	6.1	7.0
	FTSE TMX Canada Universe Bond Index	1.2	1.7	1.7	3.5	8.8
	Private Mortgages	1.4	1.9	1.9	5.1	9.9
FTSE TMX Canada Universe Bond Index	1.2	1.7	1.7	3.5	8.8	
Inflation Sensitive & Alternatives	Asset Category Total	0.8	0.8	5.2	8.3	7.8
	Asset Category Benchmark	0.7	0.7	5.2	6.7	11.4
	Real Return Bonds	(1.0)	(1.0)	3.4	3.0	13.5
	FTSE TMX Canada Real Return Bond Index	(1.3)	(1.3)	2.9	2.8	13.2
	Real Estate	1.0	1.0	4.3	8.7	8.2
	IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b ¹	1.0	1.0	5.8	8.0	7.1
	Private Income	1.4	1.4	7.8	13.9	4.6
	Private Income Index ²	1.5	1.5	5.7	5.8	20.7
Short Horizon	Timberlands	1.8	1.8	10.1	4.2	(0.6)
	Timberlands Index ³	1.5	1.5	5.7	10.0	13.7
	Asset Category Total	5.6	5.6	9.3	11.2	12.7
	Asset Category Benchmark	5.4	5.4	9.6	8.2	12.2
Short Horizon	Canadian Equity	2.4	2.4	19.8	(7.4)	12.4
	S&P/TSX Capped Composite Index	2.4	2.4	21.1	(8.3)	10.6
	Global Developed Equity	6.4	6.4	4.8	21.8	13.4
	MSCI World Index	5.8	5.8	3.8	18.9	14.4
	Emerging Markets	11.4	11.4	8.7	6.2	10.4
	MSCI Emerging Markets Index	10.8	10.8	7.3	2.0	6.6
	Small Cap Equity	4.3	4.3	12.1	13.6	9.8
Small Cap Equity Index ⁴	5.0	5.0	18.5	7.7	6.6	
Long Horizon	Private Equity	0.3	0.3	(2.2)	(9.3)	3.1
	CPI 1 month lagged + 650 bps (5-year rolling average) ⁵	2.0	2.0	7.7	4.8	13.8
Overlays	Overlays	(2.8)	(2.8)	1.8	52.2	(15.1)

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Investment Performance by Annualized Years

Asset Category	Asset/Sub-Asset Category Benchmark	2017				
		YTD	1	2	3	4
Total	Fund	3.0	10.1	5.3	8.0	9.0
	Policy	2.9	9.4	4.5	8.0	8.9
	CPI (one month lag)	0.9	1.2	1.3	1.5	1.3
Fixed Income	Asset Category Total	1.6	2.0	1.3	6.0	4.8
	<i>Asset Category Benchmark</i>	1.2	1.5	1.1	3.3	4.8
	Short Term and Cash	0.2	0.9	0.9	1.0	1.0
	<i>FTSE TMX Canada 91 day T Bill Index</i>	0.1	0.5	0.6	0.7	0.8
	Universe Bonds	1.7	3.3	3.7	5.7	4.4
	<i>FTSE TMX Canada Universe Bond Index</i>	1.2	1.7	2.6	4.6	3.1
	Long Bonds	1.8	2.4	3.3	8.2	4.8
	<i>FTSE TMX Canada L.T. Govt. Bond Index</i>	1.5	1.3	2.9	7.7	3.8
	Private Debt & Loan	0.7	4.4	5.3	5.9	0.0
	<i>FTSE TMX Canada Universe Bond Index</i>	1.2	1.7	2.6	4.6	3.1
	Private Mortgages	1.4	1.9	3.5	5.6	4.3
<i>FTSE TMX Canada Universe Bond Index</i>	1.2	1.7	2.6	4.6	3.1	
Inflation Sensitive & Alternatives	Asset Category Total	0.8	5.2	6.7	7.1	7.0
	<i>Asset Category Benchmark</i>	0.7	5.2	5.9	7.7	7.5
	Real Return Bonds	(1.0)	0.2	(0.9)	4.1	1.6
	<i>FTSE TMX Canada Real Return Bond Index</i>	(1.3)	(0.5)	(1.4)	3.6	1.1
	Real Estate	1.0	4.7	6.6	7.1	8.3
	<i>IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b¹</i>	1.0	5.7	6.8	6.8	7.8
	Private Income	1.4	5.8	6.9	6.9	7.8
	<i>Private Income Index²</i>	1.5	6.5	11.4	9.4	7.9
	Timberlands	1.8	5.9	4.4	8.5	10.6
<i>Timberlands Index³</i>	1.5	12.5	6.8	5.5	10.2	
Short Horizon	Asset Category Total	5.6	20.6	8.6	10.9	14.3
	<i>Asset Category Benchmark</i>	5.4	19.4	7.1	9.9	13.1
	Canadian Equity	2.4	17.2	5.4	6.2	9.2
	<i>S&P/TSX Capped Composite Index</i>	2.4	18.6	5.3	5.8	8.3
	Global Developed Equity	6.4	21.4	10.5	13.2	17.3
	<i>MSCI World Index</i>	5.8	18.3	8.0	12.4	16.4
	Emerging Markets	11.4	23.2	6.8	11.2	10.2
	<i>MSCI Emerging Markets Index</i>	10.8	20.9	4.2	7.8	7.6
	Small Cap Equity	4.3	23.1	9.1	10.8	16.7
<i>Small Cap Equity Index⁴</i>	5.0	26.3	10.8	10.0	14.2	
Long Horizon	Private Equity	0.3	(1.4)	(6.1)	(3.1)	(2.6)
	<i>Private Equity Index⁵</i>	2.0	7.9	4.4	8.8	12.1
Overlays	Overlays	(2.8)	1.8	10.0	9.8	9.8

¹ IPD Large Institutional Index: one quarter lag. Due to the time lag in receiving IPD Large Institutional All Property Index data, the pool is benchmarked against the Canadian Real Estate portfolio returns for the period between January 1, 2017 and March 31, 2017

² Effective August 1, 2015. Prior to this time, the benchmark was S&P Global Infrastructure (Hedged C\$) +1%

³ Effective August 1, 2015. Prior to this time, the benchmark was 50% FTSE TMX Canada Real Return Bond / 50% MSCI World Index (Hedged C\$) + 1.5%

⁴ 1/3 S&P/TSX Small Cap Index + 2/3 MSCI Small Cap Index

⁵ Effective January 1, 2016. Prior to this time, the benchmark was MSCI World (Hedged C\$) + 3%