

## QUARTERLY INVESTMENT REPORT

### June 30, 2017

### Assets Under Management

as at June 30, 2017	\$ 40,030 million
as at March 31, 2017	\$ 39,156 million

### Asset Mix

	Policy Asset Mix	June 30, 2017		March 31, 2017	
		(CAD millions)	(%)	(CAD millions)	(%)
Fixed Income	30.5%	12,403	31.0	12,156	31.0
Inflation Sensitive & Alternatives	30%	8,539	21.3	8,838	22.6
Canadian Equity	8.0%	3,278	8.2	3,751	9.6
Global Developed Equity*	15.0%	10,145	25.3	9,539	24.4
Emerging Markets Equity	5.5%	2,367	5.9	1,720	4.4
Global Small Cap Equity	5.0%	1,986	5.0	1,794	4.6
Private Equity	6.0%	1,020	2.5	1,055	2.7
Overlays	0.0%	293	0.7	300	0.8
	100%	40,030	100.0	39,156	100.0

\*Includes PAUS

### Performance Summary

	Q2 2017	Year to Date	1 Year	4 Year
LAPP	1.54%	4.61%	8.79%	9.61%
Policy Benchmark	1.48%	4.43%	7.78%	9.60%
Excess Returns	0.06%	0.18%	1.00%	0.00%

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
<b>Total</b>	Fund	1.5	4.6	5.8	7.9	11.4
	Policy	1.5	4.4	6.0	6.7	12.9
	CPI (one month lag)	0.6	1.5	1.2	1.4	2.0
<b>Fixed Income</b>	Asset Category Total	2.8	4.4	2.6	4.3	14.6
	Asset Category Benchmark	2.6	3.9	1.5	4.1	14.5
	Short Term and Cash	0.2	0.4	0.9	0.9	1.2
	FTSE TMX Canada 91 day T Bill Index	0.1	0.2	0.5	0.6	0.9
	Universe Bonds	1.1	2.8	3.3	4.1	9.8
	FTSE TMX Canada Universe Bond Index	1.1	2.4	1.7	3.5	8.8
	Long Bonds	4.5	6.4	2.4	4.1	18.8
	FTSE TMX Canada L.T. Govt. Bond Index	4.0	5.6	1.3	4.5	17.9
	Private Debt & Loan	0.3	1.0	4.4	6.1	7.0
	FTSE TMX Canada Universe Bond Index	1.1	2.4	1.7	3.5	8.8
	Private Mortgages	1.0	2.4	1.9	5.1	9.9
FTSE TMX Canada Universe Bond Index	1.1	2.4	1.7	3.5	8.8	
<b>Inflation Sensitive &amp; Alternatives</b>	Asset Category Total	1.1	1.9	5.2	8.3	7.8
	Asset Category Benchmark	1.1	2.0	5.2	6.7	11.4
	Real Return Bonds	1.4	0.4	3.4	3.0	13.5
	FTSE TMX Canada Real Return Bond Index	1.4	0.1	2.9	2.8	13.2
	Real Estate	0.8	1.8	4.3	8.7	8.2
	IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b <sup>1</sup>	0.8	2.0	5.8	8.0	7.1
	Private Income	1.5	3.0	7.8	13.9	4.6
	Private Income Index <sup>2</sup>	1.5	3.1	5.7	5.8	20.7
	Timberlands	1.5	3.4	10.1	4.2	(0.6)
Timberlands Index <sup>3</sup>	1.5	3.1	5.7	10.0	13.7	
<b>Short Horizon</b>	Asset Category Total	1.2	6.8	9.3	11.2	12.7
	Asset Category Benchmark	0.9	6.3	9.6	8.2	12.2
	Canadian Equity	(1.2)	1.1	19.8	(7.4)	12.4
	S&P/TSX Capped Composite Index	(1.6)	0.7	21.1	(8.3)	10.6
	Global Developed Equity	1.6	8.1	4.8	21.8	13.4
	MSCI World Index	1.3	7.2	3.8	18.9	14.4
	Emerging Markets	3.7	15.5	8.7	6.2	10.4
	MSCI Emerging Markets Index	3.5	14.7	7.3	2.0	6.6
Small Cap Equity	1.9	6.2	12.1	13.6	9.8	
Small Cap Equity Index <sup>4</sup>	1.5	6.6	18.5	7.7	6.6	
<b>Long Horizon</b>	Private Equity	(1.1)	(0.8)	(2.2)	(9.3)	3.1
	CPI 1 month lagged + 650 bps (5-year rolling average) <sup>5</sup>	2.0	4.0	7.7	4.8	13.8
<b>Overlays</b>	Overlays	(0.2)	(3.0)	1.8	52.2	(15.1)

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## Investment Performance by Annualized Years

Asset Category	Asset/Sub-Asset Category Benchmark	Annualized Years				
		2017 YTD	1	2	3	4
<b>Total</b>	Fund	4.6	8.8	6.6	7.5	9.6
	Policy	4.4	7.8	6.1	7.3	9.6
	CPI (one month lag)	1.5	14.3	1.4	1.2	1.5
<b>Fixed Income</b>	<b>Asset Category Total</b>	<b>4.4</b>	<b>(0.0)</b>	<b>4.3</b>	<b>5.8</b>	<b>6.4</b>
	<i>Asset Category Benchmark</i>	3.9	(1.2)	3.5	5.4	5.7
	Short Term and Cash	0.4	0.9	0.8	0.9	1.0
	<i>FTSE TMX Canada 91 day T Bill Index</i>	0.2	0.4	0.5	0.6	0.7
	Universe Bonds	2.8	1.4	3.8	4.8	5.3
	<i>FTSE TMX Canada Universe Bond Index</i>	2.4	0.0	2.6	3.8	4.2
	Long Bonds	6.4	0.5	5.1	7.0	7.5
	<i>FTSE TMX Canada L.T. Govt. Bond Index</i>	5.6	(1.0)	4.4	6.6	6.7
	Private Debt & Loan	1.0	3.0	4.3	4.9	-
	<i>FTSE TMX Canada Universe Bond Index</i>	2.4	0.0	2.6	3.8	-
	Private Mortgages	2.4	0.4	3.3	4.5	5.0
	<i>FTSE TMX Canada Universe Bond Index</i>	2.4	0.0	2.6	3.8	4.2
<b>Inflation Sensitive &amp; Alternatives</b>	<b>Asset Category Total</b>	<b>1.9</b>	<b>1.9</b>	<b>4.5</b>	<b>6.8</b>	<b>6.7</b>
	<i>Asset Category Benchmark</i>	2.0	2.0	4.0	5.6	6.0
	Real Return Bonds	0.4	(2.2)	1.6	3.1	4.4
	<i>FTSE TMX Canada Real Return Bond Index</i>	0.1	(2.7)	1.2	2.6	4.0
	Real Estate	1.8	4.9	6.6	7.0	7.7
	<i>IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b<sup>1</sup></i>	2.0	5.5	6.7	6.7	7.4
	Private Income	3.0	7.4	11.8	10.0	8.2
	<i>Private Income Index<sup>2</sup></i>	3.1	5.8	6.9	6.4	11.4
	Timberlands	3.4	14.2	8.1	6.2	10.4
<i>Timberlands Index<sup>3</sup></i>	3.1	5.8	7.0	7.7	9.9	
<b>Short Horizon</b>	<b>Asset Category Total</b>	<b>1.2</b>	<b>6.8</b>	<b>18.9</b>	<b>9.2</b>	<b>10.2</b>
	<i>Asset Category Benchmark</i>	0.9	6.3	17.3	8.2	9.2
	Canadian Equity	(1.2)	1.1	10.7	5.5	3.6
	<i>S&amp;P/TSX Capped Composite Index</i>	(1.6)	0.7	11.0	5.3	3.1
	Global Developed Equity	1.6	8.1	20.9	10.9	13.2
	<i>MSCI World Index</i>	1.3	7.2	18.2	9.3	12.4
	Emerging Markets	3.7	15.5	26.7	8.3	11.2
	<i>MSCI Emerging Markets Index</i>	3.5	14.7	23.7	6.4	8.0
	Small Cap Equity	1.9	6.2	21.8	9.6	10.8
<i>Small Cap Equity Index<sup>4</sup></i>	1.5	6.6	19.5	11.3	9.6	
<b>Long Horizon</b>	Private Equity	(1.1)	(0.8)	(1.7)	(6.3)	(5.2)
	<i>Private Equity Index<sup>5</sup></i>	0.1	0.6	10.0	11.4	15.3
<b>Overlays</b>	Overlays	(0.2)	(3.0)	11.9	12.0	10.7

<sup>1</sup> 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 April 1, 2017 and June 30, 2017

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

<sup>3</sup> 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%

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

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