

## QUARTERLY INVESTMENT REPORT

### September 30, 2017

### Assets Under Management

as at September 30, 2017	\$ 40,492 million
as at June 30, 2017	\$ 40,030 million

### Asset Mix

	Policy Asset Mix	September 30, 2017		June 30, 2017	
		(CAD millions)	(%)	(CAD millions)	(%)
Fixed Income	30.5%	13,512	33.4	12,403	31.0
Inflation Sensitive & Alternatives	30%	8,478	20.9	8,539	21.3
Canadian Equity	8.0%	3,408	8.4	3,278	8.2
Global Developed Equity*	15.0%	9,349	23.1	10,145	25.3
Emerging Markets Equity	5.5%	2,311	5.7	2,367	5.9
Global Small Cap Equity	5.0%	2,017	5.0	1,986	5.0
Private Equity	6.0%	1,121	2.8	1,020	2.5
Overlays	0.0%	296	0.7	293	0.7
	100%	40,492	100.0	40,030	100.0

\*Includes PAUS

### Performance Summary

	Q3 2017	Year to Date	1 Year	4 Year
LAPP	0.47%	5.11%	5.52%	9.01%
Policy Benchmark	0.17%	4.71%	4.35%	8.87%
Excess Returns	0.30%	0.40%	1.17%	0.14%

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	0.5	5.1	5.8	7.9	11.4
	Policy	0.2	4.7	6.0	6.7	12.9
	CPI (one month lag)	0.0	1.5	1.2	1.4	2.0
Fixed Income	Asset Category Total	(2.7)	1.6	2.6	4.3	14.6
	Asset Category Benchmark	(3.0)	0.8	1.5	4.1	14.5
	Short Term and Cash	0.2	0.7	0.9	0.9	1.2
	FTSE TMX Canada 91 day T Bill Index	0.1	0.3	0.5	0.6	0.9
	Universe Bonds	(1.5)	1.3	3.3	4.1	9.8
	FTSE TMX Canada Universe Bond Index	(1.8)	0.5	1.7	3.5	8.8
	Long Bonds	(4.0)	2.1	2.4	4.1	18.8
	FTSE TMX Canada L.T. Govt. Bond Index	(4.2)	1.1	1.3	4.5	17.9
	Private Debt & Loan	1.3	2.3	4.4	6.1	7.0
	FTSE TMX Canada Universe Bond Index	(1.8)	0.5	1.7	3.5	8.8
	Private Mortgages	(1.3)	1.1	1.9	5.1	9.9
FTSE TMX Canada Universe Bond Index	(1.8)	0.5	1.7	3.5	8.8	
Inflation Sensitive & Alternatives	Asset Category Total	0.7	2.6	5.2	8.3	7.8
	Asset Category Benchmark	1.0	3.4	5.2	6.7	11.4
	Real Return Bonds	(2.9)	(2.5)	3.4	3.0	13.5
	FTSE TMX Canada Real Return Bond Index	(3.0)	(3.0)	2.9	2.8	13.2
	Real Estate	1.7	3.5	4.3	8.7	8.2
	IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b <sup>1</sup>	1.7	4.6	5.8	8.0	7.1
	Private Income	(0.5)	2.5	7.8	13.9	4.6
	Private Income Index <sup>2</sup>	1.3	4.4	5.7	5.8	20.7
Timberlands	5.1	8.6	10.1	4.2	(0.6)	
Timberlands Index <sup>3</sup>	1.3	4.4	5.7	10.0	13.7	
Short Horizon	Asset Category Total	2.5	9.5	9.3	11.2	12.7
	Asset Category Benchmark	2.0	8.5	9.6	8.2	12.2
	Canadian Equity	4.3	5.4	19.8	(7.4)	12.4
	S&P/TSX Capped Composite Index	3.7	4.4	21.1	(8.3)	10.6
	Global Developed Equity	1.7	9.9	4.8	21.8	13.4
	MSCI World Index	1.0	8.2	3.8	18.9	14.4
	Emerging Markets	4.5	20.7	8.7	6.2	10.4
	MSCI Emerging Markets Index	3.9	19.2	7.3	2.0	6.6
Small Cap Equity	1.5	7.8	12.1	13.6	9.8	
Small Cap Equity Index <sup>4</sup>	2.3	9.1	18.5	7.7	6.6	
Long Horizon	Private Equity	1.7	0.8	(2.2)	(9.3)	3.1
	CPI 1 month lagged + 650 bps (5-year rolling average) <sup>5</sup>	1.8	5.9	7.7	4.8	13.8
Overlays	Overlays	4.1	1.0	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
<b>Total</b>	Fund	5.1	5.5	7.8	6.94	9.01
	Policy	4.7	4.3	7.3	6.94	8.87
	CPI (one month lag)	1.5	1.4	1.2	1.3	1.5
<b>Fixed Income</b>	Asset Category Total	1.6	(4.7)	3.0	4.23	5.72
	Asset Category Benchmark	0.8	(5.8)	1.9	3.68	5.05
	Short Term and Cash	0.7	0.9	0.9	0.9	1.0
	FTSE TMX Canada 91 day T Bill Index	0.3	0.5	0.5	0.6	0.7
	Universe Bonds	1.3	(1.8)	2.8	3.8	4.8
	FTSE TMX Canada Universe Bond Index	0.5	(3.0)	1.6	2.8	3.7
	Long Bonds	2.1	(5.9)	3.3	4.7	6.7
	FTSE TMX Canada L.T. Govt. Bond Index	1.1	(7.2)	2.2	4.2	5.9
	Private Debt & Loan	2.3	2.7	4.2	5.0	-
	FTSE TMX Canada Universe Bond Index	0.5	(3.0)	1.6	2.8	-
	Private Mortgages	1.1	(2.1)	1.9	3.6	4.5
	FTSE TMX Canada Universe Bond Index	0.5	(3.0)	1.6	2.8	3.7
<b>Inflation Sensitive &amp; Alternatives</b>	Asset Category Total	2.6	4.0	6.9	6.6	7.3
	Asset Category Benchmark	3.4	4.1	5.6	6.1	7.5
	Real Return Bonds	(2.5)	(6.9)	0.8	1.7	3.8
	FTSE TMX Canada Real Return Bond Index	(3.0)	(7.4)	0.3	1.3	3.3
	Real Estate	3.5	5.8	6.8	7.2	7.9
	IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b <sup>1</sup>	4.6	7.0	7.1	7.2	7.6
	Private Income	2.5	5.9	11.5	8.8	8.1
	Private Income Index <sup>2</sup>	4.4	5.9	5.9	6.7	10.3
	Timberlands	8.6	16.2	10.3	8.1	10.4
Timberlands Index <sup>3</sup>	4.4	5.9	5.9	7.7	9.4	
<b>Short Horizon</b>	Asset Category Total	9.5	14.2	12.8	10.3	13.4
	Asset Category Benchmark	8.5	12.4	12.0	9.5	12.1
	Canadian Equity	5.4	10.0	12.0	5.0	9.2
	S&P/TSX Capped Composite Index	4.4	9.2	11.7	4.5	8.3
	Global Developed Equity	9.9	15.5	12.5	12.5	15.6
	MSCI World Index	8.2	12.4	10.8	11.8	14.3
	Emerging Markets	20.7	18.1	17.3	12.1	12.5
	MSCI Emerging Markets Index	19.2	16.5	15.5	8.9	10.0
	Small Cap Equity	7.8	14.1	14.0	11.6	14.3
Small Cap Equity Index <sup>4</sup>	9.1	13.8	16.9	12.1	13.0	
<b>Long Horizon</b>	Private Equity	0.8	1.7	(2.4)	(5.8)	(2.4)
	Private Equity Index <sup>5</sup>	1.1	7.5	8.6	12.2	15.8
<b>Overlays</b>	Overlays	1.0	21.8	8.6	10.5	10.0

<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%