

## Quarterly Financial Report

December 31, 2016

### Assets Under Management

as at December 31, 2016	\$39,156 million
as at September 30, 2016	\$37,179 million

### Valuation and Asset Mix

Policy Asset Mix	December 31/16		Sept. 30/16	
	(\$ m)	(%)	(\$ m)	(%)
Fixed Income	11,417	30.3	11,474	30.9
Inflation Sensitive & Alternatives	9,200	24.4	9,002	24.2
Canadian Equity	3,943	10.5	3,887	10.5
Global Developed Equity*	9,132	24.3	8,917	24.0
Emerging Markets Equity	1,297	3.4	1,326	3.6
Global Small Cap Equity	1,271	3.4	1,200	3.2
Private Equity	1,089	2.9	1,123	3.2
Overlays	304	0.8	248	0.7
	37,653	100.0	37,178	100.0

\*Includes PAUS

### Performance Summary

	Q4 2016	Year to Date	1 Year	4 Years*
LAPP	0.4%	5.8%	5.8%	9.1%
Policy Benchmark	-0.4%	6.0%	6.0%	9.1%
Excess Returns	0.75%	-0.15%	-0.15%	-0.02%

NOTE: Unaudited performance net of fees.

## Comparative Investment Performance by Calendar Years

Asset Category	Asset/Sub-asset Category Benchmark	Calendar Years				
		2016		2015	2014	2013
		QTD	YTD			
<b>Total</b>	<b>Fund</b>	<b>0.4</b>	<b>5.8</b>	<b>7.9</b>	<b>11.4</b>	<b>11.3</b>
	<b>Policy</b>	(0.3)	6.0	6.7	12.9	11.0
	CPI (one month lag)	(0.1)	1.2	1.4	2.0	0.9
<b>Fixed Income</b>	<b>Asset Category Total</b>	<b>(6.2)</b>	<b>2.6</b>	<b>4.3</b>	<b>14.6</b>	<b>(2.8)</b>
	Asset Category Benchmark	(6.6)	1.5	4.1	14.5	(5.0)
	<b>Short Term and Cash</b>	<b>0.3</b>	<b>0.9</b>	<b>0.9</b>	<b>1.2</b>	<b>1.2</b>
	FTSE TMX Canada 91 day T Bill Index	0.1	0.5	0.6	0.9	1.0
	<b>Universe Bonds</b>	<b>(3.1)</b>	<b>3.3</b>	<b>4.1</b>	<b>9.8</b>	<b>0.6</b>
	FTSE TMX Canada Universe Bond Index	(3.4)	1.7	3.5	8.8	(1.2)
	<b>Long Bonds</b>	<b>(7.8)</b>	<b>2.4</b>	<b>4.1</b>	<b>18.8</b>	<b>(5.0)</b>
	FTSE TMX Canada L.T. Govt. Bond Index	(8.2)	1.3	4.5	17.9	(7.0)
	<b>Private Debt &amp; Loan</b>	<b>0.4</b>	<b>4.4</b>	<b>6.1</b>	<b>7.0</b>	<b>0.0</b>
	FTSE TMX Canada Universe Bond Index	(3.4)	1.7	3.5	8.8	(1.2)
<b>Private Mortgages</b>	<b>(3.1)</b>	<b>1.9</b>	<b>5.1</b>	<b>9.9</b>	<b>0.4</b>	
FTSE TMX Canada Universe Bond Index	(3.4)	1.7	3.5	8.8	(1.2)	
<b>Inflation Sensitive &amp; Alternatives</b>	<b>Asset Category Total</b>	<b>1.3</b>	<b>5.2</b>	<b>8.3</b>	<b>7.8</b>	<b>6.6</b>
	Asset Category Benchmark	0.7	5.2	6.7	11.4	6.9
	<b>Real Return Bonds</b>	<b>(4.5)</b>	<b>3.4</b>	<b>3.0</b>	<b>13.5</b>	<b>(12.5)</b>
	FTSE TMX Canada Real Return Bond Index	(4.6)	2.9	2.8	13.2	(13.1)
	<b>Real Estate</b>	<b>2.2</b>	<b>4.3</b>	<b>8.7</b>	<b>8.2</b>	<b>12.3</b>
	IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b <sup>1</sup>	2.3	5.8	8.0	7.1	10.9
	<b>Private Income</b>	<b>3.4</b>	<b>7.8</b>	<b>13.9</b>	<b>4.6</b>	<b>4.2</b>
	Private Income Index <sup>2</sup>	1.4	5.7	5.8	20.7	17.7
<b>Timberlands</b>	<b>7.0</b>	<b>10.0</b>	<b>4.2</b>	<b>(0.6)</b>	<b>28.3</b>	
Timberlands Index <sup>3</sup>	1.4	5.7	10.0	13.7	8.0	
<b>Short Horizon</b>	<b>Asset Category Total</b>	<b>4.3</b>	<b>9.3</b>	<b>11.2</b>	<b>12.7</b>	<b>27.3</b>
	Asset Category Benchmark	3.6	9.6	8.2	12.2	24.8
	<b>Canadian Equity</b>	<b>4.2</b>	<b>19.8</b>	<b>(7.4)</b>	<b>12.4</b>	<b>15.2</b>
	S&P/TSX Capped Composite Index	4.5	21.1	(8.3)	10.6	13.0
	<b>Global Developed Equity</b>	<b>5.1</b>	<b>4.8</b>	<b>21.8</b>	<b>13.4</b>	<b>36.4</b>
	MSCI World Index	3.9	3.8	18.9	14.4	35.3
	<b>Emerging Markets</b>	<b>(2.2)</b>	<b>8.7</b>	<b>6.2</b>	<b>10.4</b>	<b>5.4</b>
	MSCI Emerging Markets Index	(2.2)	7.3	2.0	6.6	4.0
<b>Small Cap Equity</b>	<b>5.8</b>	<b>12.1</b>	<b>13.6</b>	<b>9.8</b>	<b>41.9</b>	
Small Cap Equity Index <sup>4</sup>	4.3	18.5	7.7	6.6	29.3	
<b>Long Horizon</b>	<b>Private Equity</b>	<b>0.9</b>	<b>(2.2)</b>	<b>(9.3)</b>	<b>3.1</b>	<b>2.0</b>
	CPI 1 month lagged + 650 bps (5-year rolling average) <sup>5</sup>	0.4	5.8	7.9	11.4	11.3
<b>Overlays</b>	<b>Overlays</b>	<b>20.6</b>	<b>1.8</b>	<b>52.2</b>	<b>(15.1)</b>	<b>(0.0)</b>

## Comparative Investment Performance by Annualized Years

Asset Category	Asset/Sub-asset Category Benchmark	2016	Annualized Years			
		YTD	1	2	3	4
<b>Total</b>	<b>Fund</b>	<b>5.8</b>	<b>5.8</b>	<b>6.9</b>	<b>8.4</b>	<b>9.1</b>
	<b>Policy</b>	6.0	6.0	6.4	8.5	9.1
	CPI (one month lag)	1.2	1.2	1.3	1.5	1.3
<b>Fixed Income</b>	<b>Asset Category Total</b>	<b>2.6</b>	<b>2.6</b>	<b>3.4</b>	<b>7.0</b>	<b>4.5</b>
	Asset Category Benchmark	1.5	1.5	2.8	6.6	3.6
	<b>Short Term and Cash</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>
	FTSE TMX Canada 91 day T Bill Index	0.5	0.5	0.6	0.7	0.8
	<b>Universe Bonds</b>	<b>3.3</b>	<b>3.3</b>	<b>3.7</b>	<b>5.7</b>	<b>4.4</b>
	FTSE TMX Canada Universe Bond Index	1.7	1.7	2.6	4.6	3.1
	<b>Long Bonds</b>	<b>2.4</b>	<b>2.4</b>	<b>3.3</b>	<b>8.2</b>	<b>4.8</b>
	FTSE TMX Canada L.T. Govt. Bond Index	1.3	1.3	2.9	7.7	3.8
	<b>Private Debt &amp; Loan</b>	<b>4.4</b>	<b>4.4</b>	<b>5.3</b>	<b>5.9</b>	<b>0.0</b>
	FTSE TMX Canada Universe Bond Index	1.7	1.7	2.6	4.6	3.1
<b>Private Mortgages</b>	<b>1.9</b>	<b>1.9</b>	<b>3.5</b>	<b>5.6</b>	<b>4.3</b>	
FTSE TMX Canada Universe Bond Index	1.7	1.7	2.6	4.6	3.1	
<b>Inflation Sensitive &amp; Alternatives</b>	<b>Asset Category Total</b>	<b>5.2</b>	<b>5.2</b>	<b>6.7</b>	<b>7.1</b>	<b>7.0</b>
	Asset Category Benchmark	5.2	5.2	5.9	7.7	7.5
	<b>Real Return Bonds</b>	<b>3.4</b>	<b>3.4</b>	<b>3.2</b>	<b>6.5</b>	<b>1.4</b>
	FTSE TMX Canada Real Return Bond Index	2.9	2.9	2.8	6.2	1.0
	<b>Real Estate</b>	<b>4.3</b>	<b>4.3</b>	<b>6.5</b>	<b>7.1</b>	<b>8.3</b>
	IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b <sup>1</sup>	5.8	5.8	6.9	7.0	7.9
	<b>Private Income</b>	<b>7.8</b>	<b>7.8</b>	<b>10.8</b>	<b>8.7</b>	<b>7.5</b>
	Private Income Index <sup>2</sup>	5.7	5.7	5.8	10.5	12.3
<b>Timberlands</b>	<b>10.0</b>	<b>10.0</b>	<b>7.1</b>	<b>4.5</b>	<b>10.0</b>	
Timberlands Index <sup>3</sup>	5.7	5.7	7.8	9.8	9.3	
<b>Short Horizon</b>	<b>Asset Category Total</b>	<b>9.3</b>	<b>9.3</b>	<b>10.3</b>	<b>11.0</b>	<b>14.9</b>
	Asset Category Benchmark	9.6	9.6	8.9	10.0	13.5
	<b>Canadian Equity</b>	<b>19.8</b>	<b>19.8</b>	<b>5.3</b>	<b>7.6</b>	<b>9.5</b>
	S&P/TSX Capped Composite Index	21.1	21.1	5.4	7.1	8.5
	<b>Global Developed Equity</b>	<b>4.8</b>	<b>4.8</b>	<b>13.0</b>	<b>13.1</b>	<b>18.5</b>
	MSCI World Index	3.8	3.8	11.1	12.2	17.6
	<b>Emerging Markets</b>	<b>8.7</b>	<b>8.7</b>	<b>7.4</b>	<b>8.4</b>	<b>7.6</b>
	MSCI Emerging Markets Index	7.3	7.3	4.7	5.3	5.0
<b>Small Cap Equity</b>	<b>12.1</b>	<b>12.1</b>	<b>12.8</b>	<b>11.8</b>	<b>18.7</b>	
Small Cap Equity Index <sup>4</sup>	18.5	18.5	12.9	10.8	15.2	
<b>Long Horizon</b>	<b>Private Equity</b>	<b>(2.2)</b>	<b>(2.2)</b>	<b>(5.9)</b>	<b>(3.0)</b>	<b>(1.7)</b>
	Private Equity Index <sup>5</sup>	7.7	7.7	6.3	8.7	14.4
<b>Overlays</b>	<b>Overlays</b>	<b>1.8</b>	<b>1.8</b>	<b>24.4</b>	<b>9.5</b>	<b>7.1</b>

1. *IPD Large Institutional Index (one quarter lag)*
2. *Effective August 1, 2015; Prior to this date, the benchmark was S&P Global Infrastructure (Hedged C\$)+1%*
3. *Effective August 1, 2015; Prior to this date, the benchmark was 50% DEX Real Return Bond/50% MSCI World (Hedged C\$)+1.5%*
4. *Small Cap Equity Index: 1/3 S&P/TSX Small + 2/3 MSCI Small Cap.*
5. *Effective January 1, 2016; Prior to this date, the benchmark was MSCI World (Hedged C\$)+3%.*