

QUARTERLY INVESTMENT REPORT

December 31, 2018

Assets Under Management

as at December 31, 2018	\$ 44,421 million
as at September 30, 2018	\$ 44,591 million

Asset Mix

	Policy Asset Mix	December 31, 2018		September 30, 2018	
		(CAD millions)	(%)	(CAD millions)	(%)
Fixed Income	30.5%	14,682	33.1	15,057	33.8
Inflation Sensitive & Alternatives	30.0%	11,340	25.5	10,060	22.6
Canadian Equity	8.0%	3,352	7.5	3,562	8.0
Global Developed Equity	15.0%	9,131	20.6	9,784	21.9
Emerging Markets Equity	5.5%	2,425	5.5	2,392	5.4
Global Small Cap Equity	5.0%	1,983	4.5	2,263	5.1
Private Equity	6.0%	1,247	2.8	1,209	2.7
Overlays	0.0%	263	0.6	264	0.6
	100%	44,421	100.0	44,591	100.0

Performance Summary

	Q4 2018	Year to Date	1 Year	4 Year
LAPP	(0.87%)	1.95%	1.95%	6.43%
Policy Benchmark	(2.21%)	0.96%	0.96%	5.63%
Excess Returns	1.34%	0.99%	0.99%	0.80%

Note: Performance net of fees

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Investment Performance by Calendar Years

Asset Category	Asset/Sub-Asset Category Benchmark	2018		Calendar Years		
		QTD	YTD	2017	2016	2015
Total	Fund	(0.9)	2.0	10.1	5.8	7.9
	Policy	(2.2)	1.0	9.0	6.0	6.7
Fixed Income	Asset Category Total	1.9	1.8	5.0	2.6	4.3
	Asset Category Benchmark	2.0	1.0	4.3	1.5	4.1
	Short Term and Cash	0.5	1.6	1.0	0.9	0.9
	FTSE TMX Canada 91 day T Bill Index	0.5	1.4	0.6	0.5	0.6
	Universe Bonds	1.5	1.9	3.3	3.3	4.1
	FTSE TMX Canada Universe Bond Index	1.8	1.4	2.5	1.7	3.5
	Long Bonds	2.0	0.9	7.6	2.4	4.1
	FTSE TMX Canada L.T. Govt. Bond Index	2.3	0.5	6.5	1.3	4.5
	Private Debt & Loan	1.1	4.0	2.3	4.4	6.1
	FTSE TMX Canada Universe Bond Index	1.8	1.4	2.5	1.7	3.5
	Private Mortgages	3.3	4.7	2.5	1.9	5.1
FTSE TMX Canada Universe Bond Index	1.8	1.4	2.5	1.7	3.5	
Inflation Sensitive & Alternatives	Asset Category Total	8.9	12.9	8.1	5.2	8.3
	Asset Category Benchmark	2.7	8.1	5.7	5.2	6.7
	Real Estate	7.6	12.4	9.1	4.3	8.7
	Real Estate Index ⁱ	3.6	9.5	7.0	5.8	8.0
	Canadian Real Estate	7.5	11.5	8.5	5.4	5.1
	Canadian Real Estate Index ⁱⁱ	2.4	7.7	7.0	5.8	8.0
	Foreign Real Estate	7.9	14.7	10.9	1.5	19.0
	Foreign Real Estate Index ⁱⁱⁱ	6.1	14.0	7.0	5.8	8.0
	Private Infrastructure	12.5	13.8	7.9	7.8	13.9
	Private Infrastructure Index ^{iv}	1.5	6.2	6.0	5.7	5.8
Renewable Resources	2.9	12.4	15.7	10.0	4.2	
Renewable Resources Index ^v	1.5	6.2	6.0	5.7	10.0	
Short Horizon	Asset Category Total	(8.6)	(4.8)	15.9	9.3	11.2
	Asset Category Benchmark	(8.5)	(3.6)	14.7	9.6	8.2
	Canadian Equity	(10.5)	(10.1)	10.5	20.3	(7.4)
	S&P/TSX Capped Composite Index	(10.1)	(8.9)	9.1	21.1	(8.3)
	Global Developed Equity	(8.8)	(1.8)	16.2	4.8	21.8
	MSCI World Index	(8.5)	(0.5)	14.4	3.8	18.9
	Emerging Markets	(2.6)	(8.2)	30.4	8.7	6.2
	MSCI Emerging Markets Index	(2.2)	(6.9)	28.3	7.3	2.0
Small Cap Equity	(12.4)	(7.2)	14.1	12.1	13.6	
Small Cap Equity Index ^{vi}	(13.1)	(6.1)	15.0	18.5	7.7	
Long Horizon	Private Equity	(0.4)	11.7	0.7	(2.2)	(9.3)
	CPI 1 month lagged + 650 bps (5-yr rolling average) ^{vii}	1.9	8.2	8.0	7.7	4.8
Overlays	Overlays	(1.4)	4.6	8.3	1.8	52.2

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Investment Performance by Annualized Years

Asset Category	Asset/Sub-Asset Category Benchmark	2018	Annualized Years			
		YTD	1	2	3	4
Total	Fund	2.0	2.0	6.0	5.9	6.4
	Policy	1.0	1.0	4.9	5.3	5.6
Fixed Income	Asset Category Total	1.8	1.8	3.4	3.1	3.4
	Asset Category Benchmark	1.0	1.0	2.7	2.3	2.7
	Short Term and Cash	1.6	1.6	1.3	1.2	1.1
	FTSE TMX Canada 91 day T Bill Index	1.4	1.4	1.0	0.8	0.8
	Universe Bonds	1.9	1.9	2.6	2.8	3.2
	FTSE TMX Canada Universe Bond Index	1.4	1.4	2.0	1.9	2.3
	Long Bonds	0.9	0.9	4.2	3.6	3.7
	FTSE TMX Canada L.T. Govt. Bond Index	0.5	0.5	3.5	2.8	3.2
	Private Debt & Loan	4.0	4.0	3.2	3.6	4.2
	FTSE TMX Canada Universe Bond Index	1.4	1.4	2.0	1.9	2.3
	Private Mortgages	4.7	4.7	3.6	3.0	3.5
	FTSE TMX Canada Universe Bond Index	1.4	1.4	2.0	1.9	2.3
Inflation Sensitive & Alternatives	Asset Category Total	12.9	12.9	10.5	8.7	8.6
	Asset Category Benchmark	8.1	8.1	6.9	6.3	6.4
	Real Estate	12.4	12.4	10.8	8.6	8.6
	Real Estate Index ⁱ	9.5	9.5	8.3	7.5	7.6
	Canadian Real Estate	11.5	11.5	10.0	8.5	7.6
	Canadian Real Estate Index ⁱⁱ	7.7	7.7	7.4	6.9	7.2
	Foreign Real Estate	14.7	14.7	12.8	8.9	11.4
	Foreign Real Estate Index ⁱⁱⁱ	14.0	14.0	10.5	8.9	8.7
	Private Infrastructure	13.8	13.8	10.8	9.8	10.8
	Private Infrastructure Index ^{iv}	6.2	6.2	6.1	6.0	5.9
Renewable Resources	12.4	12.4	14.0	12.7	10.5	
Renewable Resources Index ^v	6.2	6.2	6.1	6.0	7.0	
Short Horizon	Asset Category Total	(4.8)	(4.8)	5.0	6.4	7.6
	Asset Category Benchmark	(3.6)	(3.6)	5.1	6.6	7.0
	Canadian Equity	(10.1)	(10.1)	(0.3)	6.1	2.6
	S&P/TSX Capped Composite Index	(8.9)	(8.9)	(0.3)	6.4	2.5
	Global Developed Equity	(1.8)	(1.8)	6.9	6.2	10.0
	MSCI World Index	(0.5)	(0.5)	6.7	5.7	8.9
	Emerging Markets	(8.2)	(8.2)	9.4	9.2	8.4
	MSCI Emerging Markets Index	(6.9)	(6.9)	9.3	8.6	7.0
	Small Cap Equity	(7.2)	(7.2)	2.9	6.0	7.8
Small Cap Equity Index ^{vi}	(6.1)	(6.1)	3.9	8.6	8.3	
Long Horizon	Private Equity	11.7	11.7	6.1	3.2	(0.1)
	Private Equity Index ^{vii}	8.2	8.2	8.1	8.0	7.2
Overlays	Overlays	4.6	4.6	6.4	4.8	15.1

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- ⁱ Real Estate Index: A blend of the IPD Large Institutional Index & MSCI Global Region Property Index.
 - ⁱⁱ Canadian Real Estate Index: IPD Large Institutional Index.
 - ⁱⁱⁱ Foreign Real Estate Index: MSCI Global Region Property Index.
 - ^{iv} Private Infrastructure Index: CPI + 450 bps (5-year rolling average), effective August 1, 2015. Prior to this time, the benchmark was S&P Global Infrastructure (Hedged C\$) +1%.
 - ^v Renewable Resources Index: CPI + 450 bps (5-year rolling average), 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%.
 - ^{vi} Small Cap Equity Index: 1/3 S&P/TSX Small Cap Index + 2/3 MSCI Small Cap Index.
 - ^{vii} Private Equity Index: CPI + 650 bps (5-year rolling average), effective January 1, 2016. Prior to this time, the benchmark was MSCI World (Hedged C\$) + 3%.