

QUARTERLY INVESTMENT REPORT

December 31, 2017

Assets Under Management

as at December 31, 2017	\$ 42,697 million
as at September 30, 2017	\$ 40,492 million

Asset Mix

	Policy Asset Mix	December 31, 2017		September 30, 2017	
		(CAD millions)	(%)	(CAD millions)	(%)
Fixed Income	30.5%	14,252	33.4	13,512	33.4
Inflation Sensitive & Alternatives	30.0%	9,269	21.8	8,478	20.9
Canadian Equity	8.0%	3,491	8.2	3,408	8.4
Global Developed Equity	15.0%	9,705	22.7	9,349	23.1
Emerging Markets Equity	5.5%	2,457	5.7	2,311	5.7
Global Small Cap Equity	5.0%	2,135	5.0	2,017	5.0
Private Equity	6.0%	1,088	2.5	1,121	2.8
Overlays	0.0%	299	0.7	296	0.7
	100%	42,697	100.0	40,492	100.0

Performance Summary

	Q4 2017	Year to Date	1 Year	4 Year
LAPP	4.79%	10.14%	10.14%	8.82%
Policy Benchmark	4.12%	9.00%	9.00%	8.62%
Excess Returns	0.67%	1.14%	1.14%	0.20%

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	4.8	10.1	5.8	7.9	11.4
	Policy	4.1	9.0	6.0	6.7	12.9
Fixed Income	Asset Category Total	3.4	5.0	2.6	4.3	14.6
	<i>Asset Category Benchmark</i>	3.5	4.3	1.5	4.1	14.5
	Short Term and Cash	0.3	1.0	0.9	0.9	1.2
	<i>FTSE TMX Canada 91 day T Bill Index</i>	0.2	0.6	0.5	0.6	0.9
	Universe Bonds	1.9	3.3	3.3	4.1	9.8
	<i>FTSE TMX Canada Universe Bond Index</i>	2.0	2.5	1.7	3.5	8.8
	Long Bonds	5.4	7.6	2.4	4.1	18.8
	<i>FTSE TMX Canada L.T. Govt. Bond Index</i>	5.3	6.5	1.3	4.5	17.9
	Private Debt & Loan	0.0	2.3	4.4	6.1	7.0
	<i>FTSE TMX Canada Universe Bond Index</i>	2.0	2.5	1.7	3.5	8.8
	Private Mortgages	1.4	2.5	1.9	5.1	9.9
<i>FTSE TMX Canada Universe Bond Index</i>	2.0	2.5	1.7	3.5	8.8	
Inflation Sensitive & Alternatives	Asset Category Total	5.4	8.1	5.2	8.3	7.8
	<i>Asset Category Benchmark</i>	2.4	5.7	5.2	6.7	11.4
	Real Return Bonds	3.8	1.3	3.4	3.0	13.5
	<i>FTSE TMX Canada Real Return Bond Index</i>	3.8	0.7	2.9	2.8	13.2
	Real Estate	5.4	9.1	4.3	8.7	8.2
	<i>IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b</i>	2.5	7.0	5.8	8.0	7.1
	Canadian Real Estate	5.5	8.5	5.4	5.1	6.3
	<i>IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b</i>	2.5	7.0	5.8	8.0	7.1
	Foreign Real Estate	5.1	10.9	1.5	19.0	15.0
	<i>IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b</i>	2.5	7.0	5.8	8.0	7.1
	Private Infrastructure	5.2	7.9	7.8	13.9	4.6
<i>Private Infrastructure Index²</i>	1.6	6.0	5.7	5.8	20.7	
Timberlands	6.6	15.7	10.0	4.2	(0.6)	
<i>Timberlands Index³</i>	1.6	6.0	5.7	10.0	13.7	
Short Horizon	Asset Category Total	5.8	15.9	9.3	11.2	12.7
	<i>Asset Category Benchmark</i>	5.7	14.7	9.6	8.2	12.2
	Canadian Equity	4.8	10.5	20.3	(7.4)	12.3
	<i>S&P/TSX Capped Composite Index</i>	4.5	9.1	21.1	(8.3)	10.6
	Global Developed Equity	5.8	16.2	4.8	21.8	13.4
	<i>MSCI World Index</i>	5.7	14.4	3.8	18.9	14.4
	Emerging Markets	8.0	30.4	8.7	6.2	10.4
	<i>MSCI Emerging Markets Index</i>	7.6	28.3	7.3	2.0	6.6
Small Cap Equity	5.8	14.1	12.1	13.6	9.8	
<i>Small Cap Equity Index⁴</i>	5.4	15.0	18.5	7.7	6.6	
Long Horizon	Private Equity	(0.1)	0.7	(2.2)	(9.3)	3.1
	<i>CPI 1 month lagged + 650 bps (5-yr rolling average)⁵</i>	2.0	8.0	7.7	4.8	13.7
Overlays	Overlays	7.3	8.3	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	
Total	Fund	10.1	10.1	8.0	8.0	8.8	
	Policy	9.0	9.0	7.5	7.2	8.6	
Fixed Income	Asset Category Total	5.0	5.0	3.8	3.9	6.5	
	Asset Category Benchmark	4.3	4.3	2.9	3.3	6.0	
	Short Term and Cash	1.0	1.0	0.9	0.9	1.0	
	FTSE TMX Canada 91 day T Bill Index	0.6	0.6	0.5	0.6	0.7	
	Universe Bonds	3.3	3.3	3.3	3.6	5.1	
	FTSE TMX Canada Universe Bond Index	2.5	2.5	2.1	2.6	4.1	
	Long Bonds	7.6	7.6	5.0	4.7	8.1	
	FTSE TMX Canada L.T. Govt. Bond Index	6.5	6.5	3.9	4.1	7.4	
	Private Debt & Loan	2.3	2.3	3.4	4.3	5.0	
	FTSE TMX Canada Universe Bond Index	2.5	2.5	2.1	2.6	4.1	
	Private Mortgages	2.5	2.5	2.2	3.1	4.8	
	FTSE TMX Canada Universe Bond Index	2.5	2.5	2.1	2.6	4.1	
	Inflation Sensitive & Alternatives	Asset Category Total	8.1	8.1	6.6	7.2	7.4
		Asset Category Benchmark	5.7	5.7	5.4	5.9	7.2
Real Return Bonds		1.3	1.3	2.4	2.6	5.2	
FTSE TMX Canada Real Ret. Bond Index		0.7	0.7	1.8	2.1	4.8	
Real Estate		9.1	9.1	6.7	7.4	7.6	
IPD Cdn Bnchmk: Portfolios Valued Over \$1.5b		7.0	7.0	6.4	7.0	7.0	
Canadian Real Estate		8.5	8.5	6.9	6.3	6.3	
IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b		7.0	7.0	6.4	6.9	7.0	
Foreign Real Estate		10.9	10.9	6.1	10.2	11.4	
IPD Cdn Bnchmk: Portfolios Valued Over C\$1.5b		7.0	7.0	6.4	6.9	7.0	
Private Infrastructure		7.9	7.9	7.8	9.8	8.5	
Private Infrastructure Index ¹		6.0	6.0	5.9	5.8	9.4	
Timberlands		15.7	15.7	12.9	9.9	7.2	
Timberlands Index ²		6.0	6.0	5.9	7.2	8.8	
Short Horizon	Asset Category Total	15.9	15.9	12.6	12.1	12.2	
	Asset Category Benchmark	14.7	14.7	12.1	10.8	11.1	
	Canadian Equity	10.5	10.5	15.3	7.2	8.4	
	S&P/TSX Capped Composite Index	9.1	9.1	14.9	6.6	7.6	
	Global Developed Equity	16.2	16.2	10.4	14.0	13.9	
	MSCI World Index	14.4	14.4	8.9	12.2	12.7	
	Emerging Markets	30.4	30.4	19.0	14.6	13.5	
	MSCI Emerging Markets Index	28.3	28.3	17.3	12.0	10.6	
	Small Cap Equity	14.1	14.1	13.1	13.3	12.4	
Small Cap Equity Index ³	15.0	15.0	16.7	13.6	11.8		
Long Horizon	Private Equity	0.7	0.7	(0.8)	(3.7)	(2.1)	
	Private Equity Index ⁴	8.0	8.0	7.9	6.8	8.5	
Overlays	Overlays	8.3	8.3	5.0	18.8	9.2	

¹ Benchmark is 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%.

² Benchmark is 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%.

³ Benchmark is 1/3 S&P/TSX Small Cap Index + 2/3 MSCI Small Cap Index.

⁴ Benchmark is CPI + 650 bps (5-year rolling average), effective January 1, 2016. Prior to this time, the benchmark was MSCI World (Hedged C\$) + 3%