

## QUARTERLY INVESTMENT REPORT

### June 30, 2020

### Assets Under Management

as at June 30, 2020 \$ 49,748 million  
as at March 31, 2020 \$ 47,186 million

### Asset Mix

	Policy Asset Mix	June 30, 2020		March 31, 2020	
	(%)	(CAD millions)	(%)	(CAD millions)	(%)
Fixed Income	30.5	15,774	31.7	13,897	29.5
Inflation Sensitive & Alternatives	30.0	12,663	25.5	12,690	26.9
Canadian Equity	8.0	4,025	8.1	3,655	7.7
Global Developed Equity	15.0	9,523	19.1	8,932	18.9
Emerging Markets Equity	5.5	2,819	5.7	2,457	5.2
Global Small Cap Equity	5.0	2,306	4.6	1,908	4.0
Private Equity	6.0	1,815	3.6	1,720	3.6
Overlays	0.0	202	0.5	193	0.4
LAPP Downside Protection Strategy (DPS)	0.0	621	1.2	1,734	3.7
	100.0	49,748	100.0	47,186	100.0

### Performance Summary

		Q2 2020	YTD	1 Year	4 Year
		(%)	(%)	(%)	(%)
<b>Without LAPP Downside Protection Strategy (DPS)</b>	LAPP	7.86	(3.17)	0.85	6.07
	Policy Benchmark	8.12	2.43	6.43	6.95
	Excess Returns	(0.26)	(5.60)	(5.58)	(0.88)
<b>With LAPP Downside Protection Strategy (DPS)</b>	LAPP	5.22	(1.65)	2.42	6.48
	Policy Benchmark	8.12	2.43	6.43	6.95
	Excess Returns	(2.90)	(4.08)	(4.01)	(0.47)

Note: Performance net of fees

Note: The LAPP Downside Protection Strategy was put in place through the direction of LAPP Corporation in early 2020 with the intention of providing a measure of protection for the LAPP portfolio in the event of a market downturn.

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June 30, 2020

**Investment Performance by Calendar Years (with LAPP Downside Protection)**

Asset Category	Asset/Sub-Asset Category Benchmark	2020		Calendar Years		
		Q2 (%)	YTD (%)	2019 (%)	2018 (%)	2017 (%)
Total	Fund (including effects of DPS)	5.2	(1.7)	11.9	2.0	10.1
	Policy Benchmark	8.1	2.4	12.5	1.0	9.0
Fixed Income	Asset Category Total	8.4	8.6	9.6	1.8	5.0
	Asset Category Benchmark	7.8	9.7	9.2	1.0	4.3
	Short Term and Cash	0.2	0.8	2.0	1.6	1.0
	FTSE TMX Canada 91 day T Bill Index	0.1	0.8	1.7	1.4	0.6
	Universe Bonds	7.8	7.1	7.8	1.9	3.3
	FTSE TMX Canada Universe Bond Index	5.9	7.5	6.9	1.4	2.5
	Long Bonds	12.0	11.7	12.8	0.9	7.6
	FTSE TMX Canada L.T. Govt. Bond Index	10.3	12.4	12.2	0.5	6.5
	Private Debt & Loan	0.0	1.5	4.4	4.0	2.3
	FTSE TMX Canada Universe Bond Index	5.9	7.5	6.9	1.4	2.5
	Private Mortgages	3.8	6.1	6.0	4.7	2.5
	FTSE TMX Canada Universe Bond Index	5.9	7.5	6.9	1.4	2.5
Inflation Sensitive & Alternatives	Asset Category Total	(1.3)	(4.8)	6.0	12.9	8.1
	Asset Category Benchmark	(0.7)	1.1	5.3	8.1	5.7
	Real Estate	(2.4)	(6.4)	3.8	12.4	9.1
	Real Estate Index <sup>i</sup>	(2.4)	(0.6)	4.6	9.5	7.0
	Canadian Real Estate	(0.9)	(7.0)	5.5	11.5	8.5
	Canadian Real Estate Index <sup>ii</sup>	(0.9)	(1.7)	6.2	7.7	7.0
	Foreign Real Estate	(5.3)	(5.0)	0.1	14.7	10.9
	Foreign Real Estate Index <sup>iii</sup>	(5.3)	1.5	1.1	14.0	7.0
	Private Infrastructure	(0.1)	(3.6)	7.7	13.8	7.9
	Private Infrastructure Index <sup>iv</sup>	1.2	2.9	6.2	6.2	6.0
Renewable Resources	(0.1)	0.7	14.2	12.4	15.7	
Renewable Resources Index <sup>v</sup>	1.2	2.9	6.2	6.2	6.0	
Short Horizon	Asset Category Total	16.0	(11.9)	18.6	(4.8)	15.9
	Asset Category Benchmark	15.4	(3.6)	20.2	(3.6)	14.7
	Canadian Equity	17.6	(16.8)	20.8	(10.1)	10.5
	S&P/TSX Capped Composite Index	17.0	(7.5)	22.9	(8.9)	9.1
	Global Developed Equity	15.2	(9.5)	20.3	(1.7)	16.2
	MSCI World Index	14.2	(1.0)	21.2	(0.5)	14.4
	Emerging Markets	13.5	(14.2)	10.6	(8.2)	30.4
	MSCI Emerging Markets Index	13.0	(5.2)	12.4	(6.9)	28.3
Small Cap Equity	17.6	(13.9)	17.2	(7.2)	14.1	
Small Cap Equity Index <sup>vi</sup>	19.2	(8.5)	19.8	(6.1)	15.0	
Long Horizon	Private Equity	(3.9)	(5.3)	4.1	11.7	0.7
	CPI 1 month lagged + 650 bps (5-yr rolling average) <sup>vii</sup>	1.7	3.9	8.2	8.2	8.0
Overlays	Opportunistic Investments	5.2	(7.5)	17.0	4.6	8.3
LAPP-Directed Trades	LAPP Downside Protection Strategy <sup>viii</sup> (Contribution to Total Fund Return)	(2.3)	1.2	-	-	-

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June 30, 2020

### Investment Performance by Annualized Years (with LAPP Downside Protection)

Asset Category	Asset/Sub-Asset Category Benchmark	2020 Annualized Years				
		YTD (%)	1 (%)	2 (%)	3 (%)	4 (%)
Total	Fund (including effects of DPS)	<b>(1.7)</b>	<b>2.4</b>	<b>4.6</b>	<b>5.7</b>	<b>6.5</b>
	Policy Benchmark	2.4	6.4	6.3	6.6	6.9
Fixed Income	Asset Category Total	<b>8.6</b>	<b>9.3</b>	<b>9.5</b>	<b>6.8</b>	<b>5.1</b>
	Asset Category Benchmark	9.7	10.0	9.6	6.7	4.7
	Short Term and Cash	0.8	1.7	1.8	1.6	1.4
	FTSE TMX Canada 91 day T Bill Index	0.8	1.6	1.6	1.4	1.2
	Universe Bonds	7.1	7.7	7.9	5.7	4.6
	FTSE TMX Canada Universe Bond Index	7.5	7.9	7.6	5.3	3.9
	Long Bonds	11.7	12.0	12.1	8.7	6.6
	FTSE TMX Canada L.T. Govt. Bond Index	12.4	12.6	12.1	8.5	6.1
	Private Debt & Loan	1.5	4.0	3.8	3.7	3.6
	FTSE TMX Canada Universe Bond Index	7.5	7.9	7.6	5.3	3.9
	Private Mortgages	6.1	7.1	7.6	5.6	4.3
	FTSE TMX Canada Universe Bond Index	7.5	7.9	7.6	5.3	3.9
Inflation Sensitive & Alternatives	Asset Category Total	<b>(4.8)</b>	<b>(1.3)</b>	<b>5.2</b>	<b>6.5</b>	<b>6.0</b>
	Asset Category Benchmark	1.1	4.0	5.1	5.9	5.5
	Real Estate	(6.4)	(3.3)	2.6	5.4	5.3
	Real Estate Index <sup>i</sup>	(0.6)	2.4	4.2	5.8	6.0
	Canadian Real Estate	(7.0)	(3.3)	3.4	5.3	5.4
	Canadian Real Estate Index <sup>ii</sup>	(1.7)	1.4	4.2	5.4	5.6
	Foreign Real Estate	(5.0)	(3.1)	0.8	5.8	4.9
	Foreign Real Estate Index <sup>iii</sup>	1.5	4.4	4.2	6.8	6.7
	Private Infrastructure	(3.6)	(0.6)	8.1	7.4	7.4
	Private Infrastructure Index <sup>iv</sup>	2.9	5.9	6.0	6.1	6.0
Renewable Resources	0.7	10.5	11.4	13.1	13.4	
Renewable Resources Index <sup>v</sup>	2.9	5.9	6.0	6.1	6.0	
Short Horizon	Asset Category Total	<b>(11.9)</b>	<b>(5.5)</b>	<b>(2.0)</b>	<b>2.5</b>	<b>6.4</b>
	Asset Category Benchmark	(3.6)	3.6	3.6	6.4	9.0
	Canadian Equity	(16.8)	(12.4)	(5.6)	(0.4)	2.3
	S&P/TSX Capped Composite Index	(7.5)	(2.2)	0.8	3.9	5.6
	Global Developed Equity	(9.5)	(2.1)	0.9	4.8	8.6
	MSCI World Index	(1.0)	7.2	6.4	8.4	10.8
	Emerging Markets	(14.2)	(9.2)	(5.5)	(0.6)	5.6
	MSCI Emerging Markets Index	(5.2)	0.7	0.6	3.5	8.2
	Small Cap Equity	(13.9)	(6.4)	(5.8)	0.2	5.2
Small Cap Equity Index <sup>vi</sup>	(8.5)	(1.2)	(2.3)	3.6	7.3	
Long Horizon	Private Equity	<b>(5.3)</b>	<b>(0.8)</b>	<b>1.9</b>	<b>3.8</b>	<b>2.4</b>
	Private Equity Index <sup>vii</sup>	3.9	7.9	8.0	8.1	8.0
Overlays	Opportunistic Investments	(7.5)	1.1	4.7	8.1	9.1
LAPP-Directed Trades	LAPP Downside Protection Strategy <sup>viii</sup> (Contribution to Total Fund Return)	<b>1.2</b>	-	-	-	-

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- <sup>i</sup> Real Estate Index: A blend of the IPD Large Institutional Index and MSCI Global Region Property Index.
  - <sup>ii</sup> Canadian Real Estate Index: IPD Large Institutional Index.
  - <sup>iii</sup> Foreign Real Estate Index: MSCI Global Region Property Index.
  - <sup>iv</sup> 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%.
  - <sup>v</sup> 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%.
  - <sup>vi</sup> Small Cap Equity Index: 1/3 S&P/TSX Small Cap Index + 2/3 MSCI Small Cap Index.
  - <sup>vii</sup> 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%.
  - <sup>viii</sup> The LAPP Downside Protection Strategy was put in place by LAPP Corporation in early 2020. Please note figures for this row represent the **return contribution** to total LAPP fund return, and not the percentage return of the strategy itself in isolation.