

Annual Public Meeting

Ottawa, November 21, 2012

By

Cheryl Barker, Interim Chair of the Board
Gordon J. Fyfe, President & CEO

2012





2012

Cheryl Barker

Interim Chair, Board of Directors



2012

Gordon J. Fyfe

President and CEO



Long-term Investment Strategy

- Diversification strategy began in FY2004.
- Strongest competitive advantages: large cash inflows and size.
- Ability to invest in illiquid assets like Private Equity, Real Estate, Infrastructure and Renewable Resources.
- Not forced to sell assets – control timing of exits.

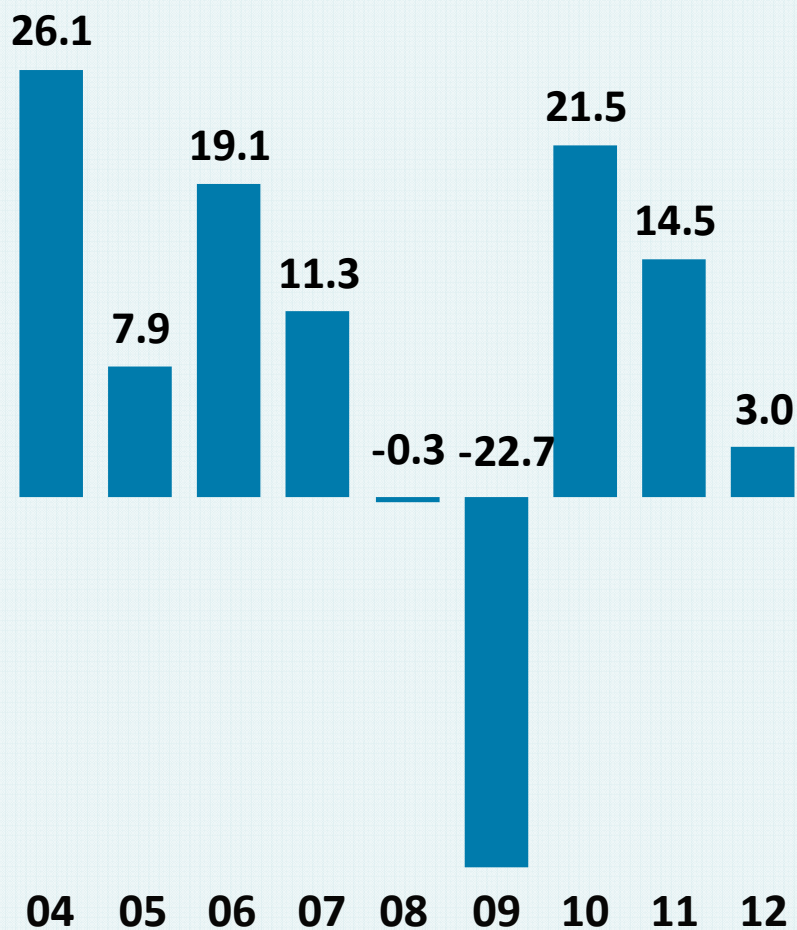
FY2012 Highlights

- Net assets increased by \$6.5 billion or 11% to \$64.5 billion.
- Net income of \$1.7 billion.
 - ▶ 3.0% return
 - Benchmark return of 1.6%.
- Value added of \$850 million.
- Proportion of Private Markets increased from 22.8% to 27.0%.
- Renewable Resources added to Policy Portfolio.

Financial Highlights

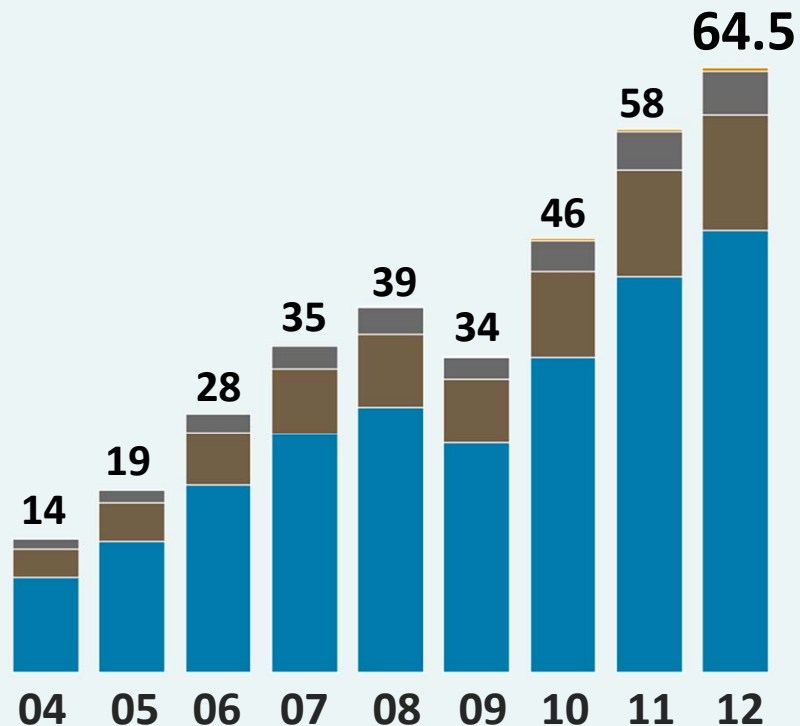
Annual Performance

As at March 31, 2012 (%)



Changes in Net Assets

As at March 31, 2012 (billions \$)

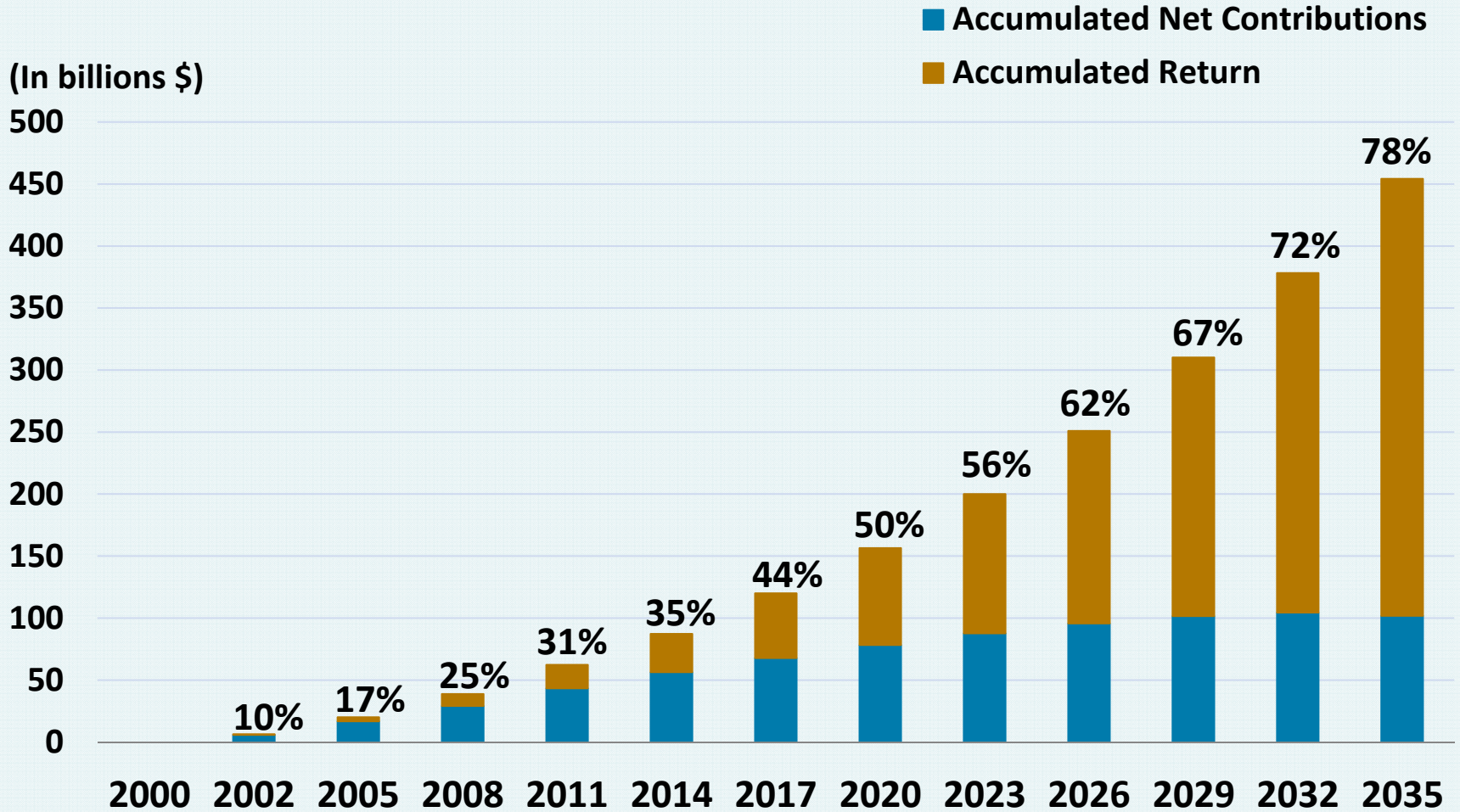


- Reserve Force Plan Account
- RCMP Plan Account
- Canadian Forces Plan Account
- Public Service Plan Account

Proportion of Benefits Funded Through Investment Returns

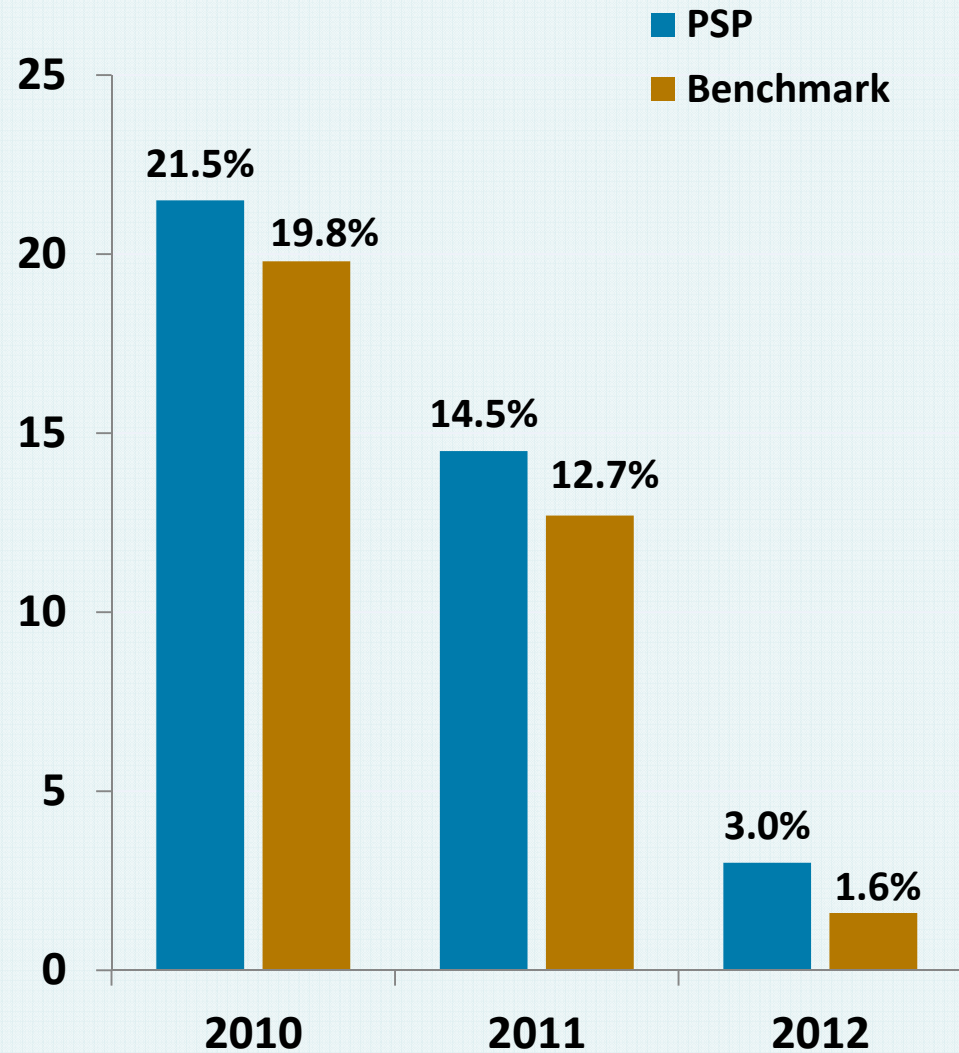


(In billions \$)



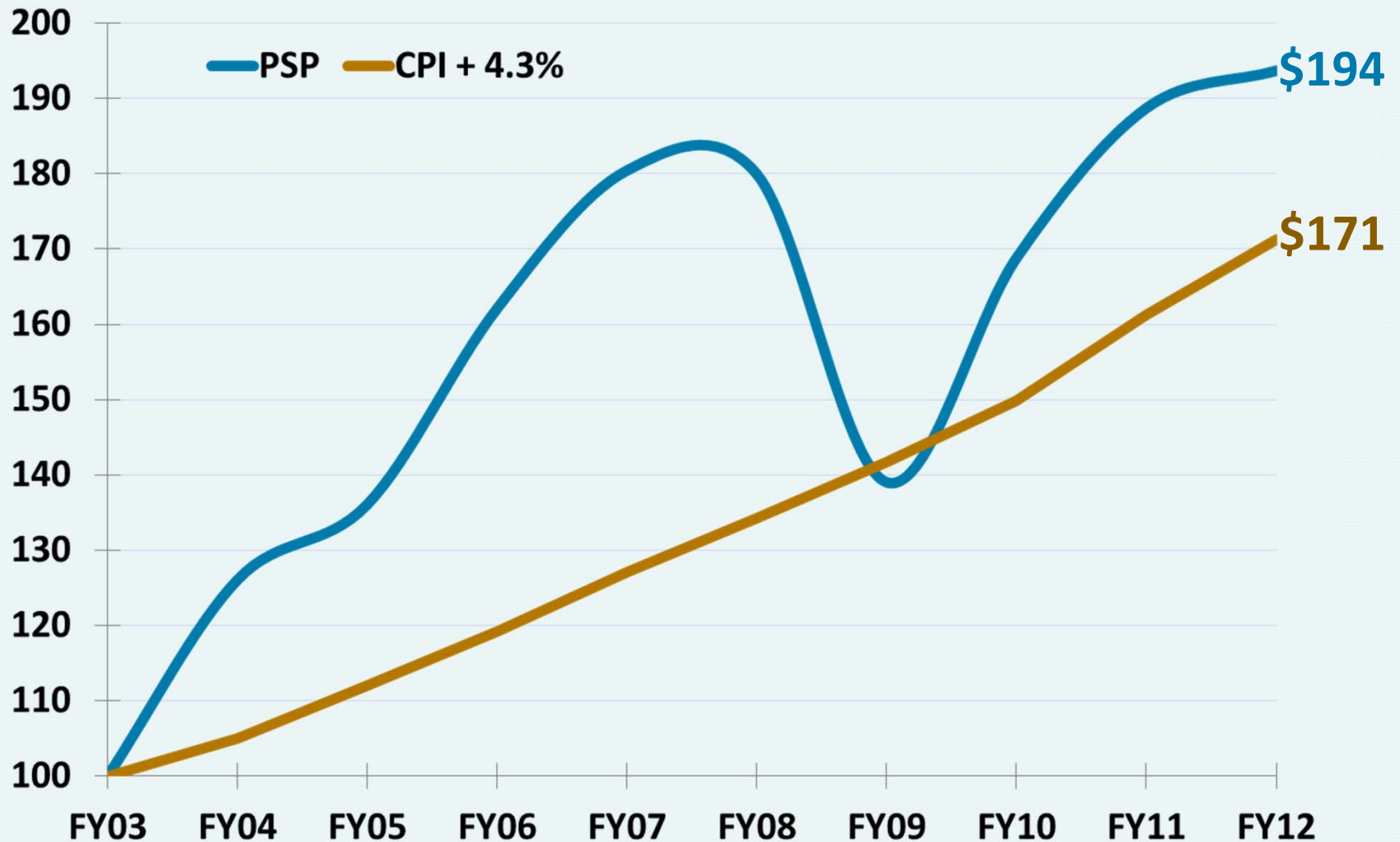
Strong Three-Year Investment Performance

- Annualized return: 12.7% vs. benchmark: 11.1%
- Investment income: \$16.5 billion
- Value added: \$2.4 billion



Diversification Strategy – Performance (Nine-Year)

Value of \$100 invested (\$CAD return)

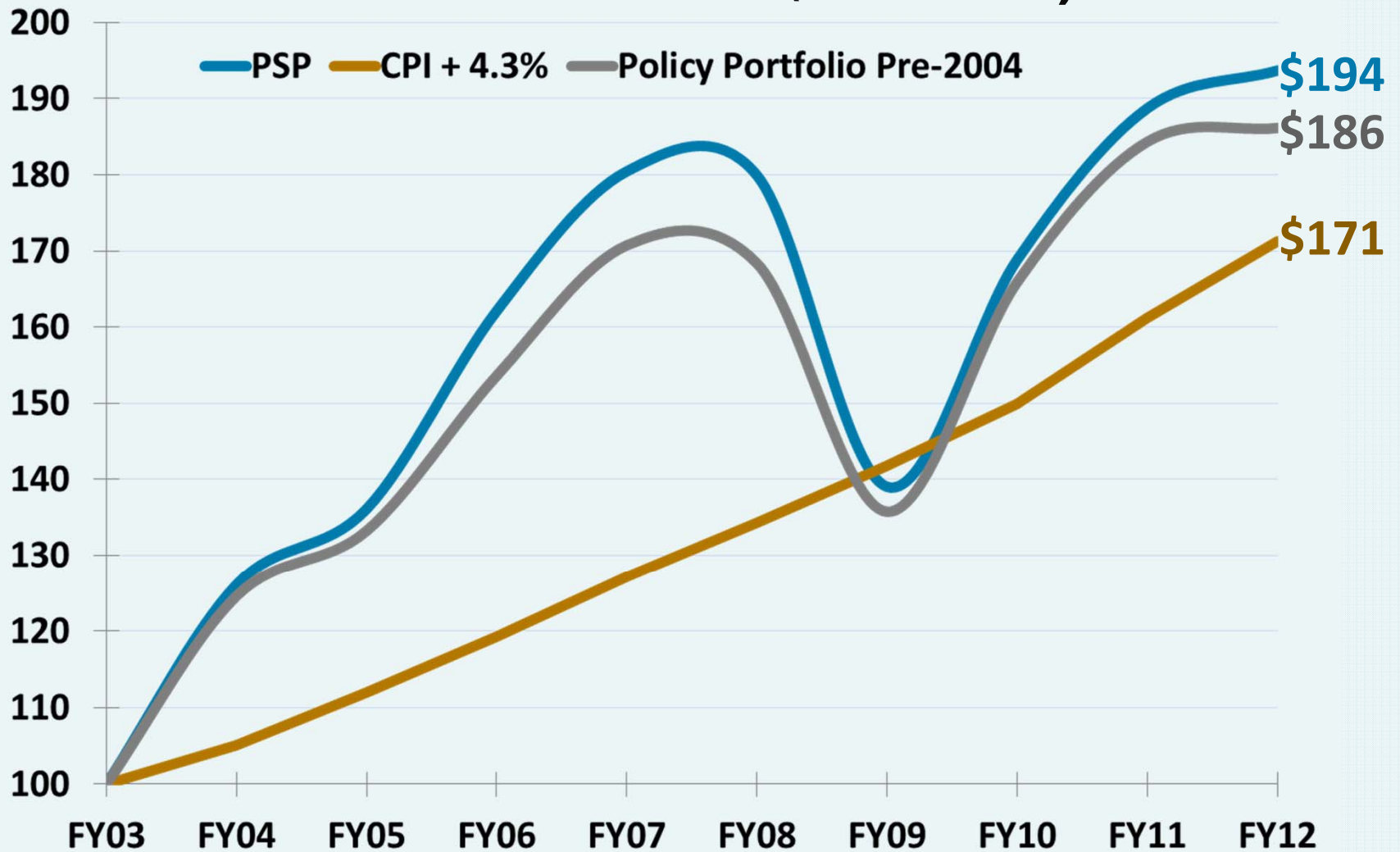


2012

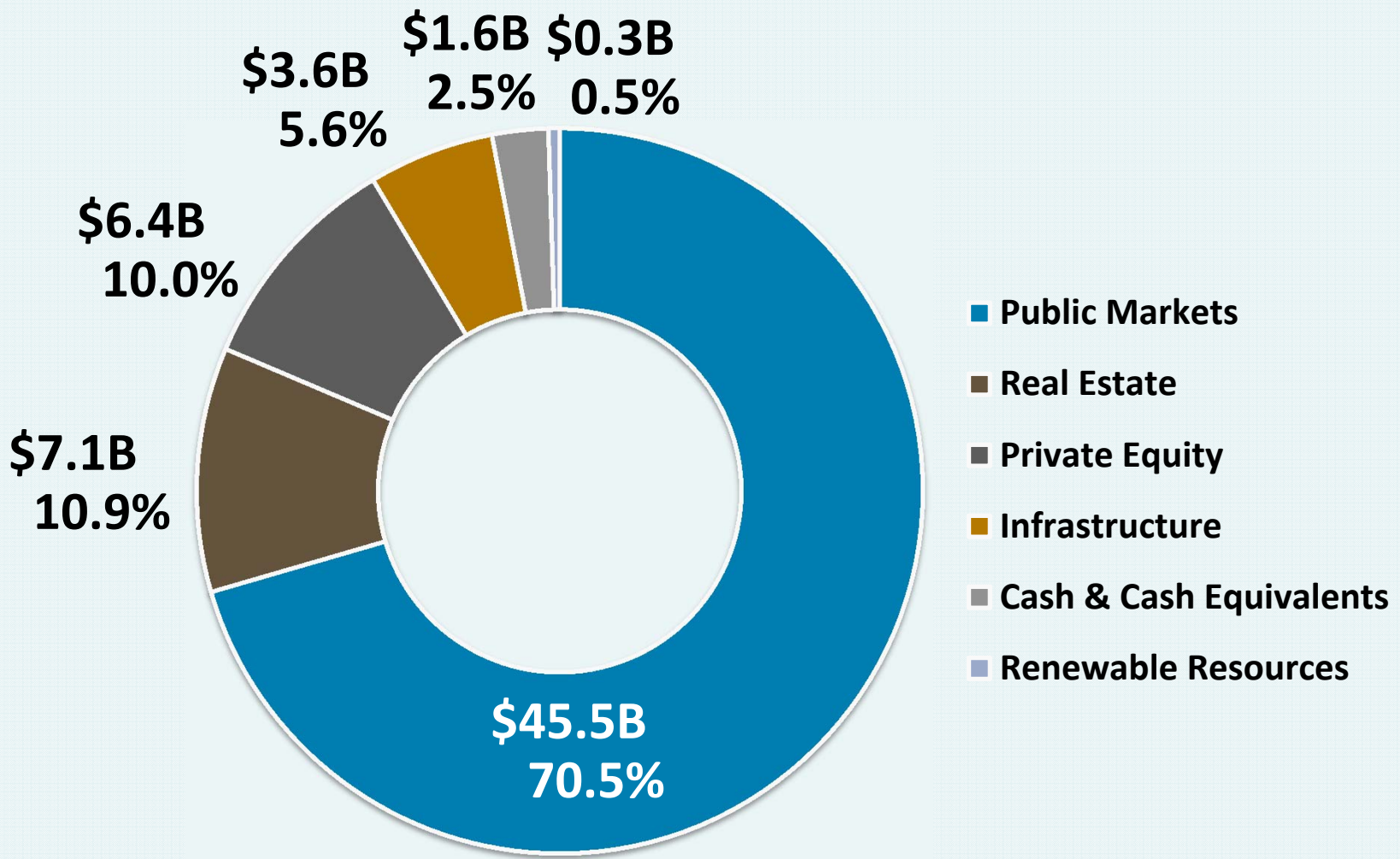
As at March 31, 2012. Performance is net of fees.

Diversification Strategy – Performance (Nine-Year)

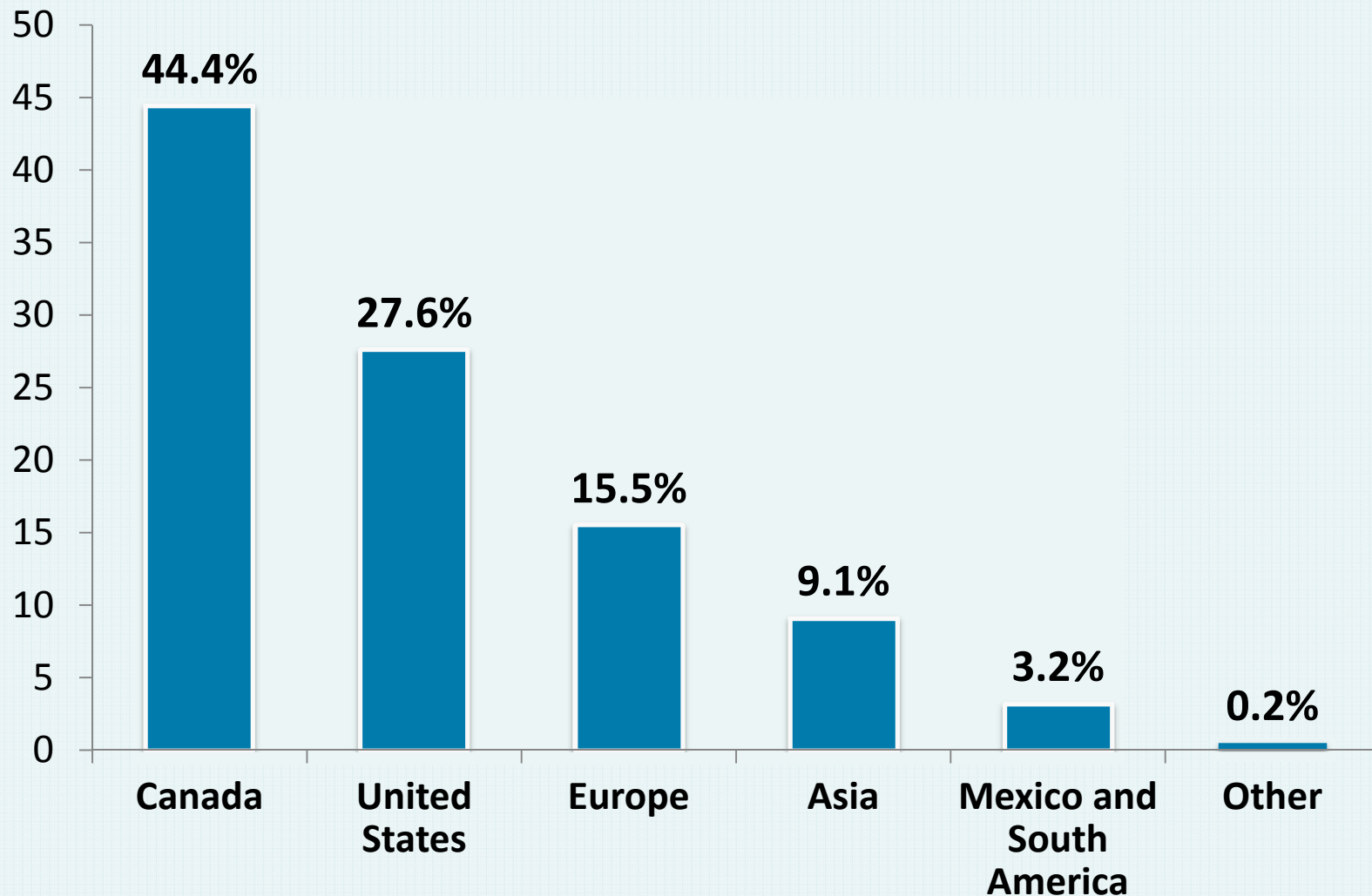
Value of \$100 invested (\$CAD return)



Asset Mix by Investment Unit As at March 31, 2012 (%)



Geographic Diversification



Top Ten Equity Holdings



2012

Public Market Equities

Royal Bank of Canada

Toronto-Dominion Bank/The

Bank of Nova Scotia

Suncor Energy Inc

Barrick Gold Corp

Potash Corp of Saskatchewan Inc

Canadian Natural Resources Ltd

Canadian National Railway Co

Goldcorp Inc

BCE Inc

Total: \$3.8 B

Private Markets Direct Investments

Revera Inc

Telesat Holdings

SCG Hotel CLP, LP

Infragas Norge AS

Transelec

DP World Australia

TimberWest Forest Corp

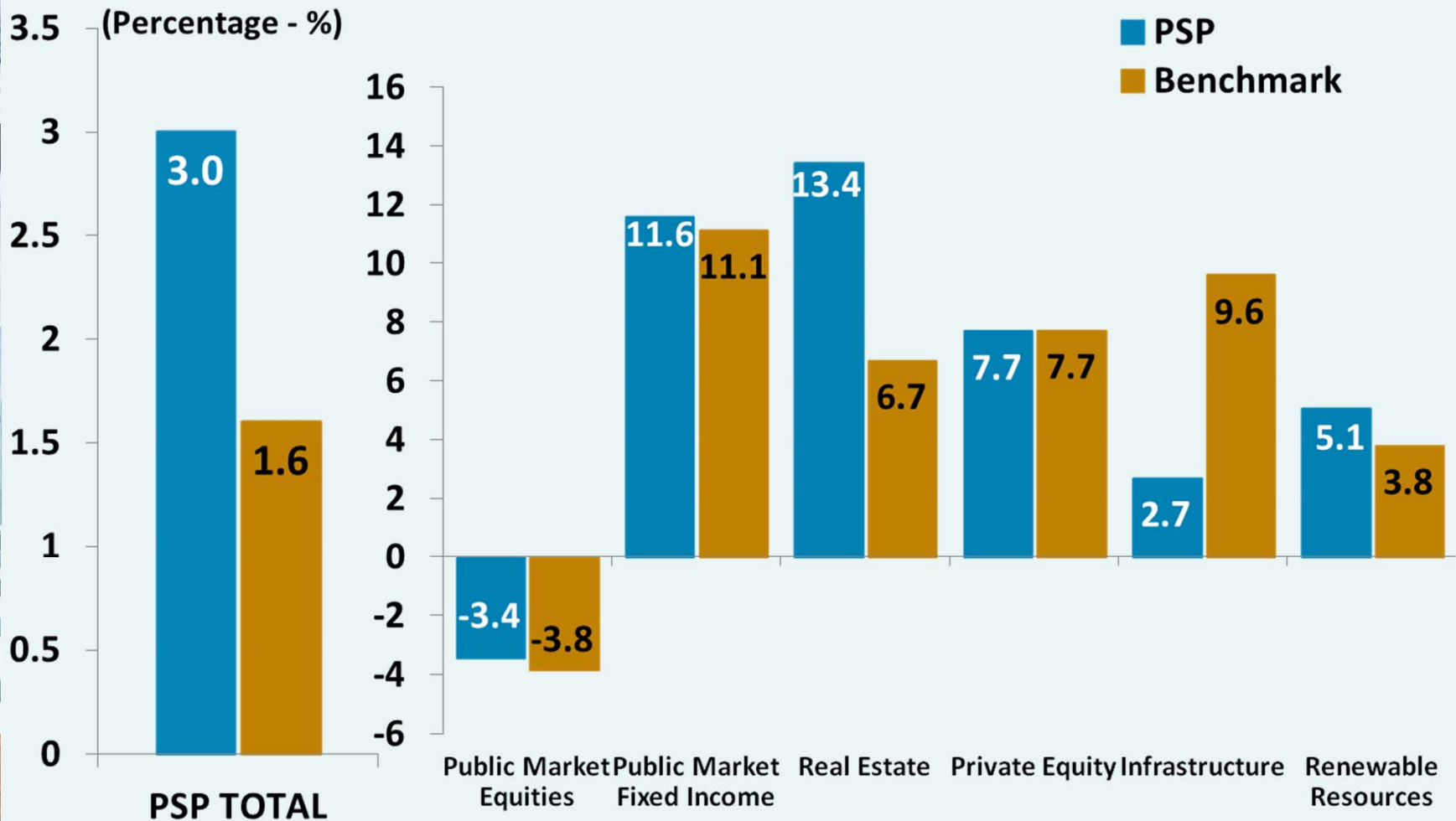
Star SDL Investment Co. Sàrl

ACH Limited Partnership

Kinetic Concepts Inc

Total: \$6.9 B

FY2012 Performance by Asset Class



Public Markets

Portfolio and Benchmark Returns

As at March 31, 2012

Asset Class	Portfolio Returns %	Benchmark Returns %	Value Added
World Equity			
Canadian Equity	-9.8	-9.8	0.0
US Large Cap Equity	11.4	11.5	-0.1
EAFE Large Cap Equity	-2.7	-3.2	0.5
Small Cap Developed World Equity	7.6	7.1	0.5
Emerging Markets Equity	-4.3	-6.3	2.0
Fixed Income			
Fixed Income	10.1	9.4	0.7
World Inflation-Linked Bonds	15.3	15.3	0.0

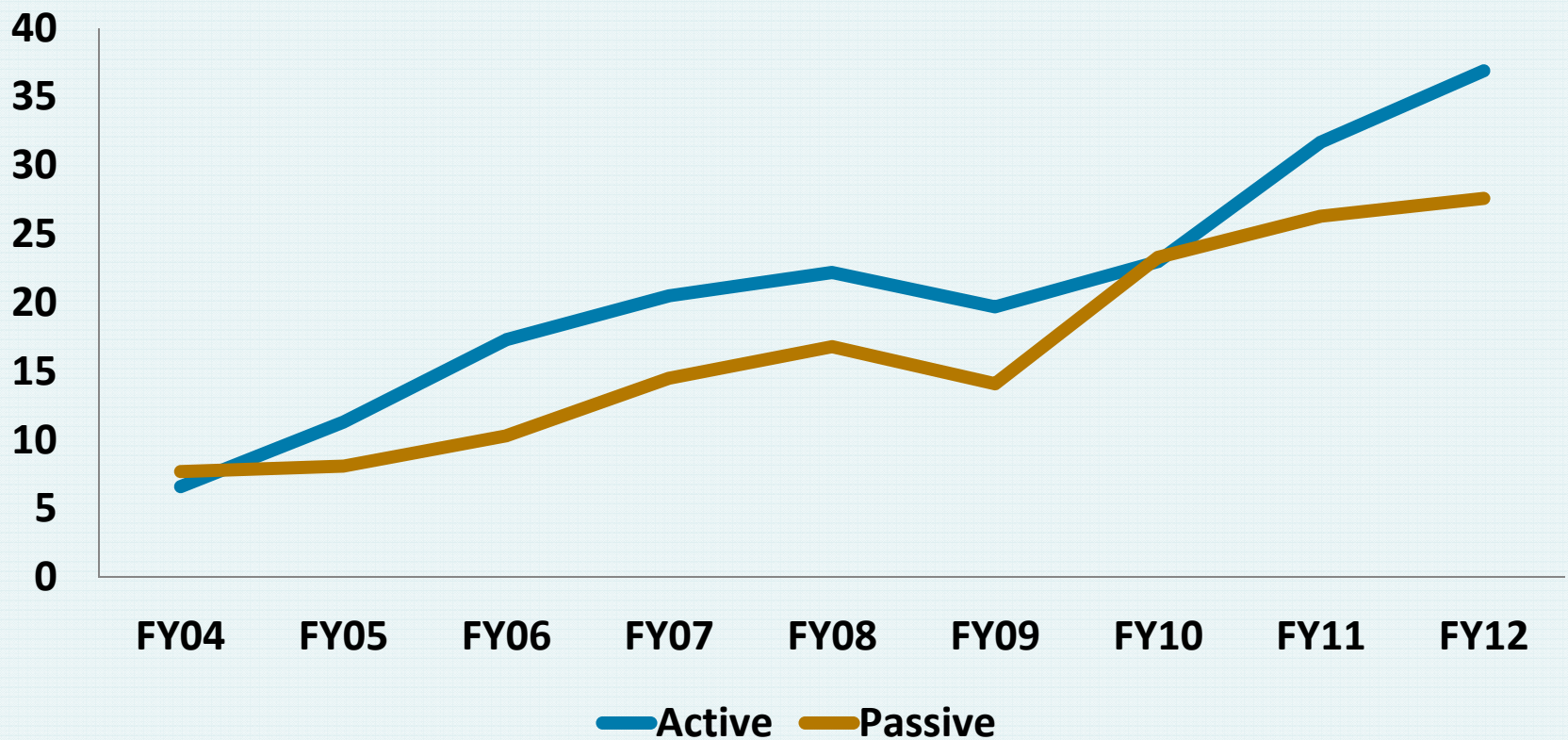
FY2012 Investment Highlights

- Net increase of \$4.2 billion in Private Markets.
 - 30 direct investments in Real Estate
 - \$1.5 billion in additional Infrastructure investments – highest annual amount
 - Private Equity group acquired Kinetic Concepts Inc. in partnership with Apax Partners and CPPIB.

Growth in Active Management

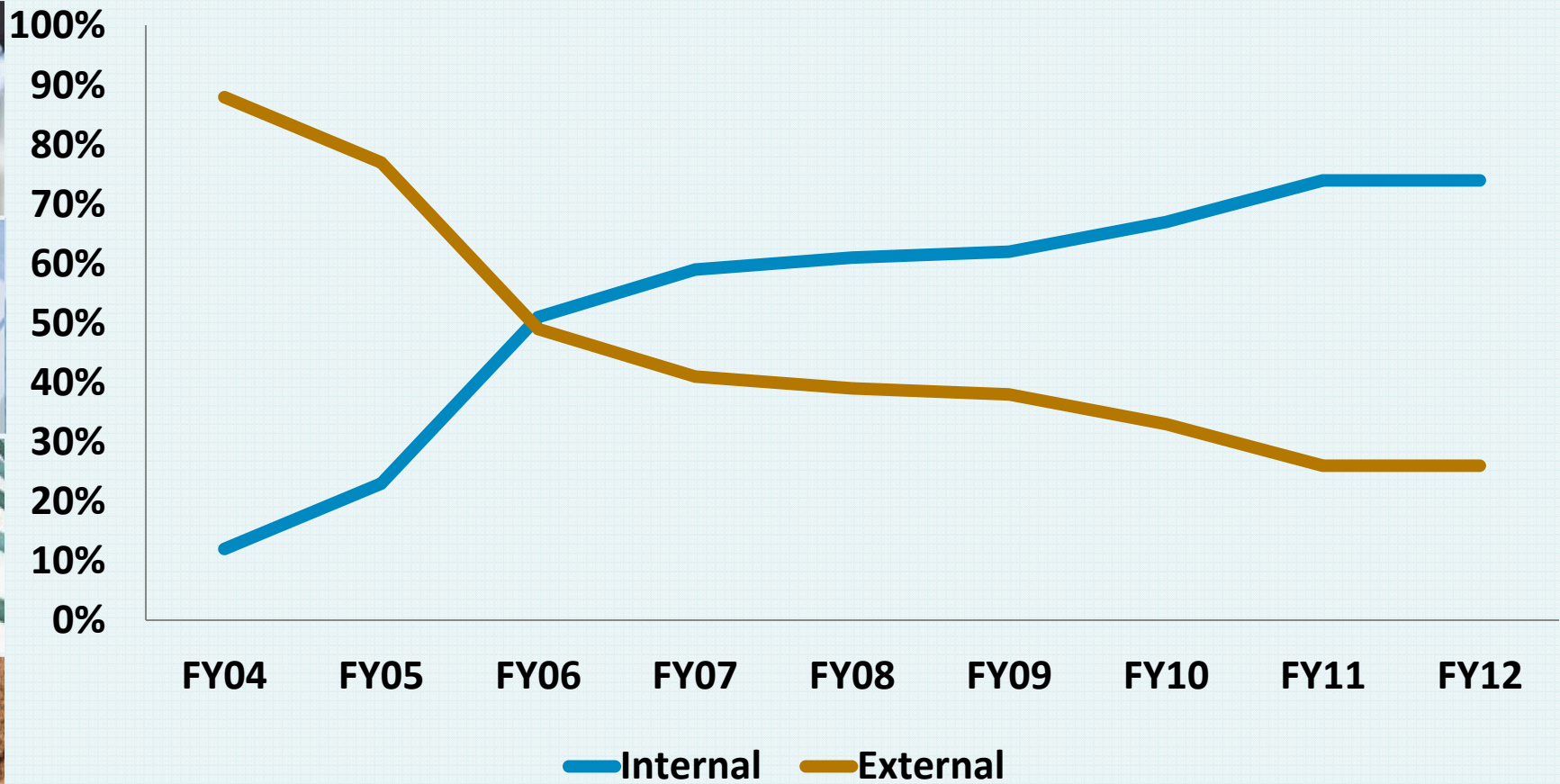
Active / Passive

(In billions \$)



Growth in Internal Management

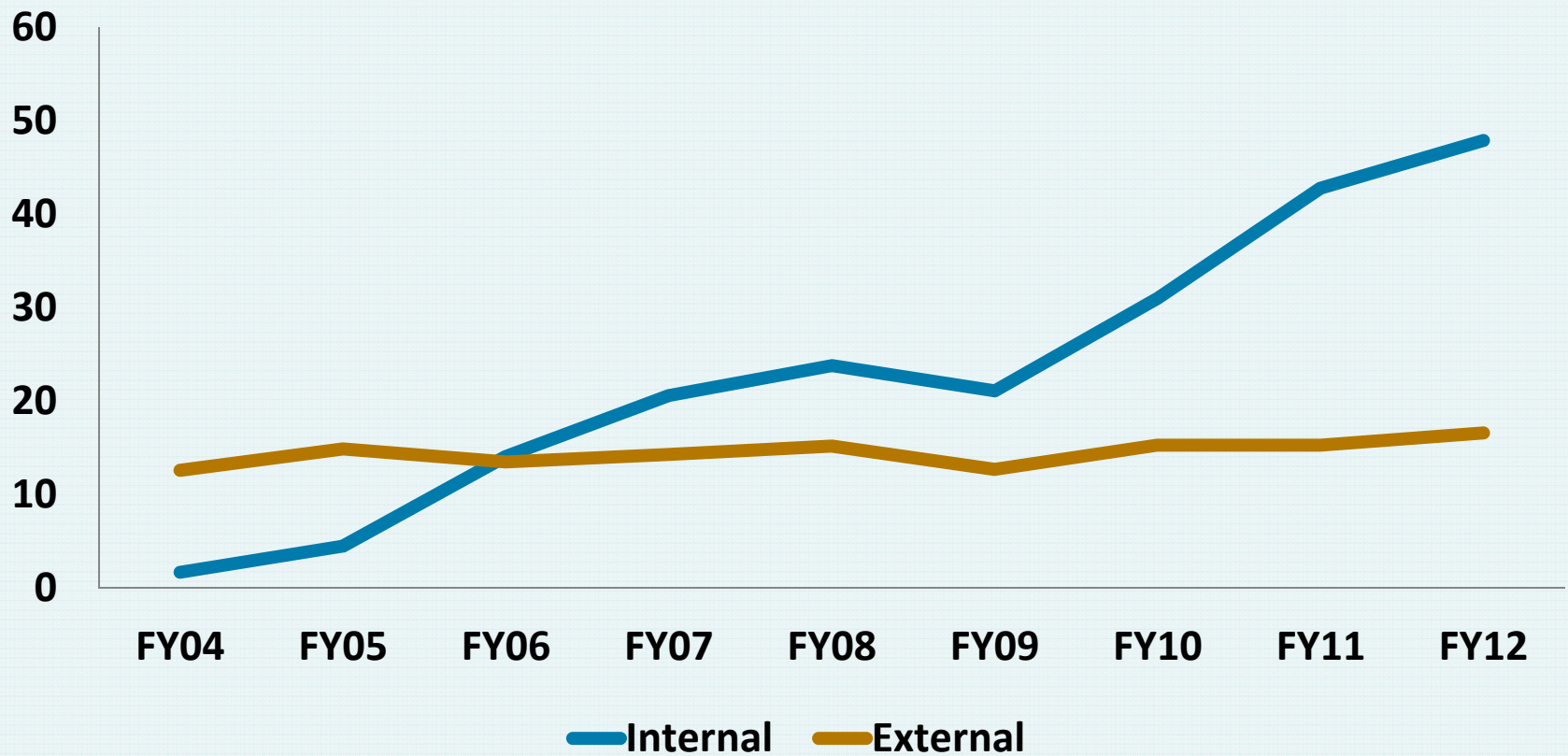
Internal / External



Growth in Internal Management

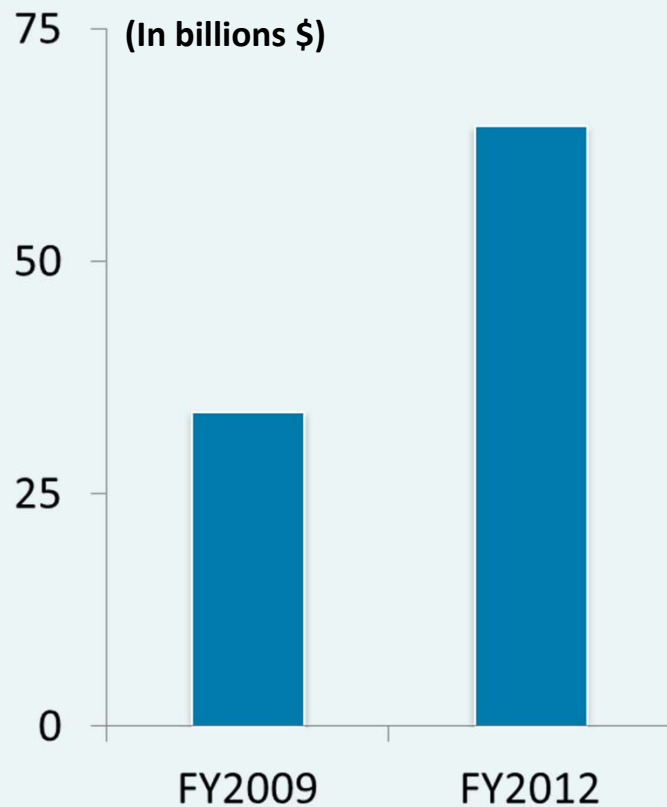
Internal / External

(In billions \$)



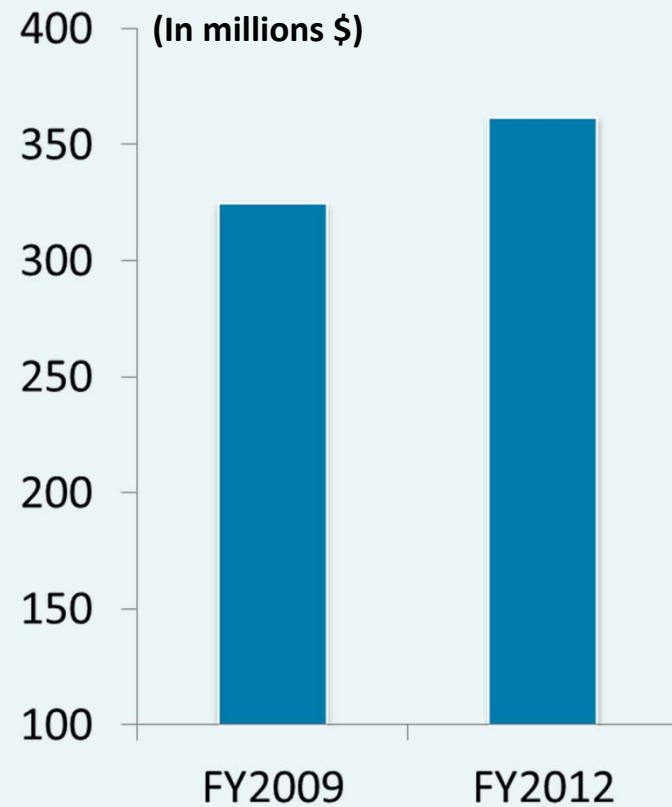
Assets and Expenses

+\$30.7 billion (91%)



Assets under management

+\$37 million (11.5%)



Operating and asset management expenses



Vision 2015 Strategic Plan

Goal 1 – Policy Portfolio

Focus:

- Position Policy Portfolio for change
- Work with Sponsor
- Risk Management

2012

Vision 2015 Strategic Plan

Goal 2 – Active Management

Focus:

- Increase active management to add value.
- Increase internal management:
 - Alignment
 - Cost
 - Culture
- Expand team expertise.

Vision 2015 Strategic Plan

Goal 3 – Operations

Focus:

- Scalability
- Efficiency
- Value-added support



Vision 2015 Strategic Plan

Goal 4 – Talent

Focus:

- Talent development
- Leadership

2012



2012

Preliminary Fiscal Year 2013 Results

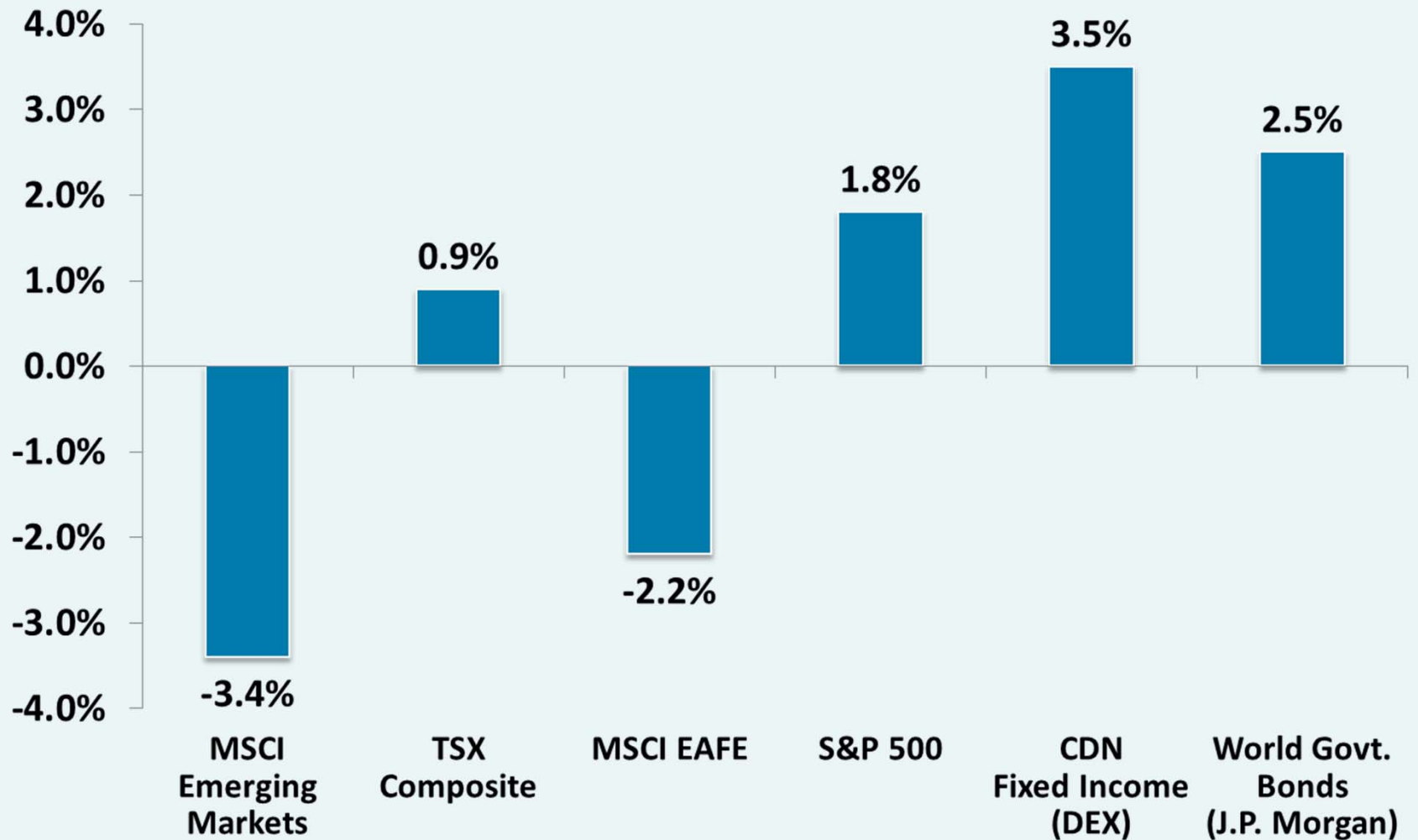
(As at September 30, 2012)

FY2013 – First Six Months

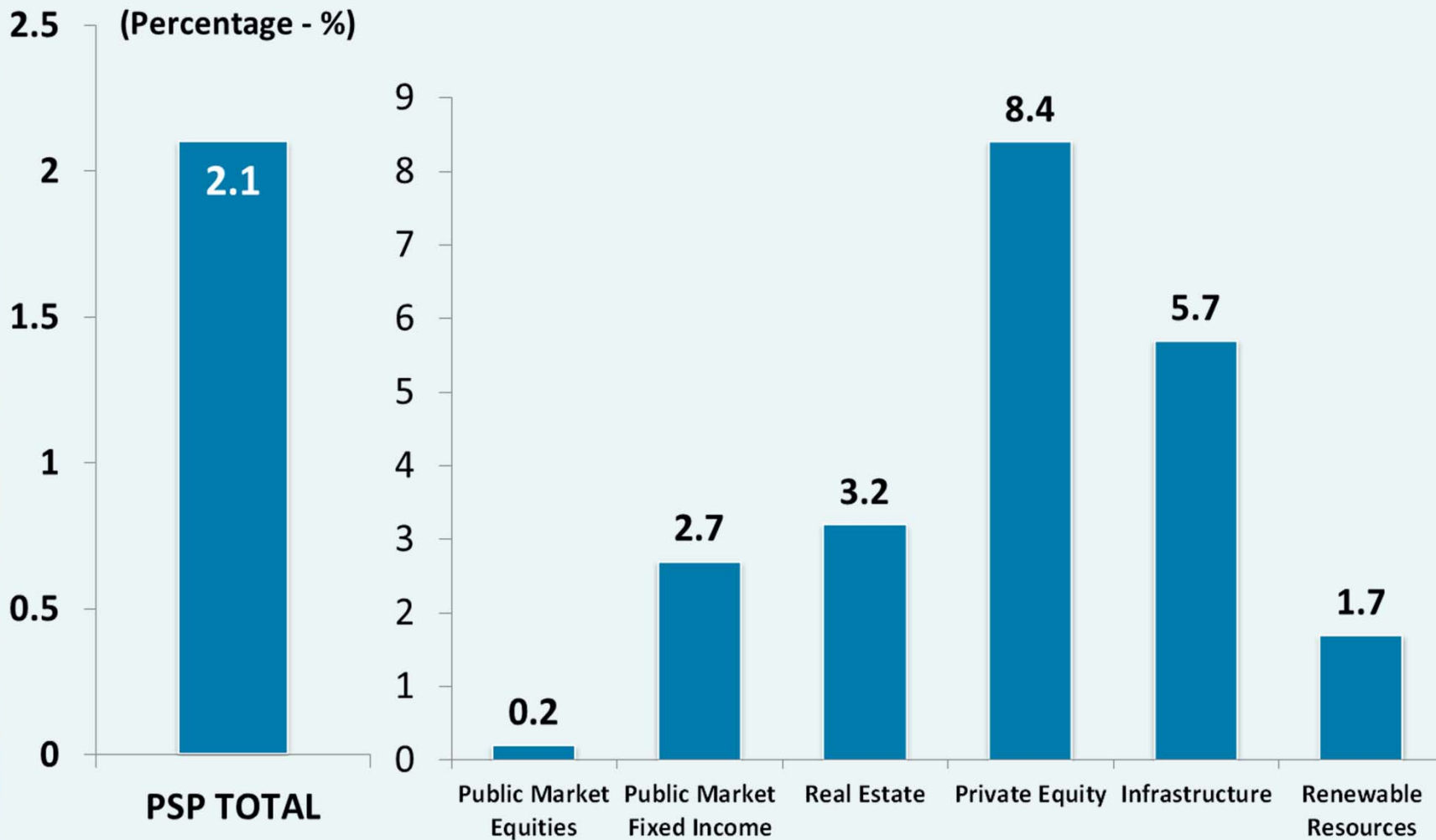
- Investment return of 2.1%.
- Driven mainly by performance of private asset classes.
- Public equity portfolios impacted by weak performance of global markets.
- Net assets of \$68.1 billion.
 - Including contributions of \$2.3 billion.

FY2013 – First Six Months

Performance of Major World Indices



FY2013 – First Six Months



Public Equity: Canadian Eq., U.S. Large Cap Eq., EAFE Eq., Emerging Eq., Small Cap Eq.
 Public Fixed Income: Domestic Bonds, Global bond, Real Return bonds



QUESTIONS