All figures in Canadian dollars unless otherwise noted.

CPP Fund Totals $368.5 Billion at Third Quarter Fiscal 2019

CPPIB's long-term investment focus leads to a 10-year rate of return of 10%

TORONTO, ON (February 14, 2019): The CPP Fund ended its third quarter of fiscal 2019 on December 31, 2018, with net assets of $368.5 billion, compared to $368.3 billion at the end of the previous quarter. The $0.2 billion increase in assets for the quarter consisted of $4.0 billion in net income after all CPPIB costs, less $3.8 billion in net Canada Pension Plan (CPP) cash outflows. The CPP Fund routinely receives more CPP contributions than required to pay benefits during the first part of the calendar year, partially offset by benefit payments exceeding contributions in the final months. On an annual basis, contributions to the Fund continue to exceed outflows.

The Investment Portfolio achieved 10-year and five-year annualized net nominal returns of 10.0% and 11.0%, respectively, and 1.1% for the quarter. These returns are net of all CPPIB costs.

For the fiscal year-to-date period, the CPP Fund increased by $12.4 billion consisting of $12.8 billion in net income after all CPPIB costs, less $0.4 billion in net CPP cash outflows. The portfolio delivered a net return of 3.6% after all CPPIB costs during the period.

"Broad declines in global public equity markets created a challenging investment environment during the quarter, however our net income increased during the downturn, underscoring the Fund's resiliency and ability to weather difficult conditions," says Mark Machin, President & Chief Executive Officer, Canada Pension Plan Investment Board (CPPIB).

"Portfolio diversification across a wide range of private assets helped moderate public-market headwinds, especially in December. The Fund also benefitted from its global investment footprint, as many major foreign currencies strengthened against the depreciating Canadian dollar, leading to investment gains," Mr. Machin says.

Starting in January 2019, CPPIB began to receive and invest the first additional CPP contribution amounts, which immediately benefit from the Fund's global network, expertise, investment strategies and risk governance framework**.** CPPIB will report on the performance of the combined total Fund, as well as the base CPP and additional CPP components, in our news release and annual report at the end of this fiscal year.

CPPIB continues to build a portfolio designed to achieve a maximum rate of return without undue risk of loss, having regard to our exceptionally long investment horizon. Accordingly, long-term results are a more appropriate measure of CPPIB's investment performance than returns in any given quarter or single fiscal year.

Long-Term Sustainability
CPPIB's 10-year annualized net nominal rate of return of 10.0%, or 8.2% on a net real rate of return basis, was above the Chief Actuary's assumption of an average 3.9% return over the 75-year projection period of his report. The real rate of return is reported net of all CPPIB costs to be consistent with the Chief Actuary's approach.

Every three years, the Office of the Chief Actuary of Canada conducts an independent review of the sustainability of the CPP over the next 75 years. In the most recent triennial review released in September 2016, the Chief Actuary of Canada reaffirmed that, as at December 31, 2015, the CPP remains sustainable at the current contribution rate of 9.9% throughout the forward-looking 75-year period covered by the actuarial report. The Chief Actuary's projections are based on the assumption that the Fund's prospective real rate of return, which takes into account the impact of inflation, is expected to average 3.9% over the 75-year period.

The Chief Actuary's report confirmed that the Fund's performance was ahead of projections for the 2013-2015 period as investment income was 248%, or $70 billion, higher than anticipated.

Five and 10-Year Returns[1, 2]
(for the quarter ending December 31, 2018)

	Investment Rate of Return (Nominal)	Investment Rate of Return (Real)	Net Income[3]
5-Year Annualized	11.0%	9.1%	$146.7 billion
10-Year Annualized	10.0%	8.2%	$213.6 billion

[1] After all CPPIB costs.
[2] Rates of return are calculated on a time-weighted basis. They reflect the performance of the Investment Portfolio, which excludes the Cash for Benefits Portfolio.
[3] Dollar figures are cumulative.

CPP INVESTMENT BOARD

Asset Mix

For the quarter ending December 31, 2018
($ billions)

	$	%
Public Equities		
Canadian	7.1	1.9
Foreign	75.6	20.5
Emerging	35.0	9.5
	117.7	**31.9**
Private Equities		
Canadian	1.0	0.3
Foreign	76.3	20.7
Emerging	11.4	3.1
	88.7	**24.1**
Government Bonds		
Non-marketable	21.7	5.9
Marketable	60.0	16.3
	81.7	**22.2**
Credit Investments	**34.1**	**9.2**
Real Assets		
Real Estate	47.9	13.0
Infrastructure	31.9	8.7
Energy and Resources	8.4	2.3
Power and Renewables	5.2	1.4
	93.4	**25.4**
External Debt Issuance	**-28.2**	**-7.7**
Cash and Absolute Return Strategies[1]	**-19.3**	**-5.2**
Investment Portfolio	368.1	99.9
Cash for Benefits Portfolio	0.3	0.1
Net Investments[2]	**368.4**	**100.0**

[1] The negative balance of $19.3 billion in Cash & Absolute Return Strategies represents the net amount of financing through derivatives and repurchase agreements, and the current net position from Absolute Return Strategies.

[2] Excludes non-investment assets (such as premises and equipment) and non-investment liabilities, totaling $0.1 billion for Q3 2019. As a result, net investments will differ from the net assets figure of $368.5 billion.

CPP INVESTMENT BOARD

Q3 Investment Highlights:

Private Equity

- Invested US$153 million in Think & Learn Pvt. Ltd. (also known as Byju's), the largest educational technology company in India, for a 5% direct stake in the company.

- Invested US$500 million in the recapitalization of Berlin Packaging L.L.C. alongside Oak Hill Capital Partners. Berlin Packaging is a leading supplier of packaging products and services to companies in multiple industries.

Real Assets

- Allocated approximately $945 million to GLP Japan Development Partners III, a Japan-focused logistics real estate venture.

- Invested in ChargePoint, the world's leading electric vehicle (EV) charging network, as part of a US$240 million funding round led by Quantum Energy Partners.

- Partnered with GLP and QuadReal Property Group to establish GLP Continental Europe Development Partners I (GLP CDP I), committing to an initial equity investment of €450 million. GLP CDP I will focus on developing modern logistics facilities in Germany, France, Italy, Spain, Netherlands and Belgium.

- Took a controlling stake in Brazilian hydro generation company Companhia Energética de São Paulo (CESP) alongside partner Votorantim Energia, jointly acquiring 93.5% of CESP's common shares and 13.7% of its Class B Preferred Shares, for a total investment of R$1.9 billion. Following the completion of the transaction, CESP will be granted a new 30-year concession for Porto Primavera in exchange for a payment of R$1.4 billion.

- Signed an agreement alongside Ontario Teachers' Pension Plan to acquire a 49% ownership position in Pacifico Sur, a 309-kilometre toll road in Mexico for an initial Ps$4,539 million ($314 million), with the possibility of a second investment of up to Ps$3,141 million ($218 million) subject to certain conditions in the agreement. In this partnership, IDEAL will retain a 51% ownership of the Guadalajara-Tepic, S.A. de C.V. highway concession, the concessionaire of the Pacifico Sur toll road.

Credit Investments

- Signed an agreement with Banco Bilbao Vizcaya Argentaria, S.A. for the transfer of a portfolio of credit rights, mainly composed of mortgage credits in Spain, with an aggregate outstanding principal balance of approximately €1,490 million.

- Made our first private real estate debt investment in Brazil through a R$300 million private debenture to Cyrela Commercial Properties S.A., used to refinance a portion of their ownership in Shopping Cidade São Paulo, a shopping centre in São Paulo.

CPP INVESTMENT BOARD

Asset Dispositions:

- Sold our 45% stake in The Warner building, an office property located at 1299 Pennsylvania Avenue in Washington D.C. Net proceeds from this transaction were approximately US$47 million. Ownership interest was initially acquired in 2010.

- SPREP Pte. Ltd. sold a stake in Faery Estates, owner of an IT park located in Chennai, India. SPREP Pte. Ltd. acquired shares of Faery Estates in June 2015 with CPPIB being its majority investor. Net proceeds from the sale were approximately $250 million.

Investment highlights following the quarter end include:

- Signed a definitive merger agreement as part of an investor group to acquire Ultimate Software, a leading global provider of human capital management solutions, for a total value of about US$11 billion.

- Sold our 50% interest in five modern logistics facilities within the GLP Japan Development Venture I (GLP JDV I) portfolio. Net proceeds from the sale were JPY20.5B ($255.2 million). Initial investment in GLP JDV I was made in 2011.

- Alongside partner Hermes, sold South Bank Central, a 264,000-square-foot office property in London, England. Net proceeds from the sale were approximately £121.5 million. Ownership interest was initially acquired in 2015.

- Sold our 50% interest in the Samsung SDS building, a 1.1 million-square-foot office building in Seoul, Korea. Net proceeds from the sale were approximately KRW177.5 billion ($215.5 million). Ownership interest was initially acquired in 2013.

Corporate Highlights:

- In January 2019, we issued our first Euro-denominated Green Bond. The sale of €1 billion in 10-year fixed-rate notes will enable us to invest further in eligible assets such as renewables, water, and real estate projects, and to diversify the Fund’s investor base. This issuance follows our inaugural Green Bond in June 2018, which was the first such market offering from any pension fund.

- In December 2018, we established a policy to vote against the chair of the board committee responsible for director nominations at our investee public companies if the board has no women directors. This international program aims to improve the gender balance and effectiveness of public company boards around the world.

About Canada Pension Plan Investment Board
Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits in the best interest of 20 million contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, São Paulo and Sydney, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At December 31, 2018, the CPP Fund totalled $368.5 billion. For more information about CPPIB, please visit www.cppib.com or follow us on LinkedIn, Facebook or Twitter.

Disclaimer
Certain statements included in this press release constitute forward-looking statements with respect to CPPIB's future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "believe," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions. The forward-looking statements are not historical facts but reflect CPPIB's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including available investment income, intended acquisitions, regulatory and other approvals and general investment conditions. Although CPPIB believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. CPPIB does not undertake to publicly update such statements to reflect new information, future events, and changes in circumstances or for any other reason. The information contained on CPPIB's website, LinkedIn, Facebook and Twitter are not a part of this press release.

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