CPP INVESTMENT BOARD

All figures in Canadian dollars unless otherwise noted.

CPP Fund Totals $392.0 Billion at 2019 Fiscal Year-End

Highlights include:

- **Net annual return of 8.9%**
- **Assets increase by $35.9 billion**
- **Compounded dollar value-added of $29.2 billion since beginning of active management**
- **Five-year cumulative net income of $152.0 billion, after all costs**
- **Long-term focus leads to a 10-year rate of return of 11.1%**

TORONTO, ON (May 15, 2019): The CPP Fund ended its fiscal year on March 31, 2019, with net assets of $392.0 billion compared to $356.1 billion at the end of fiscal 2018. The $35.9 billion increase in assets consisted of $32.0 billion in net income after all CPPIB costs and $3.9 billion in net Canada Pension Plan (CPP) contributions.

The Fund, which includes the combination of both the base CPP and additional CPP accounts, achieved 10-year and five-year annualized net nominal returns of 11.1% and 10.7%, respectively. For the fiscal year, the Fund returned 8.9% net of all Canada Pension Plan Investment Board (CPPIB) costs.

"CPPIB continues to deliver strong absolute and relative returns, and our robust 10-year performance demonstrates our long-term contribution to the sustainability of the CPP," says Mark Machin, President & Chief Executive Officer, CPPIB. "We have gradually built a diversified, global investment platform and focused on executing our multi-year strategy – these are key drivers of our financial performance and our future success."

Fiscal 2019 brought on a range of market conditions, including a public equity market downturn in December, which was bookended by rising equity markets at the beginning and end of the period. CPPIB's portfolio management strategy benefits from ascending public equity markets, while alternative assets and our private investments can help to moderate the impact of significant market drops, even as they produce growth over longer periods.

"The role of diversification came through clearly this year, and we were encouraged to see nearly all investment departments contributed positively to our results. CPPIB's investment teams also took advantage of our international reach and competitive strengths to pursue select transactions as well as explore new areas of growth," Mr. Machin added.

CPPIB's progress this year coincided with its 20-year milestone of investing in the best interests of CPP contributors and beneficiaries.

"CPPIB has evolved through multiple phases over the last two decades, from our early days of active management, to our first steps on the world's stage, and now to investing additional CPP amounts. What has been consistent is our adaptability as we continually prepare for the next era, while at the same time demonstrating an ability to seize the new opportunities we see before us today," says Mr. Machin. "Financial performance is at the heart of what CPPIB does, and our strategy is on track."

CPP INVESTMENT BOARD

In the five-year period up to and including fiscal 2019, CPPIB has contributed $152.0 billion in cumulative net income to the Fund after all CPPIB costs. Since CPPIB's inception in 1999, it has contributed $247.6 billion on a net basis.

Fund Five and 10-Year Net Returns[1, 2, 3]
(for the year ending March 31, 2019)

	Rate of Return (Nominal)	Rate of Return (Real[4])	Net Income[5]
Five-Year Annualized	10.7%	8.9%	$152.0 billion
10-Year Annualized	11.1%	9.2%	$239.0 billion

[1] After all CPPIB costs.
[2] Rates of return are calculated on a time-weighted basis.
[3] Includes both base and additional CPP.
[4] After Canadian Consumer Price inflation.
[5] Dollar figures are cumulative.

Performance of the Base and Additional CPP Accounts
The base CPP account ended the fiscal year on March 31, 2019 with net assets of $391.6 billion compared to $356.1 billion at the end of fiscal 2018. The $35.5 billion increase in assets consisted of $32.0 billion in net income and $3.5 billion in net base CPP contributions. The base CPP account achieved an 8.9% net return for the fiscal year.

The very first contributions related to the additional CPP started at the beginning of January 2019. As such, all sums associated with the additional CPP account are small in relation to the base CPP account. The base CPP account has benefited from 20 years of cumulative net inflow contributions not immediately needed to meet current pension obligations, cumulative investment income, and the legacy government bond portfolio in place before inception of CPPIB. The amount of contributions related to the additional CPP are also scheduled to be phased in gradually over seven years.

The additional CPP account ended the fiscal year on March 31, 2019 with net assets of $0.4 billion. The additional CPP account achieved a return of $11 million or 5.0% for its first quarter (excluding $9 million of non-recurring additional CPP start-up costs).

"Beginning to accept, invest and manage additional CPP contribution amounts in January marked a pivotal moment in CPPIB's journey, and was the culmination of more than a year of preparations. This new CPP program has the full advantage of CPPIB's global network, expertise, investment strategies and risk governance framework," Mr. Machin added.

CPP INVESTMENT BOARD

Long-Term Sustainability
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 base 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, over the 75 years from 2015, the base CPP investments will earn an average annual rate of return of 3.9% above the rate of Canadian consumer price inflation, after all investment costs and CPPIB operating expenses. In a supplementary Actuarial Report, covering only additional CPP, the corresponding assumption is that the additional CPP investments will earn an average annual rate of return of 3.55%.

Relative Performance against the Reference Portfolio
CPPIB also measures its combined performance against market-based benchmarks, the base and additional CPP Reference Portfolios, in dollar terms, or dollar-value added (DVA), after deducting all costs. The Reference Portfolios represent passive portfolios of public market indexes that reflect the level of long-term total risk that we believe is appropriate for each of the base CPP and additional CPP accounts.

In fiscal 2019, the base CPP earned a net return of 8.9% and outperformed its Reference Portfolio's return of 6.6% by 2.3%. This equates to a single-year net dollar value-added return of $6.4 billion, after deducting all costs.

The Fund grows not only through the value added in single years but also through the compounding effect of continuous reinvestment of gains (or losses). We calculate compounded dollar value-added as the total net dollars CPPIB has added to the Fund through all sources of active management, above the returns of the Reference Portfolios. CPPIB has generated $29.2 billion of compounded dollar value-added, after all costs, since the inception of active management at April 1, 2006.

Managing CPPIB Costs
CPPIB is committed to maintaining cost discipline as we continue to build a global platform that will enhance our ability to invest over the long term.

To generate $32.0 billion of net income from operations after all costs, CPPIB incurred operating expenses of $1,203 million, $1,586 million in investment management fees paid to external managers, and $477 million of transaction costs. Altogether, these costs total $3,266 million for fiscal 2019, compared to $3,192 million for the previous year. We report the net investment income that each department generates after deducting these costs. We then report on total Fund performance net of costs, which includes CPPIB's overall operating expenses.

Total operating expenses of $1,203 million represent 32.8 cents for every $100 of invested assets. Investment management fees decreased by $152 million in the fiscal year, driven by lower performance fees paid to external fund managers as a result of underperformance in public markets strategies in our second and third quarters. A portion of investment management fees include performance fees that are paid when CPPIB earns returns above pre-determined hurdle rates, which helps ensure an alignment of interests.

Transaction costs increased by $76 million compared to the prior year. Transaction costs vary from year to year as they are directly correlated to the number, size and complexity of our investing activities in any given period. In fiscal 2019, 69 of the transactions we completed were valued at more than $300 million each.

The above costs include $9 million of non-recurring additional CPP start-up costs. These start-up costs have been excluded from the net investment return calculation for additional CPP noted above. A breakdown of costs by base and additional CPP accounts is included in the CPPIB Annual Report for fiscal 2019, which is available at www.cppib.com.

Portfolio Performance by Asset Class

Portfolio performance by asset class is included in the table below. The returns by asset class are reported at the total Fund level.

A more detailed breakdown of performance by investment department is included in the CPPIB Annual Report for fiscal 2019, which is available at www.cppib.com.

FUND RETURNS[1,2]		
Asset Class	**Fiscal 2019**	**Fiscal 2018**
PUBLIC EQUITIES		
Canadian	7.9%	2.2%
Foreign	7.5%	11.0%
Emerging	(1.7)%	18.6%
PRIVATE EQUITIES		
Canadian	5.7%	1.8%
Foreign	18.0%	16.0%
Emerging	11.8%	19.5%
GOVERNMENT BONDS		
Marketable	5.3%	1.6%
Non-marketable	4.8%	2.7%
CREDIT INVESTMENTS	8.7%	6.9%
REAL ASSETS		
Real estate	6.4%	9.4%
Infrastructure	14.0%	15.2%
Other[3]	0.0%	(9.8)%
TOTAL FUND PERFORMANCE	**9.3%**	**11.9%**

[1] Total Fund returns by asset class are inclusive of both the base and additional CPP accounts, before CPPIB operating expenses.

[2] The Fund return in fiscal 2019 includes performance of $(1.2) billion from currency management activities ($1.5 billion in fiscal 2018), $(0.7) billion from cash and liquidity management activities ($(0.6) billion in fiscal 2018), and $0.6 billion from absolute return strategies ($2.9 billion in fiscal 2018). They are not attributed to an asset class return reported in this table.

[3] Other real assets consist of Energy & Resources and Power & Renewables, including Agriculture.

CPP INVESTMENT BOARD

Asset Mix

We continued to diversify the portfolio by the return-risk characteristics of various assets and countries during fiscal 2019. Canadian assets represented a combined 15.5% of the Fund, and totalled $60.9 billion. Assets outside of Canada represented a combined 84.5% of the Fund, and totalled $331.1billion. The asset mix below is reported for the Fund. The base and additional CPP account asset mix statements are included in the CPPIB Annual Report.

	As at March 31, 2019		As at March 31,2018[1]	
Asset Class	**($ billions)**	**(%)**	**($ billions)**	**(%)**
Public Equities				
Canadian	7.9	2.0%	8.7	2.4%
Foreign	82.7	21.1%	103.3	29.0%
Emerging	39.4	10.1%	26.4	7.4%
	130.0	**33.2%**	**138.4**	**38.8%**
Private Equities				
Canadian	1.0	0.2%	1.0	0.3%
Foreign	80.0	20.4%	61.8	17.3%
Emerging	12.1	3.1%	9.6	2.7%
	93.1	**23.7%**	**72.4**	**20.3%**
Government Bonds				
Non-marketable	22.2	5.7%	23.6	6.6%
Marketable	63.9	16.3%	53.2	15.0%
	86.1	**22.0%**	**76.8**	**21.6%**
Credit investments	**35.8**	**9.1%**	**22.6**	**6.3%**
Real Assets				
Real estate	47.5	12.1%	46.1	12.9%
Infrastructure	33.3	8.5%	28.6	8.0%
Energy and Resources	8.2	2.1%	6.1	1.7%
Power and Renewables	5.1	1.3%	3.0	0.9%
	94.1	**24.0%**	**83.8**	**23.5%**
External Debt Issuance	**(30.9)**	**(7.9)%**	**(24.1)**	**(6.7)%**
Cash and Absolute Return Strategies [2]	**(16.2)**	**(4.1)%**	**(13.6)**	**(3.8)%**
NET INVESTMENTS [3]	**392.0**	**100.0%**	**356.3**	**100.0%**

[1] Certain comparative figures and percentages have been updated to be consistent with the current year's presentation.

[2] The negative balance of $16.2 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.

[3] Includes $391.6 billion of base CPP and $0.4 billion of additional CPP.

CPP INVESTMENT BOARD

Investment Highlights:

Highlights for the year include:

Private Equity

- Acquired Ultimate Software, a leading global provider of human capital management solutions, alongside consortium partners Hellman & Friedman, Blackstone and GIC for an aggregate value of about US$11 billion.
- 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.
- Acquired a stake in Sportradar alongside TCV at an enterprise value of €2.1 billion. Sportradar is the global leader in analyzing and leveraging the power of sports data and serves as the official partner of the NBA, NFL, NHL, MLB and NASCAR, as well as FIFA and UEFA.

Real Assets

- Committed approximately US$1.34 billion for a 35% stake in a joint venture established with Williams for the optimization of midstream operations in the southwest Marcellus and Utica Shales in the United States.
- Formed a joint venture with Caisse Fédérale du Crédit Mutuel Nord Europe for the launch of Société Foncière et Immobilière du Grand Paris, a real estate investment and development vehicle focused on the Greater Paris area.
- 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, for a total investment of R$1.9 billion. Following the completion of the transaction, CESP was 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.

- Launched the development of 1133 Melville, an office tower known as The Stack, in Vancouver's downtown core. CPPIB jointly owns the property with Oxford Properties Group on a 50:50 basis, and has targeted to invest approximately C$175 million to support the development over multiple years. The AAA-class, 540,000-square-foot office development will be one of the first high-rise towers in Canada built with net zero carbon emissions.

- As a member of the Sydney Transport Partners consortium, CPPIB invested in the WestConnex toll road project in Sydney, Australia. The consortium acquired a 51% ownership stake in WestConnex, representing A$9.26 billion of total proceeds to the State of New South Wales for that stake. CPPIB holds a 20.5% interest in the consortium's ownership stake. WestConnex is the largest road infrastructure project currently underway in Australia.

- Partnered with ESR and its Seoul-based subsidiary Kendall Square Asset Management to invest up to US$500 million in a newly established investment vehicle targeting modern logistics facilities in South Korea. The portfolio will be comprised of Grade-A facilities in key locations servicing diverse tenant demands. The vehicle initially invested in a seed portfolio of six logistics facilities with an aggregate gross floor area of 270,000 square metres.

- Completed a transaction with Enbridge Inc. and its related entities under which CPPIB acquired 49% of Enbridge's interests in select North American onshore renewable power assets, as well as 49% of Enbridge's interests in two German in-construction offshore wind projects, for a total commitment of approximately C$2.25 billion, including funding of future construction expenditures. In addition, CPPIB and Enbridge agreed to form a joint venture to pursue future European offshore wind investment opportunities.

Credit Investments

- Agreed to participate in A$500 million of seed lending to a newly established fund with Challenger Investment Partners (CIP) to invest in middle-market real estate loans in Australia and New Zealand. CIP will source and manage investments on behalf of the fund.

Active Equities

- Invested approximately US$750 million in Aqua America, the second-largest publicly traded water and wastewater utility based in the U.S., to help support the company's pending acquisition of Peoples Natural Gas.

- Invested US$50 million in the Series B Preferred Share financing of Zoox, a U.S. technology company focused on developing a fully integrated autonomous vehicle mobility solution including building and operating a fleet of specially designed robo-taxis.

- Invested US$600 million in Ant International Co., Limited, a subsidiary of Ant Small and Micro Financial Services Group Co., Ltd. (Ant Financial). Ant Financial is a tech company dedicated to bringing more secure, transparent, cost-effective and inclusive financial services to individuals and small and medium sized enterprises globally.

Asset Dispositions:

- 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 approximately JPY20.5 billion ($255.2 million). Initial investment in GLP JDV I was made in 2011.

- Sold our 50% interest in the Samsung SDS building, a 1.1 million-square-foot office building in Seoul, South Korea. Net proceeds from the sale were approximately KRW182.4 billion ($214.7 million). Ownership interest was initially acquired in 2013.

- 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.

Investment highlights following year end include:

- Committed approximately US$900 million, as part of a consortium, to acquire Inmarsat plc, a leading provider of mobile satellite services based in the U.K.

Asset Dispositions:

- Agreed to sell Acelity Inc. for a total value of approximately US$6.725 billion alongside our consortium of Apax Partners and the Public Sector Pension Investment Board. Acelity is a leader in negative pressure wound therapy, specialty surgical and advanced wound dressing products.

- Agreed to sell our 19% stake in Advanced Disposal Services Inc. by supporting an acquisition by Waste Management Inc., subject to a voting agreement. The transaction is subject to regulatory and shareholder approval and net proceeds are expected to be US$549 million.

- Agreed to sell our 40% stake in Solveig Gas HoldCo A/S, a company that held a 25.6% stake in Gassled, a natural gas transport network in Norway.

Corporate Highlights:

- In October 2018, we welcomed Kelly Shen as Senior Managing Director & Chief Technology and Data Officer (CTDO), a newly created role on the senior leadership team.
- 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 $1.5 billion Green Bond in June 2018, which was the first such market offering from any pension fund.
- Initiated oversight and management of additional CPP contributions, which began in January, 2019. The contributions, benefits and resulting assets for the additional CPP must be accounted for separately from those for the base CPP, although all assets are held by CPPIB.
- 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.
- Dr. Heather Munroe-Blum was reappointed as Chairperson for a term expiring October 2020. Dr. Munroe-Blum first became a Director of CPPIB in 2010 and assumed the role of Chairperson in 2014. She also sits on the board of the Royal Bank of Canada, is Chairperson of the Gardiner Foundation, and was the Principal and Vice-Chancellor (President) of McGill University from 2003-2013.
- We welcomed the appointment of Chuck Magro to the Board of Directors. Appointed in July 2018, Mr. Magro is President and Chief Executive Officer of Nutrien Ltd. He serves on the boards of the International Fertilizer Association and the International Plant Nutrition Institute and serves as chair of Canpotex Limited, The Fertilizer Institute and the Nutrients for Life Foundation.
- We welcomed the appointment of Sylvia Chrominska to the Board of Directors. Appointed in September 2018, Ms. Chrominska serves on the board and as Chair of the Human Resources and Compensation Committee of Wajax Inc., on the board and as Chair of the Management Resources and Compensation Committee of Emera Inc., on the board and as Chair of the Stratford Festival and is also on the board of the University of Western Ontario.
- We welcomed the appointment of William "Mark" Evans to the Board of Directors. Appointed in May 2019, Mr. Evans is a technology investor. He was a member of the Management Committee at Goldman Sachs during a 15-year career working in Europe, Asia and the U.S. He went on to join Benchmark Capital's Entrepreneur in Residence program before becoming General Partner at Benchmark Europe/Balderton Capital, and co-founding TrustBridge Partners in China and Kindred Capital in Europe.

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 interests of 20 million contributors and beneficiaries. In order to build a diversified portfolio, 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 March 31, 2019, the CPP Fund totalled C$392.0 billion. For more information about CPPIB, please visit www.cppib.com or follow us on LinkedIn, Facebook or Twitter.

Disclaimer
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