All figures in Canadian dollars unless otherwise noted.

CPP Fund Totals $316.7 Billion at 2017 Fiscal Year-End

Net return of 11.8% and $37.8 billion increase in assets

TORONTO, ON (May 18, 2017): The CPP Fund ended its fiscal year on March 31, 2017 with net assets of $316.7 billion compared to $278.9 billion at the end of fiscal 2016. The $37.8 billion increase in assets for the year consisted of $33.5 billion in net income after all CPPIB costs and $4.3 billion in net Canada Pension Plan (CPP) contributions. The portfolio delivered a gross investment return of 12.2% for fiscal 2017, or 11.8% net of all costs.

"This was a strong year for the CPP Fund as we achieved one of the largest yearly increases in assets since the inception of CPPIB," said Mark Machin, President & Chief Executive Officer, Canada Pension Plan Investment Board (CPPIB). "As always, we continue to focus on longer-term performance. Year-by-year results will swing, but it is noteworthy that our 11.8% five-year return mirrors our annual return. We believe this is a strong indicator of our ability to generate steady, sustainable returns for generations of beneficiaries to come."

In fiscal 2017, CPPIB continued to prudently execute its long-term investment strategy to diversify the CPP Fund across multiple asset classes and geographies. Through four investment departments, the organization completed 182 global transactions.

"The composition of our highly diversified long-term portfolio continues to position us well, allowing us to take advantage of the strong performance of global stock markets this year, amid significant global geopolitical developments," said Mr. Machin. "Our diverse investment programs generated strong earnings, while fixed income investments remained relatively flat."

In the 10-year period up to and including fiscal 2017, CPPIB has now contributed $146.1 billion in cumulative net income to the Fund after all CPPIB costs. Since CPPIB's inception in 1999, it has contributed $194.1 billion. For the five-year period, the net nominal return was 11.8%, contributing $129.6 billion in cumulative net income to the Fund after all CPPIB costs.

Five and 10-Year Returns[1, 2]
(for the year ending March 31, 2017)

	Investment Rate of Return (Nominal)	Investment Rate of Return (Real)	Net Income[3]
5-Year Annualized	11.8%	10.3%	$129.6 billion
10-Year Annualized	6.7%	5.1%	$146.1 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.

"We are building a portfolio capable of delivering superior performance over multiple generations to help ensure the long-term sustainability of the CPP," said Mr. Machin. "We remain disciplined in doing this, investing only in assets that we believe will collectively deliver superior risk-adjusted returns over time. Our portfolio is designed to withstand short-term market uncertainty."

Long-Term Sustainability

CPPIB's 10-year annualized net nominal rate of return of 6.7%, or 5.1% on a net real rate of return basis, was above the Chief Actuary's assumption over this same period. The real rate of return is reported net of all CPPIB costs to be consistent with the Chief Actuary's approach.

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 his 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, will average 3.9% over 75 years.

The Chief Actuary's report also indicates that CPP contributions are expected to exceed annual benefit payments until 2021, after which a small portion of the investment income from CPPIB will be needed to help pay pensions. In addition, the report confirmed that the Fund's performance was well ahead of projections for the 2013-2015 period as investment income was 248% or $70 billion higher than anticipated.

The CPP's multi-generational funding and liabilities give rise to an exceptionally long investment horizon. To meet long-term investment objectives, CPPIB continues to build a portfolio designed to generate and maximize long-term returns at an appropriate risk level. Accordingly, long-term investment returns are a more appropriate measure of CPPIB's performance than returns in any given quarter or single fiscal year.

Relative Performance Against the Reference Portfolio

CPPIB also measures its performance against a market-based benchmark, the Reference Portfolio, representing a passive portfolio of public market indexes that reflect the level of long-term total risk that we believe is appropriate for the Fund.

To provide a clearer view of CPPIB's performance given our long-term horizon, we track cumulative value-added returns since the April 1, 2006 inception of the benchmark Reference Portfolio. Cumulative value-added over the past 11 years totals $8.9 billion, after all CPPIB costs.

In fiscal 2017, the Reference Portfolio's return of 14.9% outperformed the Investment Portfolio's net return of 11.8% by 3.1%. The Reference Portfolio return was $8.2 billion above the Investment Portfolio's return, after deducting all costs from the Investment Portfolio and CPPIB's operations. Over the five- and 10-year periods, the Investment Portfolio continued to outperform the Reference Portfolio by $5.6 billion and $6.7 billion, respectively, after all CPPIB costs.

"When public markets soar, as they generally did this year, we expect the public equity-based Reference Portfolio benchmark to perform exceptionally well," said Mr. Machin. "Over the longer term, the Investment Portfolio has outperformed the Reference Portfolio over both the past five- and 10-year periods. Given our deliberate choice to build a prudently diversified portfolio beyond just public equities and bonds, we expect to see swings in performance relative to this benchmark, either positive or negative, in any single year. Our investment portfolio is designed to deliver value-building growth and be resilient during periods of economic stress while adding value over the long term."

Total Costs

This fiscal year reflected a decline in the operating expense ratio for the second year in a row, as well as a slowdown in the growth of CPPIB's operating expenses. We are committed to maintaining cost discipline in the years ahead. Approximately 32% of our personnel expenses are denominated in foreign currencies and that percentage is expected to increase in the coming years as we continue to hire specialized talent and skills where most of our investing activities occur.

To generate the $33.5 billion of net income from operations after all costs, CPPIB incurred total costs of $2,834 million for fiscal 2017, compared to $2,643 million in total costs for the previous year. CPPIB total costs for fiscal 2017 consisted of $923 million, or 31.3 basis points, of operating expenses; $987 million in management fees and $477 million in performance fees paid to external managers; and $447 million of transaction costs. CPPIB reports on these distinct cost categories, as each is materially different in purpose, substance and variability. We report the investment management fees and transaction costs we incur by asset class and report the net investment income our programs generate after deducting these fees and costs. We then report on total Fund performance net of these fees and costs, as well as CPPIB's overall operating expenses.

Investment management fees increased due in part to the continued growth in the level of commitments and the average level of assets with external managers, and the year-over-year growth in the performance fees paid. Notably, performance fees reflect the strong performance of our external managers.

Transaction costs marginally increased by $10 million compared to the prior year. This year, we completed 19 global transactions valued at over $500 million, in addition to other transactions assessed across the investment groups. 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.

Portfolio Performance by Asset Class

Portfolio performance by asset class is included in the table below. A more detailed breakdown of performance by investment department is included in the CPPIB Annual Report for fiscal 2017, which is available at www.cppib.com.

PORTFOLIO RETURNS[1]		
Asset Class	**Fiscal 2017**	**Fiscal 2016[2]**
PUBLIC EQUITIES		
Canadian	19.2%	(6.4%)
Foreign	18.9%	(2.8%)
Emerging	18.9%	(8.7%)
PRIVATE EQUITIES		
Canadian	8.6%	4.0%
Foreign	15.8%	8.8%
Emerging	15.4%	17.0%
GOVERNMENT BONDS		
Marketable	(0.9%)	2.3%
Non-marketable	1.8%	(0.2%)
CREDIT INVESTMENTS	13.9%	8.4%
REAL ASSETS		
Real estate	8.3%	12.3%
Infrastructure	7.4%	9.3%
Other[3]	16.8%	(7.7%)
PERFORMANCE OF INVESTMENT PORTFOLIO[4]	**12.2%**	**3.7%**

[1] Investment results are calculated and reported on a time-weighted unhedged Canadian dollar basis, before CPPIB operating expenses.

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

[3] Other consists of Natural Resources and Agriculture investments, which were previously reported under Private Equities.

[4] The total Fund return in fiscal 2017 includes performance of $(854) million from currency management activities, $(308) million from cash and liquidity management activities, and a gain of $1.4 billion from absolute return strategies, which are not attributed to an asset class.

CPP INVESTMENT BOARD

Asset Mix

We continued to diversify the portfolio by the return-risk characteristics of various assets and countries during fiscal 2017. Canadian assets represented 16.5% of the portfolio, and totalled $52.2 billion. Assets outside of Canada represented 83.5% of the portfolio, and totalled $264.7 billion.

FOR THE YEAR ENDED MARCH 31 ($ billions)		**2017**	**2016**
CHANGE IN NET ASSETS			
Net contributions		4.3	5.2
Investment income (net of all CPPIB costs)		33.5	9.1
Increase in net assets		37.8	14.3
AS AT MARCH 31 ($ billions)		**2017**	**2016**[1]
ASSET MIX	(%)	($)	($)
PUBLIC EQUITIES			
Canadian	3.3	10.5	11.9
Foreign	27.9	88.4	66.9
Emerging	5.7	17.9	12.9
PRIVATE EQUITIES			
Canadian	0.4	1.2	1.6
Foreign	16.3	51.6	45.7
Emerging	1.8	5.8	4.7
GOVERNMENT BONDS			
Non-marketable	7.6	24.0	24.4
Marketable	18.3	58.2	32.5
CREDIT INVESTMENTS	5.5	17.5	17.0
REAL ASSETS			
Real estate	12.6	40.1	36.7
Infrastructure	7.7	24.3	21.3
Other[2]	2.8	8.7	2.3
EXTERNAL DEBT ISSUANCE	(6.3)	(19.9)	(15.6)
CASH AND ABSOLUTE RETURN STRATEGIES[3]	(3.6)	(11.4)	16.8
INVESTMENT PORTFOLIO	100.0	316.9	279.1
CASH FOR BENEFITS PORTFOLIO	-	-	-
NET INVESTMENTS[4]	**100.0**	**316.9**	**279.1**
PERFORMANCE OF INVESTMENT PORTFOLIO			
Annual rate of return (net of all CPPIB costs)		11.8%	3.4%

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

[2] Other consists of Natural Resources and Agriculture investments, which were previously reported under Private Equities.

[3] The negative balance of $11.4 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.

[4] Excludes non-investment assets (such as premises and equipment) and non-investment liabilities, totalling $(0.2) billion for fiscal 2017. As a result, net investments will differ from the net assets figure of $316.7 billion.

Investment Highlights
Highlights for the year include:

Public Market Investments
- Invested an additional C$400 million for a 1.4% stake in Kotak Mahindra Bank (Kotak). Kotak is a leading private-sector bank holding company in India, with additional lines of business in life insurance, brokerage and asset management. To date, CPPIB has invested a total of C$1.2 billion, representing a 6.3% ownership stake in the company.

- Invested US$280 million in convertible preferred equity securities of a parent company of Advanced Disposal Services, Inc. (Advanced Disposal), which converted to approximately 20% common equity of Advanced Disposal upon its initial public offering. Based in Ponte Vedra, Florida, Advanced Disposal is the fourth largest solid waste company in the U.S. with operations across 16 states and the Bahamas.

- Invested A$300 million for a 9.9% ownership in Qube Holdings Limited (Qube), the largest integrated provider of import-export logistics services in Australia. The investment helped fund Qube's share of the purchase of Asciano Limited, which was acquired by a consortium of global investors including CPPIB.

Investment Partnerships
- Invested US$137 million in Daesung Industrial Gases Co., Ltd. (Daesung) for an 18% ownership stake, alongside MBK Partners. Headquartered in Seoul, Daesung is the leading industrial gas producer in South Korea servicing a diversified blue-chip customer base with a resilient business model supported by long-term contracts.

- Acquired a 3.3% direct ownership interest in Bharti Infratel Limited for US$300 million, as part of the purchase of a 10.3% stake alongside funds advised by KKR, from India's Bharti Airtel Limited. Bharti Infratel deploys, owns and manages telecom towers and communication structures for various mobile operators, and is India's leading player.

- Announced a combined investment of US$500 million with TPG Capital for a 17% stake in MISA Investments Limited, the parent company of Viking Cruises. TPG Capital and CPPIB each invested US$250 million to support and accelerate Viking Cruises' growth initiatives and strengthen the company's balance sheet. Viking Cruises is a leading provider of worldwide river and ocean cruises, operating more than 60 cruise vessels based in 44 countries.

Private Investments
- Acquired an approximate 48% stake in GlobalLogic Inc., a global leader in digital product development services, from funds advised by Apax Partners LLP. Based in San Jose, California, GlobalLogic helps clients build innovative digital products to enhance customer engagement, user experience and service capabilities.

- Acquired 100% of Ascot Underwriting Holdings Ltd. and certain related entities (Ascot), together with Ascot's management, for a total consideration of US$1.1 billion. Based in London, England, Ascot is a Lloyd's of London syndicate and a global specialty insurance underwriter with expertise spanning multiple lines of businesses, including property, energy, cargo, casualty and reinsurance.

- Invested additional equity into Teine Energy Ltd. (Teine) to support Teine's acquisition of the Southwest Saskatchewan oil-weighted assets of Penn West Petroleum Ltd. for a cash consideration of C$975 million. Since 2010, CPPIB has invested approximately C$1.3 billion in Teine and holds approximately 90% of the company on a fully diluted basis.

Real Assets

- Acquired three U.S. student housing portfolios for approximately US$1.6 billion through a joint venture entity owned by CPPIB, GIC and The Scion Group LLC (Scion). CPPIB and GIC each own a 45% interest in these portfolios and Scion owns the remaining 10%. The joint venture's well-diversified US$2.9 billion national portfolio now comprises 48 student housing communities in 36 top-tier university markets, totalling 32,192 beds.

- Entered into two agreements to invest alongside Ivanhoé Cambridge and LOGOS, an Australian-based real estate logistics specialist, to develop and acquire modern logistics facilities in Singapore and Indonesia. In Singapore, CPPIB will initially commit S$200 million for an approximate 48% stake in the LOGOS Singapore Logistics Venture. CPPIB will also initially commit US$100 million in equity for an approximate 48% stake in LOGOS Indonesia Logistics Venture.

- Acquired a 50% interest in a portfolio of high-quality office properties in downtown Toronto and Calgary at a gross purchase price of C$1.175 billion from Oxford Properties Group, which will retain the remaining 50% interest. The 4.2-million-square-foot portfolio includes seven office buildings with a broad mix of tenants. The transaction brings the total size of the jointly owned Oxford-CPPIB office portfolio to over 12 million square feet.

- Acquired a 33% stake in Pacific National for approximately A$1.7 billion, as part of the consortium that acquired Asciano Limited. Pacific National is one of the largest providers of rail freight services in Australia.

Investment highlights following the year end include:

- Signed an agreement alongside Baring Private Equity Asia to acquire all the outstanding shares of, and to privatize, Nord Anglia Education, Inc. (Nord Anglia) for US$4.3 billion, including the repayment of debt. Nord Anglia operates 43 leading private schools globally in 15 countries in China, Europe, Middle East, North America and South East Asia. The transaction is subject to shareholder approval and customary closing conditions.

- Signed a definitive agreement to acquire Ascend Learning LLC (Ascend), a leading provider of educational content, software and analytics solutions, in partnership with private equity funds managed by Blackstone and Ascend management. The transaction is subject to customary regulatory approvals and customary closing conditions.

- Formed a strategic investment platform with The Phoenix Mills Limited (PML) to develop, own and operate retail-led mixed-use developments across India. CPPIB will initially own 30% in the platform, known as Island Star Mall Developers Pvt. Ltd., a PML subsidiary, which owns Phoenix MarketCity Bangalore, for an equity investment of approximately C$149 million. CPPIB's total commitment to the platform is up to approximately C$330 million, which will increase CPPIB's stake in the platform up to 49%.

Asset Dispositions

- Signed an agreement to sell CPPIB's 25% stake in AWAS, a Dublin-based aircraft lessor, to Dubai Aerospace Enterprise. The sale was made alongside Terra Firma. CPPIB had been an investor in AWAS since 2006.

- Sold CPPIB's 45% ownership interest in 1221 Avenue of the Americas, a Midtown Manhattan office property. Net proceeds to CPPIB from the sale were approximately US$950 million. CPPIB acquired the ownership interest in 2010.

- An affiliate of CPPIB Credit Investments Inc. sold a 16% equity stake in Antares Holdings (Antares) to a private investment fund managed by Northleaf Capital Partners (Northleaf). Northleaf and Antares are forming a broader strategic relationship, which will include developing separately managed accounts and other investment solutions designed specifically for Canadian asset managers, institutional investors and private clients.

Corporate Highlights

- Welcomed the appointments of three new members to CPPIB's Board of Directors for three-year terms:
  - Jackson Tai, appointed in June 2016 as our first non-resident Director, also serves on the boards of various publicly listed companies, including HSBC Holdings PLC, Eli Lilly & Company and MasterCard Incorporated.
  - Ashleigh Everett, appointed in February 2017, who is President, Corporate Secretary and Director of Royal Canadian Securities Limited and has served on a number of publicly listed companies.
  - John Montalbano, appointed in February 2017, also serves on a number of corporate boards, including Canalyst Financial Modeling Corporation, Wize Monkey Inc. and Eupraxia Pharmaceuticals Inc.

- Signed a Memorandum of Understanding with the National Development and Reform Commission of the People's Republic of China to offer CPPIB's expertise in assisting Chinese policy-makers as they address the challenges of China's aging population, including pension reform and the promotion of investment in the domestic senior care industry by global investors. Related to this agreement, CPPIB launched the Chinese edition of *"Fixing the Future: How Canada's Usually Fractious Governments Worked Together to Rescue the Canada Pension Plan"*.

- CPPIB Capital Inc. (CPPIB Capital), a wholly owned subsidiary of CPPIB, completed two international debt offerings, comprising three-year term notes totalling US$2 billion, and five-year term notes totalling US$2 billion. CPPIB utilizes a conservative amount of short- and medium-term debt as one of several tools to manage our investment operations. Debt issuance gives CPPIB flexibility to fund investments that may not match our contribution cycle. Net proceeds from the private placement will be used by CPPIB for general corporate purposes.

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 on behalf 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 March 31, 2017, the CPP Fund totalled $316.7 billion. For more information about CPPIB, please visit www.cppib.com or follow us on LinkedIn or Twitter.

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