

## **CPP INVESTMENT BOARD REPORTS FISCAL FIRST QUARTER PERFORMANCE RESULTS**

### ***CPP FUND UP \$4.2 BILLION WITH NET ASSETS REACHING \$165.8 BILLION***

**TORONTO, ON (August 10, 2012):** The CPP Fund ended the first quarter of its 2013 fiscal year on June 30, 2012 with net assets of \$165.8 billion, compared to \$161.6 billion at the end of the previous quarter on March 31, 2012. The \$4.2 billion increase in net assets after operating expenses resulted from \$0.8 billion in investment income and \$3.5 billion in net CPP contributions. The portfolio returned 0.5% for this quarter.

“Our performance results for the fiscal first quarter reflect the Fund’s resilience against continuing uncertainty, poorly performing equity markets and other global economic headwinds,” said Mark Wiseman, President and CEO, CPP Investment Board (CPPIB). “Our investment portfolio, broadly diversified across asset classes and geography, contributed to the Fund’s performance despite a turbulent market environment. While all major equity indices were down during the quarter, the positive contributions from our diversified active programs delivered stability overall. While quarterly results are relevant, CPPIB’s focus on the long horizon remains steadfast.”

During the quarter, CPPIB completed several significant transactions. Highlights include:

- An agreement to acquire significant minority interests in five major Chilean toll roads from Atlantia Group. The agreement involves CPPIB acquiring a 49.99% interest in Grupo Costanera and an equity commitment from CPPIB of approximately C\$1.14 billion. The transaction closed on August 3, 2012.
- The completion of two transactions in the North American energy sector. Our Private Debt group participated in a US\$150 million private placement with ECA Marcellus Production LLC, a wholly-owned subsidiary of Energy Corporation of America, which is a large private U.S. oil and gas company. Our private equity group completed a \$200 million equity investment in Seven Generations Energy Ltd., a Calgary-based oil and gas company with assets in the Kakwa area of Western Alberta.
- Commitments totalling US\$355 million in seven Class A multifamily properties in California, Illinois and Texas. CPPIB’s multifamily portfolio now comprises interests in seven U.S. markets and totals over 6,000 units.
- A follow on investment of \$98.5 million in GENIVAR Inc., a Montreal-based engineering services firm that provides a range of professional consulting services, for a total investment of \$178.4 million in that company.

- The earnings in the quarter also reflect positive valuations in two existing investments:
  - Alliance Boots – resulting from Walgreens’ offer to purchase a 45% interest in Alliance Boots.
  - Progress Energy Resources Corp. – resulting from an agreement for PETRONAS’ Canadian subsidiary to acquire Progress Energy.

CPPIB also announced several significant investments following quarter end:

- On July 8, 2012, CPPIB announced a joint venture investment with Lend Lease Corporation and the Australian Prime Property Fund Commercial to develop and hold two institutional quality, premium grade, energy-efficient waterfront office towers at the Barangaroo South Project in Sydney’s Central Business District in Australia. CPPIB is committing 50% or A\$1 billion (C\$1.04 billion) of the equity for the project.
- On July 18, 2012, CPPIB, BC Partners and Suddenlink Management announced an agreement to acquire Suddenlink Communications for US\$6.6 billion including US\$1.985 billion of total equity to be invested by the three partners. Suddenlink is the seventh-largest cable system operator in the U.S.
- On August 9, 2012, CPPIB and Goodman Group announced the launch of a partnership to target investments in logistics and industrial properties in key U.S. markets. Goodman and CPPIB have targeted an equity amount of US\$890 million on a 55/45 basis, representing a US\$400 million investment by CPPIB.

“We continue to assess opportunities today with a long horizon view, especially where we can realize value by leveraging our unique set of comparative advantages,” said Mr. Wiseman. “In doing so, we seek attractive global investment opportunities that emerge in varied market conditions. We are patient and will act, or not, on investment opportunities according to our ability to create value in the long run.”

**Long-term sustainability**

In the latest triennial review released in November 2010, the Chief Actuary of Canada reaffirmed that the CPP remains sustainable at the current contribution rate of 9.9% throughout the 75-year period of his report. The Chief Actuary’s projections are based on the assumption that the Fund will attain an annualized 4.0% real rate of return. The 10-year annualized nominal rate of return of the Fund is 6.3%.

The Chief Actuary’s report also indicates that CPP contributions are expected to exceed annual benefits paid until 2021, providing a 9-year period before a portion of the investment income from the CPPIB will be needed to help pay pensions.

## Asset Mix

For the period ending June 30, 2012 (\$ billions)		
<b>Investment Portfolio</b>	\$	%
<b>Equities</b>		
Public	56.4	34.0
Private	<u>28.0</u>	<u>16.9</u>
	<b>84.4</b>	<b>50.9</b>
<b>Fixed income</b>	<b>54.3</b>	<b>32.7</b>
(includes bonds, money market securities, other debt and debt financing liabilities)		
<b>Real assets</b>		
Real estate	17.7	10.7
Infrastructure	<u>9.5</u>	<u>5.7</u>
	<b>27.2</b>	<b>16.4</b>
<b>Investment Portfolio<sup>1</sup></b>	<b>165.9</b>	<b>100.0</b>

<sup>1</sup> Excludes non-investment assets such as premises and equipment and non-investment liabilities

## Five and 10-Year Returns

(For the period ending June 30, 2012)

	<b>Investment Rate of Return</b>	<b>Investment Income</b>
<b>5-Year Annualized</b>	2.1%	\$17.7 billion
<b>10-Year Annualized</b>	6.3%	\$60.6 billion

Note: All figures in Canadian dollars unless otherwise noted.

## About CPP Investment Board

The CPP Investment Board is a professional investment management organization that invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of 18 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, the CPP Investment Board invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in London and Hong Kong, the CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At June 30, 2012, the CPP Fund totaled \$165.8 billion. For more information about the CPP Investment Board, please visit [www.cppib.ca](http://www.cppib.ca).

## For More Information

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