Web site: www.cppib.ca

CPP Fund Totals $161.6 Billion at 2012 Fiscal Year-End

TORONTO, ON (May 17, 2012): The CPP Fund ended its fiscal year on March 31, 2012 with net assets of $161.6 billion, compared to $148.2 billion at the end of fiscal 2011, which marks a new all-time high for the Fund. The $13.4 billion increase in assets after operating expenses resulted from $9.9 billion in investment income and $3.9 billion in net CPP contributions. The portfolio returned 6.6% for fiscal 2012.

"Overall our investment programs delivered a strong performance in fiscal 2012 despite the challenging global equity markets over the past year," said David Denison, President and CEO, CPP Investment Board (CPPIB). "While we witnessed dramatic fluctuations in global capital markets, our diversification of assets and growing number of global investments contributed to the Fund's resilience."

While Canadian equity markets suffered declines in the past year, CPPIB saw gains in its investments in U.S. and foreign equity markets, and in fixed income instruments. The Fund also realized gains from its investments in private markets, including holdings in infrastructure and real estate.

"The fiscal 2012 performance of the Fund benefitted from our active management programs and private market holdings, which are less sensitive to the excessive volatility experienced by the public equity markets," said Mr. Denison. "This was a very active year for the Fund. As a long-term investor, we were able to take advantage of opportunities provided by market dislocations. We also expanded our global reach in order to participate in the growth and vitality of the world's emerging markets."

During fiscal 2012, CPPIB's investment teams added a number of significant private equity, infrastructure, real estate and private debt investments to the portfolio. Some highlights of the year's activities include:

- We completed the acquisition of Kinetic Concepts, Inc., a leading global medical technology company, partnering alongside Apax Partners and the PSP Investment Board. This was the second largest private equity transaction globally in calendar 2011 and marks the third consecutive year that CPPIB has participated in the largest or second largest global private equity transaction.

- We completed a wide range of real estate investments, including CPPIB's largest real estate investment to date with the investment of $1.84 billion in a portfolio of regional malls and redevelopment sites in the U.S.; our first direct entry into the U.S. multifamily sector; our first direct investment in Hong Kong to acquire an industrial facility; two new retail investments in Brazil; a joint venture to develop Victoria Circle in a prime area of London's West End; and a joint venture to develop a major office tower in downtown Toronto.

- We completed the acquisition of a 24.1% stake in the Gassled Joint Venture, a major gas transport infrastructure in Norway, partnering alongside consortium members Allianz Capital Partners and a wholly-owned subsidiary of the Abu Dhabi Investment Authority.
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- We completed the acquisition of 99 Cents Only Stores, a U.S.-based deep discount retailer, partnering alongside Ares Management LLC and the Gold/Schiffer Family.

- We participated in the sale of Skype Technologies to Microsoft Corporation. This sale of our direct investment yielded a significant return of approximately $964 million on our initial capital investment of $329 million which was made in September 2009.

We also announced a significant infrastructure investment following the fiscal year-end, entering an agreement to acquire a significant minority stake in five major Chilean toll roads for $1.14 billion.

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.

"We are pleased that our 10-year annualized nominal rate of return of 6.2% is above the 4.0% prospective real rate of return that the Chief Actuary has incorporated in his latest report confirming the sustainability of the CPP, which was achieved even with the sharp declines in equity markets in recent years," said Mr. Denison. "Although the recovery that began in 2010 and continued into 2011 faltered slightly this year, the 10-year return reinforces our confidence in the ability of the Fund's current portfolio composition and our active investment strategy to generate the returns required to sustain the CPP at its current contribution rate over the longer term."

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.

Performance Against Benchmarks
In fiscal 2007, CPPIB launched an active management strategy to generate additional returns for the Fund. CPPIB measures its performance against a market-based benchmark, the CPP Reference Portfolio, representing a passive portfolio of public market investments that can reasonably be expected to generate the long-term returns needed to help sustain the CPP at the current contribution rate.

In fiscal 2012, total portfolio returns outperformed the CPP Reference Portfolio, adding $3.1 billion to the Fund. Given our long-term view, we also track cumulative value-added performance for the six-year period since the inception of our active strategy. The cumulative outperformance added $4.8 billion to the CPP Fund. The net dollar value-added after expenses is $3.3 billion over this period.

"Our active management programs contributed to the Fund's outperformance in fiscal 2012," Mr. Denison said. "CPPIB has been increasing the proportion of the Fund's holdings in private market investments, which are well suited to our size, certainty of assets and long-term investment horizon. Over time, we expect these assets to add even greater value given the inherent long duration of these types of investments."

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 2012, which is available at www.cppib.ca.

PORTFOLIO RETURNS[1]		
Asset Class	**Fiscal 2012**	**Fiscal 2011**
Canadian public equities	-10.7%	20.3%
Canadian private equities	8.1%	16.9%
Public foreign developed market equities	3.6%	9.1%
Private foreign developed market equities	12.1%	19.4%
Public emerging market equities	-7.9%	11.2%
Private emerging market equities	6.6%	17.1%
Bonds and money market securities	9.5%	5.3%
Non-marketable bonds[2]	14.4%	4.3%
Inflation-linked bonds	16.3%	10.2%
Other debt	8.5%	16.3%
Foreign sovereign bonds[3]	N/A[4]	3.0%
Real estate	13.0%	13.9%
Infrastructure	12.8%	13.3%
Investment Portfolio[5]	6.6%	11.9%

[1] Investment results by asset class are reported on an unhedged Canadian dollar basis as any currency hedging takes place at the total portfolio level (except foreign sovereign bonds).
[2] Non-marketable bonds were previously aggregated with bonds and money market securities.
[3] Returns for foreign sovereign bonds include the impact of currency hedging.
[4] A return for foreign sovereign bonds is not shown for fiscal 2012 as the strategy existed for less than one year.
[5] The Investment Portfolio return in fiscal 2012 includes a $129 million loss from currency hedging activities and a $127 million gain from absolute return strategies, which are not attributed to an asset class.

Asset Mix
We continued to diversify the portfolio by risk/return characteristics and geography during fiscal 2012. At the end of fiscal 2012, the Fund's net assets were valued at $161.6 billion, a year-over-year increase of $13.4 billion net of operating expenses of $440 million or 28.6 basis points.

Canadian assets represented 40.2% of the investment portfolio, and totaled $65.1 billion. Foreign assets represented 59.8% of the investment portfolio, and totaled $96.7 billion.

FOR THE YEAR ENDED MARCH 31 ($ billions)		2012	2011	2010	2009	2008
CHANGE IN NET ASSETS						
Net contributions		3.9	5.4	6.1	6.6	6.5
Investment income (loss) net of operating expenses		9.5	15.2	16.0	(23.8)	(0.4)
Increase (decrease) in net assets		13.4	20.6	22.1	(17.2)	6.1
AS AT MARCH 31 ($ billions)	2012		2011	2010	2009	2008
INVESTMENT PORTFOLIO	(%)	($)	($)	($)	($)	($)
Equities[1]						
Canada	8.8	14.2	21.0	18.5	15.6	28.9
Foreign developed markets	35.1	56.7	50.8	46.2	40.4	47.5
Emerging markets	6.5	10.6	7.6	6.5	4.6	0.7
Fixed income						
Non-marketable bonds	14.6	23.6	21.8	22.7	23.2	23.8
Marketable bonds	11.1	18.0	15.8	12.7	5.2	6.4
Inflation-linked bonds	2.0	3.2	3.9	4.4	4.1	4.7
Other debt	5.4	8.8	6.1	3.5	1.8	1.1
Money market securities	1.6	2.5	2.3	1.7	(0.8)	-
Debt financing liabilities	(1.5)	(2.4)	(1.4)	(1.3)	-	-
Real assets						
Real estate	10.6	17.1	10.9	7.0	6.9	6.9
Infrastructure	5.8	9.5	9.5	5.8	4.6	2.8
Investment Portfolio[2]	100.0	161.8	148.3	127.7	105.6	122.8
PERFORMANCE						
Annual rate of return		6.6%	11.9%	14.9%	-18.6%	-0.3%

[1]Equities represented 50.4% of the investment portfolio or $81.5 billion. That amount consisted of 34.1% public equities valued at $55.2 billion and 16.3% private equities valued at $26.3 billion.
[2] Excludes non-investment assets such as premises and equipment and non-investment liabilities.

Five and 10-Year Returns
(for the period ending March 31, 2012)

	Investment Rate of Return	**Investment Income**[1]
5-Year Annualized	2.2%	$17.7 billion
10-Year Annualized	6.2%	$59.4 billion

[1] Dollar figures are cumulative.

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 March 31, 2012, the CPP Fund totaled $161.6 billion. For more information about the CPP Investment Board, please visit www.cppib.ca.

For More Information

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