2017 Funding & Results Review

Sponsor Briefing: March 9, 2018

OPTrust

Our mission:

Paying pensions today, preserving pensions for tomorrow.

2017 Highlights

Fully funded

defined benefit
Pension plan

35

basis points
operating costs

3.30%

discount rate,
down from
3.40% in 2016

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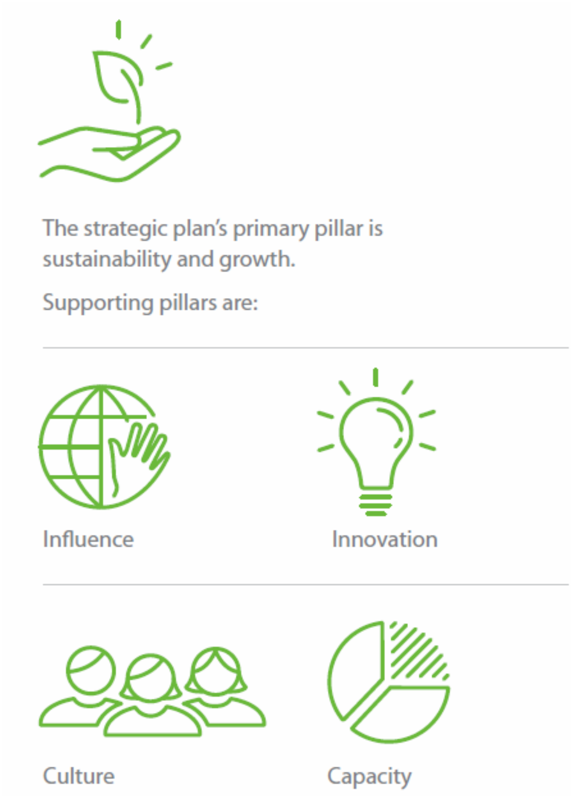
Strategy: Continuing the Conversation



- Pension Citizens
- An Innovation Organization
- Culture
- Prudent Stewardship
- Focus on Members
- Funding Policy

Serving Our Members

Top Ten
CEM global defined benefit service ranking

9/10
average member satisfaction score

46,604
member requests received and processed

86%
of member requests processed within service standards

62,119
telephone counselling events

54,535
online transactions

244,682
email notices (reporting and information items)

1,235
in-person counselling sessions

9.5%
net investment return

49
pension information sessions in different cities and towns

Over $1B
total pension benefits paid

55%
first-contact resolution

20 seconds
response time (calls handled)

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Member Reconciliation

	Active Members	Pensioners and Beneficiaries	Other Members	Total Membership
Number at December 31, 2016	43,575	36,409	9,558	89,542
New entrants	5,037	-	-	5,037
Retirements	(797)	1,349	(552)	-
Terminations, deaths and other changes	(2,556)	(403)	779	(2,180)
Number at December 31, 2017	45,259	37,355	9,785	92,399
% of funding liability	39%	57%	4%	100%

Active/Inactive Ratio 0.96 at December 31, 2017 (0.95 at December 31, 2016).

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CONTINUING *the* CONVERSATION

Funding Highlights

At December 31 ($ millions)

	2017 Valuation	2016 Valuation
Net assets available for benefits	$20,290	$19,045
Actuarial smoothing adjustment	(885)	(681)
Present value of future contributions	5,797	5,395
TOTAL Assets	25,202	23,759
Present value of future benefits	(24,718)	(23,332)
Provision for future expenses	(350)	(294)
TOTAL Liabilities	(25,068)	(23,626)
TOTAL Surplus	**$134**	**$133**

December 31, 2017 Valuation

- Deferred investment gains of $885 million
- Valuation Report will be filed with regulators
  - December 31, 2017 valuation supports contributions through December 31, 2020
  - Assumptions strengthened considerably
  - Reflects demographic experience study conducted by OPTrust in 2017
  - Future assumed mortality improvement rates strengthened

Assumption	From	To
Discount Rate	3.40%	3.30%

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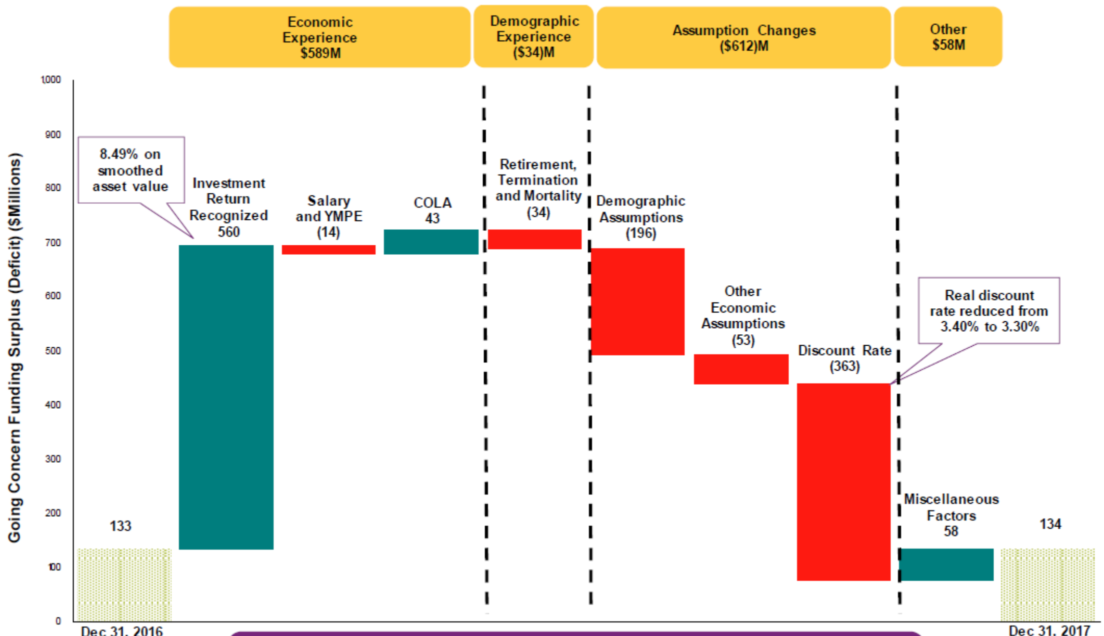
Changes to Going Concern Funding Surplus (Deficit)



Smoothed Asset Value: $19 billion
Net Present Value of Future Benefits: $19 billion

Willis Towers Watson OPTrust

Solvency Valuation Results

($ millions)	Dec 31, 2017	Dec 31, 2016
Solvency value of assets[1]	20,369	19,166
Solvency liabilities	20,244	19,786
Solvency surplus (deficit) prior to election	125	(620)
Solvency Ratio	100%	96%
Solvency surplus (deficit) specified[2]	N/A	0

1 Net of assumed windup expenses of $50 million and solvency asset adjustment.
2 Regulation 1.3.1(3) of the PBA allows any solvency deficit to be specified to zero.

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CONTINUING *the* CONVERSATION

Operating Challenges

Low Interest Rates

Volatile Markets

Plan Maturity

Our Goal: To ensure OPTrust is well-positioned to meet these challenges and **keep the pension promise sustainable** over the **long term**.

- OPTrust manages the Plan **conservatively** through a rigorous risk-based process
- OPTrust utilizes multiple tools to fulfill our mission but must continue to **explore other tools** to enhance long-term sustainability of the Plan
  - Primary tools are the investment policy and the funding policy

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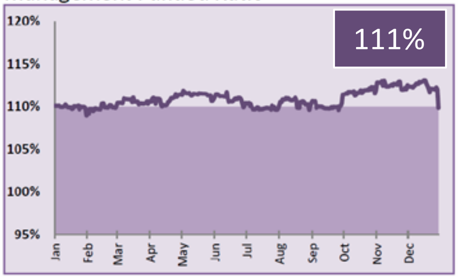
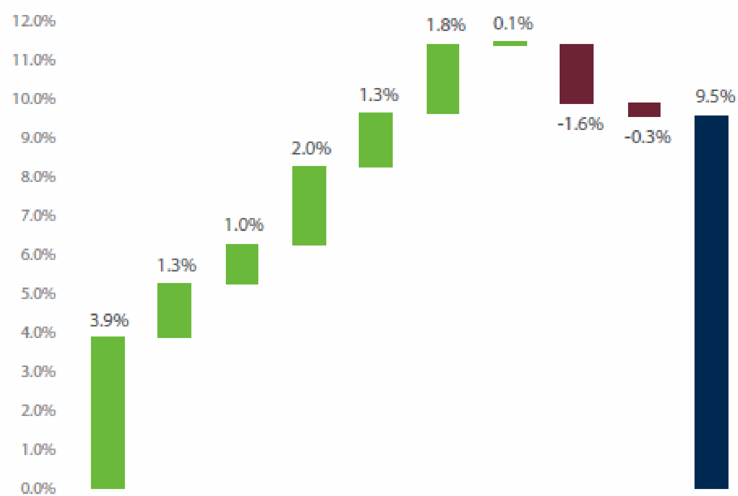
Total Fund Investment Performance

Management Funded Ratio



We continue to focus on building a resilient portfolio that harvests a diversified set of risk premia in different economic environments.

(Contribution-to-Total Return) At December 31, 2017



	Public Equity	Fixed Income	Absolute Return Strategies	Real Estate	Infra-structure	Private Equity	Cash	Currency	Overlay*	Total Fund (CAD)
Local Return	22.9%	4.6%	5.0%	14.7%	11.0%	21.6%	1.3%	-1.6%	-0.3%	9.5%
Net Weight	14.7%	31.1%	22.6%	13.9%	10.5%	9.4%	-2.2%			

*Includes risk management overlay strategies implemented through TPOC.

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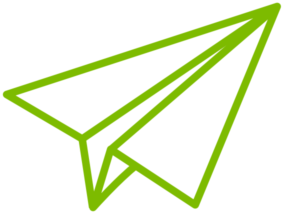
Responsible Investing Program Approach

OPTrust supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the global standard to provide investors with the information required to assess the financial impact of climate change. As we endorse the TCFD, we are committed to reporting against the framework ourselves.

- Governance
- Active Ownership
- ESG integration
- Stakeholder engagement



Fully funded

defined benefit pension plan

The measure that matters.

CONTINUING *the* CONVERSATION

2017 FUNDED STATUS REPORT

2017