

News release

For immediate distribution

PSP Investments Reports Fiscal Year 2015 Results

Montréal, July 23, 2015—The Public Sector Pension Investment Board (PSP Investments) announced today a gross total portfolio return of 14.5% for the fiscal year ended March 31, 2015 (fiscal year 2015). For the 10-year period ended March 31, 2015, PSP Investments' net annualized investment return reached 7.6% or 5.8% after inflation, significantly above the net long-term rate of return objective used by the Chief Actuary of Canada for the public sector pension plans, which averaged 6.0% or 4.2% after inflation for the period.

The investment return for the year exceeded the Policy Portfolio Benchmark rate of return of 13.1%, representing \$1.5 billion of value added. In Fiscal 2015, all portfolios achieved solid performances, the majority generating double digit investment returns.

"We are pleased with these strong returns in a year that saw the appointment of a new Chair in November 2014 and the arrival of André Bourbonnais, our new President and CEO, at the end of March 2015," said Michael P. Mueller, Chair of the Board of PSP Investments. "This performance attests to the strength and depth of the organization and its senior management team and to the quality of its corporate governance."

"I wish to highlight the contribution of two of our key people whose efforts were crucial to keeping us on course to record these strong results; namely, John Valentini, who led us with great poise during his tenure as Interim President and CEO, and Cheryl Barker, who stepped up solidly in her role as Interim Chair during a large part of the year," added Mr. Mueller.

Solid Foundation from which to Grow

"I wholeheartedly embrace PSP Investments' important social mission of contributing to the long-term sustainability of the public sector pension plans for the ultimate benefit of the contributors and beneficiaries," said André Bourbonnais, President and CEO of PSP Investments. "I intend to build on the strength and depth of our organization to deliver on that mission. With the projected growth in assets -, this will undoubtedly involve expanding into still more asset classes, transforming PSP Investments into a truly global pension investment manager with a local presence in select international markets and supplementing the organizational structure to better capture opportunities at the total fund level."

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Surpassing Targets and Financial Thresholds

In fiscal 2015, PSP Investments' net assets increased by \$18.3 billion or 20%. These gains were attributable to a combination of strong investment performance and net contributions. Net assets at the end of fiscal 2015 exceeded the \$100-billion threshold to a record \$112.0 billion. PSP Investments generated profit and other comprehensive income of \$13.7 billion in the latest fiscal year. Over the past five-year period, PSP Investments recorded a gross compound annualized investment return of 11.7% and generated \$43.3 billion in investment income.

Public Markets Equities, Fixed Income and Private Markets Post Solid Returns

For fiscal 2015, Public Markets Equities returns ranged from 7.2% for the Canadian Equity portfolio to 29.5% for the US Large Cap Equity portfolio. The Fixed Income portfolio generated a return of 9.4% while the return for the World Inflation-Linked Bonds portfolio was 16.9%.

In 2015, all Private Markets asset classes achieved strong investment returns. Real Estate and Natural Resources¹ led the way with returns of 12.8% and 12.2%, respectively. Infrastructure posted a 10.4% investment return while the Private Equity portfolio investment return was 9.4%.

The asset mix as at March 31, 2015, was as follows: Public Markets Equities 50.2%, Fixed Income and World Inflation-Linked Bonds 17.9%, Real Estate 12.8%, Private Equity 9.0%; Infrastructure 6.3%; Cash and Cash Equivalents 2.4% and Natural Resources 1.4%.

For more information about PSP Investment's fiscal 2015 performance, please view PSP Investments' Annual Report, available at www.investpsp.ca.

About PSP Investments

The Public Sector Pension Investment Board (PSP Investments) is one of Canada's largest pension investment managers with \$112.0 billion of net assets under management as of March 31, 2015. Its highly skilled and dedicated team of professionals manages a diversified global portfolio, including public equities, private equity, bonds and other fixed-income securities, real estate, infrastructure and natural resources. PSP Investments is a Crown Corporation established to manage employer and employee net contributions since April 1, 2000, to the pension funds of the federal Public Service, the Canadian Forces and the Royal Canadian Mounted Police, and since March 1, 2007, the Reserve Force. PSP Investments' head office is located in Ottawa, Ontario, and its principal business office is in Montréal, Québec. For more information about PSP Investments' fiscal year 2015 results, please visit www.investpsp.ca.

- 30 -

¹ Formerly known as Renewable Resources.

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