2015 REPORT TO MEMBERS

A MESSAGE FROM PLAN LEADERSHIP

We are pleased with the strong 2015 results achieved by our Investment and Member Services professionals, and with the plan’s positive funding situation. However, our enthusiasm is tempered by the global investment outlook and the plan’s demographic profile, both of which are flashing yellow caution signals.

Economic growth in most countries is quite weak, with low or declining interest rates and low inflation. Ontario Teachers' needs to take investment risks in order to pay lifetime pensions — but as a mature pension plan with a declining ratio of active to retired members, we must also minimize the risk of a major investment loss. The Ontario Teachers' board oversees an increasingly complex and global asset mix. The plan sponsors, Ontario Teachers' Federation and the Ontario government, therefore expanded the board size to 11 members from nine previously. We welcome Patti Croft, Lise Fournel and Kathleen O'Neill as our newest board members. Each has extensive international business experience, and their perspectives will be welcome.

YOUR PENSION PLAN IN 2015

Strong investment performance, combined with conditional inflation protection, produced the plan’s third consecutive preliminary funding surplus at January 1, 2016. We continue to look ahead and abroad — helping members make informed decisions about their future while spanning the globe to find the best investment opportunities to pay pensions.