$180.5B
Net assets up $4.9B from December 31, 2016

3.7%
Six-month total-fund gross return

4.5%
Six-month gross asset return in local currency

New Deals
Anbaric Development – Clean Energy Partnership
Page 3
“At Ontario Teachers’, our investment portfolio is designed for stable performance in a variety of market conditions. Our international team of investment professionals is focused on identifying opportunities to help deliver sustainable pensions to our members.”

Ron Mock, President and Chief Executive Officer

Total-fund return

Net assets increased to $180.5 billion at June 30, 2017, with a total-fund gross return of 3.7% (3.6% net of investment administrative expenses).

$180.5B

in net assets

3.7%

Six-month total-fund gross return

Inflation protection restored to 100%

In June, as a result of the preliminary surplus reported as of January 1, 2017, Ontario Teachers’ Federation (OTF) and the Ontario government, which jointly sponsor the pension plan, announced that they will use surplus funds to restore full inflation protection for retired members and decrease contribution rates by 1.1% for active members. Both changes are effective January 1, 2018.

A history of successful returns

INVESTMENT PERFORMANCE

(percent)

GROSS RETURNS¹

3.7  4.2  10.5  7.3

NET RETURNS²

3.6  4.0  10.3  7.1

2017 YTD  1-Year  5-Year  10-Year

As of June 30, 2017  As of December 31, 2016

10.1

9.9

Return since inception to December 31, 2016

¹ Net of trading costs, investment management expenses and external management fees, but before Ontario Teachers’ investment administration expenses.

² Net returns include Ontario Teachers’ investment administrative expenses.

Currency impact on total-fund gross return

Gross asset return in local currency was 4.5%, but we report assets and liabilities in Canadian dollars. The plan invests in 37 currencies around the world. In the first half of 2017, the appreciation of the Canadian dollar had a -0.8%, or -$1.4 billion, impact on the plan’s total-fund gross return.

4.5%

Six-month gross asset return in local currency
## EVOLVING ASSET MIX

### DETAILED ASSET MIX¹

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Canadian $ billions)</td>
<td>(percent)</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicly traded</td>
<td>36.3</td>
<td>20</td>
</tr>
<tr>
<td>Non–publicly traded</td>
<td>28.8</td>
<td>16</td>
</tr>
<tr>
<td><strong>Fixed income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>42.0</td>
<td>24</td>
</tr>
<tr>
<td>Real-rate products</td>
<td>20.2</td>
<td>11</td>
</tr>
<tr>
<td><strong>Inflation sensitive</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>5.5</td>
<td>3</td>
</tr>
<tr>
<td>Natural resources</td>
<td>5.8</td>
<td>3</td>
</tr>
<tr>
<td>Inflation hedge</td>
<td>11.5</td>
<td>6</td>
</tr>
<tr>
<td><strong>Real assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>24.4</td>
<td>14</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>18.9</td>
<td>11</td>
</tr>
<tr>
<td>Real-rate products</td>
<td>1.6</td>
<td>1</td>
</tr>
<tr>
<td>Credit</td>
<td>11.6</td>
<td>7</td>
</tr>
<tr>
<td>Absolute return strategies</td>
<td>10.5</td>
<td>6</td>
</tr>
<tr>
<td>Overlay</td>
<td>(0.4)</td>
<td>0</td>
</tr>
<tr>
<td>Money market</td>
<td>(38.7)</td>
<td>(22)</td>
</tr>
<tr>
<td><strong>Net investments²</strong></td>
<td>178.0</td>
<td>100</td>
</tr>
</tbody>
</table>

¹ Comparable mid-year figures will be published annually when they become available in 2018.

² Net investments, which comprise investments less investment-related liabilities per the June 30, 2017, Condensed Interim Consolidated Statement of Financial Position, exclude all other assets and liabilities.

### ASSET CLASSES REDEFINED IN 2017

```
2016 ASSET CLASSES

EQUITIES
FIXED INCOME
NATURAL RESOURCES
REAL ASSETS
ABSOLUTE RETURN STRATEGIES

2017 ASSET CLASSES

EQUITIES
FIXED INCOME
CREDIT
INFLATION SENSITIVE
REAL ASSETS
ABSOLUTE RETURN STRATEGIES
```

“At Ontario Teachers’, we have a philosophy that a robust portfolio must diversify risk and generate returns across market scenarios. We are pleased to announce strong investment results in our first mid-year report, despite a complicated market environment.”

Bjarne Graven Larsen, Executive Vice-President and Chief Investment Officer
INVESTING IN RELATIONSHIPS

At Ontario Teachers’, we believe that relationships and returns are inextricably linked. For more than 25 years, we have shown that we can best meet our members’ retirement needs by working with partners who share our investment and business goals.

Year-to-date deal highlights

**High Speed 1 (HS1)** Ontario Teachers’ agrees to sell its interest in high-speed rail line HS1. Our investment led to significant regeneration in many areas along the route, reinforced the ongoing attractiveness of investing in the U.K., and was a winning transaction across the board.

**Mémora** This investment in Spain’s leading funeral services provider expands Ontario Teachers’ footprint in the European funeral services sector, with a focus on continued growth and best-in-class customer relations.

**CareerBuilder** Ontario Teachers’ acquires a stake in CareerBuilder, which helps employers around the world find, hire and manage great talent. The transaction is a clear demonstration of Ontario Teachers’ focus on strategic partnerships with aligned investors and talented leadership teams.

**Intact Financial** Ontario Teachers’ provides equity financing to help fund Intact Financial’s acquisition of OneBeacon Insurance, the insurer’s first major investment outside of the Canadian market.

**OGF** Ontario Teachers’ becomes the majority shareholder in France’s leading funeral services provider, OGF, underscoring the plan’s mandate of investing in companies with stable long-term growth and proven track records.

**Spandana Sphoorty** Ontario Teachers’ Hong Kong Private Capital team makes its first direct investment in India with the acquisition of a stake in Spandana Sphoorty, a leading micro-finance institution offering loans to women of low-income households.

**MapleCo** Ontario Teachers’ invests in MapleCo, a newly formed smart meter provider in the U.K. that will contribute to Great Britain’s move to more efficient and affordable energy supplies by funding the purchase and installation of smart gas and electricity meters.

**Anbaric** Ontario Teachers’ and Anbaric form a partnership to develop clean energy infrastructure projects in North America. The investment taps into the sector’s exciting and growing potential, and will allow the plan to participate in projects that support the transition to a low-carbon economy.
GOOD GOVERNANCE MEANS GOOD BUSINESS

The first half of every year is proxy voting season. It has been a long-held belief and key pillar of our investing philosophy that good governance means good business. To be sure, one of our most important rights as public company investors is the right to vote. For that reason, our objective is to vote every single share of every company we own for every shareholder meeting. We ensure that our votes are cast in a manner consistent with our Corporate Governance Principles and Proxy Voting Guidelines and in the best economic interests of company shareholders over the long term.

Proxy voting

Proposals voted as at June 30, 2017: 19,290
Meetings voted as at June 30, 2017: 1,394

GEOGRAPHIC BREAKDOWN OF MEETINGS VOTED

<table>
<thead>
<tr>
<th>Region</th>
<th>Meetings Voted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of World</td>
<td>29</td>
</tr>
<tr>
<td>Oceania</td>
<td>39</td>
</tr>
<tr>
<td>Asia</td>
<td>368</td>
</tr>
<tr>
<td>Europe</td>
<td>441</td>
</tr>
<tr>
<td>Canada and USA</td>
<td>517</td>
</tr>
</tbody>
</table>

Ontario Teachers’ joins the board of the ICGN

Ontario Teachers’ head of corporate governance, public equities, Paul Schneider, has been named to the board of the International Corporate Governance Network (ICGN), a global investor-led organization of governance professionals. Members of the ICGN include institutional investors based in 47 countries, who collectively manage some US$26 trillion in assets.

Ontario Teachers’ recognized by Women in Capital Markets

Ontario Teachers’ CEO Ron Mock and Senior Managing Director for Private Capital Jane Rowe are recognized by Toronto-based Women in Capital Markets as two of 16 corporate leaders who have pushed the boundaries in the advancement of women in Canada.

Holding ourselves accountable to provide a supportive work environment that allows our female employees especially to juggle work–life balance is key. We understand that being supportive of job sharing, flexible work arrangements, different career paths and alternative management styles is genuinely needed if we want to attract, develop and retain the best talent.
A MISSION-DRIVEN ORGANIZATION

Delivering for our members through a globally diversified portfolio

STRONG RELATIONSHIPS
Working with partners who share our goals is fundamental to our investing philosophy

GLOBAL SCALE
Investment professionals in Toronto, London and Hong Kong source and manage deals globally

ASSET DIVERSIFICATION
Our investments span asset classes to form a portfolio that generates returns across market scenarios

Our apple
Throughout history and across cultures, the apple has represented knowledge and prosperity.

In Ontario, apples – fresh in fall, dried and bottled for winter – were a staple of the pioneer diet. Students also gave apples to their teachers as a token of respect.

At Ontario Teachers’, the apple represents the value we place on our members’ service to children and society, and our responsibility to help teachers enjoy a secure retirement.

MISSION: Outstanding service and retirement security for our members – today and tomorrow

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