



PRESS RELEASE

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FOUR-YEAR ANNUALIZED RETURN REACHES 9.6% 12% RETURN FOR 2014 Net assets reach \$226 billion

Montréal, February 25, 2015 – La Caisse de dépôt et placement du Québec today released its financial results for the year ended December 31, 2014, and announced that the weighted average return on its clients' funds reached 9.6% over four years and 12% over one year.

Net assets attributable to clients totalled \$225.9 billion, compared to \$151.7 billion as at December 31, 2010, increasing by \$74.2 billion over four years. During that period, net investment results totalled \$67.2 billion and net deposits were \$7.0 billion.

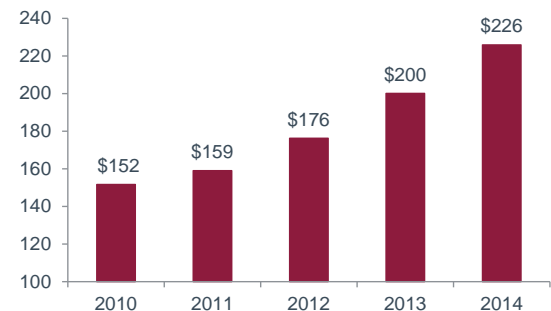
In 2014, la Caisse's 12% return generated \$23.8 billion of net investment results, in addition to \$1.9 billion in net deposits. Each of the three major asset classes – Fixed Income, Inflation-Sensitive Investments and Equities – made substantial contributions to the overall performance of the portfolio.

“Our portfolio has shown its resilience in the face of increased volatility brought about by the collapse in oil prices, the continued decline in interest rates and the strong appreciation of the U.S. dollar,” said Michael Sabia, President and Chief Executive Officer of la Caisse. “The second half of 2014 tested the soundness of our investment strategy and we continued to deliver results that exceed our clients' long-term needs.”

Longer-term results

Over five years, la Caisse's annualized return is 10.4%. **Over 10 years**, la Caisse had a 6.5% annualized return, despite the financial crisis. This return demonstrates la Caisse's solid performance since 2009, in line with its clients' long-term needs.

CAISSE NET ASSETS OVER FOUR YEARS
(as at Dec. 31)
In billions





RETURNS BY ASSET CLASS

	At Dec. 31, 2014	4 years		2014	
	Net assets (\$ billions)	Net investment results (\$ billions)	Return (%)	Net investment results (\$ billions)	Return (%)
Fixed Income	82.3	14.0	5.6	6.1	8.4
Inflation-Sensitive Investments	34.0	12.4	12.1	3.4	11.0
Equities	106.9	36.5	10.7	12.9	13.9
Caisse return¹	225.9	67.2	9.6	23.8	12.0

¹The total includes ABTN, Asset Allocation, Overlay Strategies and Customized Overlay Strategies portfolios, cash activities of the individual funds and completed activities.

“Our strategy is clear: tangible assets and projects, high-quality securities with more stability and less risk, increased exposure to global growth and a meaningful impact in Québec,” Mr. Sabia said. “This strategy is delivering solid returns over the long term. In a market environment that promises to be more complex over the next few years, we intend to stay the course.”

Over four years, the returns of la Caisse’s eight largest clients range from 8.9% to 10.2%, and in 2014, from 11.0% to 12.5%.

HIGHLIGHTS – INVESTMENT STRATEGY

Absolute-return management

La Caisse’s investment strategy centres on an absolute-return approach in which investment portfolios are built on strong convictions, irrespective of benchmark indices. These indices are only used ex post, to measure the portfolios’ performance. The approach is based on active management and rigorous, fundamental analysis of potential investments.

La Caisse now constructs most of its portfolios using this approach. The Global Quality Equity and Canadian Equity portfolios, as well as investments in less-liquid assets – real estate, infrastructure and private equity – are already managed using this absolute-return approach. In time, this strategy will apply to 75% of la Caisse’s investments.

The **Global Quality Equity** portfolio, a cornerstone of this strategy, reached \$28.3 billion in net assets as at December 31, 2014. Since its inception, in 2013, it has generated an annualized return of 25.2%.

The **Canadian Equity** portfolio was repositioned and is now considerably more focused on securities selected on the basis of strong investment convictions, such as the durable recovery in the United States. The portfolio returned 13.4% in 2014, outperforming markets.

Less-liquid assets

La Caisse’s strategy also focuses on tangible assets that generate more stable and predictable current yields, in line with its clients’ long-term needs. The expected increase in volatility in equity markets and the low yields expected in bond markets reinforce the importance of these more resilient assets in la Caisse’s overall portfolio.

These portfolios have generated solid performances over time, returning 12.7% over four years. They significantly outperformed the equity market and fixed income portfolios, which returned, respectively, 10.1% and 5.6% over the four-year period. The same holds true for the 10-year period.



Between 2010 and 2014, the three portfolios of less-liquid assets underwent important changes.

First, the weight of external funds in the **Private Equity** portfolio went from almost 70% in 2010 to less than 45% in 2014, in favour of direct investments with a superior performance over four years.

In **real estate**, 2014 was a banner year for Ivanhoé Cambridge. La Caisse's subsidiary accelerated the implementation of its strategy and carried out a record volume of transactions, with \$5.1 billion in acquisitions and \$8.6 billion in dispositions. All transactions had the same objective: disposing of non-strategic properties to refocus on assets of the highest quality, and building a critical mass in key sectors and markets. As a result, Ivanhoé Cambridge disposed of 21 hotels and acquired multi-residential and logistics properties, two sectors in which it intends to expand in the future. It also sold properties in Munich and Frankfurt and increased its footprint in Manhattan, Seattle and Denver.

In **infrastructure**, la Caisse continued geographical and sectoral diversification of its portfolio, which more than doubled in size over the past four years. In 2014, it carried out three major transactions, including two in the United States (Indianapolis Power & Light Company and Invenergy) and one in the United Kingdom (London Array).

In order to increase its investments in less-liquid assets and generate even greater value through operational expertise, la Caisse plans to build on its existing infrastructure expertise in the years to come. As such, if approved by Québec's National Assembly, it plans to establish CDPQ Infra, a new subsidiary that will carry out public infrastructure projects in an integrated manner – from planning to operation – as it already does in real estate. Initially, two public transit projects in Québec have been proposed. La Caisse intends to export this new business model to global infrastructure markets, which offer substantial opportunities.

Impact in Québec

In Québec, la Caisse continued to play a leading role with companies at all stages of their growth, focusing in particular on those with plans to expand outside Québec. In 2014, more than a third of the investments in growth capital and private financing supported the expansion of Québec companies elsewhere in Canada and internationally. In this regard, la Caisse invested in WSP, KDC, Agropur, ALT Hotels and the architectural firm Lemay. New investments and commitments in Québec companies totalled \$2.5 billion in 2014, reaching more than \$11.1 billion over four years. Assets in Québec reached \$60 billion as at December 31.

La Caisse's impact in Québec goes well beyond these numbers since it strives above all to play a sustained and impactful role in the economy. Through various initiatives, la Caisse fosters the development of SMEs, strengthens Québec's entrepreneurial culture and partners in projects with benefits far beyond the dollars invested. The *Innov. Agir.* program, the anticipated creation of CDPQ Infra and the investment facilitating the development of Manulife's presence in Québec are only a few examples.

Global footprint

In the past four years, la Caisse shifted 5% of its exposure in Canada to other markets so as to diversify its portfolio and further capitalize on global growth. Today, more than 47% of its exposure is outside the country. This represents more than \$117 billion in foreign assets, versus \$72 billion at the end of 2010.

This increased footprint in the global marketplace is reflected in \$4.5 billion of real estate acquisitions in the United States and \$3.8 billion in infrastructure investments in the United States and Australia. Announcements made in early 2015 bring real estate investments in the United States to more than \$7 billion since the end of 2010. In growth markets, Ivanhoé Cambridge invested more than \$1 billion, mainly to strengthen its shopping centre platform in Brazil, where assets grew by 180% over four years.



La Caisse deployed almost \$2 billion in public equity markets alongside established partners in Brazil, China and India. These partners were selected for their in-depth knowledge of emerging public markets and their absolute-return approach, aligned with that of la Caisse.

In 2014, la Caisse opened offices in Washington, D.C., and Singapore. In 2015, it will open offices in Mexico City and Sydney, two key markets.

FINANCIAL REPORTING

Over the past year, la Caisse continued to improve its efficiency and pay close attention to operating expenses. Including external management fees, operating expenses totalled \$328 million in 2014. The ratio of expenses was 16 cents per \$100 of average net assets, compared to 17 cents in 2013 and 19.4 cents in 2010. This ratio continues to position la Caisse among global leaders in its category.

Finally, the credit rating agencies reaffirmed la Caisse's investment-grade ratings with a stable outlook, namely AAA (DBRS), AAA (S&P) and Aaa (Moody's).

ABOUT LA CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

La Caisse de dépôt et placement du Québec is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans. As at December 31, 2014, it held \$226 billion in net assets. As one of Canada's leading institutional fund managers, la Caisse invests globally in major financial markets, private equity, infrastructure and real estate. For more information: www.lacaisse.com.

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For more information

Maxime Chagnon
Senior Director, Media Relations
Tel.: 514 847-5493
mchagnon@lacaisse.com



Returns

(for the period ended December 31, 2014)

Specialized portfolio	4 years				1 year		
	Net assets at Dec. 31, 2014 \$ millions ¹	Net investment results \$ millions ¹	Return	Index %	Net investment results \$ millions ¹	Return %	Index %
Fixed Income							
Bonds	62,870	10,385	5.6	5.2	4,626	8.2	8.9
Real Estate Debt	10,441	2,433	7.9	5.1	1,068	11.9	8.8
Short Term Investments	6,830	259	1.1	1.0	59	1.0	0.9
Long Term Bonds	2,208	938	7.9	8.1	342	18.2	18.4
Subtotal	82,349	14,015	5.6	4.9	6,095	8.4	8.5
Inflation-Sensitive Investments							
Real Estate	22,878	8,814	12.1	13.8	2,114	9.9	11.1
Infrastructure	10,133	3,344	13.8	17.9	1,149	13.2	21.5
Real Return Bonds	980	192	4.6	4.6	125	13.2	13.2
Subtotal	33,991	12,350	12.1	14.5	3,388	11.0	13.9
Equities							
Global Quality Equity ²	28,354	6,516	25.2	18.6	3,929	18.5	11.6
Canadian Equity	24,564	5,359	5.9	6.2	2,845	13.4	11.8
Emerging Markets Equity	11,805	1,317	2.4	2.2	949	9.2	9.0
U.S. Equity	10,263	7,265	20.1	20.1	2,232	24.0	23.9
EAFE Equity	9,510	3,396	9.2	8.8	379	4.0	3.7
Equity Markets³	84,496	27,451	10.1	9.5	10,482	14.4	11.9
Private Equity	22,396	9,056	13.0	14.0	2,384	12.1	12.5
Subtotal³	106,892	36,507	10.7	10.5	12,866	13.9	12.0
Active Overlay Strategies	533	230	N/A	N/A	230	N/A	N/A
Asset Allocation	1,537	913	N/A	N/A	1,033	N/A	N/A
ABTNs	30	2,644	N/A	N/A	137	N/A	N/A
Total⁴	225,851	67,226	9.6	9.3	23,775	12.0	11.4

¹Net assets and net investment results are net of operating expenses.

²The portfolio was created on January 1, 2013. For the four-year period, the return corresponds to the period from January 1, 2013, to December 31, 2014.

³The Québec International portfolio was closed out on November 30, 2012 and the Global Equity portfolio on March 31, 2014. Their returns are included in this line.

⁴The total includes Overlay Strategies, cash activities of individual funds and completed activities.