



NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

New Brunswick Teachers' Pension Plan Fund

Ten years ended December 31, 2014

Year Ended December 31	Gross Return %	Net Return %	Benchmark Return %	Composite 3-Yr SD* %	Benchmark 3-Yr SD* %	NBTPP AUM** (in millions of \$CAD)	Firm AUM** (in millions of \$CAD)
2014	12.54	12.37	11.55	3.72	3.92	5,056.7	12,219.7
2013	12.57	12.41	12.09	4.12	4.37	4,654.4	10,652.2
2012	8.54	8.40	7.82	4.35	4.56	4,285.3	9,707.6
2011	3.66	3.50	2.88	6.71	7.13	4,022.8	9,081.3
2010	9.31	9.16	9.13	10.29	10.58	3,951.6	8,900.9
2009	13.93	13.78	13.84			3,685.9	8,248.8
2008	(16.66)	(16.83)	(16.66)			3,302.1	7,315.2
2007	4.96	4.81	4.37			4,039.4	8,898.4
2006	10.08	9.94	9.58			3,917.9	8,550.0
2005	13.82	13.70	13.53			3,621.3	7,825.2

* SD means the standard deviation

**AUM means Assets Under Management

Composite Description

The New Brunswick Teachers' Pension Plan fund (NBTPP Fund) includes all portfolios managed by New Brunswick Investment Management Corporation (NBIMC) on behalf of the NBTPP Fund, based on that pension plan's objectives and risk management goals. The NBTPP Fund composite includes public equity, fixed income, inflation linked, absolute return, real estate and private equity asset classes.

Composite Creation Date

The NBTPP Fund composite was created July 1, 2014, following the conversion of the Teachers' Pension Act (TPA) to the New Brunswick Teachers' Pension Plan (NBTPP) under the Teachers' Pension Plan Act. Prior to April 1, 2014, the pension funds for the TPA were included in the Pension Funds composite. The NBTPP is administered by a joint Board of Trustees. NBIMC has created this composite for reporting to the NBTPP Board of Trustees.

NBIMC has been the investment manager for this pension fund since March 31, 1996. The historical results for the NBTPP Fund composite are presented on a calendar basis.



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Firm Description

NBIMC is a Crown corporation established under the *New Brunswick Investment Management Corporation Act* of 1994. NBIMC is primarily responsible for acting as investment manager for pension and other public sector trust funds (collectively, the “Funds; and individually, the “Fund”).

The Funds are invested in unit trust funds established by NBIMC to facilitate the collective investment management and administration of these assets. At December 31, 2014, there were 26 active unit trust funds, each with a specific investment mandate. The Funds managed by NBIMC hold units in the unit trust funds in accordance with their investment policy.

A complete list and description of firm composites are available upon request.

Compliance Statement

NBIMC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. NBIMC has been independently verified for the periods December 1, 1996 through December 31, 2014. The verification reports are available upon request.

Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

Calculation Methodology

Composite returns were calculated in Canadian dollars using the aggregate return method on a daily basis. Daily returns were linked geometrically to calculate periodic returns. Returns include dividends net of withholding taxes, interest, as well as realized and unrealized gains and losses as of the last business day of the calendar year.

Performance returns expressed on a gross basis are after the deduction of all trading expenses, but before the deduction of investment management costs and custodial fees.

Under the terms of its investment management agreements, NBIMC charges for its investment management services on a cost recovery basis, allocated prorata to the Funds according to assets under management. Performance returns expressed on a net basis are after the deduction of all expenses charged for the composite assets under management, including trading expenses, custodial fees, and investment management costs.



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The composite performance presented in these schedules may not be indicative of future performance. Readers should also be aware that other performance calculation methods may produce different results, and that the results for specific accounts and for different periods may vary from composite returns presented. Comparisons of investment results should consider qualitative circumstances and should be made only to portfolios with generally similar objectives.

In the calculation and presentation of performance returns, NBIMC is not aware of any instances in which this presentation does not conform with the laws and regulations of any province or territory of Canada in which NBIMC operates.

Additional information regarding NBIMC's policies and procedures for calculating and reporting composite results is available upon request.

Number of Portfolios and Internal Dispersion

The internal dispersion measure and number of portfolios are not presented because the NBTPP Fund is the only portfolio in the composite.

Three Year Annualized Ex-Post Standard Deviation

The 3 year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 month period.

Sub-advisors

NBIMC enters into sub-advisory agreements whereby certain assets are managed by sub-advisors. Rates of return earned on assets managed by the sub-advisors are included in NBIMC's composite presentations because NBIMC maintains full discretion over the use and choice of sub-advisors.

Derivative Instruments and Short Positions

Futures contracts, forward foreign exchange contracts, exchange traded and over-the-counter options and swaps, and short positions are used in NBIMC's investment management activities.

These derivative instruments are used for various purposes, including:

- to simulate exposure to a particular market index, but with lower transaction costs;
- to enhance performance returns;
- to modify the cash flow characteristics of an investment; or
- to hedge against potential losses due to changes in foreign exchange rates or stock prices.



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In using derivative instruments, as described above, NBIMC has established investment criteria, policies and procedures over the extent and use of derivative instruments to manage performance returns and mitigate market risks such as foreign currency, interest rate and pricing risk.

Benchmark Description

The NBTPP Fund's composite blended benchmark is calculated daily using a blend of the asset class benchmarks, based on the beginning daily weights for the respective asset classes. Benchmark returns were calculated using the following indices and weights on December 31, 2014:

Index	Weight (%)
S&P/TSX Composite	18.6
MSCI Canada Minimum Volatility	2.1
S&P 500	10.9
MSCI USA Minimum Volatility	3.2
MSCI EAFE	15.7
MSCI EAFE Minimum Volatility	2.8
FTSE NAREIT All Equity REITS	3.1
S&P/TSX Capped REIT	1.9
CPI + 4%	3.3
FTSE TMX Canada All Government Bond	17.2
FTSE TMX Canada All Corporate Bond	7.0
FTSE TMX Canada Real Return Bond	9.4
FTSE TMX Canada 91-Day T-Bill	4.5
Canadian Call Loan	0.3

Effective December 2005, the S&P/TSX Composite was replaced as a benchmark by the S&P/TSX Equity Index due to the planned introduction of income trust securities into the composite. Effective January 2007, the S&P/TSX Equity Index was replaced as a benchmark by the S&P/TSX Composite Index following completion of extensive research regarding income trusts as a component of this index and due to the decline in the composition of the companies making up the S&P/TSX Equity Index.

Effective April 2008, Canadian dollar benchmarks were implemented for international exposure, in conjunction with a foreign exposure hedging overlay strategy. The benchmark for the passive foreign currency exposure hedging overlay is equal to actual returns because the strategy does not attempt to profit from tactical foreign exchange decisions. The MSCI EAFE index replaced MSCI Europe and the NIKKEI 225; and the S&P500 replaced the Russell 2000.

Effective October 1, 2014, minimum volatility benchmarks replaced the market cap indices for Canadian, US, and EAFE Low Volatility public equity funds.