Actuaries' Opinion to the Directors of the Ontario Pension Board

Aon Hewitt was retained by the Ontario Pension Board ("OPB") to prepare the following actuarial valuations of the Public Service Pension Plan ("PSPP"):

- An actuarial valuation as at December 31, 2014 on a funding basis, as described in Note 6 of these financial statements, prepared in accordance with the *Public Service Pension Act* and applicable pension legislation.
- An actuarial valuation as at December 31, 2015 for purposes of these financial statements, prepared in accordance with the Chartered Professional Accountants of Canada Handbook, Section 4600.

The actuarial valuation of the PSPP as at December 31, 2014 on a funding basis was based on membership data provided by OPB as at December 31, 2014.

Using the same data as provided by OPB for the funding valuation of the PSPP, we have prepared a valuation of the liabilities as of December 31, 2014 on the basis of the accounting methodology required by the Chartered Professional Accountants of Canada Handbook, Section 4600, as disclosed in Note 6, and extrapolated the liabilities to December 31, 2015. The valuation as at December 31, 2015 was based on assumptions that reflect OPB's best estimates of future events such as future rates of inflation, future retirement rates and future rates of return on the pension fund. The amounts are set out in the statement of changes in pension obligations.

We hereby certify that, in our opinion:

- The data provided to us by OPB as of December 31, 2014 are sufficient and reliable;
- The actuarial assumptions used are appropriate for the purposes of each valuation; emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations; and
- The methods used are appropriate for purposes of each valuation and are consistent with the applicable regulatory requirements.

Our valuations have been prepared, and our opinions given, in accordance with accepted actuarial practice.

AON HEWITT

Allan H. Shapira

Allan H. Shapira
Fellow of the Canadian Institute of Actuaries
March 2, 2016

Andrew Hamilton

Andrew Hamilton
Fellow of the Canadian Institute of Actuaries

OPB
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Management's Responsibility for Financial Reporting

The financial statements of the Ontario Pension Board ("OPB") have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements are in accordance with Canadian accounting standards for pension plans. Of necessity, many amounts in the financial statements must be based on the best estimates and judgment of management with appropriate consideration as to materiality. Financial information presented throughout this annual report is consistent with the financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded against unauthorized use or disposition, and proper records are maintained. The system includes careful hiring and training of staff, the establishment of an organizational structure that provides for a well-defined division of responsibilities and the communication of policies and guidelines of business conduct throughout OPB.

The Board of Directors (the "Board") is ultimately responsible for the financial statements of OPB. OPB's Audit Committee assists in this responsibility by reviewing the financial statements in detail with management and the external auditors before such statements are recommended to the Board for approval. The Audit Committee meets regularly with management and the external auditors to review the scope and timing of audits, to review their findings and suggestions for improvements in internal control, and to satisfy themselves that their responsibilities and those of management have been properly discharged.

Mark J. Fuller
President & CEO
March 2, 2016

Michel J. Paradis
Chief Financial Officer

Independent Auditors' Report to the Directors of the Ontario Pension Board

We have audited the accompanying financial statements of the Ontario Pension Board, which comprise the statement of financial position as at December 31, 2015, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Pension Board as at December 31, 2015, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Ernst & Young LLP

Toronto, Canada
March 2, 2016

Ernst & Young, LLP
Licensed Public Accountants
Chartered Professional Accountants

Statement of Financial Position

As at December 31 (in thousands of dollars)	2015	2014
Assets		
Investments (Note 4)	**$ 23,151,396**	$ 22,253,391
Investment-related assets (Note 4)	**84,899**	65,977
Contributions receivable		
Members	**21,390**	17,985
Employers	**43,803**	26,668
Capital assets (Note 5)	**1,962**	2,331
Total assets	**23,303,450**	22,366,352
Liabilities		
Investment-related liabilities (Note 4)	**190,383**	99,991
Accounts payable and accrued charges	**36,852**	35,543
Contributions payable	**1,020**	–
Total liabilities	**228,255**	135,534
Net assets available for benefits	**23,075,195**	22,230,818
Pension obligations (Note 6)	**23,509,215**	22,562,386
Deficit (Note 7)	**$ (434,020)**	$ (331,568)

See accompanying notes

On behalf of the Board:

M. Vincenza Sera
Chair

Patti Croft
Chair, Audit Committee

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Statement of Changes in Net Assets Available for Benefits

For the year ended December 31 (in thousands of dollars)	**2015**	2014
Investment operations		
Net investment income (Note 8)	**$ 1,223,981**	$ 1,641,904
Operating expenses – investment operations (Note 10)	**(22,563)**	(19,604)
Net investment operations	**1,201,418**	1,622,300
Pension operations		
Contributions (Note 9)		
Members	**318,315**	310,338
Employers and sponsor	**413,289**	408,753
Transfer of service from other plans	**111,431**	81,382
Retirement pension payments	**(1,038,418)**	(989,261)
Termination and other benefits	**(137,349)**	(94,113)
Operating expenses – pension operations (Note 10)	**(24,309)**	(23,638)
Net pension operations	**(357,041)**	(306,539)
Net increase in net assets for the year	**844,377**	1,315,761
Net assets, at beginning of year	**22,230,818**	20,915,057
Net assets, at end of year	**$ 23,075,195**	$ 22,230,818

See accompanying notes

Statement of Changes in Pension Obligations

For the year ended December 31 (in thousands of dollars)	2015	2014
Pension obligations, at beginning of year	**$ 22,562,386**	$ 21,894,206
Increase in pension obligations		
Interest on pension obligations	**1,329,768**	1,292,110
Benefits accrued		
Service accrual	**604,304**	614,031
Transfer of service from other plans	**111,431**	81,382
Past service buybacks	**33,357**	31,838
Experience losses	**97,914**	3,959
Total increase	**2,176,774**	2,023,320
Decrease in pension obligations		
Benefits paid	**1,175,767**	1,083,374
Changes in actuarial assumptions (Note 6)	**54,178**	271,766
Total decrease	**1,229,945**	1,355,140
Net increase in pension obligations	**946,829**	668,180
Pension obligations, at end of year	**$ 23,509,215**	$ 22,562,386

See accompanying notes

Notes to the Financial Statements

Note 1 *Public Service Pension Act*

Effective January 1, 1990, the Province of Ontario (the "Province") enacted the *Public Service Pension Act*, 1990 ("*PSPAct*") to continue the pension plan for the employees of the Province and certain of its agencies. The terms of the Public Service Pension Plan ("PSPP" or the "Plan") are stated in Schedule 1 to the *PSPAct*. Ontario Pension Board ("OPB") is the administrator of the PSPP.

Note 2 Description of PSPP

The following is a brief description of the PSPP. For more complete information, reference should be made to the *PSPAct*.

a) General

The PSPP is a contributory defined benefit pension plan. Membership is mandatory for persons or classes of persons who satisfy the eligibility requirements provided in the *PSPAct*. Persons who are entitled, but not required, to join the Plan, including Deputy Ministers and contract employees, may elect to participate. Under the PSPP, both the members and the employers make contributions. The PSPP is registered with the Financial Services Commission of Ontario and the Canada Revenue Agency (Registration Number 0208777) as a registered pension plan not subject to income taxes.

b) Contributions

The PSPP is integrated with the Canada Pension Plan ("CPP"). Contribution rates are 6.4% of the salary on which contributions are made up to the Year's Maximum Pensionable Earnings ("YMPE") and 9.5% of the salary above the YMPE. Employers contribute matching amounts.

Ontario Provincial Police ("OPP") officers are required to contribute an additional 2% of salary, which is matched by the employer. These additional contributions are used to fund an unreduced early retirement provision available to OPP officers meeting a minimum 50 years of age and 30 years of service. The contribution rates for OPP officers, inclusive of the additional 2% of salary, are 9.2% of the salary on which contributions are made up to the YMPE, and 12.3% of the salary above the YMPE. The contribution rates for OPP civilians are 6.775% of the salary on which contributions are made up to the YMPE, and 9.875% of the salary above the YMPE.

Contributions from members and employers are remitted to OPB. The portion of these contributions that exceeds *Income Tax Act* (*Canada*) limits is transferred to the Province's Public Service Supplementary Benefits Account ("PSSBA").

c) Pensions

A pension is payable at age 65 based on the number of years of credit in the PSPP multiplied by 2% of the average salary during the best consecutive 60-month period, less an offset for integration with the CPP at age 65. An unreduced pension can be received before age 65 if the member's age and years of credit total 90 ("Factor 90") or when the member reaches age 60 and has 20 or more years of credit.

OPP officers are eligible for a pension payable based on the average salary during the best 36-month period. Likewise, OPP Civilians are eligible for a pension payable based on the average salary during the best 48-month period. In addition, OPP officers are eligible for an unreduced pension after attaining age 50 with 30 years of credit.

d) Death benefits

Upon the death of a member or pensioner, benefits may be payable to a surviving eligible spouse, eligible children, a designated beneficiary or the member's or retired member's estate.

e) Disability pensions

Based on meeting all eligibility criteria, a disability pension may be available to members with a minimum of 10 years of credit in the PSPP. The amount of the disability pension is dependent on years of credit and average salary.

f) Termination payments

Members terminating employment before age 55 who are eligible for a deferred pension may be entitled to transfer the commuted value of the pension to a locked-in registered retirement savings arrangement, to transfer to another pension plan, or to purchase a life annuity.

g) Escalation of benefits

Current pensions and deferred pension benefits are increased for inflation based on the Consumer Price Index to a maximum of 8% in any one year. Any inflation above 8% in any one year is applied to increase the pension in subsequent years when the adjustment is less than 8%.

Note 3 Summary of significant accounting policies

Basis of presentation

The financial statements are prepared in accordance with Canadian accounting standards for pension plans and present the position of the PSPP as a separate entity independent of the employers and Plan members.

In accordance with Section 4600, Pension Plans, of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook, Canadian accounting standards for private enterprises in Part II of the CPA Canada Handbook have been chosen for accounting policies that do not relate to the investment portfolio or pension obligations to the extent that those standards do not conflict with the requirements of Section 4600.

a) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts on the statements of changes in net assets available for benefits and changes in pension obligations during the reporting period. Actual results could differ from those estimates. The most significant estimates affecting the financial statements relate to the determination of the pension obligations and the fair values of the Plan's Level 3 investments.

b) Investments and Related Liabilities

Investments are stated at fair value, including accrued income. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fair value of financial instruments is determined as follows:

(i) Short-term investments are recorded at cost, which, together with accrued interest or discount earned, approximates fair value.

(ii) Bonds and OPB Finance Trust debentures are valued at quoted market prices, where available. For those debt instruments for which quoted market prices are not available, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

(iii) Equities are valued at quoted market prices at closing where available. Where quoted market prices are not available, other industry pricing conventions that are used by market participants such as ask price are used to estimate the values.

(iv) Pooled fund values for publicly traded securities are supplied by the fund managers based upon fair value quotations.

(v) Derivative financial instruments such as foreign exchange and bond forwards, equity futures contracts and options are recorded at fair value using year-end market prices where available. For those instruments for which market prices are not available, estimated fair values are determined using appropriate valuation models based on industry-recognized methodologies.

(vi) Real estate, consisting primarily of income-producing properties, and participating mortgages are valued at estimated fair value determined annually by independent appraisals. The cost of properties acquired during the year may be used as an approximation of their fair value where there has been no significant change in fair value. Non-operating real estate investments such as vacant land and real estate assets under construction are carried at their latest independently appraised values, plus any additional development costs.

(vii) Private market and alternative investments, which include infrastructure, private equity, private debt and real estate funds, are valued using the most recently available financial information provided by the fund managers and adjusted for any transactions during the interim period up to the reporting date of these financial statements.

(viii) Mortgages and private debt are valued using discounted future cash flows based on year-end market yields and comparable securities, as appropriate.

Investment transactions are recorded on trade date. Interest is recognized on an accrual basis when earned. Dividend income is recognized on the ex-dividend date. Distributions from investments in pooled funds are recognized when declared by the fund managers. Since real estate is valued on a fair value basis, depreciation and amortization are not recorded. Interest on participating mortgages is accrued at the rate stated in the instrument, and any participation income is recognized on an accrual basis. Transaction costs are expensed as incurred.

Net investment income (loss) also includes fair value changes. Fair value changes represent both realized and unrealized gains and losses. Realized gains or losses are recognized when OPB has transferred to the purchaser the significant risks and rewards of ownership of the investment, the purchaser has made a substantial commitment demonstrating its intent to honour its obligation, and the collection of any additional consideration is reasonably assured.

c) Pension obligations

Pension obligations are determined based on an actuarial valuation prepared by an independent firm of actuaries based on an actuarial valuation report prepared for funding purposes. This valuation uses the projected benefit cost method pro-rated on service and management's best estimate of various economic and non-economic assumptions.

d) Contributions

Contributions due to the PSPP at year-end are recorded as receivable. Transfers into the Plan and purchases of prior service are recorded after cash is received and the transfer or purchase transaction is completed.

e) Capital assets

Capital assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the capital assets as follows:

Computer equipment: 3 years

Leasehold improvements: Remaining term of lease

Furniture and fixtures: 10 years

f) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The fair values of investments and cash balances denominated in foreign currencies are translated at the rates in effect at year-end.

Note 4 Investments

Investments before allocating the effect of derivative contracts consist of the following:

Investments

As at December 31 (in thousands of dollars)	2015	2014
Cash and short-term investments		
Canada	$ 489,584	$ 744,777
Foreign	179,568	178,848
	669,152	923,625
Bonds and private debt		
Canada	6,317,419	5,527,631
Foreign	620,595	778,617
	6,938,014	6,306,248
Equities		
Canada	1,813,019	2,117,745
Foreign	7,753,984	8,365,759
	9,567,003	10,483,504
Real estate (net of financing, Note 4(i))	4,247,082	3,425,640
Infrastructure	1,167,558	754,609
Private equity	562,587	359,765
Total investments	23,151,396	22,253,391
Investment-related assets		
Pending trades	10,322	17,936
Derivatives receivable	74,577	48,041
Total investment-related assets	84,899	65,977
Investment-related liabilities		
Pending trades	10,978	29,278
Derivatives payable	179,405	70,713
Total investment-related liabilities	190,383	99,991
Total net investments	$ 23,045,912	$ 22,219,377

a) Investment asset mix

The Plan's actual and target investment asset mix is summarized below as at December 31:

Asset mix

	2015		2014		
	Asset Allocation %		Asset Allocation %		
	Total Plan	**Target**	Total Plan	Target	SIP&P Range
Asset categories					
Cash and equivalents[1]	**(0.3%)**	**3.0%**	0.3%	3.0%	
Fixed income	**27.0%**	**25.0%**	27.5%	31.0%	
Long bonds	**1.8%**	**3.5%**	n/a	n/a	
Real return bonds	**0.3%**	**1.0%**	0.0%	0.0%	
Fixed income	**28.8%**		27.8%		10%–45%
Canadian equities	**9.8%**	**10.5%**	10.3%	10.5%	
Foreign developed equities	**20.5%**	**19.0%**	24.1%	20.0%	
Emerging equities	**15.0%**	**14.5%**	17.3%	15.0%	
Private equity	**2.4%**	**2.0%**	1.8%	1.0%	
Equity	**47.7%**		53.5%		15%–75%
Real estate	**18.5%**	**17.5%**	15.3%	16.5%	
Infrastructure	**5.0%**	**4.0%**	3.4%	3.0%	
Real assets	**23.5%**		18.7%		20%–45%
Total investments	**100.0%**	**100.0%**	100.0%	100.0%	

1 The asset categories in this Asset Mix table are adjusted to reflect the market exposures after allocating derivatives positions to the asset classes to which they relate, offset by an adjustment to cash and equivalents. This reallocation can result in a negative cash and equivalents position when the synthetic position created using derivative contracts is additive to existing positions. As at December 31, 2015, an overall synthetic long position in equity futures and positions in forward foreign exchange contracts reduced the cash and equivalents position by $0.6 billion and $0.1 billion, respectively, resulting in a negative synthetic cash position of $0.1 billion.

The Plan approved an updated Strategic Asset Allocation ("SAA") on September 19, 2014, which is summarized in the Statement of Investment Policies & Procedures ("SIP&P") most recently updated and approved on November 4, 2015. A transition plan to achieve the updated SAA was also approved on September 19, 2014. The transition plan is being phased in over a five-year period. During this period, the asset mix of the Plan's investments may not fall within the SIP&P ranges. However, the ultimate goal of the Plan is to achieve the specified SIP&P ranges of each asset category by the end of the phase-in period.

For purposes of assessing the investment asset mix of the Plan for SIP&P purposes, the investment asset categories reflect the impact of derivative contracts, and investment-related receivables and liabilities. As at December 31, 2015, the asset mix of the Plan's investments was within the acceptable ranges as specified in the SIP&P.

b) Financial instruments risk

The Plan is subject to financial risks as a result of its investing activities that could impact its cash flows, income, and assets available to meet benefit obligations. These risks include market risk (including interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. OPB manages these risks in accordance with its SIP&P, which prescribes the asset mix policy, diversification requirements, performance expectations, limits on individual investments, valuation standards, and guidelines for the management of the Plan.

Market risk – Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market factors. Market risk comprises the following:

(i) Interest rate risk – Interest rate risk refers to the effect on the fair value of the Plan's assets and liabilities due to fluctuations in market interest rates. The value of the Plan's investments is affected by changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates and inflation. The Plan has established an asset mix policy that balances interest rate-sensitive investments with other investments. OPB's fixed income investments have the most significant exposure to interest rate risk. Duration and weighting for the fixed income portfolio are actively managed. Modified duration is a measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. Given the Plan's modified duration of 7.3 years at December 31, 2015 (2014 – 6.4 years), a parallel shift in the yield curve of +/-1% would result in an approximate impact of $514 million (2014 – $404 million) on net investments with all other variables held constant. In practice, actual results may differ materially from this sensitivity analysis. See the schedule of fixed income maturities for further information.

(ii) Foreign currency risk – Foreign currency exposure arises from the Plan holding foreign currency denominated investments and entering into contracts that provide exposure to currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can have an impact on the fair value of investments. In addition to passively hedging a portion of its foreign currency exposure, the Plan also has an active currency hedging strategy in place through the use of foreign exchange forward contracts, which are accounted for at fair value. The total currency exposure, the impact of foreign exchange forward contracts and the net currency exposure are as follows:

Foreign currency exposure in 2015

As at December 31, 2015 (in thousands of dollars)	Gross Exposure	Foreign Exchange Contracts Receivable	Foreign Exchange Contracts Payable	Net Exposure
U.S. Dollar	**$ 4,938,316**	**$ 1,077,956**	**$ (3,209,621)**	**$ 2,806,651**
Hong Kong Dollar	**569,550**	**1,220**	**(187)**	**570,583**
Indian Rupee	**408,856**	**6,044**	**–**	**414,900**
Chinese Renminbi	**356,932**	**–**	**–**	**356,932**
Pound Sterling	**446,489**	**349,787**	**(1,147,302)**	**(351,026)**
Japanese Yen	**130,731**	**245,080**	**(90,069)**	**285,742**
South Korean Won	**283,070**	**–**	**–**	**283,070**
Other	**2,130,090**	**634,644**	**(1,125,678)**	**1,639,056**
Total foreign	**9,264,034**	**2,314,731**	**(5,572,857)**	**6,005,908**
Canadian Dollar	**13,876,812**	**5,233,197**	**(2,070,005)**	**17,040,004**
	$ 23,140,846	**$ 7,547,928**	**$ (7,642,862)**	**$ 23,045,912**

Foreign currency exposure in 2014

As at December 31, 2014 (in thousands of dollars)	Gross Exposure	Foreign Exchange Contracts Receivable	Foreign Exchange Contracts Payable	Net Exposure
U.S. Dollar	$ 4,881,526	$ 279,731	$ (3,179,966)	$ 1,981,291
Hong Kong Dollar	550,818	1,902	(579)	552,141
Indian Rupee	388,158	8,609	(4,113)	392,654
South Korean Won	288,546	540	–	289,086
New Taiwan Dollar	245,620	103	–	245,723
Chinese Renminbi	243,272	–	–	243,272
Brazilian Real	254,718	2,906	(15,770)	241,854
Other	2,783,144	194,162	(1,802,743)	1,174,563
Total foreign	9,635,802	487,953	(5,003,171)	5,120,584
Canadian Dollar	12,634,486	4,596,849	(132,542)	17,098,793
	$ 22,270,288	$ 5,084,802	$ (5,135,713)	$ 22,219,377

The impact of a 5% absolute change in foreign exchange rates compared to the Canadian dollar, holding all other variables constant, is 5% of the net exposure of the impacted currency, as follows:

Exchange rate sensitivity

		Change in Net Assets Available for Benefits as of	
	Change in Exchange Rates	**December 31, 2015 (in thousands of dollars)**	December 31, 2014 (in thousands of dollars)
U.S. Dollar	+ / - 5%	**+ / - $ 140,333**	+ / - $99,065
Hong Kong Dollar	+ / - 5%	**+ / - 28,529**	+ / - 27,607
Indian Rupee	+ / - 5%	**+ / - 20,745**	+ / - 19,633
Chinese Renminbi	+ / - 5%	**+ / -17,847**	+ / - 12,164
Pound Sterling	+ / - 5%	**+ / -(17,551)**	+ / - (7,300)
Japanese Yen	+ / - 5%	**+ / -14,287**	+ / - 5,159
South Korean Won	+ / - 5%	**+ / - 14,154**	+ / - 14,454
Other	+ / - 5%	**+ / - 81,953**	+ / - 85,248
Total	+ / - 5%	**+ / - $ 300,297**	+ / - $ 256,030

(iii) Other price risk – Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. An absolute change in the fair value of OPB's investments which are exposed to other price risk will have a direct proportional impact on the fair value of the investments. OPB's investments in equities have the most significant exposure to other price risk. The impact of a 10% absolute change in the price of an investment, holding all other variables constant, is 10% of the net exposure of the impacted investment, as follows:

Price risk

			Change in Net Assets as of	
Equities	Stock Market Benchmark	Change in Price Index	**December 31, 2015 (in millions of dollars)**	December 31, 2014 (in millions of dollars)
Canadian	S&P/TSX Composite Index	+ / - 10%	**+ / - $ 224.9**	+ / - $ 229.3
Foreign	MSCI World (C$)	+ / - 10%	**+ / - 472.0**	+ / - 534.5
Emerging	MSCI Emerging Equity Index (C$)	+ / - 10%	**+ / - 347.1**	+ / - 385.9
			+ / - $1,044.0	+ / - $ 1,149.7

The sensitivity analysis is performed using the investment asset mix weights summarized in Note 4(a).

Credit risk – The Plan is exposed to the risk of loss through over-the-counter ("OTC") derivative transactions, arising from a default or insolvency of a counterparty. This risk is significantly mitigated by the fact that for any counterparties where the Plan transacts in OTC derivatives of greater than one year in duration, an International Swaps and Derivatives Association ("ISDA") master agreement must be in place accompanied by a Credit Support Annex ("CSA"), which forms part of the ISDA. Under these agreements, collateral is exchanged with counterparties on a daily basis to manage the credit risk arising from any existing OTC derivative contracts with that counterparty. In addition, under the ISDA master agreement for OTC derivatives, the Plan has the right to settle obligations on a net basis in the event of default, insolvency, bankruptcy or other early termination.

The Plan assumes credit risk exposure through bonds and private debt investments. As at December 31, 2015, the Plan's greatest credit exposure to a securities issuer is with the Government of Canada in the form of interest-bearing securities for $983 million (2014 – with the Province of Ontario for $740 million). The credit ratings of the Plan's fixed income and bond investments are as follows:

Credit Rating as of December 31, 2015

(in thousands of dollars)

AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**	**Not Rated**	**Total**
$1,826,884	**$2,056,754**	**$1,085,702**	**$685,353**	**$364,499**	**$181,828**	**$8,712**	**$728,282**	**$6,938,014**

Credit Rating as of December 31, 2014

(in thousands of dollars)

AAA	AA	A	BBB	BB	B	CCC	Not Rated	Total
$1,289,411	$1,918,559	$1,004,203	$599,894	$536,336	$216,066	$15,693	$726,086	$6,306,248

The majority of the "not rated" classification in the table above is comprised of fixed income pooled fund and private debt investments.

Liquidity risk – Liquidity risk is the risk that the Plan has insufficient cash flows to meet its pension obligations and operating expenses as they become due. The more typical cash requirements of the Plan are in the form of monthly retirement benefit payments as well as periodic termination and other benefit payments and expenses. The Plan also has financial liabilities in the form of derivatives which all mature within one year. The cash requirements and the fulfillment of any financial liabilities are typically met through cash sources such as investment income, proceeds from the sales of investments, and member and employer contributions. The majority of the Plan's assets are also invested in securities that are traded in active markets and can be divested on a timely basis. The largest sources of cash during the year were the member, employer and sponsor contributions. The maturities of the Plan's fixed income and bond investments are as follows:

Fixed Income Maturities as of December 31, 2015

(in thousands of dollars)

< 1 year	**≥ 1–5 years**	**≥ 5–10 years**	**≥ 10–20 years**	**≥ 20 years**	**Funds**	**Total**
$562,336	**$1,819,378**	**$1,638,002**	**$1,096,245**	**$1,609,876**	**$212,777**	**$6,938,014**

Fixed Income Maturities as of December 31, 2014

(in thousands of dollars)

< 1 year	≥ 1–5 years	≥ 5–10 years	≥ 10–20 years	≥ 20 years	Funds	Total
$497,490	$1,675,177	$1,812,171	$986,996	$1,160,483	$173,931	$6,306,248

c) Cash and short-term investments

As at December 31 (in thousands of dollars)	2015	2014
Canada		
Cash	**$ 46,569**	$ 75,655
Short-term notes and treasury funds	**426,095**	652,960
Term deposits	**16,550**	15,500
Accrued interest	**370**	662
	$ 489,584	$ 744,777
Foreign		
Cash	**$ 162,247**	$ 133,994
Short-term notes and treasury funds	**17,319**	44,844
Accrued interest	**2**	10
	$ 179,568	$ 178,848

d) Fixed income and equity investments

Included in the bonds and private debt Canadian totals are $41 million (2014 – nil) related to pooled funds. Included in foreign equities totals are $374 million (2014 – $362 million) related to pooled funds.

e) Derivative contracts

Derivative contracts are financial contracts whose values change as a result of changes in the values of an underlying asset, index, yield curve or foreign exchange rate.

OPB uses derivatives, either directly with counterparties in the OTC market or on regulated exchanges, to facilitate asset allocation, alter the overall risk-return profile of the Plan, and manage or hedge risk. The Plan utilizes the following types of derivative contracts:

Futures contracts

Futures contracts are standardized agreements which can be purchased or sold on a futures exchange market at a predetermined future date and price, in accordance with terms specified by the regulated futures exchange, and are subject to daily cash margining. These types of derivatives are used to efficiently modify exposures without actually purchasing or selling the underlying asset.

Forward contracts

Foreign exchange forward contracts are negotiated agreements between two parties to exchange a notional amount of one currency for another at a price specified at origination of the contract, with settlement at a specified future date. Foreign exchange forward contracts are used by the Plan to modify currency exposure for both passive and active hedging.

A bond forward is a contractual obligation to either buy or sell an interest rate-sensitive financial instrument on a predetermined future date at a specified price. Bond forward contracts are used to modify the Plan’s exposure to interest rate risk, such as hedging a potential new debenture issue.

Derivative contracts

As at December 31 (in thousands of dollars)	**2015**		2014	
	Notional	**Fair Value**	Notional	Fair Value
Equity derivatives				
Futures	**$ 624,416**	**$ (6,744)**	$ 793,468	$ 28,239
Currency derivatives				
Forwards	**7,473,626**	**(94,934)**	5,085,078	(50,911)
Fixed income derivatives				
Bond forwards	**266,617**	**(3,150)**	–	–
Value of derivative contracts	**$ 8,364,659**	**$ (104,828)**	$ 5,878,546	$ (22,672)

All derivative contracts have remaining maturities of less than one year as at December 31, 2015.

f) Securities lending

At year-end, $1.578 billion (2014 – $1.416 billion) of OPB's securities were on loan to third parties. Pursuant to a securities lending agreement, OPB's custodian arranges the loans and OPB earns a fee. The custodian follows strict lending criteria and over-collateralizes the loans with securities that have credit ratings equal to or better than the securities loaned. OPB does not employ cash collateral in its securities lending program. Securities under lending arrangements continue to be recognized as OPB's investments as OPB retains the rewards and risks associated with these securities. At year-end, $1.664 billion (2014 – $1.496 billion) of securities were held as collateral, providing a 5.5% (2014 – 5.6%) cushion against the potential credit risk associated with these securities lending activities.

g) Fair values

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes mutual and pooled funds; hedge funds; Government of Canada, provincial and other government bonds; Canadian corporate bonds; and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes investments with underlying real estate properties, private equity investments and securities that have liquidity restrictions.

The following tables present the level within the fair value hierarchy for investments and derivatives, excluding pending trades.

Fair value hierarchy 2015

As at December 31 (in thousands of dollars)	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash and short-term investments				
Canada	**$ 46,569**	**$ 443,015**	**$ –**	**$ 489,584**
Foreign	**162,247**	**17,321**	**–**	**179,568**
Bonds and private debt				
Canada	**–**	**5,954,125**	**363,294**	**6,317,419**
Foreign	**–**	**593,523**	**27,072**	**620,595**
Equities				
Canada	**1,813,019**	**–**	**–**	**1,813,019**
Foreign	**7,380,483**	**373,501**	**–**	**7,753,984**
Real estate	**–**	**–**	**4,247,082**	**4,247,082**
Private equity	**–**	**–**	**562,587**	**562,587**
Infrastructure	**–**	**–**	**1,167,558**	**1,167,558**
Forward contracts	**–**	**74,577**	**–**	**74,577**
	$ 9,402,318	**$ 7,456,062**	**$ 6,367,593**	**$ 23,225,973**
Financial liabilities				
Futures	**$ (6,744)**	**$ –**	**$ –**	**$ (6,744)**
Forward contracts	**–**	**(172,661)**	**–**	**(172,661)**
	$ (6,744)	**$ (172,661)**	**$ –**	**$ (179,405)**

Fair value hierarchy 2014

As at December 31 (in thousands of dollars)	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash and short-term investments				
Canada	$ 75,655	$ 669,122	$ –	$ 744,777
Foreign	133,994	44,854	–	178,848
Bonds and private debt				
Canada	–	5,115,812	411,819	5,527,631
Foreign	144	753,478	24,995	778,617
Equities				
Canada	2,117,745	–	–	2,117,745
Foreign	8,003,790	361,969	–	8,365,759
Futures	28,239	–	–	28,239
Real estate	–	–	3,425,640	3,425,640
Private equity	–	–	359,765	359,765
Infrastructure	–	–	754,609	754,609
Forward exchange contracts	–	19,802	–	19,802
	$ 10,359,567	$ 6,965,037	$ 4,976,828	$ 22,301,432
Financial liabilities				
Forward exchange contracts	$ –	$ (70,713)	$ –	$ (70,713)

There were no significant transfers between Levels 1, 2, or 3 during the years ended December 31, 2015 and 2014.

The following tables present a reconciliation of all Level 3 assets and liabilities measured at fair value for the years ended December 31, 2015 and 2014.

Level 3 reconciliation 2015

(in thousands of dollars)	**Fair Value as at January 1, 2015**	**Transfers In/(Out)**	**Acquisitions**	**Dispositions**	**Issuance of Debt**	**Fair Value Changes**	**Fair Value as at December 31, 2015**
Financial assets							
Private debt							
Canada	**$ 411,819**	**$ –**	**$ 31,741**	**$ (72,122)**	**$ –**	**$ (8,144)**	**$ 363,294**
Foreign	**24,995**	**–**	**12,083**	**(14,281)**	**–**	**4,275**	**27,072**
Real estate	**3,425,640**	**–**	**1,291,555**	**(129,492)**	**(500,000)**	**159,379**	**4,247,082**
Private equity	**359,765**	**–**	**150,411**	**(38,509)**	**–**	**90,920**	**562,587**
Infrastructure	**754,609**	**–**	**406,727**	**(94,207)**	**–**	**100,429**	**1,167,558**
	$ 4,976,828	**$ –**	**$ 1,892,517**	**$ (348,611)**	**$ 500,000)**	**$ 346,859**	**$ 6,367,593**

Level 3 reconciliation 2014

(in thousands of dollars)	Fair Value as at January 1, 2014	Transfers In/(Out)	Acquisitions	Dispositions	Issuance of Debt	Fair Value Changes	Fair Value as at December 31, 2014
Financial assets							
Private debt							
Canada	$ 433,106	$ –	$ 32,234	$ (44,766)	$ –	$ (8,755)	$ 411,819
Foreign	11,264	–	19,195	(6,059)	–	595	24,995
Real estate	2,927,351	–	553,229	(54,918)	–	(22)	3,425,640
Private equity	108,272	–	261,128	(16,886)	–	7,251	359,765
Infrastructure	527,112	–	205,124	(10,980)	–	33,353	754,609
	$ 4,007,105	$ –	$ 1,070,910	$ (133,609)	$ –	$ 32,422	$ 4,976,828

h) Commitments and guarantees

As at December 31, 2015, OPB has provided funding commitments for certain investments in the amount of $3,436 million (2014 – $1,671 million), of which $1,591 million (2014 – $772 million) has been advanced to date.

OPB has provided a guarantee for the payment of principal and interest on $1,250 million in debentures which were issued by OPB Finance Trust, a trust established for the benefit of OPB and its related entities. Four series of debentures have been issued as at December 31, 2015:

1. $350 million, Series A, 30-year debentures due 2042, with interest payable semi-annually at 3.89%.
2. $150 million, Series B, 50-year debentures due 2062, with interest payable semi-annually at 3.87%.
3. $250 million, Series C, 10-year debentures due 2023, with interest payable semi-annually at 2.90%.
4. $500 million, Series D, 7-year debentures due 2022, with interest payable semi-annually at 1.88%.

The proceeds from the issuance of the 30-year and 50-year debentures were loaned to two OPB real estate subsidiaries. In turn, these real estate companies repaid amounts owed to OPB.

The proceeds from the issuance of the 10-year debentures were loaned to a real estate trust established for the benefit of OPB.

On February 24, 2015, OPB Finance Trust issued $250 million of Series D debentures at an effective yield of 1.885% and subsequently on November 17, 2015, the Series D debentures were reopened to raise an additional $250 million at an effective yield of 2.300%. The proceeds from the issuance of the 7-year debentures were loaned to three real estate subsidiaries and a real estate trust.

Subsequent to year-end, on February 2, 2016, OPB Finance Trust issued $250 million of Series E debentures at an effective yield of 2.956%. The debentures are due on February 2, 2026 with an interest rate of 2.95% per annum, calculated and payable semi-annually. The repayment of principal and interest for the Series E debentures is fully guaranteed by OPB.

OPB's real estate investments are shown net of the OPB Finance Trust debentures and any other financings specifically assumed by these real estate entities.

In addition to the guarantee on the debentures, $19 million of letters of credit are guaranteed by OPB as at December 31, 2015.

i) Investment in real estate

The Real Estate portfolio is comprised of direct holdings of real estate properties, partial ownerships of real estate investments held through funds or similar investment vehicles and participating mortgages. Those investments are recorded at their fair values determined in accordance with OPB's valuation policy.

The following table provides a breakdown of the Real Estate portfolio by its major components.

Investment in real estate

As at December 31 (in thousands of dollars)	2015	2014
Assets		
Real estate properties	**$ 2,274,625**	$ 2,399,106
Investments[1]	**3,276,149**	1,820,043
Total assets	**5,550,774**	4,219,149
Liabilities		
Debentures[2]	**1,289,521**	783,891
Other liabilities, net	**14,171**	9,618
Total liabilities	**1,303,692**	793,509
Net investment in real estate	**$ 4,247,082**	$ 3,425,640

1 Investments held through non-controlling co-ownerships, funds, or similar investment vehicles consist of real estate properties, any related assets and liabilities and participating mortgages. These assets and liabilities are presented on a net basis.

2 The debentures represent securities issued by OPB Finance Trust and are guaranteed by OPB (see Note 4(h)).

Note 5 Capital assets

As at December 31, 2015 (in thousands of dollars)	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Computer equipment	**$ 4,624**	**$ 3,995**	**$ 629**
Furniture and fixtures	**2,483**	**1,808**	**675**
Leasehold improvements	**1,641**	**983**	**658**
Total capital assets	**$ 8,748**	**$ 6,786**	**$ 1,962**

As at December 31, 2014 (in thousands of dollars)	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	$ 4,262	$ 3,613	$ 649
Furniture and fixtures	2,478	1,577	901
Leasehold improvements	1,607	826	781
Total capital assets	$ 8,347	$ 6,016	$ 2,331

Note 6 Pension obligations

a) Accounting basis

The value of pension obligations of $23.5 billion (2014 – $22.6 billion) is an estimate of pension benefit obligations accrued to date for members and retired members. The accounting valuation is determined by applying best estimate assumptions and the projected benefit cost method (pro-rated on service), as required under Canadian accounting standards for pension plans. Under this method, the accrued pension benefits are based on service earned up to the reporting date. The accrued pension benefits as at December 31, 2015 were computed by extrapolating data used for the December 31, 2014 funding valuation prepared by the independent actuary for management purposes.

Actuarial assumptions – The actuarial assumptions used in determining the value of accrued pension benefits reflect management's best estimate of future economic and non-economic events. The primary economic assumptions, as at December 31, are:

Economic Assumptions	**2015**	2014
Investment return	**5.95%**	5.95%
Inflation	**2.10%**	2.10%
Real rate of return	**3.85%**	3.85%
Salary increases		
2015	**1.5% + promotional scale**	1.0% + promotional scale
2016	**1.5% + promotional scale**	1.5% + promotional scale
2017	**1.5% + promotional scale**	1.5% + promotional scale
2018	**2.0% + promotional scale**	2.0% + promotional scale
2019	**2.5% + promotional scale**	2.5% + promotional scale
2020 and thereafter	**3.1% + promotional scale**	3.1% + promotional scale

The non-economic assumptions include mortality, withdrawal and retirement rates. During 2015, the changes in actuarial assumptions resulted in a decrease of $54 million (2014 – a decrease of $272 million) to the Plan's pension obligations. A survivorship adjustment for spouses, offset by the strengthening of the mortality assumption as a result of Plan experience, was the main contributor to the decrease in obligations in 2015.

b) Funding basis

The funding valuation of the PSPP is based on methods required under the *PSPAct* and the *Pension Benefits Act* (Ontario) ("*PBA*"). The *PBA* and the *Income Tax Act* (Canada) require that an actuarial funding valuation of the PSPP be completed and filed with the regulatory authorities at least every three years. The most recent filing was a funding valuation as at December 31, 2013, prepared by Aon Hewitt, which disclosed a funding shortfall of $804 million on a going-concern basis. The effective date of the next funding valuation that is required to be filed will be as at December 31, 2016. A funding valuation was prepared for management purposes as at December 31, 2014 by Aon Hewitt, which disclosed a funding shortfall of $430 million on a going-concern basis.

The funding valuation is used as a basis for funding and Plan design decisions. Differences between the accounting and funding valuation results may arise due to such factors as variances between estimated and actual data, economic and demographic assumptions or conditions, actuarial methodology, and subsequent events.

Note 7 Deficit

In these financial statements, the amount by which net assets available for benefits is less than the pension obligations is represented by the deficit, which as at December 31, 2015 was $434 million (2014 – $332 million).

Note 8 Net investment income

For the year ended December 31 (in thousands of dollars)	**Investment Income[1]**	**Fair Value Changes**	**2015 Total**	Investment Income[1]	Fair Value Changes	2014 Total
Cash and short-term investments						
Canada	**$ 9,520**	**$ 16,365**	**$ 25,885**	$ 13,603	$ 16,487	$ 30,090
Foreign[2]	**1,788**	**(615,953)**	**(614,165)**	1,735	(163,538)	(161,803)
	11,308	**(599,588)**	**(588,280)**	15,338	(147,051)	(131,713)
Fixed income						
Special Province of Ontario Debentures[3]	**–**	**–**	**–**	14,208	(12,490)	1,718
Bonds and private debt						
Canada	**242,205**	**(5,720)**	**236,485**	235,655	257,127	492,782
Foreign	**45,739**	**35,309**	**81,048**	53,187	14,378	67,565
	287,944	**29,589**	**317,533**	303,050	259,015	562,065
Equities						
Canada	**59,804**	**(273,612)**	**(213,808)**	52,105	93,010	145,115
Foreign	**221,159**	**944,398**	**1,165,557**	195,262	724,694	919,956
	280,963	**670,786**	**951,749**	247,367	817,704	1,065,071
Real estate	**196,493**	**147,291**	**343,784**	141,650	(22)	141,628
Infrastructure	**41,908**	**99,303**	**141,211**	18,215	33,353	51,568
Private equity	**46,865**	**90,532**	**137,397**	21,276	7,251	28,527
Total investment income	**$ 865,481**	**$ 437,913**	**$1,303,394**	$ 746,896	$ 970,250	$1,717,146
Investment management and related fees (Note 8(c))			**(79,413)**			(75,242)
Net investment income			**$ 1,223,981**			$1,641,904

[1] Investment income includes interest on cash and short-term investments, fixed income and participating mortgages, dividend income on equities, real estate dividend income and distribution income from various pooled funds.

[2] Fair value changes on cash and short-term investments include gains (losses) on foreign exchange contracts.

[3] Special Province of Ontario Debentures matured in 2014.

a) Interest income

For the year ended December 31 (in thousands of dollars)	2015	2014
Cash and short-term investments		
Canada		
Cash	**$ 5,059**	$ 6,541
Short-term notes and treasury funds	**4,394**	6,984
Term deposits	**67**	78
	$ 9,520	$ 13,603
Foreign		
Cash	**$ 1,784**	$ 499
Short-term notes and treasury funds	**4**	1,236
	$ 1,788	$ 1,735

Earnings from pooled short-term investment funds are included with short-term notes and treasury funds.

b) Dividend income

Dividend income includes $46.4 million (2014 – $18.5 million) from pooled equity funds.

c) Investment management and related fees

For the year ended December 31 (in thousands of dollars)	2015	2014
Portfolio fund management	**$ 63,104**	$ 58,239
Transaction costs	**9,659**	10,641
Custodial	**5,607**	4,768
Private market	**1,043**	1,594
	$ 79,413	$ 75,242

Transaction costs include commissions and fees on trades.

Note 9 Contributions

For the year ended December 31 (in thousands of dollars)	**2015**	2014
Members		
Current service required	**$ 289,515**	$ 282,837
Prior service	**28,800**	27,501
Total contributions from members	**318,315**	310,338
Employers		
Current service		
Regular contributions	**289,043**	283,063
PSSBA transfer	**(12,637)**	(10,253)
For members receiving Long Term Income Protection benefits	**11,485**	11,089
Prior service	**4,557**	4,337
	292,448	288,236
Sponsor payments		
Special payments	**98,989**	98,989
Additional current service	**21,852**	21,528
	120,841	120,517
Total contributions from employers and sponsor	**413,289**	408,753
Total contributions	**$ 731,604**	$ 719,091

The contribution requirements are set out in the *PSPAct* and summarized in Note 2(b).

Members who are receiving benefits on Long Term Income Protection have their contributions to the PSPP paid by their employers.

The Province, as sponsor of the Plan, contributed $99 million (2014 – $99 million) in Special Payments in 2015 towards the funding shortfall identified in the filed funding valuation as at December 31, 2013. In 2015, the Province made $22 million (2014 – $22 million) in additional employer current service contributions.

For 2015 and 2014, the contributions to the Plan were made in accordance with the funding requirements as specified by the most recently filed actuarial funding valuation.

There were no required contributions past due as at December 31, 2015 and 2014.

Note 10 Operating expenses

Pension operations

For the year ended December 31 (in thousands of dollars)	**2015**	2014
Staffing costs	**$ 12,916**	$ 13,097
Staff development and support	**99**	193
Office premises and operations	**2,894**	3,120
Information technology and project management	**6,486**	5,174
Professional services	**868**	932
Communication	**288**	309
Depreciation	**457**	515
Board remuneration	**57**	68
Audit	**244**	230
	$ 24,309	$ 23,638

Investment operations

For the year ended December 31 (in thousands of dollars)	**2015**	2014
Staffing costs	**$ 13,409**	$ 11,555
Staff development and support	**179**	171
Office premises and operations	**2,656**	2,238
Information technology and project management	**3,231**	2,651
Professional services	**2,319**	2,222
Communication	**124**	133
Depreciation	**315**	302
Board remuneration	**86**	102
Audit	**244**	230
	$ 22,563	$ 19,604

Included in the above operating expenses are:

External audit services

For the year ended December 31 (in thousands of dollars)	**2015**	2014
External audit and related services provided to Ontario Pension Board	**$ 256**	$ 253
External audit and related services provided to and recorded by subsidiary operations	**311**	241
Total fees	**$ 567**	$ 494

Actuarial services

For the year ended December 31 (in thousands of dollars)	**2015**	2014
Actuarial services provided to Ontario Pension Board	**$ 410**	$ 539

Note 11 Capital management

The funding surpluses or deficits determined periodically through the funding valuations prepared by an independent actuary are defined as the Plan's capital. The actuary's funding valuation is used to measure the long-term health of the Plan. The last filed actuarial valuation report for funding purposes was prepared by Aon Hewitt as of December 31, 2013, which disclosed a funding shortfall of $804 million on a going-concern basis and a deficit of $871 million on a solvency basis. The effective date of the next required actuarial valuation for funding purposes is December 31, 2016.

The objective of managing the Plan's capital is to ensure the Plan is funded to fully pay out the Plan's benefits. The funding valuation determines the annual minimum contribution levels to eliminate any shortfalls. The Plan's SIP&P also provides guidance with respect to the investment of the Plan's assets (see Note 4(a)) in order to assist with the management of any funding excesses or shortfalls. The SIP&P was last amended in November 2015, resulting in the asset mix targets as shown in Note 4(a). The Plan's rate of return expectation has been set in the SIP&P at a 3.85% real rate of return, net of fees.

Note 12 Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 financial statements.

Supplementary Information

Fixed income maturities

As at December 31 (in thousands of dollars)	2015		2014	
	Fair Value	**Current Yield %**	**Fair Value**	**Current Yield %**
Bonds				
Canada				
0–1 year	**$ 532,406**	**0.98–12.01**	$ 483,372	0.14–13.11
≥ 1–5 years	**1,646,854**	**0.25–14.19**	1,437,397	1.00–17.83
≥ 5–10 years	**1,330,725**	**0.75–11.16**	1,382,513	1.49–12.71
≥ 10 years	**2,622,330**	**1.07–11.37**	2,064,021	2.18–10.38
	6,132,315		5,367,303	
Foreign				
0–1 year	**29,930**	**3.16–7.00**	14,118	3.21–12.90
≥ 1–5 years	**172,524**	**2.48–38.10**	237,780	1.05–15.76
≥ 5–10 years	**307,277**	**2.04–21.61**	429,658	1.11–20.28
≥ 10 years	**83,791**	**1.43–10.12**	83,458	1.14–9.54
	593,522		765,014	
Fixed income funds	**212,177**		173,931	
Total fixed income	**$ 6,938,014**		$ 6,306,248	

Investments over $200 million

As at December 31, 2015 (in thousands of dollars)	Maturities	Coupon %	Fair Value[1]
Fixed income			
OPB Investment Inc. (holding company, 100% owned)	–	–	$ 215,844
Bonds	–	–	
Canada	–	–	
Government of Canada	2017–2064	0.25–10.50	$ 877,424
Province of Ontario	2017–2062	1.62–9.50	835,386
Canada Housing Trust No.1	2016–2025	0.79–4.10	533,546
Province of Quebec	2017–2055	0.00–9.63	335,606
Real estate, net of financing			
Investment in real estate holdings, comprising OPB Realty Inc. (holding company, 100% owned), OPB (EMTC) Inc. (holding company, 100% owned), OPB (Southgate) Inc. (holding company, 100% owned), OPB (155 Wellington) Inc. (holding company, 100% owned), OPB Finance Trust (financing entity, 100% beneficial interest), OPB Real Estate Investments 2 Ltd. (holding company, 100% owned), OPB (Centre 10) Inc. (holding company, 100% owned) and OPB (TDC) Inc. (holding company, 100% owned).	–		$ 3,091,271

Infrastructure and equities

As at December 31, 2015 (in thousands of dollars)	Shares/Units[2]	Fair Value[2]
Infrastructure		
OPB Infrastructure 2 Ltd. (holding company, 100% owned)	–	$ 662,590
Private equities		
OPB Private Equity 5 Ltd. (holding company, 100% owned)	–	$ 255,817
Equities		
Other International		
Leith Wheeler International Fund	22,664	$ 373,501

1 Includes guaranteed instruments issued by subsidiaries/agencies.

2 Includes all share classes and American Depositary Receipts.

Real estate properties – Location and gross leasable area

As at December 31, 2015 (in thousands of square feet)	Location	Gross Leasable Area
Retail		
Pen Centre	St. Catharines	1,048
Southgate Centre	Edmonton	942
St. Vital Centre	Winnipeg	931
Pickering Town Centre	Pickering	922
Erin Mills Town Centre	Mississauga	868
Erin Mills Town Plaza	Mississauga	59
Woodgrove Centre	Nanaimo	748
Midtown Plaza	Saskatoon	734
Cornwall Centre	Regina	569
Halifax Shopping Centre	Halifax	526
Halifax Shopping Centre Annex	Halifax	420
West End Mall	Halifax	183
Carlingwood Shopping Centre	Ottawa	521
		8,471
Office		
TD Centre	Toronto	4,494
RBC Centre	Toronto	1,211
Centre 10	Calgary	370
Pickering Office Tower	Pickering	127
Halifax Office Complex	Halifax	80
		6,282
Residential		
Engelhart Apartments	Toronto	85
Total properties		**14,838**

* Area shown above reflects 100% of each property's square footage. Southgate Centre and RBC Centre are 50% owned by Ontario Pension Board through its subsidiaries OPB (Southgate) Inc. and OPB (155 Wellington) Inc. Woodgrove Centre, Midtown Plaza, Cornwall Centre and Engelhart Apartments are 50% owned by Ontario Pension Board through its subsidiary OPB Real Estate Investments 2 Limited. TD Centre is 30% owned by Ontario Pension Board through its subsidiary OPB (TDC) Inc.