



THE PULP AND PAPER INDUSTRY PENSION PLAN



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June 28, 2016

TO: Mill Industrial Relations Managers of Participating Employers
Union Locals
Other Participating Groups

ADMINISTRATOR'S DIRECTIVE No. 342

Subject: The Pulp and Paper Industry Pension Plan (the "Plan")
2015 Financial Report

Enclosed is the Plan's Financial Report covering the 2015 operation of the Trust Fund. The Trustees have requested that a copy of this report be sent to all employers and union locals.

It is requested that copies be posted on your notice boards as this information is for the participants of the pension plan.

Yours truly,

MORNEAU SHEPELL
Administrator for the Trustees

Stéphanie Therrien

Copies:
Trustees & Alternates
Head Offices

Enclosure

PULP AND PAPER DIVISION
FINANCIAL REPORT FROM THE BOARD OF TRUSTEES

The Board of Trustees are pleased to report to you on the operation of the trust fund of the Pulp and Paper Division of the Pulp and Paper Industry Pension Plan to December 31, 2015.

The custodian of the Trust Fund is RBC Investors and Treasury Services. Contributions and investment gains are credited to the fund and benefit payments are made from the fund. There were over 10,990 pensioners and beneficiaries in receipt of pensions as at December 31, 2015.

GROWTH OF TRUST FUND IN 2015				
Balance at January 1, 2015 with investments at Market Value			\$3,707,002.00	
Contributions:	Employer Contributions	\$36,674		
	Employee Contributions	\$27,031	\$63,705	
Other Receipts:	Realized/Unrealized Gain (Loss)	\$42,636		
	Interest and Dividend Income	\$156,651		
	Securities Lending Income	\$20	\$199,307	
Disbursements	Benefit Payments	\$167,020	\$(167,020)	
Expenses	Fees and Expenses ¹	\$3,131		
	Investment Expenses paid directly by the Trust Fund ²	\$3,435	\$(6,566)	
Balance at December 31, 2015 with investments at Market Value			\$3,796,428.00	
¹ Includes costs except investment expenses				
² These do not include investment expenses paid indirectly by the Trust Fund.				
SUMMARY OF TRUST FUND INVESTMENTS DECEMBER 31, 2015				
		PH&N	CIBC AM	
Bonds:	Government of Canada	\$155,099	\$18,208	\$173,307
	Provincial	\$48,604	\$193,409	\$242,013
	Municipal	\$21,623	\$7,488	\$29,111
	Corporate	\$62,793	\$79,345	\$142,138
	PRisM Fund-Long ³	\$562,178		\$562,178
	Long Corporate Bond Fund	\$320,460		\$320,460
	Supranationals		\$13,881	\$13,881
				\$1,483,088
Mortgages:	Debenture Fund One			\$51,489
	Mortgage Fund One			\$133,448
	Mortgage Fund Two			\$201,980
	Phillips, Hager & North Fund			\$308,714
				\$695,631
Real Estate:	Castle I investments Inc.			\$3,636
	Concert Properties			\$221,245
	UBS (Canada) Global Real Estate Fund			\$126,249
				\$351,130
Infrastructure:	Macquarie Infrastructure Partners Canada LP			\$26,372
	Pacific Gateway Infrastructure Fund			\$16,742
	Northleaf Infrastructure Co-Investment Partners LP			\$57,150
	Concert Infrastructure Fund Inc.			\$55,037
				\$155,301
Equities:	Qube Low Volatility Canadian Equity (RBC)			\$302,611
	Infrastructure Debt Fund (PH&N)			\$105,296
	Northleaf Global Private Equity Partners LP			\$80,453
	Northleaf Secondary Partners (Canada) LP			\$15,221
	Northleaf Global Private Equity Investors (Canada) VI LP			\$15,496
				\$519,077
NEIT I:	Hedge Funds - Trent River			\$104,137
	- Aurora			\$111,323
	PH&N PRisM Balanced Fund			\$71,057
	RBC Multi-Strategy Alpha Fund			\$49,198
	ACM Commercial Mortgage Fund			\$40,089
	Cash, short-term investments, and other			\$132,140
				\$507,944
Cash and short term holdings				\$78,138
Total Investments at Market Value				\$3,790,309
Asset Receivable				\$7,596
Accounts Payable				\$(1,477)
Balance in Trust Fund December 31, 2015				\$3,796,428.00

³ Includes long-term Government of Canada and Provincial bonds

We have set forth below a Table that shows important and relevant information about the Plan assets, change in actuarial liabilities and rates of return achieved since 1997.

	(1)	(2)	(3)	(4)
Plan Year	Pension Plan Rate of Return ⁹	Approximate Rate of Return needed to prevent a deterioration in the Plan's funded position	Market Value Of Assets at end of Plan Year \$000	Excess of Assets over Accrued Liabilities at end of Plan Year \$000 ⁷
1997	23.14%	27.7%	\$1,093,140	(\$55,216)
1998	14.67%	16.5%	\$1,255,104	(\$52,871) ⁵
1999	-6.84%	-10.6%	\$1,180,872	(\$31,846) ⁵
2000	13.73%	15.7%	\$1,351,794	(\$1,103) ⁵
2001	4.49%	3.9%	\$1,423,458	N/A ⁶
2002	11.10%	11.6%	\$1,578,770	(\$18,960) ⁵
2003	9.56%	8.2%	\$1,728,126	(\$14,502) ⁵
2004	13.49%	10.6%	\$1,964,589	\$50,012 ⁵
2005	19.20%	15.8%	\$2,335,993	\$155,624 ⁵
2006	6.1%	3.9%	\$2,472,348	\$177,166 ⁵
2007	3.9%	4.5%	\$2,549,084	\$195,275 ⁵
2008	-1.6%	1.7%	\$2,474,177	\$59,079 ⁵
2009	6.8%	4.0%	\$2,540,197 ⁸	\$30,678 ⁵
2010	14.3%	12.6%	\$2,855,792	\$46,916
2011	20.20%	18.2%	\$3,326,027	\$151,977
2012	6.6%	5.0%	\$3,448,958	\$175,941
2013	-4.0%	-5.9%	\$3,185,626	\$123,854
2014	17.6%	17.0%	\$3,707,002	\$285,290
2015	5.9%	3.4%	\$3,796,428	N/A

Notes: ⁴ Rate of return on Government of Canada and Provincial bonds having a duration approximately equal to the accrued liabilities

⁵ After Plan improvements granted at January 1 of the following year

⁶ No valuation prepared

⁷ These results do not include the liabilities for any future improvements including increases to the flat benefit rate, earnings updates and post-retirement pensioner increases.

⁸ Revised from previously reported (previous value was \$2,546,087,000)

⁹ Based on year end custodial statements provided by RBC Investor Services