OMERS

2019 ANNUAL REPORT

TAKING STOCK | MOVING FORWARD | CREATING VALUE

WE ARE OMERS

A jointly sponsored, defined benefit pension plan, with 1,000 participating employers ranging from large cities to local agencies, and over half a million active, deferred and retired members.

Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. Contributions to the Plan are funded equally by members and employers.

OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate.

The benefits OMERS provides are funded equally from active members' and their employers' contributions, combined with investment income. We estimate that, on average, active members today will have approximately 70% of their lifetime benefits funded by investment returns.

OMERS actively seeks out opportunities to engage with decision-makers to advocate the advantages of the jointly sponsored defined benefit pension model.

The OMERS Pension Plans comprise the OMERS Primary Pension Plan, the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the Supplemental Pension Plan for Police, Firefighters and Paramedics, which has no assets, liabilities or members. When we refer to the "OMERS Plan" or the "Plan" in our communications, it is the OMERS Primary Pension Plan that we are typically referring to, unless otherwise specified. When we refer to the "OMERS Act", it is to the OMERS Act, 2006, as amended.

500,000+ Members

97%
Funded Ratio

11.9%
Net Rate of Return

5.90%
Discount Rate

8.5%
5-Year Average
Net Rate of Return

$109
Billion In Net Assets

$32,491
Average annual pension for
members retiring in 2019

The current average contribution rate paid by members is 10.6% which is matched equally by employers.

Contribution rates and benefit accruals remain unchanged for 2020. Pension payments to retired members increased by a cost of living adjustment of 2.29% in 2019 and of 1.89% in 2020.

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This Annual Report is addressed to our members, employers, sponsors, unions, associations, and the many others who are interested in OMERS 2019 performance, and in our progress in making OMERS a sustainable, affordable and meaningful defined benefit Plan.

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HIGHLIGHTS FOR OUR MEMBERS

These first few pages provide highlights from the past year, address the questions we receive most often, and look ahead as we continue with our refreshed strategy. We end with a discussion about OMERS broader impact and responsibilities.

94%
Member Satisfaction

$32,491
Average annual pension for members retiring in 2019

92%
Employer Satisfaction

TAKING STOCK

In 2019, we achieved an 11.9% net investment return, with positive performance across all asset classes. Public equity returns were particularly strong this year. Our 2019 performance exceeds last year's net return of 2.3%, which was impacted by challenging stock market conditions, and also exceeds our benchmark of 7.5%. Over the past five years, our average net rate of return has been 8.5%.

This strong long-term investment performance, combined with contributions from our members and employers, improved our smoothed funded ratio to 97% – an increase of 1% from last year and the seventh consecutive year of improvement. On a fair value basis (i.e., without smoothing), our funded status is 101%.

NET RETURN HISTORY				
1-Year	3-Year	5-Year	10-Year	20-Year
11.9%	8.5%	8.5%	8.2%	6.5%

We use a discount rate to calculate the value of our pension obligations. In 2019, we reduced our real discount rate by 10 basis points, from 4.00% to 3.90%, reflecting the increasing risks the Plan is facing. We assume annual inflation of 2.00%, so our pension obligations are discounted at an all-in rate of 5.90% at December 31, 2019.

Since we began operating under our 2020 Strategy five years ago, our smoothed funded status has improved by 6%. Over the same period, we've reduced our discount rate by 35 basis points, exceeding the 25 basis points target we set in 2015. During that period, we have earned $9.8 billion of net investment income over the amount required to fund our liabilities.

Today, our long-term pension obligations are valued at $106 billion. These obligations are backed by our global portfolio of high-quality, well-diversified assets, with a fair value of $109 billion. As we invest and manage these assets, we apply our sustainable investing practices, which are described in later pages of our Annual Report.

For an overview of 2019 investment activity, visit www.omers.com/investing.

PENSION TERMINOLOGY

The **"funded ratio"** is the ratio of net investment assets to long-term pension obligations. It is an indicator of the long-term financial health of the Plan. It can be calculated on a "smoothed" or "fair value" basis:

"**Fair value**" uses year-end values of OMERS assets, without any adjustments. Because our investment returns vary each year, this calculation results in a funded ratio that may also vary year over year.

"**Smoothed**" evens out the variations in annual returns over a five-year period. In this way, contribution rates and benefits are set using a more stable, long-term view of investment performance.

The "**discount rate**" is the interest rate used to estimate the dollar value of OMERS long-term pension obligations. It includes two components: a "real" rate before inflation and net of a margin for risk, and an inflation estimate. Setting the discount rate is key to managing the Plan and addressing risk. Lowering it increases the dollar value of our pension obligations and therefore decreases our funded ratio but makes the Plan more resilient. Lowering the discount rate also ensures that contribution rates are set to properly fund liabilities.

"**Jointly sponsored pension plans**" are those in which decision-making and contributions are shared by both members and employers.

	Contribution Rates	
	Normal Retirement (Age 60)	Normal Retirement (Age 65)
On earnings up to $57,400	9.20%	9.00%
On earnings above $57,400	15.80%	14.60%

One of our top priorities for 2019 was to find new ways to improve how we support and provide service to our members and employers. We have made good progress.

We upgraded myOMERS, our online member portal. In addition to accessing your accrued benefit and pension information, new features enable you to update your beneficiary, address and banking information online, as well as connect with our Member Services representatives through secure online communications. Investing in a new member relationship management system is helping us work more efficiently and improves how we stay connected to you. This system's capabilities will continue to increase as we introduce more features and functionality.

This past year we also made efforts to get to know you personally:

- Our President, Blake Hutcheson, and our Chief Pension Officer, Annesley Wallace, visited five cities across Ontario, met with 700 members and retirees and answered over 100 questions. Plans are already underway for the 2020 President's Roadshow.
- 26,000 members participated in our Member Engagement Survey.
- We talked to recently retired, or about-to-retire members who volunteered to share their expectations, experience and myths about retirement. Their candid thoughts will help us improve the member experience in the years leading up to and following retirement.

200,920
Member phone calls
handled by Member Services

For employers, we launched our Employer Monthly newsletter – a collection of timely, plan-related content. We provided personalized training, aimed at enhancing employers' understanding of Plan administration. We listened to feedback on how to improve our employer web portal, which will be a focus area in 2020.

And we implemented a new method for measuring employer satisfaction, providing us more meaningful information about the employer experience. We achieved 92% employer satisfaction in 2019.

WE WANT TO CONTINUE THE CONVERSATION WITH YOU, OUR MEMBERS.

You are invited to attend

OMERS Annual Meeting:
April 8, 2020, 9:00 a.m.
Metro Toronto Convention Centre, South Building

MOVING FORWARD

In May 2019, we refreshed our 2020 Strategy, setting out our key areas of focus for the next five years. This 2025 Strategy keeps us on the path to making OMERS a sustainable, affordable and meaningful Plan, while managing challenges across the pension landscape.

Similar to many pension plans across the globe, OMERS is experiencing demographic and social shifts that will make our future different from our past:

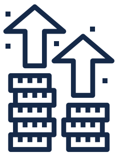
- Over time, there will be more members receiving retirement benefits from the OMERS Plan than there will be contributing to it. This “plan maturity” means that the Plan will have a reduced ability to recover from unanticipated events that could occur in the future – and the impact from those events could be more severe – especially for active members and employers.
- Members are living longer than they have in the past. This means that OMERS must be able to pay pensions for longer and we have to carefully consider how this impacts future investing, contributions and Plan design decisions.
- Work is changing. Automation is affecting many jobs and part-time employment is increasing. This means that the profile of our membership decades from now will likely be significantly different from our membership today. We need to plan today for a variety of outcomes.
- Investment markets are changing. Aging populations around the globe reduce our expectations for economic growth and point to a sustained period of low interest rates. The risks of geopolitical unrest have become high. OMERS needs to prepare for a more volatile and lower return environment.

The success of our strategy depends overwhelmingly on the strength of our people — who are strongest when they can bring their whole selves to work.

For us, inclusion means belonging. At OMERS, 92% of employees say they feel they belong, and 88% feel the OMERS environment enables them to be themselves at work. While we are encouraged by these metrics, we remain focused on fostering an environment of belonging.

We build inclusion from the ground up in several ways: we invest in programs and development opportunities to accelerate personal and professional growth. We support employees in establishing resource groups they feel are important. And we celebrate the diversity of cultures across the organization and around the world.

Here's how our 2025 Strategy addresses these challenges:



EVOLVING the OMERS Plan. We aim to ensure its continued sustainability, and to meet stakeholders' needs through exploring Plan design modernization, simplification and membership growth.

ENSURING the Plan's financial health. We will continue to manage its funded status and its discount rate, among other inputs. For example, we believe that contribution rates are unlikely to decrease in the foreseeable future, even after the Plan achieves full funding.

MAINTAINING a diverse investment portfolio. Our priorities include diversifying globally and continuing to incorporate Environmental, Social, and Governance factors into our investment decisions.

IMPROVING stakeholder trust and understanding. We are focused on enhancing stakeholder engagement, government relations and our service delivery to our members.

ADVANCING our operational capabilities. We know that talent depth, data and technology, and costs are important to executing our strategy.

In early 2020, the SC announced potential Plan design changes that it is considering; more information is available at www.omerssc.com. OMERS has scheduled Sponsor and Stakeholder Forums for April and May 2020 to discuss these potential changes, and we anticipate the SC will make and announce a final decision in June.

We will continue to share with you our progress against this strategy, in the regular communications you receive from us, at our forums and meetings with Sponsors and Stakeholders and annually in this report to members.

CREATING VALUE FOR OUR COMMUNITIES

While we focus on executing our strategy, we also know that our actions impact more than our immediate stakeholders.

We know that our direct economic impact to the province of Ontario is meaningful. In 2019, OMERS paid $4.6 billion of pension benefits to more than 170,000 members, most of whom live in Ontario. These payments, combined with OMERS investments in the province, contributed over $10 billion[†] to the Ontario economy. Our retired members' spending also helps support some 63,000[†] jobs in communities across Ontario.

These economic benefits are just one reason that OMERS has become an increasingly vocal advocate for the defined benefit pension model. We know that:

- Defined benefit and particularly, jointly sponsored pension plans, provide financial benefits to communities. They compel members to save for retirement. They pool risks from multiple investments and from thousands of individuals – those entering the workforce and those enjoying retirement – into one diversified, lower-risk plan. They also provide professional investment management while lowering costs.
- Defined benefit pensions benefit society: our research shows that on average, our members are healthier, more financially secure, and more likely to volunteer in their communities, than those without a defined benefit pension. These qualities reduce the demand that would otherwise be met by government services.

$4.6 Billion pension benefits paid

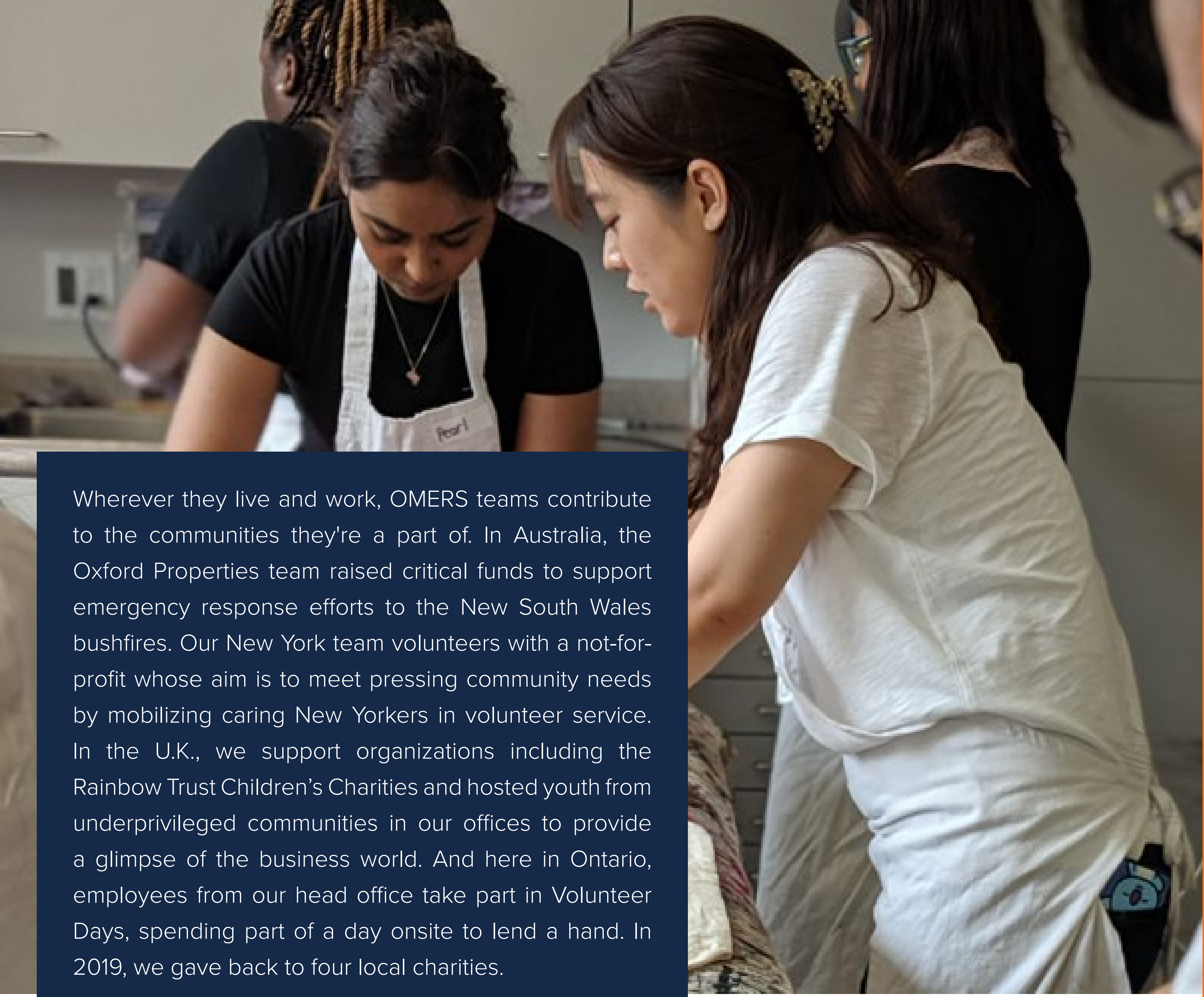
$10 Billion contribution to Ontario's economy from OMERS activities[†]

63,000 Jobs in Ontario communities are supported through OMERS pension payments[†]

100,000+ Jobs in Ontario communities supported through OMERS activities[†]

For these reasons, we have made it a priority to promote our defined benefit pension model: our Senior Executive, government relations and communications teams actively seek out opportunities to engage with decision-makers to advocate the advantages of the jointly sponsored, defined benefit pension system.

[†] *OMERS and its Members: Ontario Economic Contribution*. Canadian Centre for Economic Analysis. February 2020.



Wherever they live and work, OMERS teams contribute to the communities they're a part of. In Australia, the Oxford Properties team raised critical funds to support emergency response efforts to the New South Wales bushfires. Our New York team volunteers with a not-for-profit whose aim is to meet pressing community needs by mobilizing caring New Yorkers in volunteer service. In the U.K., we support organizations including the Rainbow Trust Children's Charities and hosted youth from underprivileged communities in our offices to provide a glimpse of the business world. And here in Ontario, employees from our head office take part in Volunteer Days, spending part of a day onsite to lend a hand. In 2019, we gave back to four local charities.

Over the last few years, expectations of organizations to act responsibly, ethically and thoughtfully have increased. These expectations are not new to OMERS.

We apply high ethical standards in our investing approach and we fully comply with the laws and regulations in the communities where our controlled investments operate. We support those local communities through the proper payment of taxes.

OMERS has long believed that well-run organizations with sound environmental, social and governance practices will perform better, particularly over the long term. In 2019, we adopted a refreshed Sustainable Investing policy, and we also made new commitments to address climate change. We have become a signatory to the Task Force on Climate-related Financial Disclosures. We have begun to introduce these disclosures in this Annual Report.

Our efforts in 2019 and our ongoing goal – which we acknowledge and embrace – is to link economic value to social value. We recognize we have this responsibility to our members, employers, stakeholders, employees and our partners and communities, promoting social sustainability for generations to come.

We are pleased with our accomplishments in 2019 and over the past five years. Still, we are aware of the challenges that lie ahead. Our strategy sets out a realistic plan to face the future with optimism.

We seek the support of our members and our stakeholders as we navigate the complexities the Plan faces. Working together, we believe that we can continue to make OMERS a sustainable, affordable and meaningful defined benefit pension plan for you.


TEAM WORKS

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UPDATE ON GOVERNANCE

OUR GOVERNANCE MODEL

OMERS is governed by two corporations – OMERS Sponsors Corporation (SC) and OMERS Administration Corporation (AC) – each with a separate and distinct mandate described on our website at www.omers.com/governance. The two corporations and their Boards work together, closely and collaboratively, to meet a singular goal: to make OMERS a sustainable, affordable and meaningful defined benefit pension plan. The Boards have adopted a joint 2025 Strategy to ensure operational alignment and a joint risk management process to promote a common understanding of, and approach to, managing relevant risks.

This dual-Board, bicameral structure ensures broad input into decision-making by considering the interests of a large number of stakeholders and focused expertise in key areas, including Plan design, member and employer services and investments.

We believe that effective and transparent governance is fundamental to achieving our respective mandates. We maintain high governance standards, and continue to evolve our governance model and practices.

JOINT BOARD ACTIVITIES

OMERS two Boards met together frequently throughout 2019.

Our Boards met for a joint strategy session, and subsequently, both Boards approved OMERS 2025 Strategy. The 2025 Strategy refreshes our 2020 Strategy, which we jointly approved in 2015. You can read more about the 2025 Strategy elsewhere in this Annual Report.

Through their respective Risk Oversight Committees, both Boards also collaborated on a process to focus on evaluating and updating the Plan's risk appetite statement.

Finally, we have a Joint Council, which is a subcommittee of both Boards; we use this council as a venue to address matters of mutual importance to AC and SC with respect to oversight and governance. The Joint Council met eight times during 2019.

OMERS SPONSORS CORPORATION

BOARD MEMBERSHIP CHANGES

Effective October 31, 2019, Ontario Public Service Employees Union (OPSEU) appointed Ms. Giulia Volpe as its representative, in replacement of Ms. Jennifer Richards. We welcome Giulia to the Board. Jennifer joined the SC Board effective January 1, 2019, and we thank her for her contributions during her tenure.

COMMITTEE CHANGE

Effective January 1, 2019, the SC Board established a Risk Oversight Committee whose mandate is to recommend enhancements to the SC's risk management practices, and to collaborate with the AC's Risk Oversight Committee on overall Plan risk.

BOARD EFFECTIVENESS REVIEW

In 2019 the SC Board conducted a Board Effectiveness Review with the goals of ensuring it has effective arrangements to meet contemporary governance standards, improving its governance regime and promoting effective decision-making – recognizing the SC Board members' fiduciary obligations to OMERS Sponsors Corporation, whose objective is to ensure the long-term sustainability of the Plan. Its Corporate Governance Committee met many times in 2019 to focus on this review, with support from management and from external governance and legal experts.

As a result of this review, the SC Board approved certain governance changes in November 2019. Below is a summary of those changes, which are effective as of January 1, 2020, unless otherwise stated. The SC Board believes that these changes will:

- Strengthen its governance framework;
- Support its commitment to OMERS members, employers and other stakeholders; and
- Help ensure that Board members bring the right skills and competencies to their roles on the Board.

In 2020, as part of OMERS regular bylaw review process, the SC will be completing an examination of the composition of both OMERS Boards.

RESULTS OF SC BOARD EFFECTIVENESS REVIEW

Updating Term Limits

Effective January 1, 2021, SC Board member tenure will be subject to a limit of four 3-year terms. This change will ensure that new perspectives are being introduced and relevant skills are continuously being added to the SC Board.

Enhancing a Skills-Based Committee Composition

When changing committee composition, greater focus will be given to the skills needed to perform the mandates of that committee. Maintaining balanced representation remains a key consideration and is coupled with consideration of what skills and experience the committees need to perform their function.

Modernizing Confidentiality Standards

All materials going to the Board and discussions at the Board are to be treated as confidential. The Board, as a whole, will decide when information can be shared, consistent with the Board's stakeholder engagement program. This change is intended to ensure consistency and transparency of the information shared with Sponsors and other stakeholders.

BOARD REMUNERATION CHANGES

SC is responsible under the OMERS Act to determine remuneration for Directors for both Boards. In 2019, in accordance with its bylaws and as part of its three-year review cycle, the SC Board reviewed remuneration with the assistance of an independent board compensation adviser. As a result of that review, the SC Board approved increases in board member compensation, effective January 1, 2020. These increases are summarized in the following pages.

CEO CHANGE

Effective April 15, 2019, the SC Board appointed Mr. Michael Rolland as its new Chief Executive Officer.

Michael has driven success across many initiatives over his 20 years at OMERS, with a focus on creating value for all stakeholders. He has a deep and unique understanding of the mandates of both the AC and SC Boards and in his role with the SC Board he is committed to delivering on key responsibilities related to Plan design, contributions, strategy, stabilization reserves and valuation filing.

Michael has a diverse background in accounting, commercial finance and a broad range of industry sectors. He holds an Honours degree in Business Administration from the Richard Ivey School of Business at Western University, and is a Fellow of the Institute of Chartered Professional Accountants (FCPA) of Ontario.

Over a business career that has spanned more than 40 years, Michael has served on a variety of public, private, charity and community organization boards, both domestically and internationally.

Enhancing the SC Board Nomination Process

The SC will be more involved in the appointment process for new Board members. While Sponsors will continue to directly appoint and remove members, the SC will now conduct background checks and engage with Sponsors and proposed appointees to discuss the skills and experience required by the SC Board to meet its obligations as well as the commitments that board members should be prepared to make regarding education, development and participation.

Updating the Removal Process of SC Board Members

This change requires that Sponsors who are removing a Director before the end of their term now provide 30-days' notice and commit to reimbursing the SC for expenses the SC incurred in education and development for the board member being removed. The SC has the authority, on a vote of two-thirds of the board members, to remove a board member under certain limited circumstances, such as breach of the Code of Conduct or if a board member is charged or convicted of a criminal offense. Sponsors maintain the right to remove their appointee.

Moving to a Chair/ Vice-Chair Model

Effective January 1, 2021, the SC Board will be moving from a Co-Chair model to a Chair / Vice-Chair model. In the past, the Co-Chairs were nominated from and by their respective groups – employee representatives and employer representatives. In the new model, the Chair and Vice-Chair will be nominated and selected by the full Board, with due consideration for representation.

ORIENTATION AND EDUCATION

Directors new to the SC Board participate in an orientation process, which includes a comprehensive discussion of the history and mandate of the corporation, OMERS strategy, business planning process and current programs.

Directors also participate in various educational programs and industry conferences, which are either approved or mandated by the organization. SC directors are also required to maintain certain educational requirements to stay current on key issues, and to continue to develop their knowledge and skills. OMERS Sponsors Corporation By-law No. 6 sets out the requirements and approval process for ongoing director development.

In 2019, eight OMERS Sponsors Corporation Board Directors attended up to four industry-related conferences and seminars, lasting from two to nine days.

REMUNERATION

Set out in the table to the right are the retainers for Directors of the SC Board for 2019 and effective January 1, 2020. No other renumeration is provided to SC directors. For existing SC directors, compensation may be paid to the director or to the organization with which they are affiliated.

	2019 Annual Retainer	Effective January 1, 2020
Co-Chairs	$80,000	$85,000
Committee Chair	$45,000	$49,000
All Other Directors	$38,500	$42,000

SC Board Directors are reimbursed for reasonable and necessary expenses incurred in connection with carrying out the business of SC. These reimbursements relate primarily to travel and accommodation expenses incurred in connection with attendance at SC Board, committee or similar meetings. Directors are also reimbursed for travel, tuition and other expenses incurred while attending relevant conferences –or other professional and educational programs – within Canada and the continental U.S. Starting January 1, 2020, all SC Directors will also receive an annual technology allowance to compensate them for the expenses incurred related to acquisition, maintenance and licensing of technology related to their Board duties, as well as covering incidental expenses. This is a taxable benefit.

Travel time is not compensated.

Expenses may vary by year and by director for a variety of reasons, including the availability and location of programs, number of scheduled and ad hoc meetings attended, and the location of the director's primary residence.

ATTENDANCE

In 2019, Directors attended anywhere from five to 60 meetings, with the median being 36. Director attendance is summarized in the "Reference" section of this Annual Report.

In 2019, Directors also attended up to seven other business events and meetings, including in-house education sessions, committee meetings of which they were not members, and other business meetings, as necessary. Numerous informal meetings and individual Director meetings with sponsor organizations are not tracked, but may occur monthly for some members of the SC Board.

BOARD MEMBERS // OMERS SPONSORS CORPORATION

The SC Board comprises 14 members, half of whom are appointed by employer groups and half of whom are appointed by unions and associations, representing members.

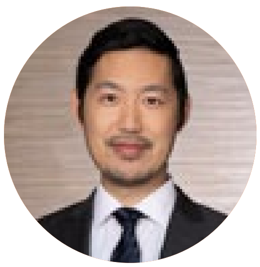
BARRY BROWN
Board Co-Chair

FRANK RAMAGNANO
Board Co-Chair

DAN AXFORD

PAUL BAILEY

FREDERICK BIRO



JASON CHAN

PETER DEROCHIE

MARIANNE LOVE

CHARLIE MACALUSO

MARY MCCONVILLE

JOE PENNACHETTI

JENNIFER RICHARDS
(Until October 31, 2019)

SANDRA SAHLI

GIULIA VOLPE
(Effective October 31, 2019)

JOHN WEATHERUP

OMERS ADMINISTRATION CORPORATION

BOARD MEMBERSHIP CHANGES

Effective December 31, 2019, Mr. Bill Aziz and Mr. James Phillips each reached their term limits, and have retired from the AC Board. The AC Board thanks Bill and Jim for their contributions during their tenure. Ms. Debbie Fischer and Mr. Rajiv Silgardo have been appointed as their replacements, effective January 1, 2020.

These retirements led to the following changes in committee chair roles:

- Mr. Bill Butt has succeeded Bill Aziz in the role of Investment Committee Chair.
- Ms. Laurie Hutchinson has succeeded Bill Butt as Audit & Actuarial Committee Chair.
- Ms. Penny Somerville has succeeded Jim Phillips as Governance Committee Chair.

COMMITTEE CHANGE

In 2019, the Governance Committee assumed oversight responsibility for Plan administration systems, technology strategy, and business continuity. These responsibilities had previously been in the mandate of the Board's separate Technology Committee, which has since been folded into the Governance Committee. As a result, Mr. Yung Wu and Ms. Charlene Mueller, who were members of the former Technology Committee, joined the Governance Committee, effective March 1, 2019. Mr. Michael Fenn, the Chair of the former Technology Committee, joined the Audit & Actuarial Committee effective March 1, 2019.

CEO SUCCESSION

On December 12, the AC Board announced the appointment of Mr. Blake Hutcheson as its new CEO, effective June 1, 2020, succeeding Mr. Michael Latimer, who will retire May 31, 2020. Michael is retiring after two decades with OMERS, including the last six years as CEO. The AC Board thanks Michael for his outstanding contributions during his tenure.

Under Michael's leadership, OMERS assets have grown from $65 billion to $109 billion, growth of more than 60%. OMERS achieved a solid annual net return of 8% over this period, well above the Plan’s discount rate, improving the Plan’s financial position to near full funding. Over the same period, the organization successfully deployed $34 billion of capital as a result of its asset mix shift into private investment asset classes while expanding its global footprint and opening offices in Singapore, Sydney, Paris, Berlin, Boston and San Francisco.

Blake assumes his new role, having been with OMERS for ten years. The first eight and a half years he served as the CEO of Oxford Properties (an OMERS company) where he grew this business from being primarily a domestic operation to becoming a $50 billion, truly global leader in the real estate industry that returned an average of 12.5% during his tenure. Since April 2018, he has been the President and Chief Pension Officer at OMERS and has helped transform the Pension Services area within the organization, while carrying out responsibility for Strategy, Operations, Communications, Government Relations, Legal, and Data & Technology. Early this year, under his team’s leadership, OMERS approved our 2025 Strategy, which will provide clear direction for the next five-year period. Blake has been a highly successful CEO for over 20 years and has served on more than 25 boards and committees of both public and private entities. He is a graduate of the University of Western Ontario, London School of Economics and Columbia University.

ORIENTATION AND EDUCATION

Directors new to the AC Board participate in an extensive orientation process, which includes a comprehensive discussion of the history and mandate of the corporation, OMERS business and planning process, its strategy and current programs.

Directors also participate in various educational programs and industry conferences, which are either approved or mandated by the organization. Where possible, we develop in-house programs with external experts to educate the AC Board on matters relevant to its duties and mandate.

Directors are also required to meet certain educational requirements to stay current on key issues and to continue their professional development.

REMUNERATION

Set out in the table to the right are the retainers for Directors of the AC Board for 2019 and effective January 1, 2020. Retainers are paid directly to Directors. No other remuneration is provided to AC Directors.

	2019 Annual Retainer	Effective January 1, 2020
Chair	$165,000	$185,000
Committee Chair	$80,000	$90,000
All Other Directors	$65,000	$75,000

AC Board directors are reimbursed for reasonable and necessary expenses incurred in connection with carrying out the business of AC. These reimbursements relate primarily to travel and accommodation expenses for attending AC Board, committee or other similar meetings. AC Directors receive an annual technology allowance to compensate them for the expenses incurred related to acquisition, maintenance and licensing of technology related to their Board duties, as well as covering incidental expenses. This is a taxable benefit.

Travel time is not compensated.

Expenses may vary by year and by director for a variety of reasons, including the availability and location of programs, number of scheduled and ad hoc meetings attended, and the location of the director's primary residence.

Compensation for members of the Appeals Committee

Board members who serve as members of the Appeals Committee are entitled to receive the applicable annual retainer payment plus an additional meeting fee for each day of attendance at a hearing, provided they are present for the full hearing while in session – regardless of the duration of the hearing on any given day. The Chair of the Appeals Committee earns $1,000 per day and all other committee members earn $750 per day.

ATTENDANCE

AC Board member attendance at Board and committee meetings is summarized in the "Reference" section of this Annual Report.

BOARD MEMBERS // OMERS ADMINISTRATION CORPORATION

The AC Board comprises 14 members nominated by sponsor organizations and appointed by the SC Board plus an independent Chair also appointed by the SC Board in a joint process with the AC Board.

GEORGE COOKE
Board Chair

BILL AZIZ
(Until December 31, 2019)

MONTY BAKER

DAVID M. BEATTY

DARCIE BEGGS

WILLIAM (BILL) BUTT

PAUL ELLIOTT

MICHAEL FENN

LAURIE HUTCHINSON

CLIFF INSKIP

CHARLENE MUELLER

JAMES PHILLIPS
(Until December 31, 2019)

PENNY SOMERVILLE

DAVID TSUBOUCHI

YUNG WU

Effective January 1, 2020

DEBBIE FISCHER

RAJIV SILGARDO

03

MANAGEMENT'S DISCUSSION & ANALYSIS

Funded Ratio

97%

2018: 96%

Net Return

11.9%

Benchmark: 7.5%

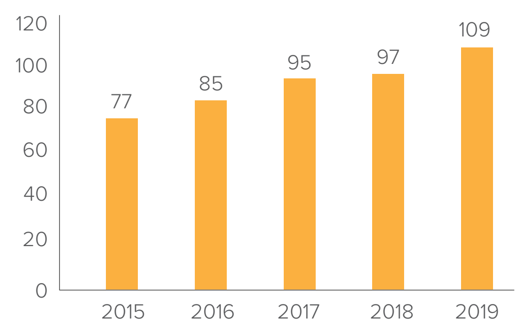
2018: 2.3%

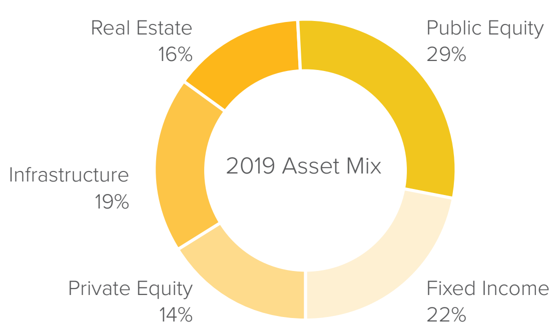
Discount Rate

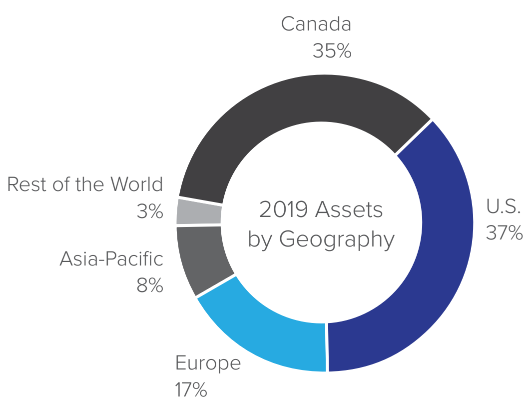
5.90%

2018: 6.00%

Net Assets ($ billions)







This Management's Discussion and Analysis ("MD&A") is the responsibility of the Management of OMERS Administration Corporation (AC) and OMERS Sponsors Corporation (SC). It contains Management's analysis of the OMERS Pension Plans' financial condition, operational results, and the environment in which the plans operate, and should be read in conjunction with the Consolidated Financial Statements. The AC Board of Directors has reviewed and approved the contents of this MD&A as at February 21, 2020. The SC management has reviewed and approved those sections that are relevant to SC's mandate.

In addition to historical information, this MD&A contains forward-looking statements with regard to Management's strategy, objectives, outlook and expectations. Forward-looking statements made in this section represent Management's views at the date of this report and Management does not undertake to update or revise any forward-looking statements as a result of new information, future events or otherwise. Many factors affect the plans' performance, such as changes in market conditions, interest rates, demographics and technological factors. Investment returns and values will fluctuate. Past performance is not a guide to or indicative of future results.

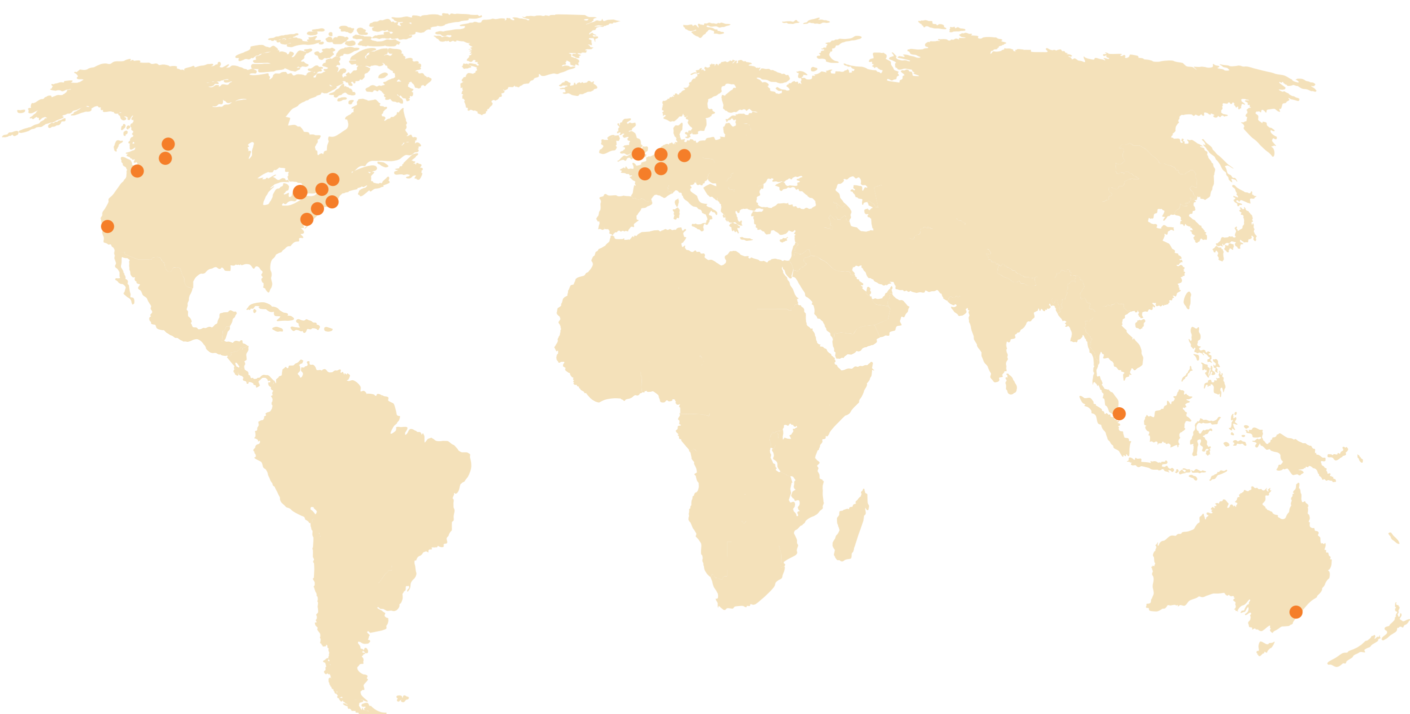
We use certain financial measures that are not based on Generally Accepted Accounting Principles (GAAP), including funding deficit, as key metrics in our financial reporting to enable our readers to better understand the performance of our business. Other non-GAAP financial measures that we use include investment results by asset exposures. These non-GAAP financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies or pension plans. They should not be viewed as an alternative to measures of financial performance determined in accordance with GAAP. For certain non-GAAP financial measures, there are no directly comparable amounts under GAAP. We have included reconciliations of certain financial measures from GAAP to non-GAAP financial measures in this MD&A.

Interests in the Plans are not and will not be offered or sold in the U.S., or to or for the account of U.S. persons, as defined by U.S. securities law.

OVERVIEW OF OMERS PENSION PLANS

ABOUT OMERS

Founded in 1962, OMERS is a jointly sponsored, defined benefit pension plan, with 1,000 participating employers ranging from large cities to local agencies, and over half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. Contributions to the Plan are funded equally by members and employers. OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers, and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate.



The OMERS Pension Plans comprise the OMERS Primary Pension Plan (the Primary Plan or the Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan).

OMERS PRIMARY PENSION PLAN

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA), and other applicable legislation. The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component.

The Primary Plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and the Canada Revenue Agency (CRA) under Registration #0345983.

Attributes of the defined benefit component of the Primary Plan include:

- Funding –The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. The AC determines the regulatory minimum funding requirements in accordance with the ITA and the PBA. The SC sets the actual contribution rates.
- Pensions – The normal retirement age (NRA) is 65 years for all Primary Plan members, except police officers and firefighters, who generally have a normal retirement age of 60 years. The Primary Plan is designed to provide lifetime defined benefit pensions. These pensions are calculated as a percentage of the member's earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- Death Benefits – Death benefits are payable to a surviving spouse, eligible dependent children, designated beneficiary, or the member's estate upon the death of a member. Depending upon eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- Escalation of Pensions – Pensions are increased for inflation through an annual adjustment equal to 100 percent of the increase in the average Consumer Price Index (CPI) over the prior year's average. This adjustment is subject to a limit of six per cent in any one year. If the increase in the average CPI exceeds the six per cent limit, the excess is carried forward to future years.
- Disability Pensions – A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- Income Taxes – The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes for contributions or investment income received. The operations of certain entities holding private equity, infrastructure or real estate investments may be taxable.

The AVC component of the Primary Plan enables members to make additional voluntary contributions on which the member receives the net investment return of the Primary Plan. For the AVC component of the Primary Plan, the liability of the Primary Plan is members' AVC contributions plus/minus the net investment rate of return of the defined benefit component of the Primary Plan.

In 2019, OMERS welcomed into the Primary Plan four City of Toronto legacy pension plans: The Corporation of the City of York Employee Pension Plan; The Toronto Civic Employees' Pension Plan; the Metropolitan Toronto Police Benefit Fund; and the Metropolitan Toronto Pension Plan. The members of these pension plans are all retired or are survivors of retired members.

RETIREMENT COMPENSATION ARRANGEMENT (RCA) FOR THE OMERS PRIMARY PENSION PLAN

The RCA is an arrangement that provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation and is funded by equal contributions from participating employers and members and by the investment earnings of the RCA fund. Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

The RCA net assets were $162 million and the accrued pension obligations were $928 million at December 31, 2019, compared to $148 million and $851 million, respectively, at December 31, 2018.

OMERS SUPPLEMENTAL PENSION PLAN FOR POLICE, FIREFIGHTERS AND PARAMEDICS

The Supplemental Plan became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with CRA under Registration #1175892.

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2019 and December 31, 2018, no such agreement existed and hence the Supplemental Plan had no assets and no members.

UPDATE ON STRATEGY

2020 STRATEGY

In 2015, the AC and SC developed a joint strategy (our "2020 Strategy"). It set out a five-year roadmap to ensure OMERS is resilient over the long term, advancing OMERS toward being a leading model for defined benefit pension plan sustainability.

That Strategy addressed challenges related to:

- Changing demographic and workplace trends
- Longer life expectancy
- An increasingly uncertain economic environment creating pressure on investment returns
- Technology and other developments that could impact jobs in the Ontario municipal sector
- Legislative developments, including CPP enhancements that began to come into effect in 2019

Our 2020 Strategy addressed these challenges with four pillars of focus. We are pleased with our progress relative to our ambitions and present the following highlights from the past five years:

PROTECTING OUR FUNDED STATUS

- We improved our funded status by 6% to 97% while reducing the discount rate by 35 basis points.
- We also advanced the discussion about funding risk between OMERS two boards and with sponsors, employers, and members.

See *Primary Plan Funded Status*.

DELIVERING 7 – 11% NET AVERAGE ANNUAL INVESTMENT RETURNS

- We earned an average 5-year net annual rate of return of 8.5% and grew the Plan from $72 billion to $109 billion of net assets.
- We deployed $34 billion into infrastructure, real estate and private equity, in accordance with our strategic asset mix.
- We added credit as a new strategic asset class, building it to $18.3 billion and replacing interest-sensitive, long-term government bonds with a well-diversified, short duration, return-enhancing credit portfolio.
- We conducted an Asset-Liability study in 2019, focused on identifying an optimal long-term asset mix.

See *Investment Results* and *Asset Class Investment Performance*.

BUILDING QUALITY RELATIONSHIPS

- We maintained high levels of member satisfaction above 90% annually. Our Member Services team connected with our members through more than one million phone calls, and provided 2,600 member information sessions.
- Our Employer Services team conducted more than 200 in-person information sessions for employers.

  In 2019, our employer satisfaction measured 92%.
- We also implemented in-person forums to engage leaders from our sponsors and other stakeholders on important matters.

EVOLVING OUR CAPABILITIES AND BUSINESS MODEL

- We made great progress toward geographic diversification of our investment portfolio, building out our investment teams outside Canada, with a recent focus on Asia, through our office in Singapore.
- We did not meet the objectives we set out with respect to the schedule and costs for upgrading the IT systems that support pension administration, but are now on target to deliver a lower-risk solution.
- We have fortified our defenses against cyber intrusion.
- We made meaningful progress in evolving our culture and promoting inclusion and diversity among our teams.
- We significantly upgraded our capabilities in risk, member services, strategy, government relations, procurement, tax, economic research and data and technology management.
- We did not meet the cost targets set out in the original 2020 Strategy. We made deliberate choices to incur expenses which we consider are prudently delivering long-term value.

  See *Investment Management and Pension Administration Expenses* and *Risk Management.*

This is the last year in which we will report against our 2020 Strategy.

2025 STRATEGY

We believe that the challenges we identified five years ago remain relevant today and will continue over our strategic planning horizon. We expect that existing uncertainty will be compounded by increased government changes and geopolitical instability; high investment valuations; increasingly competitive markets; and interest rate uncertainty. We anticipate that technological developments and ESG factors will lead to rapid disruption across industries.

Throughout, our focus remains on making OMERS a sustainable, affordable and meaningful defined benefit pension plan.

It is in this context that our two Boards refreshed our strategy for the next five years (the "2025 Strategy"). This refreshed strategy continues many of the same priorities as its predecessor, with increased focus on Plan Design and Funding. Our five key areas of focus are discussed below. Our focus areas fall into two broad categories – Financial Resiliency and Institutional Resiliency.

FINANCIAL RESILIENCY

PLAN DESIGN As we focus on meeting stakeholders' needs and sustainability, we will look for ways to modernize, simplify and grow the Plan.

FUNDING We plan to manage relevant levers to ensure the Plan's long-term financial health. This includes developing a joint funding framework and funding management strategy. We also intend to continue conducting regular Asset-Liability studies, and to continue to lower our discount rate.

INVESTMENT We will continue to deliver against our total portfolio strategy across our diverse investments in the context of our liabilities, actively incorporating ESG factors, while improving global diversification and expanding our strategic partnerships.

INSTITUTIONAL RESILIENCY

ENGAGEMENT We aim to improve stakeholder trust and understanding, primarily by advancing our pension services delivery model, our government relations initiatives and continuing to engage with sponsors.

OPERATIONS We will continue to advance our capabilities through a dedicated focus on talent, data and technology, and costs.

PRIMARY PLAN FUNDED STATUS

The funded ratio is an indicator of the long-term financial health of the Plan. In 2019, the funded ratio increased to 97%, from 96% in 2018.

December 31,	2019	2018
Funded ratio on a smoothed basis	97%	96%
Discount rate	5.90%	6.00%
Pension obligations ($ billions)	$106.4	$99.1
Funding deficit ($ billions)	$3.4	$4.2
Net assets on a smoothed basis ($ billions)	$103.0	$94.9
Unrecognized investment returns ($ billions)	$4.9	$1.4

The funded ratio is the relationship of Plan assets to pension obligations on a going-concern basis. The deficit represents the difference between the pension obligations and the smoothed value of assets. Plan assets are calculated by smoothing investment returns – above or below the Plan's discount rate – over a five-year period. By smoothing asset values, contribution rates can be set, and benefits designed, without putting undue emphasis on short-term investment performance and volatility. At the end of 2019, investment returns not recognized in the funding deficit were $4.9 billion compared to $1.4 billion in 2018, which will be recognized over the next four years. In 2019, we assumed into the Primary Plan four City of Toronto legacy pension plans. These plans added 4,200 members to the Plan, and transferred assets and liabilities.

The funded status improved in 2019 due to the net result of the following factors:

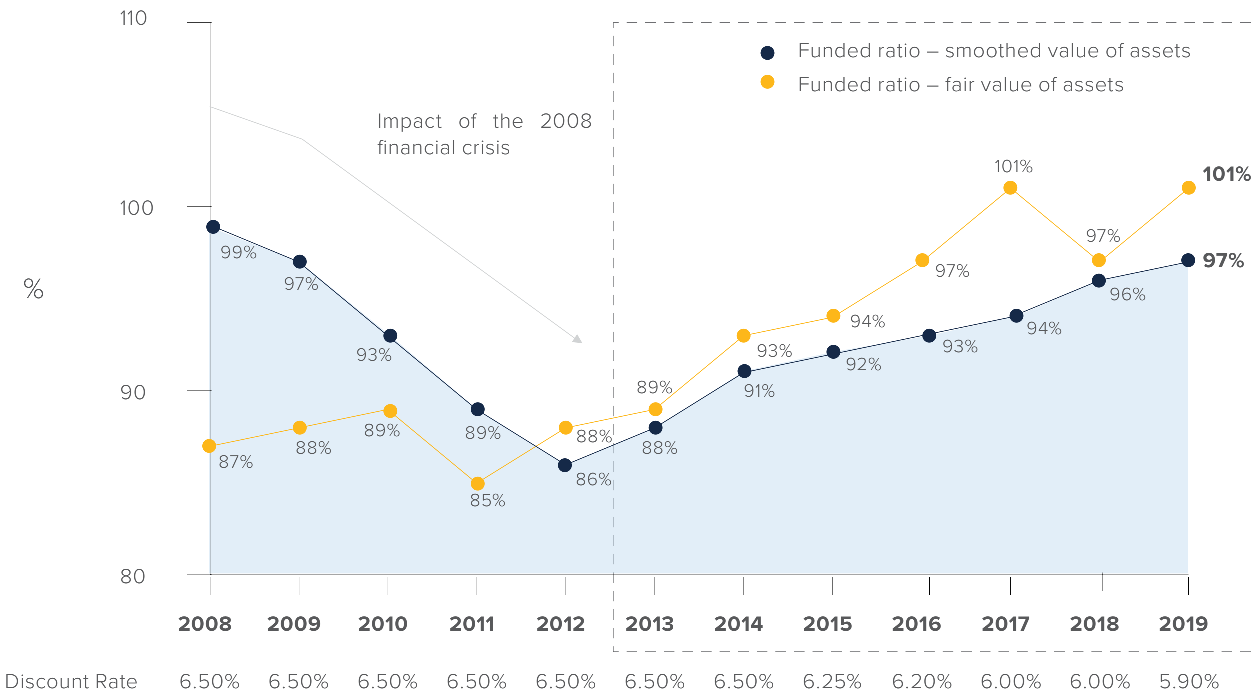
Funded Ratio %		Deficit billions $
96%	**Beginning of year**	$(4.2)
n/a	Interest on deficit	(0.3)
1	Contributions from members and employers to pay down the deficit	0.6
2	Recognized investment returns in excess of the discount rate	2.1
—	Primary Plan experience and other factors	(0.1)
(2)	Reduction in the discount rate by 10 basis points	(1.5)
97%	**End of year**	$(3.4)

The Plan's funded status, on a smoothed basis, has improved for the seventh consecutive year mainly due to smoothed investment returns in excess of the discount rate, together with member and employer contributions. We remain focused on improving the funded status while reducing the discount rate over time, to reflect the Plan's level of funding risk.

There were no changes to contribution rates or benefit accruals in 2019. Contribution rates will remain unchanged in 2020, and pension payments will increase 1.89% for inflation, consistent with the Plan's text.

The following chart tracks the funded status of the Plan over the past 10 years. In 2019, the funded ratio based on the fair value of assets increased four percentage points from 97% to 101%, principally because the net return was above the discount rate.

Plan Funded Ratio



RISK MANAGEMENT PHILOSOPHY

We define risk management as the prudent identification, measurement and management of risk. Our risk management process, through our "risk appetite statement", defines our risk profile both quantitatively and qualitatively. Management and the Boards of Directors rely on this risk management process to manage the Plan's funded status.

Overall Plan risk is commonly referred to as funding risk – the risk that OMERS will need to increase contributions and/or reduce benefits. We break down our risk using a risk framework comprised of four key risk categories: Pension Risk; Investment Risk; Operational Risk; and Emerging Risk. OMERS governance plays an instrumental role in supporting the risk framework.

These risks are described in the Risk Management section of this MD&A.

Using our risk appetite statement, we measure our risk profile against these risk categories. The Plan's level of funding risk today is elevated, primarily due to increasing plan maturity, decreasing investment return expectations and adverse demographic trends. As a result, we forecast that contribution rates will remain at their current levels for the foreseeable future.

MANAGING THE PLAN'S LONG-TERM FINANCIAL HEALTH

OMERS objective is to make the Primary Plan a sustainable, affordable and meaningful defined benefit pension plan. This requires OMERS to deliver an appropriate range of benefits within an acceptable range of costs, across generations and through both favourable and adverse circumstances, while protecting the Plan's funded status. Three levers are available to manage the Plan's funded status:

1. contribution rates 2. benefit design 3. investment returns

OMERS is committed to taking a strategic and co-ordinated approach to using these three funding levers so that decisions support long-term sustainability objectives, and so that those decisions are fair, balanced, and informed by robust risk management practices.

The SC conducted the Comprehensive Plan Review in 2018. In 2019, the SC Board continued its efforts to enhance the long-term health of the Plan by reviewing approaches for sharing risk across broader groups of Plan members.

INCREASING PLAN MATURITY

A declining active membership base relative to the retired member population is known as "plan maturity." This maturity is caused by a variety of factors, including increasing longevity, a decline in the ratio of active to retired members, and retirement patterns. OMERS is a maturing plan.

Since all Plan risk is borne by active members and employers, this maturity means that the cost of funding the Plan is increasingly concentrated in a relatively smaller group of active members, which reduces our capacity to bear risk.

Further, as the ratio of active to retired members continues to decline, annual defined benefit payments exceed annual defined benefit contributions, so the Plan must increase its reliance on investment income. This makes the Plan more vulnerable to economic downturns.

The ratio of active members to retired members is a common measure of Plan maturity. Our ratio has declined to less than 2:1 at the end of 2019. It is expected to reach less than 1:1 in the late 2030s.

Anticipating and managing the impact of plan maturity better positions the Plan to absorb adverse events.

DECREASING INVESTMENT RETURN EXPECTATIONS

The Plan has experienced strong investment returns in recent years – except for in 2018, when public market returns were negative and our net investment return was lower than our discount rate. However, financial market volatility, lower future growth rates, and a high level of competition for asset classes all impact investment performance, and predicting future investment returns is very difficult because of these impacts.

Looking ahead, we anticipate that global growth will slow, interest rates will remain low and future investment returns will be lower than in the past 10 years. Should investment returns underperform long-term expectations or the discount rate, the Plan could require increased contributions and/or decreased benefits to fund the resulting deficit.

This increases the Plan's funding risk.

ADVERSE DEMOGRAPHIC EXPERIENCE

Demographic experience includes unexpected changes in life expectancy (such as increased longevity), salary increases, and retirement and termination trends of members. If adverse demographic experience leads to actuarial losses, which result in a change to actuarial assumptions, we would be required to increase the valuation of our pension obligations and our funding requirements. Life expectancy, in particular, has steadily increased over time. This means that retirees collect pensions for longer periods, which increases the pension liabilities and funding risk.

We monitor our demographic experience against actuarial assumptions annually, and conduct a detailed experience study at least once every five years, with the most recent study completed in 2018.

MANAGING THE PLAN'S RISK PROFILE

The Boards of Directors manage the Plan's risk profile with the following tools:

- the funding management strategy
- protocols for setting the discount rate
- contribution rate studies
- setting the strategic asset mix through periodic asset-liability studies
- demographic studies; and
- periodically evaluating plan design

Two important tools are the funding management strategy and the discount rate.

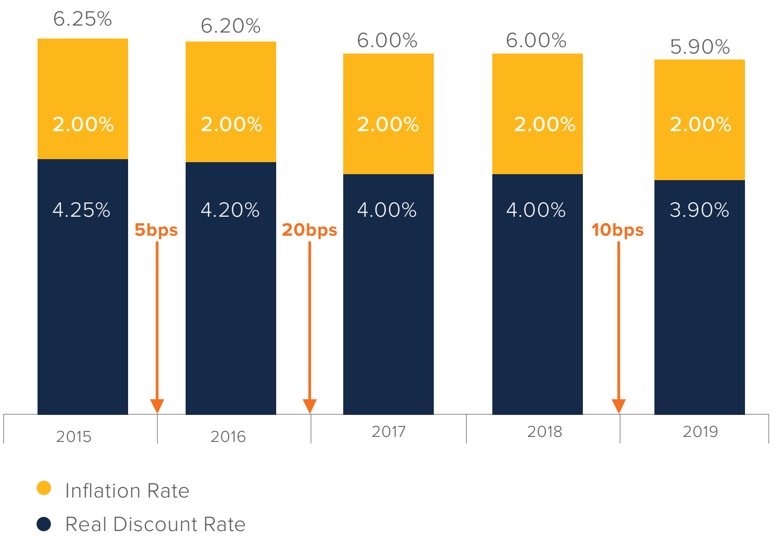
DISCOUNT RATE

The discount rate is the interest rate used to determine the Plan's pension obligation and minimum contribution rates. As such, it plays an important role in managing the Plan and addressing risk over the long term.

The discount rate is comprised of the following components:

a) the real discount rate (before inflation), which reflects expectations of future real investment returns from the Plan, less a margin to reflect risk; and

b) an assumption for future inflation.



In 2019, we took steps to manage our risk profile and lowered the real discount rate. The discount rate as at December 31, 2019 was 5.90%, compared to 6.00% as at December 31, 2018. This decrease is the result of reducing the real discount rate by 10 basis points from 4.00% to 3.90%, reflecting the increasing risks the Plan is facing. The assumption for future inflation was 2.00% for both 2019 and 2018.

The discount rate is an important input in managing the Plan and addressing its funding risk over the long term. Decreasing our discount rate helps to mitigate investment risk, and increases the normal cost and the Plan’s pension obligation. Each five-basis-point reduction in the real discount rate, as at December 31, 2019, would increase the normal cost by approximately 0.2% and the pension obligation by $0.8 billion.

To protect against Plan funding risk factors, we continue to target reductions in the real discount rate over time. Going forward, consistent with our 2025 Strategy, we intend to reduce the discount rate by a minimum of five basis points each year, to within a range of 3.50% to 3.75% by 2025, and lower if possible.

Each year, the AC tests the reasonableness of the Plan's discount rate to ensure it contains sufficient margins, in accordance with our risk appetite, and to protect the Plan from adverse experience over the long term.

RCA FUNDING

The RCA’s funding target is to help ensure that the existing RCA fund, projected contributions and projected investment earnings are sufficient to pay for benefits and expenses for a period of 20 years following each valuation date.

The RCA’s primary risk is that contributions collected will be insufficient to meet its 20-year funding target. RCA contributions are dependent on Primary Plan contribution rates and the number of RCA active members. The RCA is also subject to increasing plan maturity, and its associated risks.

The RCA’s funding model is resilient to lower-than-expected investment returns because of its 20-year funding horizon.

OMERS continually monitors these risks.

INVESTMENT RESULTS

Net Return

11.9%

Benchmark: 7.5%
2018: 2.3%
3-year average: 8.5%

Net Investment Income

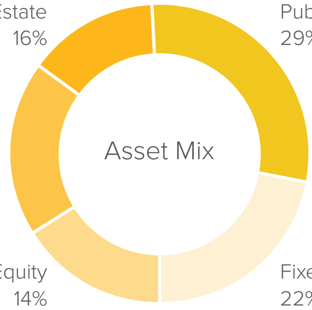
$11.4 billion

2018: $2.4 billion

Net Assets

$110.8 billion

2018: $98.7 billion



ECONOMIC ENVIRONMENT

Public equity markets began 2019 at a low point, after a significant correction at the end of 2018. Concerns about trade tensions, geopolitical tensions and an impending recession were prevalent. However, these gave way to a more optimistic outlook as global monetary policy, led by the U.S. Federal Reserve shifted from tightening to easing with three interest rate cuts during the year. Yields fell in multiple countries, reflecting the renewed commitment of central banks to underpin one of the longest global expansions in history. Meanwhile, labour markets globally continued their robust performance, supporting household spending and offsetting the weakness in business investment, trade, and manufacturing resulting from escalating tariffs.

Public markets finished 2019 with exceptional full year returns, more than recovering the losses from 2018. Broad public equity indices generated the highest returns in the last decade, posting double digit returns in 2019. Fixed income indices generated positive returns driven by a downward shift in the yield curves and credit markets benefited from narrowing spreads.

Indices 2019 Performance	2019 Return
EQUITIES	
S&P 500 Index (US)	31.5%
S&P TSX Composite (Canada)	22.9%
MSCI World Equity (Local)	27.3%
BONDS	
FTSE TMX Canada Universe Bond Index (CAD)	6.9%
Barclays US Corporate High Yield Index (US)	14.3%

RESULTS

In 2019, the Primary Plan had a return, net of expenses, of 11.9%, or $11.4 billion, compared to a benchmark of 7.5%. All asset classes generated positive returns. The 2019 net return outperformed our benchmark primarily due to very strong public equity appreciation. We measure our performance against an absolute return benchmark approved by the AC Board before or at the beginning of each year. Our goal is to earn stable returns that meet or exceed our benchmarks.

Investment returns for the Primary Plan and RCA for 2019 and 2018 are included in the table below.

For the years ended December 31,	2019			2018		
	Net Investment Income $ millions	**Net Rate of Return %**	**Benchmark %**	Net Investment Income $ millions	Net Rate of Return %	Benchmark %
Fixed Income						
Inflation-Linked Bonds	**$ 227**	**7.1 %**		$ (13)	(0.4) %	
Government Bonds	**60**	**1.2**		(65)	(0.6)	
Credit [2]	**1,331**	**8.0**		577	3.1	
Public Equity	**5,837**	**20.3**		(2,859)	(8.3)	
Cash and Short-Term Instruments	**199**	**n/a**		94	n/a	
Total Public Investments	**$ 7,654**	**16.4 %**	**6.0 %**	$ (2,266)	(4.6) %	6.0 %
Private Equity	**637**	**4.6**	**11.0**	1,601	13.5	11.2
Infrastructure	**1,708**	**8.7**	**7.9**	1,794	10.6	8.6
Real Estate	**1,439**	**8.3**	**7.9**	1,288	8.7	8.4
Total Primary Plan Fund	**$ 11,438**	**11.9 %**	**7.5 %**	$ 2,417	2.3 %	7.3 %
RCA Investment Fund [1]	**$ 17**	**20.9 %**	**21.5 %**	$ (1)	(1.6) %	0.1 %

[1] Excludes the RCA refundable tax balances with the Canada Revenue Agency. The RCA net rate of return including the refundable tax balance in 2019 is 11.1%, compared to (0.8)% in 2018.

[2] Credit includes private credit investments. These assets have observable public market comparables and are reported with public investments.

ASSET ALLOCATION AND EXPOSURE

We mitigate risk and target strong, consistent returns by purchasing high-quality assets, diversified across asset type, economic sector and geographic market. We have Board-approved target asset allocations across our asset classes which are designed to deliver returns over the long term to meet pension obligations. Fixed income investments include securities in inflation-linked bonds, government bonds and credit. Equity investments include both public and private equities, either through the purchase of instruments directly, or through the use of derivatives. We also invest in real assets, which include infrastructure and real estate, selected specifically for their ability to provide more predictable returns and cash flows.

During 2019, we conducted an Asset Liability Study. As a result, the AC Board approved a new long-term asset mix for OMERS as summarized in the chart below:

	2025 Strategy	2020 Strategy
Fixed Income	**30%**	**46%**
Bonds	10%	29%
Credit	20%	17%
Equities	**45%**	**36%**
Public Equities	30%	22%
Private Equities	15%	14%
Real Assets	**45%**	**41%**
Infrastructure	22.5%	23%
Real Estate	22.5%	18%
Short-Term instruments (net cash and equivalents and including economic leverage)	**(20)%**	**(23)%**

Net investment assets exposure is set out in the table below. To arrive at the Plan's ultimate exposure by asset class, the asset mix includes derivative exposures. The inclusion of derivative exposures are reflected in each asset class, with an offset to economic leverage. Economic leverage is the difference between the exposure to an asset class and the fair value of the derivative in the asset class. Net investment asset exposure at the end of 2019 was $110.8 billion ($98.7 billion, 2018), including administered funds of $1.6 billion ($1.4 billion, 2018), less the non-investment-related items of $(0.1) billion ($(0.1) billion, 2018).

As at December 31,	2019		2018	
	Net Investment Asset Exposure $ millions	**Asset Mix %**	Net Investment Asset Exposure $ millions	Asset Mix %
Fixed Income				
Inflation-Linked Bonds	**$ 2,743**	**2.5 %**	$ 3,829	3.9 %
Government Bonds	**3,468**	**3.0**	5,692	5.7
Credit	**18,310**	**16.5**	18,721	19.0
	24,521		28,242	
Equities				
Public Equity	**31,992**	**28.9**	32,681	33.1
Private Equity	**15,702**	**14.2**	14,243	14.4
	47,694		46,924	
Real Assets				
Infrastructure	**21,348**	**19.3**	17,921	18.2
Real Estate	**17,493**	**15.8**	18,060	18.3
	38,841		35,981	
Short-Term Instruments				
Cash	**12,413**	**11.2**	8,806	8.9
Economic Leverage	**(12,661)**	**(11.4)**	(21,243)	(21.5)
	(248)		(12,437)	
Total	**$ 110,808**	**100.0 %**	$ 98,710	100.0 %

Our net investment asset exposure of $110.8 billion at the end of 2019, increased $12.1 billion from $98.7 billion at the end of 2018.

One element of our investment strategy is to use economic leverage to buy public assets when markets are depressed and sell assets when prices increase. Public equity prices suffered a sharp decline in 2018, whereas both public equities and fixed income assets enjoyed strong gains in 2019. As public markets advanced in 2019, we realized gains and reduced exposures to public equities and fixed income with a corresponding reduction to economic leverage. Our cash position also increased due to realized gains on asset sales and realized foreign currency hedging gains as the Canadian dollar strengthened relative to our foreign currency exposures in 2019. As a result, we decreased economic leverage, and our Short-Term Instruments were $(0.2) billion at the end of 2019, compared to $(12.4) billion at the end of 2018.

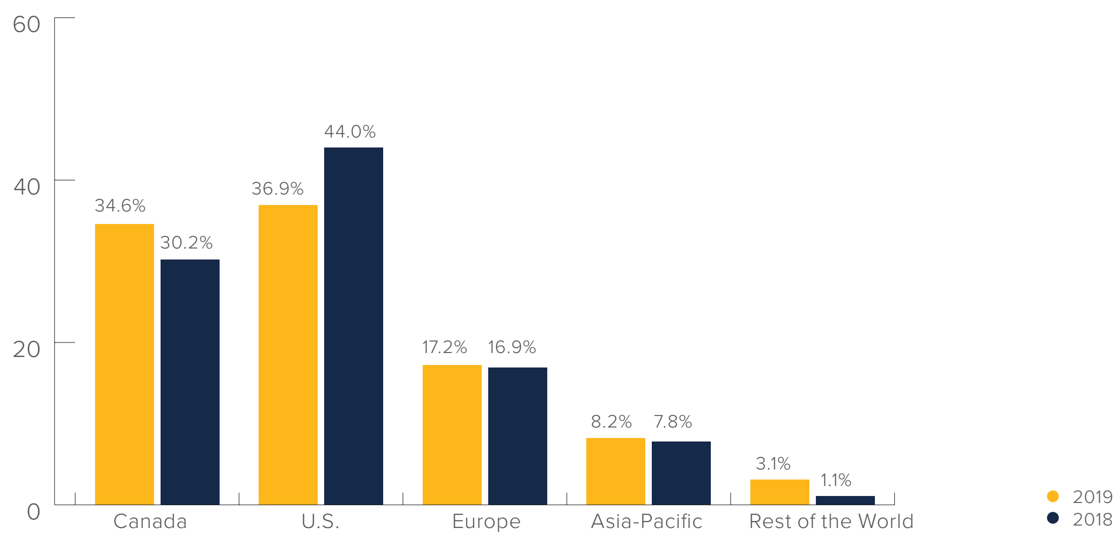
Four years ago, we began to significantly increase our exposure to the credit asset class which now stands at $18.3 billion at the end of 2019. We believe that rotating capital away from low-yielding, long-dated government bonds into higher-yielding credit investments provides for a better return on risk in the current low interest rate environment.

During 2019 we continued deploying incremental capital in infrastructure, real estate and private equity, to improve the level and stability of returns. Over a five-year period we have deployed $34 billion into these asset classes.

COUNTRY EXPOSURE

The chart below presents the Plan's asset exposure by country. While Canada continues to offer strong, long-term investment opportunities, prudence and related risk-management practices make it appropriate to diversify investments across global markets with different growth profiles.

Total Fund Exposure[1] as at December 31,



[1]Exposures are presented net of financial leverage and before economic leverage.

CURRENCY EXPOSURE

To protect our investments from the impact of foreign currency exchange volatility, our approach has been to hedge a large proportion of our exposure to foreign currencies. At December 31, 2019, 92% of currency exposure on our foreign investments was hedged to Canadian dollars compared to 95% at the end of 2018. During 2019, foreign exchange losses of $3.3 billion were offset by hedging gains of $3.1 billion. This compared to foreign exchange gains of $4.1 billion, which were offset by hedging losses of $4.1 billion in 2018.

In 2019, we protected 3.1% of our net return through currency hedging, as a result of the Canadian dollar's appreciation relative to other major currencies. Absent currency hedging, our 2019 net return would have decreased to 8.8% compared to the actual net return of 11.9%. Absent currency hedging, our 2018 return would have increased to 6.6%, or 4.3% higher than the actual net return of 2.3%, as a result of the Canadian dollar's depreciation relative to other major currencies.

INDUSTRY EXPOSURE

The OMERS portfolio remains highly diversified across industries. The table below shows OMERS investment exposure by industry, net of financial leverage and before deducting economic leverage.

As at December 31,	2019	2018
Financials	**18.6 %**	18.1 %
Real Estate	**16.6 %**	16.5 %
Industrials	**10.4 %**	10.3 %
Utilities	**10.3 %**	9.5 %
Cash and Cash Equivalents	**10.1 %**	5.6 %
Health Care	**7.6 %**	7.1 %
Information Technology	**6.5 %**	6.1 %
Government	**5.5 %**	8.2 %
Energy	**5.1 %**	5.4 %
Consumer Discretionary	**2.9 %**	4.8 %
Communication Services	**2.8 %**	2.9 %
Consumer Staples	**2.1 %**	3.1 %
Materials	**1.5 %**	2.4 %
Total	**100.0 %**	100.0 %

INVESTMENT MANAGEMENT AND PENSION ADMINISTRATION EXPENSES

Building a diversified portfolio of high-quality investments requires highly skilled talent with knowledge and experience to deliver strong long-term returns. We believe that in-house management generally creates better value than external management. We selectively use third-party managers to obtain access to specialized investment products and markets. Over the last several years, we have increased global diversification of the portfolio, expanded asset allocation into private assets and introduced credit as a new strategic asset class. The objective of these decisions is to optimize investment returns. In doing so, we accept the related costs which will vary depending on many factors, including actual performance results and asset mix.

Internal investment management expenses were $581 million in 2019, compared to $540 million in 2018. Increased investment expenses are mainly driven by strong performance in our public investments and overall plan, resulting in higher pay-for-performance costs. These higher costs were partially offset by lower pay-for-performance costs in private equity due to lower performance than 2018.

In addition to internal investment management expenses, we incurred expenses for external manager performance and pooled fund fees of $111 million in 2019 compared to $99 million in 2018. Higher external manager and pooled fund fees were due to increased allocation and performance. Together, these items represent a Management Expense Ratio of 67 basis points in 2019, compared to 66 basis points in 2018.

For several years we have been developing a replacement for our Pension Administration System. In 2019, we performed an assessment to determine whether to complete the development of a single comprehensive platform or whether an alternate option was available. We determined that the life of our legacy system could be extended due to advances in technology architecture and maturing approaches for renovating older computer systems which we expect will enable us to deliver new, more resilient functionality quicker and at a lower overall cost. Accordingly, we have shifted from developing a single comprehensive platform to iteratively modernizing our existing system. As a result of the change to a lower risk approach, we charged $92 million to Pension Administration Expenses. In 2019, our Pension Administration Expenses increased to $190 million, compared to $93 million in 2018.

We have a system of controls designed to ensure that costs are managed prudently, including a Board approved budget for investment management and pension administration expenses, supplemented by quarterly reporting on expenses incurred and forecast.

SUSTAINABLE INVESTING

OMERS has a responsibility to invest and manage the Plan's funds to meet our long-term obligations. We do this by investing in a portfolio of diversified, high-quality assets around the globe. As a long-term investor, we try to identify and address changes in the world around us that will or may affect the value or risk of our investments – including environmental, social and governance factors.

We specifically recognize that climate change and the expected transition to a lower-carbon global economy could have a significant long-term impact on the companies and assets in which we invest. We have therefore endorsed the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD), which create a framework for consistent disclosure related to climate change. In the following pages we discuss our approach to sustainable investing, including specific descriptions of how our approach addresses climate change. Our additional TCFD-compliant disclosures follow.

GOVERNANCE

The AC Board has approved OMERS Sustainable Investing Policy. The Investment Committee of the AC Board is responsible for overseeing our approach to sustainable investing. Board members receive regular reporting on our sustainable investing practices.

We have also established a Sustainable Investing Committee, overseen by our Senior Executive Team, to lead our integrated approach. That Committee's membership includes our Chief Investment Officer; our Executive VP & General Counsel; our VP of Sustainable Investing; decision-makers from each of our investing business units; and representatives from finance, risk, legal and communications. Its mandate is to:

- stay current on emerging trends, issues and best practices relevant to ESG matters;
- support and guide others across OMERS on ESG matters;
- report to the Investment Committee, Senior Executive Team, and other stakeholders; and
- recommend amendments to our Sustainable Investing Policy, ESG Guidelines and Climate Change Guidelines.

For more detail on our sustainable investing activities, including current information on our portfolio, visit www.omers.com/si.

OUR PRINCIPLES

It has been our long-held belief that well-run organizations, with sound environmental, social and governance (ESG) practices will perform better, particularly over the long term.

This belief is formalized in our Statement of Investment Policies and Procedures, and is described in our Sustainable Investing Policy. This policy applies to assets across OMERS investment portfolio. Central to this policy is our commitment to becoming a leader in sustainable investing.

Our approach to sustainable investing is grounded in four overarching principles – integration, engagement, collaboration and adaptation. All of OMERS investment and asset management teams must abide by these principles in their respective investment processes.

INTEGRATION

We integrate ESG factors into our investment analyses, asset management practices, and decision-making processes. This means that the investment teams pay careful attention to evaluating both qualitative and quantitative factors in making investment and asset management decisions. These processes are tailored to their type of asset to ensure that important and relevant factors are considered. Our investment approval processes require specific discussion of material ESG risks and opportunities. These factors include climate change, labour practices, inclusion and diversity practices, Indigenous Rights and board composition, among others.

Integrating Climate Change

When the impact of climate change is considered material to a proposed investment, our teams analyze the potential impacts to value or to risk whether positive or negative. They involve internal or external experts as necessary.

Each of our asset class teams has developed assessment procedures on climate change tailored to their unique investing approaches and strategies.

We believe that as a large institutional investor, we can influence sustainable business practices among our investee companies. We therefore believe that engagement is more impactful than exclusion or divestment. However, we believe there are instances where excluding an industry is appropriate. We have established a set of criteria to help evaluate whether a particular industry should be considered for exclusion. Our Senior Executive team considers both risks posed by ESG factors and OMERS fiduciary duty. Based on our criteria, we exclude the following investments:

- civilian firearms manufacturers;
- cluster munitions manufacturers; and
- tobacco producers and manufacturers.

ENGAGEMENT

Our investment teams actively promote sustainable business practices and long-term perspectives across our investment portfolio through direct engagement with management and Boards of Directors. Investors in publicly traded equities have voting rights through proxies; we always exercise these rights and vote according to our Proxy Voting Guidelines, which are reviewed and updated regularly.

Engaging on Climate Change

We use our influence to address climate change risks specifically through our governance rights and proxy voting activities.

When investing in private assets we typically acquire governance rights, including board seats. We exert our board-level influence to encourage the investee company to maintain and build on sustainable business practices and long-term thinking.

Through this active governance, OMERS influences material ESG-related practices in our investees' strategies and operations.

COLLABORATION

We collaborate with like-minded organizations to exchange information and advocate for better transparency and performance on relevant standards, practices and regulations. We have partnered with international organizations which promote collaboration, action and knowledge-sharing on ESG matters, including the Canadian Coalition for Good Governance (CCGG), the Global Risk Institute (GRI) and the Investor Leadership Network (ILN).

Collaborating on Climate Change

Our endorsement of TCFD disclosure standards demonstrates our commitment to working with like minded organizations on climate change.

OMERS is a member of the ILN, which is committed to accelerating the implementation of the TCFD, among other initiatives.

OMERS is an active member of the A4S - Accounting for Sustainability, a charity established by the Prince of Wales and whose aim is to make sustainable decision making business as usual.

Adapting with Respect to Climate Change

Like other institutional investors, we are continually seeking ways to measure climate risk across a broad, diversified portfolio.

We are engaging in carbon footprinting exercises and developing an approach to conduct scenario analyses that will help us determine the Plan's resiliency to effects of climate change.

ADAPTATION

We recognize that the sustainable investing landscape is rapidly evolving, and so we commit to regularly enhancing our capabilities and practices. We want to ensure that we remain transparent, and that our approach remains relevant and effective over time. As we adapt, we will post updates to the Sustainable Investing section of our website www.omers.com/si.

We believe that paying careful consideration to sustainable investing is important to delivering returns for the long-term sustainability of the Plan.

CLIMATE-RELATED DISCLOSURES

We have endorsed the Task Force on Climate-related Financial Disclosures (TCFD) because we believe that climate change presents both long-term risks and opportunities for the Plan's financial returns. Our TCFD-aligned disclosures follow.

TCFD | TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD is a global standard to promote the enhancement of climate-related disclosures by corporations and other entities. Its framework recommends disclosing details about an organization's governance, strategy, risk assessment and metrics and targets related to climate change.

GOVERNANCE

The roles of the AC Board, OMERS Senior Executive Team and our Sustainable Investing Committee in exercising oversight of Sustainable Investing matters is highlighted in the Sustainable Investing section. Their oversight includes matters related to climate change.

STRATEGY

Climate change presents both physical and transition risks to our investment portfolio. Physical risks include the risk of loss due to extreme weather events or longer-term shifts in climate patterns. Transition risks include changes in government policy, regulation, consumer preferences and technology, which may increase the costs of certain assets (e.g. carbon pricing) or their marketability (e.g. stranded assets). These changes may impact the value of our investments.

> OMERS currently invests in both the next generation of clean energy and, thoughtfully, in the traditional energy industry. This sector remains important to the global economy, and we believe that responsible and long term investors play a vital role in providing leadership on the cleaner and safer production and transportation of traditional energy.

Attractive investment opportunities continue to arise as renewable, low-carbon and next generation energy projects gain traction. New technologies – even new industries – could evolve as the world transitions and adapts.

Our strategy for addressing climate change appears in the Sustainable Investing section.

RISK MANAGEMENT

OMERS has a formal risk framework which governs our approach to identifying and managing risks, including those related to ESG and climate change. We have established a Climate Risk Working Group, comprised of risk professionals from each investment team and representatives from our Sustainable Investing Committee.

Our investment teams assess risk at the underwriting and asset management level with assistance from internal or external advisers where necessary. Our investment approval process includes separate risk reporting on items such as climate change, if it could materially impact the investment opportunity.

METRICS & TARGETS

In our real estate business, Oxford Properties has established metrics and targets related to climate change as described below. We continue to evaluate metrics and tools that may help us assess climate risk and opportunities across our broad investment portfolio, including carbon footprinting.

HIGHLIGHTS FROM OXFORD

Oxford, our real estate investment and operating arm, is focused on climate-related risks and opportunities through our robust global energy and carbon management program. Through Oxford, we have committed to develop 1 million square feet of rooftop solar projects across North America. This is in addition to 120,000 square feet of rooftop projects already developed in Washington, Quebec City and Toronto.

Oxford aims to be a leader in developing and operating energy-efficient, low-carbon buildings. We measure greenhouse gas emissions, energy usage, and the number of "green building" certifications. We also measure waste diversion and water intensity, consistent with our commitment to managing resources responsibly.

Finally, we have established an ambitious target for reducing carbon emissions per square foot. While developing this target, we referred to various science-based methodologies, and employed both a "top-down" and "bottom-up" approach. We set a 30% carbon reduction target by 2025, relative to a 2015 base year-end and are on target, having achieved a 9% reduction over the first three years. We consider this target when we set our annual property budgets, and employ a rigorous reporting and monitoring system. This target also impacts employee compensation and recognition programs.

ASSET CLASS INVESTMENT PERFORMANCE

PUBLIC INVESTMENTS

Net Return

16.4%

Benchmark: 6.0%
2018: (4.6)%
3-year average: 7.4%

Net Investment Income

$7.7 billion

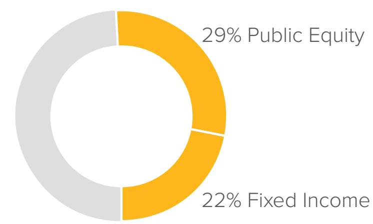
2018: $(2.3) billion

Net Assets

$56.3 billion

2018: $48.5 billion

Asset Mix Exposure



INVESTMENT APPROACH

Our approach to investing in public investments, which include fixed income and public equities, is to focus on high-quality investments that can generate sustainable income and growth, which we believe results in more consistent returns and lower volatility. We seek investments in companies with strong balance sheets and resilient business models. We partner with leading businesses, operators and best-in-class investors to access investment opportunities around the world. Our objective is to construct a well-diversified portfolio, across geographies, sectors, strategies and income streams, that will deliver long-term, consistent, absolute returns to fund the pension liabilities. Over the long term we expect to derive approximately two thirds of investment returns from cash interest and dividends and one-third of investment returns from capital gains.

2019 PERFORMANCE

Our public investments generated a net return of 16.4% in 2019, compared to a net loss of 4.6% for 2018 and our 2019 benchmark of 6.0%. This represents a net investment income of $7.7 billion in 2019, compared to a net investment loss of $2.3 billion in 2018.

Our returns reflect the trends in broad public market indices, which were very strong in 2019. This follows 2018 when virtually all indices had negative returns. OMERS public equities gained 20.3% in 2019, compared to a loss of 8.3% in 2018. Inflation-linked bonds and government bonds gained 7.1% and 1.2% respectively in 2019, mainly due to a compression in the level of yields. This compares to 2018 when Inflation-linked bonds and government bonds generated losses of 0.4% and 0.6%, respectively. Credit investment returns were 8.0% in 2019, compared to 3.1% in 2018, primarily due to lower interest rates and credit spreads.

CAPITAL ALLOCATION

Public investments increased to $56.3 billion from $48.5 billion at the end of 2018. This increase was primarily from strong asset performance.

SUSTAINABLE INVESTING IN PUBLIC INVESTMENTS

We actively engage with our most significant investee companies as a shareholder, expressing our views through meetings with management, sometimes with boards of directors, and regularly casting our votes on proxies in accordance with our established guidelines. We consider and regularly monitor Sustainable Investing metrics that are relevant and material to our key investments alongside other factors as part of our investment decisions and ongoing asset-management responsibility. We do this through proxy voting, where we exercise our ownership rights through the proxy process by voting our shares based on OMERS Proxy Voting Guidelines. These guidelines promote good corporate governance. We regularly review these guidelines and update them to reflect current issues. We retain flexibility to consider specific circumstances on any matter, so that we can exercise our votes in the best interests of OMERS.

Shareholder Engagement: We encourage responsible corporate behaviour and accountability by speaking directly to management teams and boards of directors, where appropriate.

INFRASTRUCTURE

Net Return

8.7%

Benchmark: 7.9%
2018: 10.6%
3-year average: 10.5%

Net Investment Income

$1.7 billion

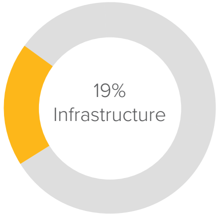
2018: $1.8 billion

Net Assets

$21.3 billion

2018: $17.9 billion

Asset Mix Exposure



INVESTMENT APPROACH

Our approach to investing in infrastructure is to seek reliable income and strong cash flows over the long term through investments in large-scale infrastructure services or businesses in energy, social infrastructure, transportation and telecommunications – primarily in North America, Europe and the Asia-Pacific region.

The infrastructure services or businesses we invest in generally have high barriers to entry and are often highly regulated and supported by long-term arrangements that provide an effective way to manage risk.

We take a patient and disciplined approach to infrastructure investing, and we execute on the prudent diversification of our portfolio. We actively manage the absolute and relative exposures, such as industrial sector, technology, demographics and currency, through dynamic asset and portfolio management.

2019 PERFORMANCE

The infrastructure asset class net return was 8.7%, compared to 10.6% for 2018 and our 2019 benchmark of 7.9%. This represents net investment income of $1.7 billion in 2019, compared to $1.8 billion in 2018 and an operating cash yield of 7.1% in 2019, compared to 5.9% in 2018.

In 2019 our performance was attributable to our active asset management focus which led to solid operational performance across a number of our assets. This was despite increased regulatory pressures, particularly in Europe.

CAPITAL ALLOCATION

Infrastructure investments increased to $21.3 billion in 2019, up from $17.9 billion in 2018. This increase was primarily attributable to the progress made with our capital deployment strategy. During 2019, we invested in Puget Holdings LLC (a regulated utility in the U.S.), SFR FttH (a fibre-to-the-home business in France), VTG Aktiengesellschaft (a private railcar lessor based in Germany) and IndInfravit Trust (a trust holding a portfolio of toll roads in India).

PRIVATE EQUITY

Net Return

4.6%

Benchmark: 11.0%
2018: 13.5%
3-year average: 9.7%

Net Investment Income

$0.6 billion

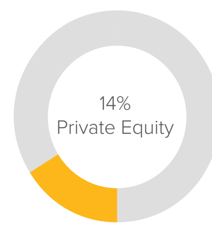
2018: $1.6 billion

Net Assets

$15.7 billion

2018: $14.2 billion

Asset Mix Exposure



INVESTMENT APPROACH

Our approach to investing in private equity is to acquire interests in private companies throughout various phases of the investment lifecycle including venture, growth and buyout capital, primarily headquartered in North America and Europe. Our objective is to generate strong capital returns, while appropriately managing risk. We take a thoughtful approach to capital deployment and invest in companies with solid business fundamentals, strong management teams, and with opportunities to grow both organically and through acquisitions.

2019 PERFORMANCE

The private equity asset class net return was 4.6%, compared to 13.5% in 2018 and our 2019 benchmark of 11.0%. This represents net income of $0.6 billion in 2019, compared to $1.6 billion in 2018. Several investments delivered strong returns through operational performance and acquisitions. The lower performance overall was due to the absence of any significant exits in 2019 and weaker operating performance in certain assets. We measure success over the longer term and our focus remains on positioning assets for sale to capitalize on our value creation.

CAPITAL ALLOCATION

Total investments in private equity increased to $15.7 billion at the end of 2019 compared to $14.2 billion, as at December 31, 2018. This increase was primarily driven by acquisitions. In 2019, the significant transactions included the acquisition of Community Vet Partners (an operator of vet hospitals in the U.S.) and the disposition of a portion of Caliber Collision Centres (a vehicle collision repair company in the U.S.).

SUSTAINABLE INVESTING IN INFRASTRUCTURE AND PRIVATE EQUITY

When considering a potential investment, we employ a framework to review relevant ESG factors. We tailor the depth of assessment required for potential investments, as required, to ensure consistency with OMERS sustainable investing beliefs.

OMERS actively enhances ESG practices across our portfolio through the role we take in the management of our portfolio companies. Including having regular direct contact with management teams, our governance rights are commensurate with our equity positions, including negative control rights, participation on boards and related committees. In addition, we often appoint independent directors to bring in specialized skills and varied experiences, where necessary.

REAL ESTATE

Net Return

8.3%

Benchmark: 7.9%
2018: 8.7%
3-year average: 9.4%

Net Investment Income

$1.4 billion

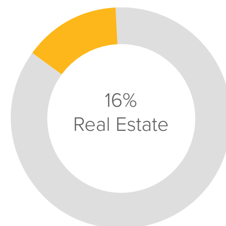
2018: $1.3 billion

Net Assets

$17.5 billion

2018: $18.1 billion

Asset Mix Exposure



INVESTMENT APPROACH

Our approach to investing in real estate is centered on building a world-class global real estate, investment, development and management platform that delivers sustainable income and capital returns. Oxford Properties Group (Oxford) executes its strategy as the owner, developer and manager of some of the world's best real estate assets.

Oxford is a disciplined and thematic global real estate investor in high-quality assets in real estate sectors and markets where it can outperform and deliver superior long-term returns. Oxford invests in a diversified portfolio of office, retail, industrial, multi-residential, hotel properties and alternative assets, in gateway and growth markets in Canada, the U.S., Europe and Asia-Pacific. Our portfolio consists of 100 million square feet of office, retail and industrial space, 9,100 multi-residential units and 3,000 hotel rooms. Oxford uses its expertise in leasing, management and development to add value to its investments.

2019 PERFORMANCE

The real estate asset class net return in 2019 was 8.3%, compared to 8.7% in 2018, and our 2019 benchmark of 7.9%. This represents net investment income of $1.4 billion in 2019, compared to $1.3 billion in 2018.

Performance in 2019 was driven by strong operating results and realized and unrealized mark-to-market gains on the asset portfolio, offset by mark-to-market losses on our long-term debt portfolio due to lower interest rates.

CAPITAL ALLOCATION

Total investment in real estate decreased to $17.5 billion as at December 31, 2019, compared to $18.1 billion, as at December 31, 2018 as we continued to execute on our strategy to re-balance the portfolio, which included several acquisitions, the dispositions of non-core assets and committing to over 20 new developments.

In 2019, Oxford continued to focus on increasing its portfolio weighting to the multi-residential and industrial sectors with a number of key acquisitions. Also aligned with our strategy, we successfully completed a number of sales transactions including; non-core assets acquired in 2018 as part of the larger portfolio acquisitions of Investa Office Fund in Australia, and IDI Logistics in the U.S., as well as, the sale of our interest in several office properties in global cities. Oxford also entered into a definitive agreement to sell a 75% non-managing interest in its Western Canada resort hotel portfolio which is expected to close subsequent to year-end.

In 2019, Oxford continued to make significant progress on more than 30 active development projects. Notably, Oxford executed a lease agreement with a major tenant for the entire 1.3 million square foot New York office development (St. John's Terminal) significantly de-risking the development project, and broke ground at The Stack (Vancouver, Canada).

SUSTAINABLE INVESTING IN REAL ESTATE

Oxford Properties takes a leadership approach to sustainability across its global 100 million square foot portfolio. Oxford develops strategies, sets targets and benchmarks performance using disciplined practices and new technologies to achieve outstanding results in a range of areas, including, energy efficiency; waste management; pollution; climate impact and anti-corruption.

Oxford develops and operates its buildings consistent with best-in-class sustainability standards across asset classes and markets, including LEED (Canada/U.S. office), BOMA BEST (Canada retail/industrial) and BREEAM (U.K. office). Oxford's list of industry firsts, external awards and achievements related to sustainability is extensive. Notably, in 2019 Oxford was again honoured as #1 by GRESB in the North America Diversified Office / Retail category and in the top 3% globally across over 900 funds and companies. Oxford also announced and commenced construction on Canada's first carbon neutral building with The Stack office building in Vancouver, Canada.

Oxford's sustainability program is driven by a set of Guiding Principles related to Leadership, Performance, Innovation, Credibility, Risks and Opportunities, and Transparency and Engagement. The program includes a range of commitments and activities around focused themes, including:

CLIMATE AND ENERGY We are a leader in the development and operation of energy-efficient, low-carbon buildings. Our priorities include carbon emissions, energy efficiency and renewable energy.

MATERIALS AND RESOURCES We critically evaluate the environmental and health aspects of the materials and resources we procure and use in our buildings. Our priorities include materials selection, waste diversion and water consumption.

WELL-BEING We incorporate world-class features and amenities in our buildings that support the success of our customers and help them live healthy and active lives. Our priorities include indoor air quality, common areas and customer amenities.

COMMUNITY We engage our stakeholders, creating outstanding buildings and exceptional places and giving back to our communities. Our priorities include partnerships, placemaking and volunteering.

THE PLAN'S INVESTMENT RETURN HISTORY

While we measure our investment performance annually, OMERS emphasizes long-term performance, as pensions are paid over decades. Consistent long-term performance is important. The table below sets out the Plan's historical returns over a one-, three-, five-, 10- and 20-year period.

Net return for the period ending December 31, 2019	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
	11.9%	8.5%	8.5%	8.2%	6.5%

INVESTMENTS OUTLOOK

In 2020, we expect the global economy will gradually pick up momentum through the year. This growth will be fueled by global monetary and fiscal stimulus that began in 2019. This is not without some headwinds, as we expect geopolitical instability, trade tensions and the global effects of COVID19 virus will continue to introduce uncertainty in the market. Over time, we expect the secular trends of aging populations and rising public indebtedness will increasingly weigh on economies.

We expect future long-term returns to be lower than those we have earned in the past. We have reflected this risk of decreasing investment return expectations in our risk assessments, our 2025 Strategy, and our protocol for setting the discount rate.

RISK MANAGEMENT

We define "risk" as an event, action or inaction that results in uncertainty around whether OMERS can effectively execute on its strategies and achieve its business objectives, or which could cause a significant opportunity to be missed.

The AC Board has approved a risk framework, which describes overall risk management governance and details the structure for categorizing risks to which the organization is exposed. The Chief Risk Officer is responsible for our Risk Management Group, which provides independent and objective analysis and risk reporting to both the Senior Executive Team and OMERS Boards of Directors. This risk management approach provides a unified risk assessment across both the AC and SC, enabling unified risk management strategies across the two organizations.

OMERS governance therefore plays an instrumental role in supporting risk management. Inadequate governance could result from insufficient governance structures, processes and culture, and could cause lower-quality decision-making, with adverse effects on OMERS strategy, risk management and operations. We use a bespoke framework to assist the Governance Committees of the Boards and the Joint Council to evaluate our governance practices.

Day-to-day accountability for managing and ongoing execution remains with the business units and functions responsible for making operational decisions.

Within the context of the risk framework, we identify, assess, measure, mitigate, monitor and report risks to the Plan. We categorize these risks as follows: Pension, Investment, Operational, and Emerging risks. The risk inherent in the interaction of these categories together is funding risk, which we define as the risk that OMERS will need to increase contributions and/or reduce benefits. Our funding management strategy, discount rate methodology, and investment decisions in aggregate help manage funding risk.

The Boards of Directors also approve risk appetite statements, which quantitatively and qualitatively describe the desired level of risk within the organization. The Primary Plan risk appetite statement addresses funding risk, and additional "subsidiary" risk-appetite statements address Pension, Investment, and Operational risk.

The risk appetite statements:

- help define the desired level of risk within the Primary Plan and each of the respective risk categories;
- determine the nature, types, and degree of risk that OMERS is willing to assume through the articulation of qualitative statements and risk tolerances;
- establish metrics that allow OMERS to quantitatively assess its risk positioning relative to its desired risk appetite, as articulated by the qualitative statements and risk tolerances; and
- provide the Boards and their Committees with the necessary information and transparency required to effectively discharge their risk oversight responsibilities and make key strategic decisions.

A brief overview of each subsidiary risk category, its major components, and how we manage the more granular risks is provided below. The decisions we make to manage these risks, ultimately address the ability of the Plans to sustain their long-term obligations to pay pensions.

1 PENSION RISK

Pension Risk is the risk of significant changes in Plan liabilities and normal cost, or the risk of Plan design being inconsistent with design objectives. There are three key elements of Pension risk:

1. the risk of experiencing significant, unexpected changes in OMERS pension liabilities and normal cost due to demographic experience or assumption changes;
2. the risk of failing to deliver appropriate value or perceived value to members and employers; and
3. the risk of inequitable sharing of risks across generations of categories of members.

To evaluate and address these risks, we regularly review our assumption-setting philosophy and assumptions and methods in accordance with our Funding Policy; measure and assess value and equity of the Plan design and the actual experience of members; and assess the trade-off that must be made between inter-generational equity and contribution and benefit stability.

We continuously enhance tools, practices and resources to deliver insights and analysis which help inform strategic decisions.

2 INVESTMENT RISK

Investment Risk is the risk that investments will underperform our required return targets. There are key aspects of Investment Risk that affect the Plan: risk of permanent loss of capital, risk of an inappropriate risk-and-return trade-off, liquidity risk, and the risk that we are unable to execute our investment strategies. Items that are evaluated in assessing a permanent loss of capital include market risk, credit risk, counterparty risk, foreign exchange risk and valuation risk. Many of these categories are evaluated using quantitative measures. These risks are discussed in further detail in the Consolidated Financial Statements.

The risk-and-return trade-off is considered in the context of the ability of the strategic long-term asset mix to achieve the required returns to meet OMERS objectives. Liquidity considers both short-term and longer-term requirements and helps promote active planning. Lastly, we consider the ability to execute our investment strategies.

This mainly involves qualitative risk analysis. The evaluation of Investment Risk provides support for strategic investment decisions.

3 OPERATIONAL RISK

Operational Risk is the risk of loss or other adverse impacts arising from operational failures such as failure in people, processes, systems, and infrastructure. Examples of Operational Risk include the risk:

1. of failing to efficiently and effectively manage the day-to-day business operations for pension administration and member and employer interactions;
2. that we may not have the appropriate talent in place to manage and support business activities;
3. that our systems and IT infrastructure may not appropriately support business activites, including protecting our member and investment information against cyber incidents;
4. that we are not compliant with laws and regulations; and
5. of not having effective process controls in place, or the major initiatives are not managed effectively.

The Operational Risk management program has a range of tools and processes that guide how OMERS identifies, evaluates and tracks mitigation activities on an ongoing basis, including regular internal reporting on specific metrics for each area of risk.

4 EMERGING RISKS

Emerging Risks are defined as risks that are new, evolving or already known which lack specificity and/or are difficult to quantify, and individually or in combination, have the potential to gradually or suddenly impact OMERS ability to achieve its objectives.

We apply our framework, which defines six key Emerging Risk dimensions that support the identification and classification of emerging trends that are most relevant to OMERS and provide a more structured approach to categorizing trends. The six dimensions are Economic, Environmental, Geopolitical, Government/Regulatory, Societal and Technological. Emerging Risks may or may not fall within the other three categories of risk noted above.

As the pension landscape and investing environments shift, and as ESG considerations evolve, OMERS will continue to identify, measure and manage those emerging and existing risks that impact the Plan's long-term financial health.

RECONCILIATION OF NON-GAAP MEASURES

RECONCILIATION OF NET INVESTMENT ASSETS

The classification and measurement of certain investment assets and investment liabilities in this MD&A differ from the amounts reported in our Consolidated Financial Statements in accordance with GAAP. The following table sets out the reconciliation of Net Investment Assets and Net Investment Liabilities in Note 3 in the Consolidated Financial Statements, to the Net Investment Asset exposure in this MD&A.

			Reclassifications								
Consolidated Financial Statements		Derivative Exposures[1]	Private Credit Funds[2]	Preferred Shares[3]	Corporate Bonds[4]	Public equity Funds[5]	Recourse debt[6]	OMERS Return Agreement[7]	Other		**MD&A**
$millions as at December 31, 2019											
Fixed Income											**Fixed Income**
Inflation-Linked Bonds	**2,707**								36	**2,743**	Inflation-Linked Bonds
Nominal bonds and Debentures	**4,336**	1,030			(1,916)				18	**3,468**	Government Bonds
Private debt and mortgages	**8,446**	149	5,959	1,931	1,916		(430)		339	**18,310**	Credit
Equities											**Equities**
Public Equity	**21,080**	11,866		(1,931)		703			274	**31,992**	Public Equity
Private Equity	**22,561**		(5,959)			(703)	(3)		(194)	**15,702**	Private Equity
Real Assets											**Real Assets**
Infrastructure	**25,292**						(2,643)	(1,174)	(127)	**21,348**	Infrastructure
Real Estate	**20,497**						(2,675)	(644)	315	**17,493**	Real Estate
Short-Term Instruments											**Short-Term Instruments**
Cash and Short-Term deposits	**14,188**						(1,283)	(100)	(392)	**12,413**	Cash
		(13,045)							384	**(12,661)**	Economic Leverage
Investment Related Assets & Liabilities	**(6,867)**						7,034		(167)	—	
Total Net Investment Assets	**112,240**	—	—	—	—	—	—	(1,918)	486	**110,808**	**Total Net Investment Assets**

[1] Derivatives are measured at their fair value in the Consolidated Financial Statements. In this MD&A, to arrive at the Plan's ultimate exposure by asset class, derivatives are measured at their exposure value. The effect of derivatives exposure is reflected in each asset class, with an offset to economic leverage. Economic leverage is the difference between the exposure to an asset class and the fair value of the derivatives in the asset class.

[2] Private credit funds are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

[3] Preferred shares are classified as public equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

[4] Corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.

[5] Private funds that are invested in public equities are classified as private equity in the Consolidated Financial Statements, and are classified as public equity in this MD&A.

[6] Recourse debt is classified as investment liabilities in the Consolidated Financial Statements, and is classified in the respective asset classes which the debt is financing in this MD&A.

[7] OMERS has entered into agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The real estate and infrastructure assets are gross of the related liabilities on the Consolidated Financial Statements, and net of the related liabilities in this MD&A.

RECONCILIATION OF NET INVESTMENT INCOME

The following table sets out the reconciliation of Net Investment Income for each asset class and in total as reported in Note 8 in the Consolidated Financial Statements, to the Net Investment Income in this MD&A.

		Reclassifications									
Consolidated Financial Statements		Derivative Exposures[1]	Private Credit Funds[2]	Preferred Shares[3]	Corporate Bonds[4]	Public equity funds[5]	Recourse debt[6]	Contractual Agreements[7]	Other Items		**MD&A**
In $ millions as at December 31, 2019											
Fixed Income											**Fixed Income**
Inflation-Linked Bonds	**228**							(3)	2	**227**	Inflation-Linked Bonds
Nominal bonds and Debentures	**1,291**	(1,118)			(117)			(1)	5	**60**	Government Bonds
Private debt and mortgages	**316**	795	(32)	140	117		14	(19)		**1,331**	Credit
Equities											**Equities**
Public Equity	**5,791**	237		(140)		39		(84)	(6)	**5,837**	Public Equity
Private Equity	**639**	55	32			(39)	7	(9)	(48)	**637**	Private Equity
Real Assets											**Real Assets**
Infrastructure	**1,859**						50	(135)	(66)	**1,708**	Infrastructure
Real Estate	**1,459**						56	(72)	(4)	**1,439**	Real Estate
Cash and Short-Term deposits	**198**	31					(127)	(3)	100	**199**	Cash and Short-Term Instruments
Total Investment Income	**11,781**	—	—	—	—	—	—	(326)	(17)	**11,438**	**Total Primary Plan**
Income credited under contractual agreements	**(326)**							326	17	**17**	**RCA Investment Fund**
Net Investment Income/ (Loss)	**11,455**	—	—	—	—	—	—	—	—	**11,455**	

[1] Income from derivatives for fixed income assets is classified as nominal bonds and debentures in the Consolidated Financial Statements, and is classified based on the asset exposure in this MD&A.

[2] Losses from private credit funds are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

[3] Income from preferred shares is classified as public equity in the Consolidated Financial Statements, and is classified as credit in this MD&A.

[4] Income from corporate bonds is classified as nominal bonds and debentures in the Consolidated Financial Statements, and is classified as credit in this MD&A.

[5] Income from private funds that are invested in public equities is classified as private equity in the Consolidated Financial Statements, and is classified as public equity in this MD&A.

[6] Interest income related to recourse debt is classified as short-term deposits in the Consolidated Financial Statements, and is classified in the respective asset classes which the debt is financing in this MD&A.

[7] OMERS has entered into contractual agreements to invest funds on behalf of the Board of Trustees of Ryerson University and the Transit of Windsor Fund. OMERS has also entered into agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The investment income related to these contracts are reported gross in Total Investment Income in the Consolidated Financial Statements, and net in this MD&A.

04

FINANCIAL STATEMENTS: OMERS ADMINISTRATION CORPORATION

RESPONSIBILITIES OF MANAGEMENT, ACTUARY AND INDEPENDENT AUDITORS

The consolidated financial statements of AC have been prepared by AC Management (Management) and approved by the Board of AC (AC Board). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for pension plans. Management is responsible for designing, implementing and maintaining an adequate system of internal control over financial reporting to enable the preparation and fair presentation of the consolidated financial statements, including amounts based on estimates and judgment. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information. In addition, our internal audit team reviews AC's systems of internal controls over financial reporting and disclosure to determine whether these controls are appropriate and operating effectively.

The AC Board is responsible for approving the annual consolidated financial statements. The Audit & Actuarial Committee, which is comprised of directors who are not officers or employees of AC, assists the AC Board in executing this responsibility. The Audit & Actuarial Committee meets regularly with Management, the internal audit team and independent external auditors to review the scope and timing of their respective audits as well as to review any internal control or financial reporting issues and their resolution. The Audit & Actuarial Committee reviews the annual consolidated financial statements and recommends them to the AC Board for approval.

The external actuary is appointed by the AC Board. It is the external actuary's responsibility to carry out annual valuations of the accrued pension obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and to report thereon to the AC Board. The results of the external actuary's valuation are set out in the Actuarial Opinion. In performing the valuation, the external actuary values the benefits provided under the OMERS Pension Plans using appropriate assumptions about future economic conditions (such as inflation, salary increases and investment returns) and demographic factors (such as mortality, termination rates and retirement ages). These assumptions take into account the circumstances of AC and its active, deferred and retired members.

The independent external auditors are also appointed by the AC Board. Their responsibility is to report to the AC Board whether in their opinion the consolidated statements of financial position as at December 31, 2019 and 2018 and the consolidated statements of changes in net assets available for benefits and the statements of changes in pension obligations for the years ended December 31, 2019 and 2018 present fairly in all material respects the financial position, the changes in net assets available for benefits and changes in pension obligations in accordance with Canadian accounting standards for pension plans. The independent external auditors have full and unrestricted access to Management and the Audit & Actuarial Committee to discuss any findings arising from their audit related to the integrity of financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit. The auditors' report outlines the scope of their examination and opinion.

Based on my knowledge, the Annual Report does not contain any untrue statement of a material fact, or omit to state a material fact, that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by this Annual Report.

Based on my knowledge, the annual financial statements, together with the other financial information included in this Annual Report, fairly present in all material respects the financial position, changes in net assets available for benefits and changes in pension obligations of AC as of the date and for the periods presented in this Annual Report.

Michael Latimer
Chief Executive Officer

Toronto, Ontario
February 21, 2020

Jonathan Simmons, FCPA, FCA
Chief Financial Officer

ACTUARIAL OPINION

We conducted actuarial valuations as at December 31, 2019 of the OMERS Primary Pension Plan (the Primary Plan) and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (the RCA) administered by OMERS Administration Corporation (AC). The purpose of the valuations is to fairly present the actuarial funded status of the Primary Plan and the RCA as at December 31, 2019, for inclusion in this Annual Report in accordance with Section 4600 of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

The results of the actuarial valuation of the Primary Plan disclosed total going concern actuarial liabilities of $107,687 million in respect of benefits accrued for service to December 31, 2019 (comprising $106,443 million with respect to the defined benefit component and $1,244 million with respect to the AVC component). The actuarial assets at that date were $104,290 million (comprising $103,046 million with respect to the defined benefit component and $1,244 million with respect to the AVC component), indicating a going concern actuarial deficit of $3,397 million.

The actuarial liability in respect of RCA benefits accrued for service to December 31, 2019, net of the RCA assets, was $766 million. The RCA is not fully pre-funded. The funding of the RCA is managed on a modified pay-as-you go basis and monitored to ensure that the fund will have sufficient assets to provide for the projected benefit payments over the 20-year period following each valuation date.
The actuarial valuations of the Primary Plan and the RCA as at December 31, 2019 were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 31, 2019 and financial information as at December 31, 2019 supplied by the AC.

We reviewed the data for reasonableness and consistency with the data provided in prior years. In our opinion,

- the membership data are sufficient and reliable for the purpose of the valuations;
- the assumptions adopted were set with reference to the Primary Plan's and RCA's funding policies and are appropriate for the purpose of the valuations;
- the methods employed in the valuations are appropriate for the purpose of the valuations; and
- the valuations have been completed in accordance with our understanding of the requirements of the CPA Canada Handbook Section 4600.

The future experience of the Primary Plan and the RCA may differ from the actuarial assumptions, resulting in gains or losses which will be revealed in future valuations.

The valuations were prepared and our opinions are given in accordance with accepted actuarial practice in Canada.

Respectfully submitted,
Towers Watson Canada Inc.

Philip Morse

Philip A. Morse
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
February 21, 2020

Geoffrey Melbourne
Fellow, Canadian Institute of Actuaries

INDEPENDENT AUDITOR'S REPORT

To the Board of OMERS Administration Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of OMERS Administration Corporation and its subsidiaries (together, AC) as at December 31, 2019 and 2018, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

What we have audited

AC's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of changes in net assets available for benefits for the years then ended;
- the consolidated statements of changes in pension obligations for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of AC in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing AC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AC's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 AC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

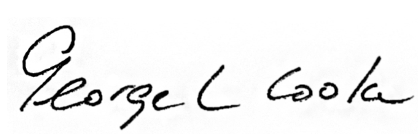
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 21, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, (in millions of Canadian dollars)	**2019**	2018
Net Assets Available for Benefits		
Assets		
Investments (note 3)	**$ 119,107**	$ 108,424
Investment related assets (note 3)	**2,411**	2,780
Contributions receivable		
Employers	**166**	164
Members	**166**	164
Other assets	**658**	330
Total Assets	**122,508**	111,862
Liabilities		
Investment related liabilities (notes 3 and 4)	**9,278**	10,923
Amounts payable under contractual agreements (note 5)	**3,485**	3,247
Other liabilities	**365**	253
Total Liabilities	**13,128**	14,423
Net Assets Available for Benefits	**$ 109,380**	$ 97,439
Accrued Pension Obligation and Surplus/(Deficit)		
Primary Plan (note 6)		
Defined benefit component		
Accrued pension obligation	**$ 106,443**	$ 99,058
Surplus/(Deficit)		
Funding surplus/(deficit)	**(3,397)**	(4,191)
Actuarial value adjustment to net assets available for benefits	**4,928**	1,401
	1,531	(2,790)
Additional Voluntary Contributions component pension obligation	**1,244**	1,023
Accrued Pension Obligation and Surplus/(Deficit) - Primary Plan	**109,218**	97,291
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation	**928**	851
Surplus/(Deficit)	**(766)**	(703)
Accrued Pension Obligation and Surplus/(Deficit) - Retirement Compensation Arrangement	**162**	148
Accrued Pension Obligation and Surplus/(Deficit)	**$ 109,380**	$ 97,439

The accompanying notes are an integral part of these consolidated financial statements.
These financial statements were approved by the Board of Directors on February 21, 2020.
Signed on behalf of the Board of OMERS Administration Corporation



George Cooke
AC Board Chair

Laurie L. Hutchinson
Chair, Audit & Actuarial Committee

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, (in millions of Canadian dollars)	2019	2018
Changes Due to Investment Activities		
Net investment income (note 8)	**$ 11,455**	$ 2,205
Total Changes Due to Investment Activities	**11,455**	2,205
Changes Due to Pension Activities		
Total contributions received (note 10)	**4,349**	4,370
Assumption of City of Toronto Pension Plans	**973**	36
Total benefits paid (note 11)	**(4,646)**	(4,277)
Pension administrative expenses (note 12)	**(190)**	(93)
Total Changes Due to Pension Activities	**486**	36
Total Increase	**11,941**	2,241
Net Assets Available for Benefits, Beginning of Year	**97,439**	95,198
Net Assets Available for Benefits, End of Year	**$ 109,380**	$ 97,439

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

For the year ended December 31, (in millions of Canadian dollars)	2019	2018
OMERS Primary Pension Plan (note 6)		
Defined Benefit Component		
Accrued pension obligation, beginning of year	**$ 99,058**	$ 93,614
Interest accrued on benefits	**5,917**	5,592
Benefits accrued	**3,491**	3,380
Benefits paid	**(4,589)**	(4,225)
Assumption of City of Toronto Pension Plans	**847**	30
Experience (gains)/losses	**195**	272
Changes in actuarial assumptions and methods	**—**	395
Reduction in the discount rate	**1,524**	—
Accrued Pension Obligation, End of Year	**106,443**	99,058
Additional Voluntary Contributions Component		
Additional Voluntary Contributions obligation, beginning of year	**1,023**	817
Contributions	**127**	207
Withdrawals	**(34)**	(22)
Attributed net investment income	**128**	21
Additional Voluntary Contributions Obligation, End of Year	**1,244**	1,023
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation, beginning of year	**$ 851**	$ 813
Interest accrued on benefits	**27**	26
Benefits accrued	**26**	27
Benefits paid	**(23)**	(30)
Experience (gains)/losses	**47**	34
Changes in actuarial assumptions and methods	**—**	(19)
Accrued Pension Obligation, End of Year	**$ 928**	$ 851

The accompanying notes are an integral part of these consolidated financial statements.

(Amounts in millions of Canadian dollars except where otherwise noted)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Description of Plans Administered By OMERS Administration Corporation

OMERS Administration Corporation (AC) is a corporation without share capital, continued under the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act). AC is the administrator of the OMERS pension plans (OMERS Pension Plans) as defined in the OMERS Act and is trustee of the pension funds. The OMERS Pension Plans include the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (RCA) and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). As trustee of the Primary Plan's fund, AC holds legal title to the pension fund assets and the trust beneficiaries are primarily Primary Plan members. AC is responsible for administering the OMERS Pension Plans in accordance, as applicable, with the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA), and the OMERS Act. Under the OMERS Act, the OMERS Sponsors Corporation (SC) is the sponsor of the OMERS Pension Plans.

The accrued pension obligations of any one of the OMERS Pension Plans cannot be funded by the assets of the other OMERS Pension Plans.

Effective June 8, 2019, Financial Services Regulatory Authority of Ontario (FSRA) assumed the regulatory responsibilities of the Financial Services Commission of Ontario (FSCO). The responsibility for administration of the Pension Benefits Act (Ontario) was transferred to FSRA at the above date.

OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the PBA, the ITA and other applicable legislation. The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component.

The Primary Plan is registered with the FSRA and the Canada Revenue Agency (CRA) under Registration #0345983.
Attributes of the defined benefit component of the Primary Plan include:

- Funding –The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. AC determines the regulatory minimum funding requirements in accordance with the ITA and PBA. The SC sets the actual contribution rates.
- Pensions – The normal retirement age (NRA) is 65 years for all Primary Plan members, except police officers and firefighters, who generally have a normal retirement age of 60 years. The Primary Plan is designed to provide lifetime defined benefit pensions. These pensions are calculated as a percentage of the member’s earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.

- Death Benefits – Death benefits are payable to a surviving spouse, eligible dependent children, designated beneficiary, or the member's estate upon the death of a member. Depending upon eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- Escalation of Pensions – Pensions are increased for inflation through an annual adjustment equal to 100 per cent of the increase in the average Consumer Price Index (CPI) over the prior year's average. This adjustment is subject to a limit of six per cent in any one year. If the increase in the average CPI exceeds the six per cent limit, the excess is carried forward to future years.
- Disability Pensions – A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member’s years of credited service and the average annual earnings during the member’s highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- Income Taxes – The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes for contributions or investment income received. The operations of certain entities holding private equity, infrastructure or real estate investments may be taxable.

The AVC component of the Primary Plan enables members to make additional voluntary contributions on which the member receives the net investment return of the Primary Plan. For the AVC component of the Primary Plan, the liability of the Primary Plan is members' AVC contributions plus/minus the net investment rate of return of the defined benefit component of the Primary Plan.

Retirement Compensation Arrangement for the OMERS Primary Pension Plan

The RCA is an arrangement that provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation and is funded by equal contributions from participating employers and members and by the investment earnings of the RCA fund. Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

The Supplemental Plan became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with CRA under Registration #1175892.
Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2019 and December 31, 2018, no such agreement existed and hence the Supplemental Plan had no assets and no members.

NOTE 2

Summary of Significant Accounting Policies

Basis of Presentation

AC follows the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600 – Pension Plans, which is the basis for Canadian accounting standards for pension plans. The recognition and measurement of AC assets and liabilities are consistent with the requirements of CPA Canada Handbook Section 4600. For accounting policies that do not relate to its investment portfolio or pension obligations, AC follows the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements also provide disclosures required by regulation 909 of the PBA.

These financial statements include the financial position, changes in net assets available for benefits and changes in pension obligations of AC and the OMERS Pension Plans.

Certain comparative figures have been restated to conform to the current year's presentation.

Use of Estimates and Judgments

The preparation of consolidated financial statements requires AC Management (Management) to make estimates, judgments and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued pension obligations and related disclosures. Actual results could differ from these estimates. Areas of significant accounting estimates and judgments include the determination of fair value of financial instruments including valuation of real estate, infrastructure, private equity and private debt investments, derivatives and the determination of the accrued pension obligation.

Investments

All investment transactions are recorded at the point when the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments are recorded as of the trade date.

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is best evidenced by a quoted closing market price in an active market, if one exists. The determination of fair value is based on market conditions at a specific point in time and may not be reflective of future fair values. Detailed discussion on valuation methodology is presented in Note 3 – Investments.

The difference between the value of a fixed income investment at the time it was acquired and its current fair value takes into account changes in market rates and credit risk of the issuer that have occurred since the original acquisition. Unrealized appreciation/depreciation in the fair value of investments is the change in fair value adjusted for cash flows recognized during the year and is reflected in Changes due to Investment Activities in the Consolidated Statement of Changes in Net Assets Available for Benefits.

Derivative Financial Instruments

Derivative financial instruments are financial contracts, the value of which are derived from changes in prices of underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or cleared through clearinghouses, or on regulated exchange markets.

Derivative financial instruments are used, when appropriate, to manage the OMERS Pension Plans' asset mix and to assist in managing the exposure to market risk, by increasing or decreasing foreign currency, interest rate and price risk, without directly purchasing or selling the underlying assets or currencies. The fair value of the derivative contracts represents unrealized gains or losses from derivative contracts which are recorded in the Consolidated Statement of Financial Position. Fair value represents the cost of replacing all outstanding contracts under current market conditions. Contracts with a positive fair value are recorded as derivative asset in the investment related assets and contracts with a negative fair value are recorded as derivative liability in the investment related liabilities.

Net Investment Income/(Loss)

Investment income/(loss) includes accrued interest, dividends and real estate rental income. Gains and losses that have been realized on the disposal of investments and the unrealized appreciation/ depreciation required to adjust investments to their fair value are added to investment income to arrive at Total Investment Income in Note 8 – Net Investment Income/(Loss).

Investment income is recognized as interest and real estate rental income is earned, as dividends or distributions are declared, as investments are disposed of and as investments are adjusted to their fair value.

Transaction and Pursuit Costs

Transaction and pursuit costs which include broker commissions, legal and other professional fees incurred as a part of the due diligence of a potential or completed transaction are expensed to total investment income as incurred.

External Manager Fees

Base external manager fees for portfolio management are included in investment management expenses as incurred. Performance fees, which are contractually due to external managers for superior investment returns, and fees for pooled funds, where AC's investment return from the fund is net of fees, are expensed in investment income as incurred.

Investment Liabilities

Investment liabilities include commercial paper, term notes, debentures, and other debt obligations recourse to AC and incurred to acquire an investment. Investment liabilities also include the amounts payable in respect of securities sold under agreements to repurchase ("Repo Agreements"). Investment liabilities are financial instruments and are stated at fair value. The fair value of investment liabilities is estimated using discounted cash flows based on current market yields, except for items that are short-term in nature, for which cost plus accrued interest approximates fair value. The credit risk of AC is also considered in estimating the fair value of investment liabilities.

Liabilities incurred in entities in which AC has invested are netted as part of investment assets, even when the investment is in an entity over which AC has effective control or can exercise significant influence except for when there is recourse.

Pending Trades

Pending trades include accrued receivables/payables from unsettled transactions.

For securities transactions, the fair value of amounts due from pending trades and amounts payable from pending trades approximate their carrying amounts due to their short-term nature.

Foreign Currency Translation

Certain investments are denominated in foreign currencies. The fair values of such investments are translated into Canadian dollars at the year-end rate of exchange. Unrealized foreign exchange gains and losses arising from this translation are included in Net Gain/(Loss) on Investment Assets, Liabilities, and Derivatives in Note 8 – Net Investment Income/(Loss). Once a foreign currency denominated investment is sold, the realized foreign exchange gain or loss based on the rate at the settlement date is also recognized in Net Gain/(Loss) on Investment Assets, Liabilities, and Derivatives in Note 8 – Net Investment Income/(Loss).

Accrued Pension Obligation

The value of the accrued pension obligation of the Primary Plan's defined benefit component is based on the Projected Benefit Method Prorated on Services actuarial valuation prepared by an independent firm of actuaries. This accrued pension obligation is measured in accordance with accepted actuarial practice in Canada using actuarial assumptions and methods adopted by AC for the purpose of establishing the long-term funding requirements of the Primary Plan. The actuarial valuation included in the Consolidated Financial Statements is consistent with the valuation used for funding purposes.

The AVC pension obligation represents the Primary Plan's liability in respect of the AVC component of the Primary Plan and includes members' AVC contributions plus/minus the net investment rate of return of the defined benefit component of the Primary Plan.

The valuation methodology used in the estimation of the accrued pension obligation of the RCA is developed on a basis consistent with the accrued pension obligation of the Primary Plan's defined benefit component while recognizing the difference in the tax treatment. The accrued pension obligation of the RCA and the AVC pension obligation are separate from the accrued pension obligation of the Primary Plan's defined benefit component.

Actuarial Value of Net Assets and Actuarial Value Adjustment

The actuarial value of net assets for the Primary Plan is used in assessing the funded position of the Primary Plan, including the determination of minimum legally required contributions. The actuarial value adjustment to the fair value of net assets is the amount of net investment returns above or below the discount rate that are being smoothed and recognized over a five-year period. The fair value of net assets is adjusted by the actuarial value adjustment to arrive at the actuarial value of net assets.

Surplus/Deficit

For financial statement reporting, the surplus/deficit of the Primary Plan is based on the difference between the fair value of the Primary Plan's net assets available for benefits and the Primary Plan's accrued pension obligation. For funding purposes, the Primary Plan's surplus/deficit is based on the difference between the Primary Plan's actuarial value of net assets and the Primary Plan's accrued pension obligation. For the RCA, the surplus/deficit for financial statement reporting purposes is based on the difference between the fair value of RCA net assets available for benefits and the RCA's accrued pension obligation.

Contributions

Contributions from employers and members due to the OMERS Pension Plans as at the end of the year are recorded on an accrual basis. Service purchases that include, but are not limited to, leaves of absence, conversion of normal retirement age and transfers from other pension plans are recorded and service is credited when the purchase amount is received. Contributions for AVCs are recorded when the contribution is received.

Benefits

Benefit payments to retired members are recorded as they become due, at the first day of each month. Commuted value payments and transfers to other pension plans are recorded in the period in which AC is notified. Accrued benefits for active members are recorded as part of the accrued pension obligation.

Administrative Expenses

Administrative expenses are incurred for direct pension administration, direct investment management and corporate services and are recorded on an accrual basis. Direct pension administration expenses represent expenses to provide direct services to OMERS Pension Plans members and employers. Direct investment management expenses represent expenses of managing OMERS Pension Plans investments. Corporate services expenses primarily include corporate information systems, accounting, legal and other governance expenses incurred to support either the pension administration or the investment management functions. These are allocated between pensions and investments based on an estimate of the use of resources.

NOTE 3

A. Investments

Investments by Fair Value and Cost

Investments and investment related assets and liabilities are as follows:

As at December 31,		**2019**		2018
	Fair Value	**Cost**	Fair Value	Cost
Fixed Income				
Inflation-Linked Bonds	**$ 2,707**	**$ 2,602**	$ 3,884	$ 3,608
Canadian nominal bonds and debentures	**1,783**	**1,785**	1,153	1,171
Non-Canadian nominal bonds and debentures	**2,553**	**2,570**	3,658	3,617
Private debt and mortgages	**8,446**	**8,385**	7,588	7,425
	15,489	**15,342**	16,283	15,821
Equities				
Public Equity				
Canadian public equities	**6,902**	**6,688**	6,668	7,020
Non-Canadian public equities (i)	**14,178**	**12,410**	11,972	11,235
	21,080	**19,098**	18,640	18,255
Private Equity (ii) (iv)				
Canadian private equities (iii)	**2,688**	**3,558**	1,742	2,589
Non-Canadian private equities (i)	**19,873**	**16,979**	18,504	13,630
	22,561	**20,537**	20,246	16,219
	43,641	**39,635**	38,886	34,474
Real Assets				
Infrastructure Investments	**25,292**	**24,205**	20,796	18,981
Real Estate Investments	**20,497**	**15,974**	22,110	17,866
	45,789	**40,179**	42,906	36,847
Short-Term Instruments				
Cash and short-term deposits (v)	**14,188**	**14,194**	10,349	10,348
Total Investments	**119,107**	**109,350**	108,424	97,490
Investment Related Assets				
Investment receivables	**322**	**322**	325	325
Deferred assets, prepaid and other	**49**	**81**	49	81
Derivatives	**1,898**	**162**	2,212	64
Pending trades	**142**	**142**	194	194
	2,411	**707**	2,780	664
Investment Related Liabilities				
Investment liabilities (note 4)	**(8,082)**	**(8,128)**	(6,260)	(6,161)
Derivatives	**(1,046)**	**(9)**	(4,463)	(20)
Pending trades	**(150)**	**(150)**	(200)	(200)
	(9,278)	**(8,287)**	(10,923)	(6,381)
Net Investment Assets	**$ 112,240**	**$ 101,770**	$ 100,281	$ 91,773

(i) The 2018 previously reported amounts for investments with a fair value and cost of $1,143 and $547, respectively, were reclassified from Public Equity to Private Equity.

(ii) Includes funds of $5,959 (December 31, 2018: $4,891) where the underlying assets are credit investments.

(iii) Includes resource properties with a total fair value of $33 (December 31, 2018: $135).

(iv) Includes venture capital investments of $876 (December 31, 2018: $644).

(v) Includes restricted cash of $125 (December 31, 2018: $91).

Investment Valuation Practices

Fair values are based on quoted prices in an active market or where such pricing is not available, fair value is estimated using observable market inputs such as interest rates, quoted prices of comparable securities or unobservable inputs such as Management assumptions or contractual terms. Accredited independent external valuation experts are engaged to perform a review of Management's valuations to determine the reasonableness of the valuations for each significant private investment at least once every three years or where required using a risk-based approach. Fair values are determined as follows:

(i) Short-term deposits are recorded at amortized cost, which together with accrued interest income approximates fair value.

(ii) Nominal bonds and debentures, inflation-linked bonds and public equities are valued at year-end quoted market prices, where available. For public equities the quoted market prices are based on exchange prices while fixed income and inflation-linked bonds are based on quotes from industry standard sources. For investments, such as mortgages and private debt, where quoted market prices are not available, estimated values are calculated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals, and financial analysis. Externally managed hedge funds where details of individual securities are not maintained by the OMERS Pension Plans are valued based on values provided by the fund manager and evaluated for reasonability.

(iii) Investments in private equity, infrastructure and real estate assets, held either directly or as a limited partner, generally do not have a publicly available market price. For such investments, the completion of a purchase or sale of an identical or similar investment is often the most objective determination of fair value. While not exact, valuation procedures are able to provide estimates or identify likely ranges that a reasonable counterparty would pay for such assets.

The private investments of OMERS Pension Plans are valued as follows:

- For investments that have reasonably predictable future revenue streams or that derive their value based on property or commodity values, the valuation is derived by:
  - discounting projected future cash flows of an investment using discount rates which reflect the risk inherent in the projected cash flows. Discount rates and projected cash flows are based on internal assumptions and external inputs; and
  - assessing the investment assets against the value of comparable publicly listed investments.
- For non-operating and/or start-up directly held private investments, the value may be held at cost where cost is considered the best estimate of fair value, until there is evidence to support a change in valuation.
- The fair value of a private fund investment where AC's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, is equal to the value provided by the fund's general partner unless there is a specific and objectively verifiable reason to vary from the value provided by the general partner.

(iv) Fair value of derivatives, including swaps, futures, options, credit default swaps and forward contracts, are determined using quoted market prices, where available, or discounted cash flows using current market yields, where quoted market prices are not available.

Investment Fair Value Hierarchy

Fair value measurements of investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy as follows:

Level 1

Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level 1 primarily includes publicly listed equity investments.

Level 2

Fair value is based on valuation methods that make use of inputs, other than quoted prices included within Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level 2 primarily includes debt securities and derivative contracts not traded on a public exchange, public equities not traded in an active market, public fund investments and investment related liabilities including debt and securities sold under repurchase agreements.

Level 3

Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 primarily includes private market investments such as real estate, infrastructure, private equity, mortgages and private debt including debt valued based on discounted future cash flow models, comparable publicly listed investments, or sales of similar investments which reflect assumptions that a market participant would use when valuing such an asset or liability.
Net investment assets based on the valuation level within the fair value hierarchy are as follows:

As at December 31,				**2019**
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	**$ —**	**$ 7,043**	**$ 8,446**	**$ 15,489**
Public Equity	**21,080**	**—**	**—**	**21,080**
Private Equity	**79**	**1,094**	**21,388**	**22,561**
Infrastructure	**—**	**—**	**25,292**	**25,292**
Real Estate	**—**	**—**	**20,497**	**20,497**
Short-Term Instruments	**455**	**13,733**	**—**	**14,188**
Investment Related Assets	**4**	**2,407**	**—**	**2,411**
Investment Related Liabilities	**(96)**	**(9,182)**	**—**	**(9,278)**
Net Investment Assets	**$ 21,522**	**$ 15,095**	**$ 75,623**	**$ 112,240**

As at December 31,				2018
	Level 1	Level 2	Level 3	Total
Fixed Income	$ —	$ 8,695	$ 7,588	$ 16,283
Public Equity (i)	18,640	—	—	18,640
Private Equity (i)	39	1,143	19,064	20,246
Infrastructure	—	—	20,796	20,796
Real Estate	—	—	22,110	22,110
Short-Term Instruments	3,025	7,324	—	10,349
Investment Related Assets	65	2,715	—	2,780
Investment Related Liabilities	(100)	(10,823)	—	(10,923)
Net Investment Assets	$ 21,669	$ 9,054	$ 69,558	$ 100,281

(i) The 2018 previously reported amounts for investments with a fair value of $1,143 were reclassified from Public Equity to Private Equity.

The following table presents the changes in the fair value measurements in Level 3 of the fair value hierarchy for the year ended December 31, 2019:

		Fair Value Dec 31, 2018		**Total Realized/ Unrealized Gains (Losses) Included in Net Investment Income**		**Transfers In (Out) (i)**		**Purchases**		**Sales (ii)**		**Fair Value Dec 31, 2019**
Fixed Income	$	**7,588**	$	**(211)**	$	**—**	$	**2,535**	$	**(1,466)**	$	**8,446**
Private Equity		**19,064**		**(97)**		**—**		**5,038**		**(2,617)**		**21,388**
Infrastructure		**20,796**		**1,293**		**—**		**5,325**		**(2,122)**		**25,292**
Real Estate		**22,110**		**95**		**(21)**		**1,432**		**(3,119)**		**20,497**
Total	$	**69,558**	$	**1,080**	$	**(21)**	$	**14,330**	$	**(9,324)**	$	**75,623**

The following table presents the changes in the fair value measurements in Level 3 of the fair value hierarchy for the year ended December 31, 2018:

		Fair Value Dec 31, 2017		Total Realized/ Unrealized Gains (Losses) Included in Net Investment Income		Transfers In (Out) (i)		Purchases		Sales (ii)		Fair Value Dec 31, 2018
Fixed Income	$	5,700	$	434	$	116	$	2,271	$	(933)	$	7,588
Private Equity		14,050		2,972		(8)		5,535		(3,485)		19,064
Infrastructure		18,053		2,494		—		2,768		(2,519)		20,796
Real Estate		15,470		1,090		—		6,815		(1,265)		22,110
Total	$	53,273	$	6,990	$	108	$	17,389	$	(8,202)	$	69,558

(i) Represents amounts transferred in(out) of Level 3, the net amount for the year ended December 31, 2019 was negative $21 (December 31, 2018: $108). This represents reclassification of debt and private investments that became publicly traded.

(ii) Includes return of realized foreign exchange gains and losses.

Fair Value Assumptions and Sensitivity

Level 3 financial instruments are valued using internal models and the resulting valuations are significantly affected by non-observable inputs. The significant input is the discount rate as the discount rate reflects both current interest rates as well as the uncertainty of future cash flows generated from the investment.

The discount rate is composed of two elements: a risk-free rate, which is the return that would be expected from a secure, liquid, virtually risk-free investment, such as a high quality government bond; plus a risk premium. The risk premium is estimated from, where observable, implied values of similar publicly traded investments or sales of similar investments (similar properties, in the case of real estate investments). If such information is not available, risk premium is estimated at a level that compensates for the incremental amount of risk associated with a particular investment. The selected discount rates are chosen to be consistent with the risk inherent in the stream of cash flows to which they are applied.

The following analysis illustrates the sensitivity of the Level 3 valuations to reasonably possible alternative discount rate assumptions for asset categories where such reasonably possible alternative assumptions would change the fair value significantly. These sensitivities are hypothetical and should be used with caution. The impact to the valuation from such changes to the discount rate has been calculated independently of the impact of changes in other key variables. In actual experience, a change in the discount rate may be the result of changes in a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31, 2019	**Increase/Decrease in Discount Rate (basis points)**	**Decrease/Increase in Net Investment Assets**
Private credit	**25**	**$ 40**
Private equity-direct investments	**25**	**445**
Infrastructure investments	**25**	**1,140**
Real estate investments	**25**	**720**
Total Impact on Net Investment Assets		**$ 2,345**

As at December 31, 2018	Increase/Decrease in Discount Rate (basis points)	Decrease/Increase in Net Investment Assets
Private credit	25	$ 47
Private equity-direct investments	25	355
Infrastructure investments	25	805
Real estate investments	25	770
Total Impact on Net Investment Assets		$ 1,977

The fair value of public market, private equity and real estate fund investments where AC does not have access to the underlying investment information is based on the value provided by the general partner or other external manager and therefore, in the absence of specific information to support deviating from this value, no other reasonably possible alternative assumptions could be applied.

Significant Investments

The OMERS Pension Plans held investments, each having a fair value or cost exceeding one per cent of the fair value or cost of net investment assets as follows:

			2019			2018
	Number of Investment	**Fair Value**	**Cost**	Number of Investments	Fair Value	Cost
Public Investments	**—**	**$ —**	**$ —**	1	$ 1,049	$ 1,013
Private Investments	**11**	**15,959**	**13,171**	16	23,176	18,167
Total	**11**	**$ 15,959**	**$ 13,171**	17	$ 24,225	$ 19,180

Public investments where the individual issue has a cost or fair value exceeding one per cent of the cost or fair value of net investment assets include investments in foreign and Canadian government interest bearing securities.

Private investments having a cost or fair value exceeding one per cent of the cost or fair value of net investment assets include ownership interests in Bruce Power, Associated British Ports, Teranet, Oncor, National Veterinary Associates, Scotia Gas Networks, Epiq, Puget Energy, Ellevio, and LifeLabs; and real estate ownership interests in Yorkdale Shopping Centre.

The effective date of the most recent valuation for the above listed investments was December 31, 2019.

Investment Risk

AC's primary long-term investment risk is that the value of AC's assets and its capacity to generate cash is insufficient to meet pension obligations. AC's future obligation is used to establish the long-term investment objectives combined with an assessment of associated risks.

The AC Board of Directors, through its Investment Committee, determines the acceptable level of investment risk to be taken. This Committee reviews and recommends the long-term asset mix to the Board for approval. Primary accountability for managing risk, within the Board authorized parameters, is delegated by the Board to the CEO, who further delegates the responsibility to business leaders. The Chief Risk Officer (CRO) is responsible for implementing the Board-approved risk management mandate, including the development of associated policies and limits, and providing independent enterprise-wide oversight of business activities. The accountability for managing risks remains with the business units and functions responsible for making investment decisions.

AC's investments are diversified among major asset types. Investment teams within AC execute specific strategies that are designed to achieve return objectives that reflect both the opportunity and the risk associated with those asset classes. The methods and factors used in the measurement or assessment of investment risk are reviewed on an ongoing basis.

There are three major categories of investment risks that are managed by each business unit and at the AC level. They are: Market risk, Credit risk and Liquidity risk. A description of each investment risk category and how AC manages the risk is provided below.

a) Market Risk

Market risk is the risk that the fair value of an investment is impacted by changes in market prices such as foreign exchange rates, interest rates, equity, commodity prices and other price risks such as credit spreads. For derivative instruments, market risk arises from potential adverse changes in the value of derivative instruments as a result of changes in the underlying market variables. These underlying market variables may include the absolute and relative levels of interest rates, foreign exchange rates, equity, commodity and bond prices and their implied volatilities. To address market risk, investment teams execute various tactical actions and strategies designed to measure, manage and monitor the risks being assumed and to ensure the risks taken are commensurate with their expected returns. An explanation of the nature of each of these sources of market risk appears below.

Foreign Exchange Rates

AC pays pensions in Canadian dollars and manages a highly diversified portfolio of long-term investments, some of which are denominated in foreign currencies. Over time, the values of these investments expressed in Canadian dollars are impacted by changes in foreign exchange rates. These changes can be either positive or negative and over time can be significant given the volatility of foreign exchange rates. AC manages the exposures associated with our foreign currency-denominated investments using various tools such as forward contracts and futures. This approach reduces an investment's exposure to foreign exchange rate volatility over time. As illustrated in the table below, AC employs forward contracts and futures to hedge its exposure to foreign currency volatility for the majority of its non-Canadian dollar investments.

The OMERS Pension Plans' net investment assets by currency before and after the impact of currency hedging and trading activities are as follows:

As at December 31,	**2019**				2018			
	Fair Value By Currency				Fair Value By Currency			
	Gross Exposure	**Impact of Derivatives**	**Net Exposure**	**% of Total**	Gross Exposure	Impact of Derivatives	Net Exposure	% of Total
Canada	**$ 40,236**	**$ 62,595**	**$ 102,831**	**92%**	$ 37,268	$ 58,089	$ 95,357	95%
United States	**45,414**	**(44,067)**	**1,347**	**1**	42,460	(41,726)	734	1
United Kingdom	**9,269**	**(7,924)**	**1,345**	**1**	9,375	(8,546)	829	1
Euro Countries	**7,697**	**(7,133)**	**564**	**1**	5,080	(4,918)	162	—
Other Europe	**2,286**	**(2,206)**	**80**	**—**	1,996	(1,300)	696	1
Australia	**1,830**	**(1,404)**	**426**	**—**	2,926	(2,750)	176	—
India	**1,669**	**72**	**1,741**	**2**	306	571	877	1
Hong Kong	**1,531**	**—**	**1,531**	**1**	288	185	473	1
China	**755**	**(4)**	**751**	**1**	85	—	85	—
Taiwan	**438**	**—**	**438**	**1**	134	80	214	—
Brazil	**291**	**1**	**292**	**—**	42	53	95	—
South Korea	**255**	**(3)**	**252**	**—**	114	77	191	—
Japan	**163**	**11**	**174**	**—**	(67)	136	69	—
Singapore	**143**	**—**	**143**	**—**	58	(51)	7	—
Indonesia	**95**	**56**	**151**	**—**	13	51	64	—
Other Asia-Pacific	**99**	**(50)**	**49**	**—**	193	39	232	—
Other	**69**	**56**	**125**	**—**	10	10	20	—
Total	**$ 112,240**	**$ —**	**$ 112,240**	**100%**	$ 100,281	$ —	$ 100,281	100%

Foreign Currency Sensitivity

After giving effect to the impact of hedging and trading activities and with all other variables and underlying values held constant, a five per cent increase/decrease in the value of the Canadian dollar against major foreign currencies would result in an approximate $471 (December 31, 2018: $247) decrease/increase in AC's net assets as shown below:

As at December 31,		**2019**		2018
Currency	**Change in value of Canadian Dollar**	**Unrealized gain/loss**		Unrealized gain/loss
United States	**+/- 5%**	**-/+**	**$ 67**	-/+ 37
United Kingdom	**+/- 5%**	**-/+**	**67**	-/+ 41
Euro Countries	**+/- 5%**	**-/+**	**28**	-/+ 8
Other Europe	**+/- 5%**	**-/+**	**4**	-/+ 35
Australia	**+/- 5%**	**-/+**	**21**	-/+ 9
India	**+/- 5%**	**-/+**	**87**	-/+ 44
Hong Kong	**+/- 5%**	**-/+**	**77**	-/+ 24
China	**+/- 5%**	**-/+**	**38**	-/+ 4
Taiwan	**+/- 5%**	**-/+**	**22**	-/+ 11
Brazil	**+/- 5%**	**-/+**	**15**	-/+ 5
South Korea	**+/- 5%**	**-/+**	**13**	-/+ 10
Japan	**+/- 5%**	**-/+**	**9**	-/+ 3
Singapore	**+/- 5%**	**-/+**	**7**	-/+ —
Indonesia	**+/- 5%**	**-/+**	**8**	-/+ 3
Other Asia-Pacific	**+/- 5%**	**-/+**	**2**	-/+ 12
Other	**+/- 5%**	**-/+**	**6**	-/+ 1
Total		**-/+**	**$ 471**	-/+ $ 247

Interest Rate Risk

From an investment perspective, primary exposure to interest rates is a function of the capital deployed in fixed income products. For investments with fixed rates of interest, the exposure is to rising rates over time (i.e. rising interest rates decrease the market value of investments that have a fixed rate of interest). Interest rate risks include exposure to bonds and debentures, private debt and mortgages. In addition to these investments, AC holds a variety of other interest bearing investments in private portfolios that also have an exposure to rising interest rates. Lastly, AC also invests in short-term interest rate related securities primarily for the purpose of maintaining its ability to meet liquidity needs. The following tables illustrate how capital is allocated amongst the various types of interest bearing investments based upon the contractual maturity of the securities:

As at December 31,					**2019**
	Term to Maturity				
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**	**Average Effective Yield (i)**
Cash and short-term deposits	**$ 14,188**	**$ —**	**$ —**	**$ 14,188**	**1.9%**
Nominal bonds and debentures	**409**	**3,607**	**320**	**4,336**	**1.4**
Inflation-Linked bonds (ii)	**—**	**1,015**	**1,692**	**2,707**	**0.4**
Mortgages and private debt	**614**	**4,409**	**3,423**	**8,446**	**3.9**
Total	**$ 15,211**	**$ 9,031**	**$ 5,435**	**$ 29,677**	**2.3%**

As at December 31,					2018
	Term to Maturity				
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Average Effective Yield (i)
Cash and short-term deposits	$ 10,349	$ —	$ —	$ 10,349	2.1%
Nominal bonds and debentures	—	3,782	1,029	4,811	4.3
Inflation-Linked bonds (ii)	—	231	3,653	3,884	0.9
Mortgages and private debt	545	3,308	3,735	7,588	5.1
Total	$ 10,894	$ 7,321	$ 8,417	$ 26,632	3.2%

(i) Average effective yield represents the weighted average rate required to discount future contractual cash flows to current market value.

(ii) Inflation-linked bond yields are based on real interest rates. The ultimate yield will be impacted by inflation as it occurs.

Sensitivity to changes in interest rates

AC's sensitivity to changes in interest rates is significant in light of the allocation of capital to interest rate sensitive investments that are required to maintain AC's liquidity and ability to make significant investments in large scale private assets with relatively short notice.

After giving effect to derivative contracts (note 3B), debt liabilities, securities sold short and securities sold under repurchase agreements (note 4), a one per cent increase/decrease in nominal interest rates, with all other variables held constant, would result in an approximate decrease/increase in the value of fixed income investments and liabilities, and an unrealized (loss)/gain of $169 (December 31, 2018: $397). Similarly, a one per cent increase/decrease in real interest rates would result in an approximate decrease/increase in the value of inflation-linked bonds and an unrealized (loss)/gain of $180 (December 31, 2018: $340).

Equities

AC makes investments in both public (i.e. publicly traded) and private companies. Investments in publicly traded equities are managed to achieve income through dividends or capital gains or both over time. These investments are exposed to volatility due to changes in market sentiment. The investments in publicly traded equities are actively managed with due regard for risk and return objectives.

In addition to the above, AC also invests directly in the equity of private companies. These "private equity" investments generate capital gain opportunities that are realized after a particular investment is sold. One of the key risks relating to private equity investments is the change in valuation. AC employs a comprehensive process to estimate the value of these investments on a regular basis. It should be noted that the risks and the returns associated with private equity are generally higher than publicly traded equities.

Commodities

AC has invested in commodity futures. The exposure to commodity derivatives is $1,620 (December 31, 2018: $2,138) with net fair value totaling negative $14 (December 31, 2018: negative $6) which is included in public equities.

Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market such as credit spreads. AC is subject to price risk through its public equity investments and in addition to geographic, industrial sector and entity specific analysis, uses strategies such as diversification and the use of derivative instruments to mitigate the overall impact of price risk.

AC's private investments including private equity, infrastructure, real estate and private debt and mortgages are also subject to price risk as they are impacted by many general and specific market variables. A 10% increase/decrease in the value of all public equity and private investments would result in an approximate increase/decrease in the value of public and private market exposure and an unrealized gain/loss of $8,962 (December 31, 2018: $8,166).

AC is also subject to price risk through changes in credit spreads on its fixed income investments. A credit spread is the difference between a debt instrument's yield and a benchmark instrument's yield. Benchmark instruments have high credit quality ratings, similar maturities and are often government bonds. A one basis point increase/decrease in the credit spreads would result in a decrease/increase in the value of interest-bearing fixed income investments of $16 (December 31, 2018: $23).

b) Credit Risk

Credit risk is defined as the financial loss that results from the failure of a counterparty (including counterparties to derivative financial instruments) to honour its contractual obligations to AC. AC is subject to credit risk in connection with issuers of securities held in the investment portfolio, debtors, structured securities, counterparties (including derivative, repurchase agreement and securities lending counterparties), other financial institutions, and other entities. To manage this risk, AC regularly performs financial analysis of counterparties and issuers it transacts with in addition to using external sources (e.g. credit rating agencies) to assess credit risk exposure. Where appropriate, AC requires collateral from its counterparties to help offset the perceived risk of an investment transaction. Limits are put into place in order to limit how much exposure AC has with its counterparties. Credit ratings for over-the-counter (“OTC”) counterparties are provided by recognized credit agencies and have a minimum of A-. Credit risk exposure on derivative financial instruments is represented by the replacement cost receivable of contracts with counterparties, less any prepayment collateral or margin received, as at the reporting date. Credit risk on futures contracts is minimal as the counterparty is an exchange rather than a corporate entity and contracts are marked to market and margin receivables and payables are settled in cash daily.

The credit ratings of securities issued or guaranteed by governments are obtained from recognized credit rating agencies. For Corporate sector securities where no rating is available from the credit rating agencies, ratings are determined using an internal rating process that monitors changes in the credit cycle annually when the necessary information is available. Unrated securities comprise of mortgages with a weighted average Loan-to-Value ratio no greater than 75%.

The credit quality of fixed income and short-term instruments, net of cash and demand deposits of $469 (December 31, 2018: $3,034) is set out in the table below:

As at December 31,					**2019**
Credit Quality	**Sovereign Governments**	**Provincial Governments**	**Corporate**	**Total**	**% of Total**
AAA	**$ 3,894**	**$ —**	**$ —**	**$ 3,894**	**13%**
AA	**586**	**349**	**13,151**	**14,086**	**48**
A	**31**	**220**	**464**	**715**	**3**
BBB	**521**	**—**	**2,339**	**2,860**	**10**
Below BBB	**112**	**—**	**4,566**	**4,678**	**16**
Unrated	**—**	**—**	**2,975**	**2,975**	**10**
Total	**$ 5,144**	**$ 569**	**$ 23,495**	**$ 29,208**	**100%**

As at December 31,					2018
Credit Quality	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
AAA	$ 4,175	$ —	$ 7	$ 4,182	18%
AA	719	337	6,526	7,582	32
A	—	209	614	823	4
BBB	—	—	3,676	3,676	15
Below BBB	305	—	4,951	5,256	22
Unrated	—	—	2,079	2,079	9
Total	$ 5,199	$ 546	$ 17,853	$ 23,598	100%

Right of Netting, Offset and Margin

During the normal course of business, AC is a counterparty to financial instruments that are subject to netting, offset and margin arrangements. In the case of OTC derivatives, with the majority of all counterparties collateral is collected from and pledged to counterparties according to the Credit Support Annex ("CSA") which forms part of International Swaps and Derivatives Association ("ISDA") master agreements. In the case of prime brokerage and other securities borrowing, collateral is provided to the full extent of the liability to the counterparty. In the case of repurchase transactions, under Global Master Repurchase Agreements ("GMRA"), AC (where selling the security) receives margin in return for securities sold, with an obligation to buy-back equivalent securities in the future. Following an event of default, bankruptcy or other early termination event in respect of the counterparty, AC is entitled to liquidate transactions under each of the above arrangements, to net all transactions, to liquidate the assets held as margin (where held by AC) and to offset against obligations to the same counterparty. AC may not be permitted to net and set-off upon the default of a clearer in respect of exchange traded derivatives and cleared OTC derivatives.

AC does not offset the financial instruments in its Consolidated Statement of Financial Position, as its rights of offset are conditional. The net amount in the following table represents the effect of the amounts that do not qualify for offsetting but are subject to conditional netting arrangements or similar arrangements. Similar arrangements include GMRAs, security lending agreements and any related rights to financial collateral.

Information for AC related to these arrangements as at December 31, 2019.

As at December 31,					**2019**
		Related amounts not set off in the Consolidated Statement of Financial Position			
	Nettable amount of Financial Instruments	**Financial Instruments**	**Financial collateral (received) pledged**	**Securities sold under agreement to repurchase**	**Net amount**
Financial Assets					
Derivative assets	**$ 1,312**	**$ (463)**	**$ (506)**	**$ —**	**$ 343**
Securities lending	**38**	**—**	**(38)**	**—**	**—**
Total Financial Assets	**$ 1,350**	**$ (463)**	**$ (544)**	**$ —**	**$ 343**
Financial Liabilities					
Derivative Liabilities	**$ (539)**	**$ 463**	**$ —**	**$ —**	**$ (76)**
Securities Borrowing	**(92)**	**—**	**101**	**—**	**9**
Repurchase agreements	**(130)**	**—**	**—**	**130**	**—**
Total Financial Liabilities	**$ (761)**	**$ 463**	**$ 101**	**$ 130**	**$ (67)**

As at December 31,					2018
		Related amounts not set off in the Consolidated Statement of Financial Position			
	Nettable amount of Financial Instruments	Financial Instruments	Financial collateral (received) pledged	Securities sold under agreement to repurchase	Net amount
Financial Assets					
Derivative assets	$ 284	$ (283)	$ —	$ —	$ 1
Securities lending	30	—	(31)	—	(1)
Total Financial Assets	$ 314	$ (283)	$ (31)	$ —	$ —
Financial Liabilities					
Derivative Liabilities	$ (2,676)	$ 283	$ 2,260	$ —	$ (133)
Securities Borrowing	(92)	—	97	—	5
Repurchase agreements	(137)	—	—	137	—
Total Financial liabilities	$ (2,905)	$ 283	$ 2,357	$ 137	$ (128)

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. AC has developed forward looking liquidity risk and cash-flow models which are used on a periodic basis to assess the impact of cash requirements and obligations on the liquidity of the OMERS Pension Plans. AC maintains a portfolio of highly marketable assets that can be sold or funded on a secured basis as protection against any unforeseen cash-flow needs such as to meet capital calls to fund investment commitments and to ensure that sufficient liquid assets are available to fund margin calls in the event of future losses.

In the normal course of business, AC incurs various financial obligations. AC's liabilities include the following:

- investment liabilities (note 4)
- amounts payable under contractual agreements (note 5)
- accrued pension obligation of the Primary Plan (note 6) and the RCA (note 7)
- contracts that give rise to commitments for future payments (note 15)

Another liquidity risk is the ability of OMERS Finance Trust ("OFT") to cover its commercial paper issuance. OFT is authorized to issue a maximum of $5,000 (December 31, 2018: $5,000) in commercial paper of which $3,464 (December 31, 2018: $4,098) was drawn as at December 31, 2019. The commercial paper is highly rated and further supported by an undrawn $3,750 (December 31, 2018: $3,750) revolving credit facility with a syndicate of well capitalized banks to backstop the commercial paper program. OFT is also authorized to issue term notes, of which $2,672 (December 31, 2018: nil) is outstanding as at December 31, 2019.

B. Derivative Financial Instruments

The following summarizes the OMERS Pension Plans' derivative portfolio and related credit exposure:

As at December 31,		**2019**			2018	
		Fair Value			Fair Value	
	Notional Value (i)	**Assets (ii)**	**Liabilities**	Notional Value	Assets (ii)	Liabilities
Fixed Income						
Interest Rate Contracts						
Interest rate swap contracts	**$ 1,029**	**$ 2**	**$ —**	$ 1,559	$ 1	$ —
Bond index swap contracts	**545**	**18**	**(9)**	649	10	(19)
Inflation swaps	**337**	**398**	**(397)**	204	221	(220)
Interest rate swaptions	**12,244**	**50**	**(36)**	—	—	—
Bond futures	**1,030**	**1**	**—**	6,609	12	—
		469	**(442)**		244	(239)
Credit Default Contracts						
Credit default swaps	**3,440**	**92**	**(87)**	9,793	1,328	(1,323)
Credit default swaptions	**—**	**—**	**—**	1,571	—	(2)
		92	**(87)**		1,328	(1,325)
Foreign Exchange Contracts						
Currency options	**5,226**	**28**	**(8)**	8,704	28	—
Fixed Income - Foreign exchange forward contracts	**74,881**	**867**	**(280)**	68,821	270	(2,105)
		895	**(288)**		298	(2,105)
		1,456	**(817)**		1,870	(3,669)
Equities						
Equity Contracts						
Equity index futures contracts	**4,228**	**2**	**(14)**	10,185	49	(4)
Equity index swap contracts	**3,748**	**134**	**(65)**	2,233	73	(177)
Equity swap contracts	**4,206**	**87**	**(48)**	4,915	56	(177)
Equity options	**9,298**	**118**	**(23)**	5,767	107	(59)
		341	**(150)**		285	(417)
Commodity Contracts						
Commodity futures contracts	**1,620**	**1**	**(15)**	2,138	4	(10)
		1	**(15)**		4	(10)
Equities - Foreign exchange forward contracts	**8,110**	**100**	**(64)**	13,506	53	(367)
		100	**(64)**		53	(367)
		442	**(229)**		342	(794)
Total		**$ 1,898**	**$ (1,046)**		$ 2,212	$ (4,463)

(i) Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the consolidated financial statements. Notional amounts do not necessarily indicate the amounts of future cash flows or the current fair value of the derivative contracts and, therefore, do not necessarily indicate the Plan's exposure to credit or market risks.

(ii) The fair value of derivative contracts recorded as an asset represents the credit risk replacement cost or the loss to which the OMERS Pension Plans are exposed should counterparties fail to perform under the derivative contracts. The amounts do not take into consideration legal contracts that permit offsetting of positions or any collateral which may be held.

The term to maturity based on notional value is as follows:

As at December 31,	2019 Within 1 Year	2019 1 to 5 Years	2019 Over 5 Years	2019 Total	2018 Within 1 Year	2018 1 to 5 Years	2018 Over 5 Years	2018 Total
Interest Rate Contracts	$ 13,332	$ 1,209	$ 644	$ 15,185	$ 7,492	$ 1,260	$ 268	$ 9,020
Credit Default Contracts	362	3,065	13	3,440	2,173	9,177	14	11,364
Equity Contracts	19,480	2,000	—	21,480	20,150	2,950	—	23,100
Commodity Contracts	1,620	—	—	1,620	2,138	—	—	2,138
Foreign Exchange Contracts	88,217	—	—	88,217	91,031	—	—	91,031
Total	$ 123,011	$ 6,274	$ 657	$ 129,942	$ 122,984	$ 13,387	$ 282	$ 136,653

The term to maturity based on the fair value is as follows:

As at December 31,	2019 Within 1 Year	2019 1 to 5 Years	2019 Over 5 Years	2019 Total	2018 Within 1 Year	2018 1 to 5 Years	2018 Over 5 Years	2018 Total
Interest Rate Contracts	$ 22	$ 1	$ 4	$ 27	$ 4	$ 1	$ —	$ 5
Credit Default Contracts	1	4	—	5	1	3	(1)	3
Equity Contracts	170	21	—	191	(46)	(85)	—	(131)
Commodity Contracts	(14)	—	—	(14)	(6)	—	—	(6)
Foreign Exchange Contracts	643	—	—	643	(2,122)	—	—	(2,122)
Total	$ 822	$ 26	$ 4	$ 852	$ (2,169)	$ (81)	$ (1)	$ (2,251)

NOTE 4

Investment Liabilities

The investment liabilities are as follows:

As at December 31,	2019	2018
Debt	$ 7,034	$ 5,345
Securities sold short	76	86
Securities sold under repurchase agreements	130	137
Payables and other liabilities	842	692
Total	$ 8,082	$ 6,260

The debt included in the table above is comprised of the following:

As at December 31,	2019 Fair Value	2019 Cost	2019 Weighted Average Interest Rate	2018 Fair Value	2018 Cost	2018 Weighted Average Interest Rate
Real Estate						
Credit facilities and debentures	$ 645	$ 645	1.39%	$ 1,247	$ 1,247	2.27%
Infrastructure						
Secured debt	253	257	3.15	—	—	—
OMERS Finance Trust						
Commercial paper (i)	3,464	3,464	1.92	4,098	4,098	2.38
Term notes:						
2.50% due May 2, 2024 (ii)	1,657	1,680	2.50	—	—	—
2.60% due May 14, 2029 (iii)	1,015	1,002	2.60	—	—	—
Total	$ 7,034	$ 7,048	2.15%	$ 5,345	$ 5,345	2.35%

(i) Commercial paper outstanding has maturities from January 3, 2020 to March 19, 2020 with interest rates ranging from 1.83% to 2.08%.

(ii) USD $1.25 billion term notes issued May 2, 2019. Interest is payable semi-annually in May and November of each year.

(iii) CAD $1.00 billion term notes issued May 14, 2019. Interest is payable semi-annually in May and November of each year.

Scheduled undiscounted principal and interest repayments on debt excluding commercial paper for the five subsequent years and thereafter are as follows:

As at December 31,		**2019**
2020	**$**	**721**
2021		**73**
2022		**320**
2023		**67**
2024		**1,667**
Thereafter		**1,117**
	$	**3,965**

As at December 31,		2018
2019	$	471
2020		816
2021		—
2022		—
2023		—
Thereafter		—
	$	1,287

NOTE 5

Amounts Payable Under Contractual Agreements

Under contractual agreements, AC invests funds on behalf of The Board of Trustees of Ryerson University and the Transit Windsor Fund (collectively, the Administered Funds). AC is authorized under the terms of the various agreements to recover expenses for administering such funds. The amounts due to Administered Funds are adjusted for income/(loss) based upon their proportionate share of the Plan's return.

AC, through its subsidiary OMERS Investment Management (OIM), establishes investment arrangements (OMERS Return Agreements) that provide eligible clients with access to the performance of all or parts of the annual investment return of the Primary Plan. The amounts due to OMERS Return Agreements are adjusted for income/(loss) based upon a contractual agreement that provides a return on investment equal to part of the Primary Plan return.

Amounts payable under contractual agreements are comprised of the following:

As at December 31,		**2019**		2018
Administered Funds	**$**	**1,567**	$	1,410
OMERS Return Agreements		**1,918**		1,837
Amounts payable under contractual agreements	**$**	**3,485**	$	3,247

NOTE 6

OMERS Primary Pension Plan

A summary of the financial statements of the Primary Plan is as follows:

Statement of Financial Position

As at December 31,	2019	2018
Net Assets Available for Benefits	$ **109,218**	$ 97,291
Accrued Pension Obligation and Surplus/(Deficit)		
Defined benefit component		
Accrued pension obligation	$ **106,443**	$ 99,058
Surplus/(Deficit)		
Funding surplus/(deficit)	**(3,397)**	(4,191)
Actuarial value adjustment of net assets	**4,928**	1,401
	1,531	(2,790)
Additional Voluntary Contributions component pension obligation	**1,244**	1,023
Total Primary Plan Accrued Pension Obligation and Surplus/(Deficit)	$ **109,218**	$ 97,291

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2019	2018
Statement of Changes in Net Assets		
Net investment income	$ **11,438**	$ 2,206
Contributions	**4,328**	4,352
Assumption of City of Toronto Pension Plans	**973**	36
Benefits	**(4,623)**	(4,247)
Pension administrative expenses	**(189)**	(92)
Total Increase	**11,927**	2,255
Net Assets Available for Benefits, Beginning of Year	**97,291**	95,036
Net Assets Available for Benefits, End of Year	$ **109,218**	$ 97,291

Accrued Pension Obligation of the Defined Benefit Component

The accrued pension obligation is the actuarial present value of pension obligations of the Primary Plan in respect of benefits accrued to date for all active and inactive members. This obligation is measured using the same actuarial assumptions and methods adopted by AC for determining the Primary Plan's minimum funding requirements as set out under the PBA. As the experience of the Primary Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different than the actuarial present value.

The Projected Benefit Method Prorated On Services is used for the actuarial valuation.

The following are the primary economic actuarial assumptions which have been used in the actuarial valuation of the Primary Plan as at December 31:

Actuarial Assumptions	2019	2018
Assumed rate of inflation	**2.00%**	2.00%
Real rate of return assumed on Primary Plan assets	**3.90**	4.00
Discount rate	**5.90%**	6.00%

In addition, demographic assumptions are used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Primary Plan and on the expectations for future trends. The AC external actuaries have provided their opinion that assumptions adopted are appropriate for valuing the Primary Plan's accrued pension obligation.

The retirement assumption is an age-based scale and reflects a possibility of retirement after normal retirement age. The mortality assumption is based on Primary Plan experience and includes a projection for longevity improvements in the future.

The assumed increases in the real rate of pensionable earnings (i.e., increase in excess of the assumed inflation rate) were last updated in 2018 to reflect recent experience of the Plan and current expectations for future years and are as follows:

	2019				2018			
	NRA60 (i)		**NRA65 (i)**		NRA60 (i)		NRA65 (i)	
	Before 2023	**After 2022**	**Before 2023**	**After 2022**	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	**1.8%**	**1.9%**	**1.1%**	**1.2%**	1.8%	1.9%	1.1%	1.2%
Rate of pensionable earnings increases (assumed rate of inflation plus real rate of pensionable earnings increases)	**3.8%**	**3.9%**	**3.1%**	**3.2%**	3.8%	3.9%	3.1%	3.2%

(i) Normal Retirement Age of 60 and 65 years of age respectively.

The accrued pension obligation as at December 31, 2019 takes account of known changes in the Primary Plan membership up to October 31, 2019, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2020, and estimated pensionable earnings and credited service accruals in 2019.

The actuarial valuation of the Primary Plan was performed by Towers Watson Canada Inc. Under the PBA, an actuarial valuation report prepared by an independent external actuarial firm must be filed with FSRA at least once every three years. The Primary Plan valuation report was last filed for the December 31, 2018 year-end.

Summary of the Primary Plan's financial position is as follows:

As of December 31,		**2019**		2018
Primary Plan fair value of net assets available for benefits	**$**	**109,218**	$	97,291
Less Additional Voluntary Contribution net assets		**1,244**		1,023
Defined benefit net assets available for benefits		**107,974**		96,268
Actuarial value adjustment		**(4,928)**		(1,401)
Actuarial value of net assets available for benefits		**103,046**		94,867
Less Defined Benefit accrued pension obligation		**106,443**		99,058
Funding surplus/(deficit) of actuarial value of net assets available for benefits over accrued pension obligation		**(3,397)**		(4,191)
Reversal of actuarial value adjustment		**4,928**		1,401
Surplus/(Deficit) of net assets available for benefits over accrued pension obligation	**$**	**1,531**	$	(2,790)

Actuarial Value of Net Assets of the Defined Benefit Component

The change in the actuarial value adjustment is as follows:

For the year ended December 31,		2019		2018
Expected interest on beginning actuarial value adjustment (i)	**$**	**84**	$	359
Current year returns in excess of/(below) the funding rate not recognized in the year (i)		**4,437**		(2,771)
Prior years' returns (above)/below the funding rate recognized in the year		**(994)**		(2,195)
Increase/(Decrease) in actuarial value adjustment		**3,527**		(4,607)
Actuarial value adjustment, beginning of year		**1,401**		6,008
Actuarial value adjustment, end of year	**$**	**4,928**	$	1,401

(i) Based on the funding rate in effect during the year, 2019: 5.90% (2018: 6.00%).

The present value of unrecognized net investment returns by initial year they were established and the amounts to be recognized from 2020 through 2023, after application of the long-term rate of return assumption, are as follows:

Initial Year Earned		**Actuarial Value Adjustment as at Dec. 31, 2019(i)**		Unrecognized Investment Returns to be Recognized in 2020		2021		2022		2023		Actuarial Value Adjustment as at Dec. 31, 2018(i)
2015	**$**	**—**	$	—	$	—	$	—	$	—	$	21
2016		**717**		760		—		—		—		1,352
2017		**1,978**		1,048		1,112		—		—		2,799
2018		**(2,204)**		(779)		(826)		(875)		—		(2,771)
2019		**4,437**		1,174		1,243		1,320		1,395		—
	$	**4,928**	$	2,203	$	1,529	$	445	$	1,395	$	1,401

(i) For each initial year, amounts in the actuarial value adjustment are escalated annually by the long-term return assumption. Amounts are recognized in actuarial assets based on the number of years remaining in the five-year smoothing period.

The following table provides the potential sensitivity of the accrued pension obligation to changes in the assumed real rate of pensionable earnings increases and the assumed real rate of return on Primary Plan assets. A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the accrued pension obligation:

50 Basis Point Change		**Approximate Effect on Accrued Pension Obligation**		
As at December 31,		**2019**		2018
Real rate of pensionable earnings increases				
Decrease in assumption	**$**	**(1,800)**	$	(1,700)
Increase in assumption		**1,900**		1,800
Real return on Primary Plan assets and discount rate				
Decrease in assumption		**8,100**		7,600
Increase in assumption	**$**	**(7,200)**	$	(6,800)

NOTE 7

Retirement Compensation Arrangement

As the RCA is not a Registered Pension Plan, a 50 per cent refundable tax is levied on all contributions made to the RCA as well as on net investment income received and net realized investment gains. The refundable tax earns no investment income for the RCA; it is refunded on the basis of one dollar for every two dollars of realized losses or benefits paid out.

The pension benefits provided by the RCA are not fully funded but are funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax applicable to all retirement compensation arrangement plans under the ITA. Contributions to the RCA are based on the top-tier Primary Plan contribution rates applied to contributory earnings over a defined earnings threshold, which was $172,698 for 2019 (2018: $175,223). The defined earnings threshold is actively managed and monitored in such a way that current and future contributions to the RCA, together with the existing RCA Fund and future investment earnings, are expected to be sufficient to provide for projected benefit payments and expenses over the 20-year period following each annual valuation date. Benefits in excess of the maximum amounts payable from the Primary Plan as allowed by the ITA are paid from the RCA.

A summary of the financial statements for the RCA is as follows:

Statement of Financial Position

As at December 31,		2019		2018
Net Assets Available for Benefits	$	**162**	$	148
Accrued Pension Obligation and Surplus/(Deficit)				
Accrued pension obligation	$	**928**	$	851
Surplus/(Deficit)		**(766)**		(703)
Accrued Pension Obligation and Surplus/(Deficit)	$	**162**	$	148

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,		2019		2018
Net investment income/(loss)	$	**17**	$	(1)
Contributions		**21**		18
Benefits		**(23)**		(30)
Administrative expenses		**(1)**		(1)
Total Increase		**14**		(14)
Net assets available for benefits, beginning of year		**148**		162
Net assets available for benefits, end of year	$	**162**	$	148

The actuarial assumptions used for the RCA are consistent with those used for the Primary Plan except that the RCA discount rate as at December 31, 2019 is 3.15% (December 31, 2018: 3.15%), which reflects the long-term asset mix of the RCA including the effect of the 50 per cent refundable tax. A 50 basis point change in the assumed rate (with no change in other assumptions) before reflecting the 50 per cent refundable tax would have the following approximate effect on the accrued pension obligation:

50 Basis Point Change	**Approximate Effect on Accrued Pension Obligation**	
As at December 31,	**2019**	2018
Assumed discount rate		
Decrease in assumption	**40**	37
Increase in assumption	**(38)**	(35)

NOTE 8

Net Investment Income/(Loss)

The OMERS Pension Plans' investment income/(loss) by asset class is as follows:

For the year ended December 31,					2019
	Investment Income (ii)	Net Gain/(Loss) on Investment Assets, Liabilities (iii)	Total Investment Income/(Loss) (i)	Investment Management Expenses (note 12)	Net Investment Income /(Loss)
Fixed Income					
Inflation-linked bonds	$ 66	$ 169	$ 235	$ (7)	$ 228
Nominal bonds and debentures	150	1,155	1,305	(14)	1,291
Private debt and mortgages	493	(109)	384	(68)	316
	709	1,215	1,924	(89)	1,835
Equities					
Canadian public equities	362	1,692	2,054		
Non-Canadian public equities	391	3,442	3,833		
	753	5,134	5,887	(96)	5,791
Canadian private equities (iv)	14	(28)	(14)		
Non-Canadian private equities (iv)	537	342	879		
	551	314	865	(226)	639
	1,304	5,448	6,752	(322)	6,430
Real Assets					
Infrastructure	1,858	149	2,007	(148)	1,859
Real estate (v)	827	649	1,476	(17)	1,459
	2,685	798	3,483	(165)	3,318
Short-Term Instruments					
Cash and short-term deposits	223	(20)	203	(5)	198
Total Investment Income	$ 4,921	$ 7,441	$ 12,362	$ (581)	$ 11,781
Income credited under contractual agreements					(326)
Net Investment Income/(Loss)					$ 11,455

For the year ended December 31,					2018
	Investment Income [ii]	Net Gain/(Loss) on Investment Assets, Liabilities [iii]	Total Investment Income/(Loss) [i]	Investment Management Expenses (note 12)	Net Investment Income /(Loss)
Fixed Income					
Inflation-linked bonds	$ 87	$ (94)	$ (7)	$ (6)	$ (13)
Nominal bonds and debentures	252	(1,319)	(1,067)	(15)	(1,082)
Private debt and mortgages	445	291	736	(52)	684
	784	(1,122)	(338)	(73)	(411)
Equities					
Canadian public equities	390	(1,414)	(1,024)		
Non-Canadian public equities [vi]	462	(2,033)	(1,571)		
	852	(3,447)	(2,595)	(89)	(2,684)
Canadian private equities [iv]	3	124	127		
Non-Canadian private equities [iv][vi]	262	2,174	2,436		
	265	2,298	2,563	(273)	2,290
	1,117	(1,149)	(32)	(362)	(394)
Real Assets					
Infrastructure	1,438	445	1,883	(89)	1,794
Real estate [v]	696	597	1,293	(11)	1,282
	2,134	1,042	3,176	(100)	3,076
Short-Term Instruments					
Cash and short-term deposits	184	(33)	151	(5)	146
Total Investment Income	$ 4,219	$ (1,262)	$ 2,957	$ (540)	$ 2,417
Income credited under contractual agreements					(212)
Net Investment Income/(Loss)					$ 2,205

(i) Investment income includes interest, dividends and real estate operating income accrued or received net of interest expense on liabilities incurred in investment related activities. Investment income is net of external manager performance and pooled fund fees of $111 (December 31, 2018: $99).

(ii) Interest on investment related activities includes interest expense on real estate investment liabilities of $542 (December 31, 2018: $436) and interest on infrastructure investment liabilities of $124 (December 31, 2018: $17).

(iii) Includes net realized gain of $5,479 (December 31, 2018: loss of $628) and is net of transaction and pursuit costs of $150 (December 31, 2018: $269).

(iv) Includes loss from funds of $32 (December 31, 2018: income of $665) where the underlying assets are credit investments.

(v) Real estate investment income includes Oxford Properties Group's operating expenses (net of property management income) of $77 (December 31, 2018: $46). The total audit costs are $3 (December 31, 2018: $3).

(vi) Total investment income previously classified from Non-Canadian public equities of $256, was reclassified to Non-Canadian private equities.

NOTE 9

Investment Returns

AC investment returns are calculated using a time-weighted rate of return formula in accordance with the industry standard methods, based upon the following principles:

a. Returns are calculated as the percentage of business unit income to the weighted average fair value of the business unit net assets during the period.
b. Fair value is determined as described in notes 2 and 3.
c. Income is determined as described in notes 2 and 8.
d. The OMERS Primary Pension Plan return includes all business unit returns.

The percentage returns for the years ended December 31 are as follows:

For the year ended December 31,	**2019**	2018
OMERS Primary Pension Plan		
Total Gross Return	**12.53%**	3.00%
Gross Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	**9.63%**	11.11%
Oxford Properties	**8.39%**	9.68%

The above gross returns are before the impact of base and performance fees paid to external fund managers and investment management expenses. The Primary Plan net return after all investment costs for the year ended December 31, 2019 was 11.9% (December 31, 2018: 2.3%).

NOTE 10

Contributions

For the year ended December 31,	**2019**	2018
Current year required contributions (i)		
Employers	**$ 2,027**	$ 1,994
Members	**2,027**	1,994
	4,054	3,988
Transfers from other pension plans	**59**	70
Past service contributions from members	**97**	93
Past service contributions from employers	**12**	12
Defined benefit contributions received	**4,222**	4,163
AVC contributions received	**127**	207
Total Contributions Received (ii)	**$ 4,349**	$ 4,370

(i) Current year service contributions are funded equally by employers and members. For NRA 65 members, the 2019 contribution rate was 9.0% (2018: 9.0%) of earnings up to $57,400 (2018: $55,900) and 14.6% (2018: 14.6%) of earnings above that level. For NRA 60 members, the 2019 contribution rate was 9.2% (2018: 9.2%) of earnings up to $57,400 (2018: $55,900) and 15.8% (2018: 15.8%) of earnings above that level.

(ii) OMERS, with 1,000 employers, has an appropriate reconciliation process which reconciles contributions for each employer on a member by member basis. This detailed process ensures that contributions are consistent with member information supplied by the employers.

NOTE 11

Benefits

For the year ended December 31,		2019		2018
Retirement benefits	**$**	**3,882**	$	3,546
Disability benefits		**28**		28
Death benefits		**109**		131
Transfers to other pension plans		**58**		50
Commuted value payments		**535**		500
Defined benefits paid		**4,612**		4,255
AVC benefits paid		**34**		22
Total Benefits Paid	**$**	**4,646**	$	4,277

NOTE 12

Pension Administrative and Investment Management Expenses

(a) Pension administrative expenses

For the year ended December 31,		2019		2018
Salaries and benefits	**$**	**58**	$	53
System development and other purchased services		**109**		18
Premises and equipment		**6**		4
Professional services [(i)]		**10**		9
Travel and communication		**7**		9
Total Pension Administrative Expenses	**$**	**190**	$	93

(b) Investment management expenses

For the year ended December 31,		2019		2018
Salaries and benefits [(ii)]	**$**	**427**	$	405
System development and other purchased services		**36**		28
Premises and equipment		**24**		21
Professional services [(i)]		**39**		35
Travel and communication		**23**		17
Investment management services		**30**		25
Other		**2**		9
Total Investment Management Expenses	**$**	**581**	$	540

(i) Total professional services expenses include independent actuarial costs of $0.8 (December 31, 2018: $0.9) and external audit costs of $2.8 (December 31, 2018: $2.4).

(ii) Net of management fees of $35.5 (December 31, 2018: $36.1) earned from portfolio investments.

NOTE 13

Related Party Disclosures

AC's related parties include employers whose employees are members of the Primary Plan, the SC, key management personnel (defined below) and investments where AC has a controlling interest. Transactions with related parties include the following:

- AC through Oxford Properties Group paid property taxes to municipal employers of $157 (December 31, 2018: $158) and utility payments to utility employers of $33 (December 31, 2018: $33). The amounts of property taxes paid were based on normal levies by the individual municipal employers and were consistent with those that would be paid by a non-related party. The utility payments made to utility companies which are AC employer entities were based on normal usage and rates that would be paid by a non-related party.
- AC through Oxford Properties Group earned rental revenue from investee entities of $20 (December 31, 2018: $18). The amounts of rental revenue earned were based on normal levies by the individual entities and were consistent with those that would be paid by a non-related party.
- AC through Oxford Properties Group entered into a lease arrangement with an agency of a municipal employer, whose employees are members of the Plan. The terms of the lease are at fair market value and consistent with those that would be paid by a non-related party.

Key Management Personnel Compensation

Key management personnel consist of members of the AC's Board of Directors and those senior executives responsible for planning and directing the activities of the AC.

For the year ended December 31,		**2019**		2018
Salaries, short-term employee benefits & termination benefits	**$**	**17**	$	18
Post-employment benefits		**1**		1
Other long-term benefits		**8**		7
Total	**$**	**26**	$	26

Other than the above, AC had no other transactions with key management personnel during the year.

NOTE 14

Capital

AC defines its capital as the funded status (surplus/(deficit)) of each of the OMERS Pension Plans. The funded status of the OMERS Pension Plans is discussed in note 6 and note 7.

AC's objective is to ensure that the Primary Plan's defined benefit component is fully funded over the long-term through the management of investments, contribution rates and benefits. Investments (note 3), the use of derivatives (note 3 B) and leverage (note 4) are based on asset mix and risk management policies and procedures. In 2018, a revised risk framework was approved by the Board of Directors, that describes overall risk-management governance and details the structure for categorizing risks to which the organization is exposed. This complements policies such as Statement of Investment Beliefs, Statement of Investment Authorities and Statement of Investment Policies & Procedures (SIP&P). As the Primary Plan's administrator, AC has adopted a SIP&P for the Primary Plan which sets investment objectives, guidelines and benchmarks used in investing the Primary Plan's assets, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIP&P was originally established in 1989 and is reviewed annually by the AC Board. The SIP&P effective for the year ending December 31, 2019 was amended on December 28, 2018.

The SIP&P establishes long-term strategic asset mix ranges and targets by asset class. The actual asset mix at December 31, 2019 was within the long-term asset mix ranges.

The RCA investments are based on an asset mix and SIP&P separate from those of the Primary Plan. The RCA SIP&P was originally established in 2007 and is reviewed annually by the AC Board. The SIP&P effective for the year ending December 31, 2019 was last amended on December 28, 2018. The changes included in this amendment are not considered significant.

The Primary Plan's AVC component accrued pension obligation is based on AVC contributions net of withdrawals and administration fee plus net investment rate of return of the defined benefit component of the Primary Plan and as such does not have a surplus/(deficit) position. The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P was last amended on December 28, 2018. The changes included in this amendment are not considered significant.

NOTE 15

Guarantees, Commitments and Contingencies

As part of normal business operations, AC enters into guarantees, commitments and contingencies.

Guarantees are provided to third parties with respect to certain investments. The maximum amount payable under guarantees, standby letters of credit and contingent amounts payable provided as part of investment transactions was $2.4 billion as at December 31, 2019 (December 31, 2018: $2.2 billion).

Future commitments and contingencies include those relating to the acquisition of investments which are expected to close in 2020 of $0.6 billion (December 31, 2018: $4.1 billion), and long term commitments of $16.2 billion (December 31, 2018: $16.8 billion) related to funds managed by third parties, the development of real estate projects, and the refurbishment of a major infrastructure asset.

AC, in the normal course of business, indemnifies its directors, officers, employees, its business units and certain others in connection with proceedings against them to the extent that these individuals are not covered under another arrangement. In addition, AC may in certain circumstances in the course of investment activities agree to indemnify a counterparty. Under the terms of such arrangements, AC may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations or legal claims. The contingent nature of the liabilities in such agreements and the range of indemnification prevent AC from making a reasonable estimate of the maximum amount that would be required to pay such indemnifications.

As at December 31, 2019, AC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of AC.

05

REPORT OF THE HUMAN RESOURCES COMMITTEE

AND COMPENSATION DISCUSSION & ANALYSIS

Members in 2019	
Monty Baker (Chair)	Darcie Beggs
Bill Aziz	David Tsubouchi
David Beatty	George Cooke (ex officio)

Our Human Resources Committee (HR Committee) assists the AC Board in meeting its fiduciary oversight and related obligations by: (i) attracting, engaging and retaining excellent leadership at the senior executive level who are committed to the AC Mission Statement, Core Values and Leadership Principles; (ii) overseeing a robust succession management process for the position of Chief Executive Officer (CEO) and the C-Suite executives; and (iii) overseeing CEO performance, compensation and compensation policies.

In 2019, the HR Committee's work included:

- oversight of an annual performance assessment process for the CEO;
- making recommendations to the AC Board on compensation for the CEO;
- reviewing the candidates for CEO and C-Suite executives' succession as part of the succession management process, including discussion of development plans;
- successful advancement of the CEO succession plan;
- reviewing compensation awards for the C-Suite executives;
- reviewing performance assessments for the C-Suite executives;
- reviewing the talent management strategy;
- reviewing compensation plans to ensure appropriate strategic linkages and risk mitigation;
- approving compensation-related disclosure in public documents; and
- continued focus on HR governance matters, including compensation reporting.

Independent Compensation Adviser

The HR Committee engages an independent compensation adviser to provide advice and assistance in executing its responsibilities. Hugessen Consulting (Hugessen) is directly retained and instructed by, and reports directly to, the HR Committee. All work is pre-approved by the HR Committee, and Hugessen did not provide any non-Board-approved services to the organization during 2019.

During 2019, the independent adviser's scope of services included the following:

i. supporting the HR Committee in reviewing CEO pay and performance outcomes;
ii. providing independent executive compensation advice pertaining to the CEO and C-Suite executives (i.e., compensation philosophy, comparator groups, competitive pay positioning and pay mix);
iii. ensuring the HR Committee understood and was comfortable with the current compensation program for the CEO and C-Suite executives;
iv. providing counsel to the HR Committee on any recommendations made by Management;
v. reviewing proposals for new compensation plan designs; and
vi. assisting with any other items that the HR Committee requested.

The HR Committee has sole authority to approve the amount of the independent compensation adviser's fees. Executive compensation-related fees paid to our adviser in 2019 reflect the services as described above. The following table outlines the fees paid for services provided in 2019 and 2018:

Adviser	Executive Compensation-Related Fees		All Other Fees	
	2019	2018	2019	2018
Hugessen Consulting	$116,432	$196,215	Nil	Nil

HR Committee Composition and Meetings

Members of the HR Committee are appointed by the AC Board from among the Board's members and are independent of Management. Collectively, HR Committee members have skills, knowledge and experience in investment management, pensions, economics and public policy, executive leadership and strategy, risk management, talent management, and executive compensation. The HR Committee had four regular meetings and two special meetings during 2019 to review key items according to its mandate and annual work plan. At the invitation of the Chair of the HR Committee, members of Management, including the CEO, and the HR Committee's independent adviser, attended the meetings. At each meeting, there was an *in camera* session without Management present.

Chair of the Human Resources Committee Letter to Plan Members

2019 Year in Review

In our 2020 Strategy, one of the four pillars is centered on evolving our capabilities, which includes ensuring that we attract, engage, develop, retain and reward top talent. In 2019, we continued to do that in various ways, including:

- development programs with a global focus;
- development of a senior leadership pipeline;
- focus on succession management processes, with identification and development of leaders for key positions;
- focus on high-performance culture;
- increasing focus on inclusion and diversity; and
- advancement of our compensation philosophy and our pay-for-performance culture.

Compensation Governance and Risk

Our compensation plans are designed to align with business objectives, while ensuring we deliver competitive compensation that rewards for performance and differentiates across markets. We ensure our plans also continue to reflect leading governance principles by incorporating risk considerations. This allows the HR Committee to appropriately reward behaviours consistent with our desired risk culture. Our aim is to achieve a balance between risk and reward so that employees are aligned with the long-term investment strategy of OMERS.

Furthermore, to ensure compensation and risk outcomes are symmetrical, the AC Board has the discretion to withhold awards to reflect significant unexpected or unusual events. It also has the ability to clawback any variable compensation awarded in the event of a material misrepresentation of results in the prior three years. To align executive interests with those of Plan members, and to motivate the creation of long-term value, a significant portion of total compensation is deferred and aligned with enterprise-wide performance measures over the deferral period.

Compensation Highlights

The following factors influenced year-end compensation awards:

- Our compensation plans are based on three-year returns to ensure alignment with achievement of long-term returns. The 2019 Primary Plan net return of 11.9% was above our absolute Primary Plan return target of 7.0%. The Primary Plan net absolute return of 8.5% for the three-year period 2017 to 2019 exceeded the three-year absolute return target of 7.3%, primarily due to strong results in Capital Markets. This resulted in a 2019 business performance factor above the target level.
- In addition, our risk assessments concluded that business risk was being managed consistently with our desired risk culture, resulting in neutral (0%) compensation plan risk adjustments across all our compensation plans.

We review our Total Rewards programs regularly to ensure they remain relevant.

Conclusion

We continue to dedicate significant attention to talent management, ensuring that we have the right people in the right roles to deliver long-term value for Plan members. We are confident that our approach to compensation attracts and engages a talented workforce through strong governance practices, while achieving the appropriate balance of protecting against incenting excessive risk-taking, and paying for performance.

Our HR Committee remains committed to a pay-for-performance approach, being a leader in compensation governance, and providing clear and transparent disclosure to Plan members, employers, sponsors and other stakeholders.

Monty Baker

Monty Baker
2019 Chair of the Human Resources Committee

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis section describes our executive compensation program and awards for the Named Executive Officers. The Named Executive Officers include the CEO, Chief Financial Officer (CFO) and the three highest-paid C-Suite executives.

Approach to Compensation

OMERS is committed to a pay-for-performance approach for all employees. To achieve this, the compensation programs are designed to incent the right behaviour in the delivery of our business objectives within the appropriate risk parameters.

Compensation Principles

The executive compensation program is based on the following principles:

- Align with the interests of Plan members: Align employee and executive interests with Plan member interests through effective compensation plan design.
- Align with OMERS Strategy: Focus employee efforts on critical performance targets and reward for performance results.
- Pay for performance: Promote a pay-for-performance culture where there are clear relationships between pay and performance, ensuring differentiated pay to the reward.
- Effective risk management: Ensure compensation plan design does not incent excessive risk-taking and review plans regularly to ensure they are operating as intended.
- Pay competitively: Reward employees in a manner consistent with competitive market practice to ensure the organization's ability to attract, engage and retain high-performing talent. For total compensation, target-level performance is benchmarked to the 50th percentile, and superior level performance is benchmarked to the 75th percentile in the marketplace.
- Good corporate governance: Strive to be a leader in governance, continually reviewing and incorporating industry-leading compensation practices that align with our governance model.

Elements of Executive Compensation

Executive compensation for 2019 consists of the following elements:

- base salary;
- variable compensation - comprising short-term incentives (STIP) and long-term incentives (LTIP); and
- benefit and retirement programs.

Compensation Element	Description	Compensation Type
Base Salary	Based on market benchmarking and reviewed annually.	Fixed
Short-Term Incentives (STIP)	Based on business and individual performance against pre-established objectives.	Variable (At-Risk)
Long-Term Incentives (LTIP)	Based on business and individual performance against pre-established objectives. LTIP awards are deferred and paid out 26 months after the end of the year in which they are awarded.	Variable (At-Risk)
Benefits and Retirement Programs	Includes vacation, life and disability insurance, health and dental benefits, and retirement programs.	Fixed

Design of the Executive Compensation Plan

The CEO, CFO and other Named Executive Officers participate in the Executive Compensation Plan. There are four key steps in determining annual variable compensation awards under the Executive Compensation Plan:

Step 1	Establish target total compensation
Step 2	Establish balanced scorecards
Step 3	Evaluate performance
Step 4	Determine compensation awards

The first two steps take place at the beginning of the plan year and establish the foundation through setting target compensation and performance objectives. Steps three and four occur at the end of the year when performance is measured against objectives, and final awards are determined.

Step 1	**Establish target total compensation**

Target total compensation is determined at the beginning of the year or upon hire, or with changes in roles or responsibilities.

				Risk-Adjusted Variable Compensation				
Total Compensation	=	Base Salary	+	Annual Cash Compensation (STIP)	+	Long-Term Compensation (LTIP)	+	Benefit and Retirement Programs

For all executives, target total compensation is reviewed annually, as well as at the time of any material change in roles. Our philosophy is to set target total compensation to reflect the median of the competitive market, on average. Targets for an individual executive may be positioned above or below the median to reflect experience, potential, performance or other factors specific to the executive or role.

The HR Committee, with the advice from its independent adviser, reviews target total compensation for C-Suite executives, while the AC Board of Directors approves the CEO's total compensation, based on the HR Committee's recommendation.

Step 2	**Establish balanced scorecards**

At the beginning of the year, a balanced scorecard is established for each participant, made up of their key objectives, and is used to assess performance at the end of the year. The balanced scorecard includes performance against net absolute returns and other key priorities.

The table below outlines the rationale for the inclusion of each performance measure.

Performance Measure	Rationale	2019 Weighting				
		CEO	Chief Investment Officer	Chief Risk Officer	Chief Financial Officer	Other Senior Executives
Investment Returns	Net absolute returns aligning executives with the interests of Plan members.	40%	60%	20%	40%	40%
Key Strategy Execution and Leadership Objectives	Strategic & leadership initiatives based on enterprise and business priorities.	60%	40%	80%	60%	60%

The CEO approves the objectives for each member of the C-Suite which are reviewed by the HR Committee. The HR Committee will recommend the annual balanced scorecard for the CEO to the AC Board of Directors for approval.

Step 3	**Evaluate performance**

Following the end of the year, performance is assessed for each member of the C-Suite which determines each individual's balanced scorecard factor within a range of 0% to 200%. The AC Board of Directors evaluates the performance of the CEO. Commentary on 2019 performance for the CEO is discussed in the section **Compensation of the CEO**.

Step 4	**Determine compensation awards**

At the end of the year, individual risk-adjusted variable compensation awards are determined as outlined below:

Risk-Adjusted Variable Compensation Award	=	**Variable Compensation Target**	x [	**Balanced Scorecard Factor**	+/-	**Risk Adjustment**	]
		STIP + LTIP		0% - 200%		+/- 15%	

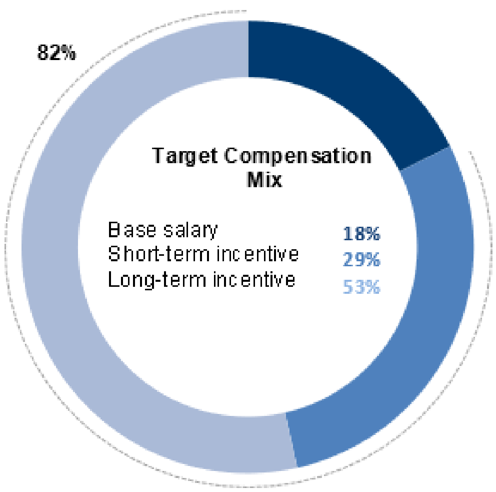
Final awards may range between 0% and 200% of target. The HR Committee, with advice from its independent adviser, reviews all variable compensation awards for the C-Suite executives, while the AC Board of Directors approves the CEO's annual awards based on the HR Committee's recommendation. Once a participant's variable compensation awards are determined, 35% is paid in cash (STIP), and 65% is deferred (LTIP).

Target Compensation Mix

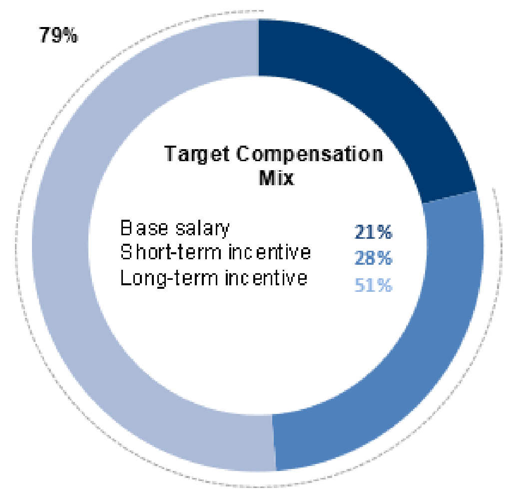
Aligned with OMERS pay-for-performance approach, total compensation for C-Suite executives is comprised primarily of variable compensation tied to investment and individual performance.

The majority of compensation for the CEO and the Named Executive Officer positions is variable and at-risk as outlined in the following charts.

CEO



Other Named Executive Officers (Average)



Comparator Groups Used to Set Competitive Pay

OMERS has identified comparator groups for its various businesses in setting competitive compensation to closely reflect the marketplace. The comparator groups are reviewed on a regular basis by the HR Committee.

Typical considerations include other organizations that compete for similar talent, industry-specific organizations, or organizations with similar objectives. OMERS reviews compensation levels of comparable positions, and assesses relative performance, size, geographical scope and complexity.

Compensation Governance

This section outlines key governance-related features to help ensure that compensation aligns with the short and long-term interests of our Plan members.

OMERS Features	Description
Risk Adjustment	The HR Committee has the ability to modify awards based on how well risk was managed during the year. The adjustment is determined annually and approved by the HR Committee.
Board Discretion	The AC Board may make the decision to withhold awards of any variable compensation, including the short-term and long-term incentive payments to reflect significant unexpected or unusual events as defined by OMERS at its sole discretion.
Clawback	All variable compensation awards, whether paid or unpaid, are subject to a clawback in the event of a material misrepresentation or financial restatement of results, within a 36-month look-back period. In the event of a material misrepresentation or financial restatement, the HR Committee will determine the extent of the clawback (i.e., who, on an individual or plan basis, will be impacted and to what extent) based on the specific circumstances.

Alignment to Financial Stability Board Principles for Effective Governance of Compensation

The HR Committee has taken steps to further strengthen our approach to compensation, including incorporating the Financial Stability Board (FSB) Principles for Sound Compensation Practices and the associated Implementation Standards. These principles and standards, established in 2009, are intended to ensure effective governance of compensation, alignment of compensation with prudent risk-taking, effective supervisory oversight, and stakeholder engagement in compensation. OMERS continues to adhere to these FSB principles and will continue to review our adherence on an annual basis.

Compensation of the CEO

This section examines the 2019 performance and resulting compensation for the CEO.

Michael Latimer

Chief Executive Officer

OMERS Administration Corporation

2019 Performance

A balanced scorecard was established for Mr. Latimer based on performance achieved against the Primary Plan net absolute return (40%) and key strategy execution, and leadership objectives (60%). The AC Board assessed Mr. Latimer's 2019 performance against the following key individual objectives:

- 2020 and 2025 Strategy and Implementation;
- 2030 Strategy planning;
- Technology and cyber security;
- Talent management, leadership development, succession and performance management; and
- Effectively managing overall cost effectiveness of OMERS.

Total Compensation Awards

When determining compensation awards, the HR Committee aims to ensure there is a strong link between compensation and performance achieved. In determining Mr. Latimer's annual variable compensation awards for 2019, the AC Board assessed his performance against specific objectives that were agreed upon by the AC Board at the beginning of the year. Given the three-year (2017-2019) Primary Plan results and his individual performance, the AC Board approved the variable compensation performance factor of 169% which resulted in the actual awards shown below.

Compensation Element	Target	Award
2019 Salary	$565,000	$565,000
2019 Short-Term Incentive	$922,250	$1,562,292
2019 Long-Term Incentive	$1,712,750	$2,901,399
Total	**$3,200,000**	**$5,028,691**

Summary Compensation Table

The table below represents disclosure of the compensation paid to or earned by each Named Executive Officer during the three most recently completed financial years.

Name and Principal Position	Year	Salary	Non-Equity Incentive Compensation: Short-Term Incentive Plan (STIP)	Non-Equity Incentive Compensation: Long-Term Incentive Plan (LTIP)(i)	Pension Contribution(ii)	All Other Compensation	Total
Michael Latimer CEO	**2019**	**565,000**	**1,562,292**	**2,901,399**	**55,448**	**58,830**	**5,142,970**
	2018	565,000	1,206,887	2,242,113	53,999	58,632	4,126,632
	2017	565,000	1,626,755	3,021,120	53,420	58,518	5,324,813
Jonathan Simmons Chief Financial Officer	**2019**	**450,000**	**681,345**	**1,265,355**	**55,448**	**1,307**	**2,453,455**
	2018	450,000	479,400	895,600	53,999	1,129	1,880,128
	2017	450,000	565,250	1,049,750	53,420	1,026	2,119,446
Blake Hutcheson President and Chief Pension Officer	**2019**	**500,000**	**1,318,800**	**2,449,200**	**55,448**	**86,986**	**4,410,435**
	2018	500,000	1,133,038	2,106,962	53,999	53,706	3,847,706
	2017	500,000	1,197,677	2,079,823	53,420	53,592	3,884,512
Michael Rolland President and Chief Operating Officer, Asia-Pacific	**2019**	**500,000**	**1,297,800**	**2,410,200**	**55,448**	**19,707**	**4,283,155**
	2018	500,000	1,201,316	2,038,684	53,999	19,509	3,813,508
	2017	500,000	1,147,125	2,130,375	53,420	19,395	3,850,315
Satish Rai Chief Investment Officer	**2019**	**500,000**	**1,461,600**	**2,714,400**	**55,448**	**1,452**	**4,732,900**
	2018	500,000	1,039,000	1,931,000	53,999	1,254	3,525,253
	2017	500,000	1,147,125	2,130,375	53,420	1,140	3,832,060

Notes:
(i) 2017, 2018 and 2019 amounts shown represent the LTIP awards reflecting business and individual performance for the calendar year.
(ii) Reflects matching pension contributions that OMERS makes on behalf of employees. Pension contributions are based on capped pensionable earnings, as described in the Pension Plan Benefits table later in this report.

Incentive Plan Awards Table

The following table presents the target value, award value and payout value for outstanding long-term incentives for each Named Executive Officer. LTIP is granted at target value on January 1 of the year. The target value is adjusted to an LTIP award based on the Balanced Scorecard at the end of the same year. The LTIP award vests over a 36-month period from the grant date. The LTIP awards are then adjusted by a performance factor based on the OMERS Primary Plan's net return. For 2019 awards, the performance factor is based on the two-year net returns following the year of the award. The 2018 and 2017 performance factors are based on the three-year net returns starting from the grant date subject to a performance hurdle. The performance hurdle is the cumulative three-year Primary Plan threshold return, which aligns to our funding discount rate.

Payout values for 2018 and 2019 were determined using a Primary Plan performance factor of 105% and 114% respectively. The payout value for 2017 is based on a Primary Plan performance factor of 109%.

The 2017 long-term incentive awards finished vesting on December 31, 2019 and were paid out, leaving the 2018 and 2019 long-term incentive awards outstanding.

Name	Year	Target Value	Award Value	Vesting Date	Payout Value
Michael Latimer CEO	2019	$1,712,750	$2,901,399	December 31, 2021	$3,307,595
	2018	$1,590,063	$2,242,113	December 31, 2020	$2,354,219
	2017	$1,590,063	$3,021,120	December 31, 2019	$3,293,021
Jonathan Simmons Chief Financial Officer	2019	$682,500	$1,265,355	December 31, 2021	$1,442,505
	2018	$552,500	$895,600	December 31, 2020	$940,380
	2017	$552,500	$1,049,750	December 31, 2019	$1,144,228
Blake Hutcheson President and Chief Pension Officer	2019	$1,300,000	$2,449,200	December 31, 2021	$2,792,088
	2018	$1,300,000	$2,106,962	December 31, 2020	$2,212,310
	2017	$1,121,250	$2,079,823	December 31, 2019	$2,267,007
Michael Rolland President and Chief Operating Officer, Asia-Pacific	2019	$1,300,000	$2,410,200	December 31, 2021	$2,747,628
	2018	$1,300,000	$2,038,684	December 31, 2020	$2,140,618
	2017	$1,121,250	$2,130,375	December 31, 2019	$2,322,109
Satish Rai Chief Investment Officer	2019	$1,462,500	$2,714,400	December 31, 2021	$3,094,416
	2018	$1,300,000	$1,931,000	December 31, 2020	$2,027,550
	2017	$1,121,250	$2,130,375	December 31, 2019	$2,322,109

Pension Plan Benefits

The following section describes the OMERS Pension Plans in which the Named Executive Officers participate:

Pension Formula	2% of "best five" earnings multiplied by years of credited service (maximum of 35 years) less 0.675% of "best five" earnings capped at the five-year average YMPE (Year's Maximum Pensionable Earnings, as set by the Canada Pension Plan).
"Best five" Earnings	The highest average of five consecutive years of contributory earnings. Contributory earnings are capped, as follows: • Cap on incentive pay: Post-2010 earnings are capped at 150% of contributory earnings calculated before incentive pay. • 7X YMPE Cap: Total contributory earnings are limited to seven times the YMPE (applies to all earnings if the member enrolled on/after January 1, 2014, and to post-2015 earnings if the member enrolled before January 1, 2014).
Normal Retirement Age	65
Early Retirement	Plan members are eligible to retire early when they reach age 55. Each member's unreduced date is the earliest of the date the member attains their 90 Factor (age and qualifying service), attains 30 years of qualifying service, or turns age 65. If a member retires before their unreduced date, there is a 5% reduction factor per year short of their unreduced date.
Form of Pension	The pension is paid monthly for the life of the member, with 66 $^{2}/_{3}$% of the member's pension amount continuing to a surviving spouse after the member's death.

Termination Benefits

The treatment under each of the termination scenarios is governed by the terms of the 2019 Executive Compensation Plan, which are summarized in the following table:

	Short-Term Incentive Plan	**Long-Term Incentive Plan**
Resignation	Forfeited	Forfeited
Retirement (as defined by the compensation plan)	Entitled to a partial award, pro-rated to reflect the period of active employment	Outstanding awards will continue to mature in normal course
Termination without Cause	Entitled to a partial award, pro-rated to reflect the period of active employment	Entitled to a partial award, pro-rated to reflect the period of active employment
Termination with Cause	Forfeited	Forfeited

06

FINANCIAL STATEMENTS: OMERS SPONSORS CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of OMERS Sponsors Corporation

Opinion

We have audited the financial statements of OMERS Sponsors Corporation (the "SC"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SC as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the SC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 6 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2018 has been restated. The financial statements for the year ended December 31, 2018 (prior to the adjustments that were applied to restate certain comparative information explained in Note 6) were audited by another auditor who expressed an unqualified opinion on those financial statements on February 15, 2019. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the OMERS 2019 Annual Report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or other appears to be materially misstated.

The OMERS 2019 Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the SC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Burlington, Ontario
February 13, 2020

STATEMENT OF FINANCIAL POSITION

As at December 31,		2019		2018 Restated (Note 6)
Assets				
Current				
Cash	**$**	**11,267**	$	11,547
AC receivable (note 3)		**205,964**		224,117
Prepaid expenses and other assets		**59,635**		64,681
	$	**276,866**	$	300,345
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**216,655**	$	242,517
Deferred revenue		**59,188**		56,805
		275,843		299,322
Net Assets				
Excess/(deficit) of revenues over expenses from operations				
Balance at beginning of year		**1,023**		1,023
Current year		**—**		—
Balance at end of year		**1,023**		1,023
	$	**276,866**	$	300,345

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board of OMERS Sponsors Corporation

Barry Brown
SC Board Co-Chair

Frank Ramagnano
SC Board Co-Chair

Peter Derochie
Chair, Audit Committee

STATEMENT OF OPERATIONS

For the year ended December 31,		**2019**		2018 Restated (Note 6)
Revenues				
AC expense reimbursement (note 3)	**$**	**2,286,546**	$	2,752,308
Expenses				
Contract and administrative salaries		**1,023,168**		1,066,395
Legal		**102,292**		31,209
Audit		**9,323**		10,735
Actuarial		**34,838**		—
Professional advisors		**31,632**		494,502
Other administrative		**95,442**		165,369
Insurance		**81,000**		81,000
Board remuneration (note 4)		**690,625**		686,168
Board expenses (note 4)		**218,226**		216,930
		2,286,546		2,752,308
Excess/(Deficit) of Revenues Over Expenses from Operations	**$**	**—**	$	—

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended December 31,		2019		2018
				Restated
				(Note 6)
Cash was provided by (used in):				
Operating Activities				
Excess/(deficit) of revenues over expenses	**$**	**—**	$	—
Changes in non-cash working capital accounts				
AC receivable		**18,153**		168,745
Prepaid expenses and other assets		**5,046**		(63,651)
Accounts payable and accrued liabilities		**(25,862)**		(162,411)
Deferred revenue		**2,383**		56,805
Increase/(Decrease) in cash		**(280)**		(512)
Cash - Beginning of Year		**11,547**		12,059
Cash - End of Year	**$**	**11,267**	$	11,547

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NATURE OF OPERATIONS

The OMERS Sponsors Corporation (SC) is a corporation without share capital under the *Ontario Municipal Employees Retirement System Act, 2006* (OMERS Act). The SC is the sponsor of the OMERS Pension Plans (OMERS Pension Plans or Plans) as defined in the OMERS Act. The OMERS Pension Plans are administered by OMERS Administration Corporation (AC) and include the OMERS Primary Pension Plan (Primary Plan) and the Retirement Compensation Arrangement (RCA) associated with the Plans and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). The SC is responsible for making decisions about the design of the Plan, the RCA, and the Supplemental Plan, amendments to those plans, setting contribution rates, and deciding whether to file actuarial valuations more frequently than is required under the *Pension Benefits Act* (Ontario) (PBA).

NOTE 1

Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

b) Revenue Recognition

AC expense reimbursement is recorded as revenue as the expenses are incurred in accordance with the joint SC/AC protocol. Amounts received in advance of revenue recognition are treated as deferred revenue.

c) Use of Estimates

The preparation of financial statements is in conformity with Canadian ASNPO which require management to make estimates and assumptions that affect the reported values of assets and liabilities, income and expenses, and related disclosures. Actual results could differ from these estimates.

d) Financial Instruments

Measure of Financial Instruments

The SC initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at cost or amortized cost less impairment.

Financial assets measured at amortized cost are cash and AC receivable. Financial liabilities measured at amortized cost are accounts payable and accrued liabilities.

The SC has no financial assets measured at their fair value and has not elected to carry any financial assets or liabilities at fair value.

Impairment

Financial assets are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess (deficit) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

e) Income Tax Status

The SC is tax exempt under the Income Tax Act.

NOTE 2

Bank Operating Facility

The SC maintains an unsecured, uncommitted overdraft facility (demand Operating Overdraft Facility) with a major bank in the amount of $1,000,000; advances would bear interest at the Prime Rate per annum. Access to the overdraft facility was not required in 2019.

NOTE 3

Related Party Transactions

During the year, the SC received expense reimbursements of $2,286,546 (2018 - $2,752,308) from the AC of which $205,964 (2018 - 224,117) was receivable at year-end.

The transactions are in the normal course of operations and are measured at the exchange amount.

The amounts due from related parties are non-interest bearing, unsecured and have no specific terms of repayment.

NOTE 4

Board Remuneration and Expenses

Board remuneration and board expenses are in accordance with SC By-law # 6.

NOTE 5

Financial Instruments

The SC is exposed to various risks through its financial instruments. The following provides a summary of the SC's exposure to risk as at December 31, 2019:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The SC is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The SC's main credit risk relates to its AC receivable. The AC receivable is due from an organization with a high-quality credit rating and therefore there is limited credit risk associated with this financial instrument. There have not been any changes in this risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the SC will encounter difficulties in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the SC will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The SC is exposed to this risk mainly in respect to its accounts payable and accrued liabilities. The SC manages this risk by managing its working capital, ensuring that sufficient credit is available. There have not been any changes in this risk from the prior year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The SC is not exposed to significant market risk. There have not been any changes in these risks from the prior year.

NOTE 6

Comparative Figures

The prior year financial statements have been restated to reflect prepaid expenses which were not previously recorded. The result of this correction to the prior year is as follows:

	Increase	2018 Original Balance	2018 Restated Balance
Prepaid expenses and other assets	$ 56,805	$ 7,876	$ 64,681
Deferred revenue	$ 56,805	$ —	$ 56,805

07

REFERENCE

OMERS SPONSORS CORPORATION BOARD REMUNERATION AND EXPENSES

	2019		2018	
	Remuneration [i]	**Expenses [ii]**	Remuneration	Expenses
Brown, Barry (Co-Chair)	**$ 80,000**	**$ 13,683**	$ 38,500	$ 10,065
Ramagnano, Frank (Co-Chair)	**80,000**	**14,102**	80,000	10,212
Axford, Dan[iii]	**45,000**	**19,481**	38,500	14,580
Bailey, Paul	**38,500**	**10,626**	45,000	10,481
Biro, Frederick [iii]	**45,000**	**13,347**	45,000	16,345
Chan, Jason	**38,500**	**1,481**	28,875	11,409
Clarke, Diana [iv]	**—**	**689**	38,500	16,780
Derochie, Peter [iii]	**45,000**	**27,363**	45,000	29,574
Love, Marianne[iii]	**45,000**	**19,848**	80,000	22,893
Macaluso, Charlie	**38,500**	**875**	38,500	2,431
Maguire, Tim [iv]	**—**	**—**	9,625	655
McConville, Mary	**38,500**	**9,727**	38,500	4,018
Pennachetti, Joe	**38,500**	**4,482**	38,500	8,679
Richards, Jennifer [iv] [v]	**32,014**	**22,318**	—	—
Sahli, Sandra [iii]	**45,000**	**23,962**	45,000	21,297
Volpe, Giulia [iv] [v]	**6,486**	**—**	—	—
Weatherup, John	**38,500**	**2,736**	38,500	—
Other Expenses [vi]	**36,125**	**33,507**	38,168	37,511
Total	**$ 690,625**	**$ 218,227**	$ 686,168	$ 216,930

(i) Remuneration is in accordance with By-law No. 6.

(ii) Includes reimbursement for normal out-of-pocket business expenses including education, meeting and communication expenses incurred in conducting SC business. These expenses are reviewed by the Audit Committee on a quarterly basis.

(iii) Committee Chairs

Peter Derochie - Audit Committee
Sandra Sahli - Corporate Governance Committee
Dan Axford - Human Resources & Compensation Committee
Frederick Biro - Plan Design Committee
Marianne Love - Risk Oversight Committee

(iv) Member Changes:

Jennifer Richards, Board Member from January 1, 2019 to October 30, 2019
Tim Maguire, Retired from Board as of April 08, 2018
Giulia Volpe, New Board Member as of October 31, 2019
Diana Clarke, Retired from Board as of December 31, 2018

(v) In accordance with By-Law No. 6, the Board Member has directed their compensation to their appointing organization.

(vi) Other expenses include Board meeting expenses not allocated by individual and benefits (CPP & EHT).

2019 OMERS SPONSORS CORPORATION BOARD/COMMITTEE MEETINGS

Director	SC Board Meetings [i] (11)		Audit Committee (6)	Corporate Governance Committee (15)	Human Resources and Compensation Committee (5)	Plan Design Committee (9)	Risk Oversight Committee (10)	Committees (Total)		All Meetings		Other Events and Meetings [ii]	All Events and Meetings	Education Days [iv]
	Attended	%	Attended	Attended	Attended	Attended	Attended	Attended /Eligible	%	Attended /Eligible	%			
Brown, Barry (Co-Chair) [iii]	11	100%	5	12	5	9	8	39/45	87	50/56	89	4	54	—
Ramagnano, Frank (Co-Chair) [iii]	11	100%	6	15	5	9	10	45/45	100	56/56	100	4	60	4
Axford, Dan	11	100%		15	5	9		29/29	100	40/40	100	7	47	7
Bailey, Paul	10	91%			4	8	9	21/24	88	31/35	89	2	33	4
Biro, Frederick	11	100%		15	5	9		29/29	100	40/40	100	7	47	3
Chan, Jason	11	100%	6		4	9		19/20	95	30/31	97	4	34	—
Derochie, Peter	11	100%	6			9	10	25/25	100	36/36	100	4	40	9
Love, Marianne	10	91%		10	4	8	10	32/39	82	42/50	84	4	46	5
Macaluso, Charlie	10	91%				8		8/9	89	18/20	90	3	21	—
McConville, Mary	10	91%		15	5	8		28/29	97	38/40	95	3	41	—
Pennachetti, Joe	10	91%	6			9	10	25/25	100	35/36	97	4	39	—
Richards, Jennifer	9	100%	4			7	9	20/20	100	29/29	100	3	32	3
Sahli, Sandra	11	100%		15		9	10	34/34	100	45/45	100	6	51	2
Volpe, Giulia	2	100%				2	1	3/3	100	5/5	100	2	7	—
Weatherup, John	10	91%		13		7		20/24	83	30/35	86	3	33	—
Overall Attendance		**96%**	**97%**	**92%**	**93%**	**95%**	**96%**		**95%**		**95%**			**37**

(i) Board meetings consisted of nine regularly scheduled meetings and two strategic planning session/days, all of which SC Board Members were expected to attend.

(ii) Members attended up to one to seven additional 'Other' meetings and events, such as the Spring Information Meeting, joint education sessions with the OAC, new board and committee member orientation, in-house education sessions, ad hoc meetings of special committees and attendance at committee meetings of which they are not members. Many Members also attended educational programs or pension/governance conferences ranging from two to nine days, exclusive of travel time.

(iii) In addition to chairing the SC Board meetings, Co-Chairs are ex-officio members of all committees; not all of their other obligations are tracked for attendance purposes.

(iv) Education days refer to the actual number of days Members spent at education programs or pension-related conferences and exclude travel time.

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OMERS ADMINISTRATION CORPORATION BOARD REMUNERATION AND EXPENSES

	2019		2018	
	Remuneration (i) (iii)	**Expenses (ii)**	Remuneration	Expenses
Cooke, George (Chair)	**$ 167,000**	**$ 4,608**	$ 167,000	$ 6,456
Aziz, Bill	**82,000**	**21,881**	82,000	—
Baker, Monty	**82,000**	**2,144**	82,000	3,177
Beatty, David	**67,000**	**146**	67,000	30
Beggs, Darcie	**67,000**	**11,247**	68,500	20,648
Butt, William (Bill)	**82,000**	**33,100**	82,000	—
Elliott, Paul	**67,000**	**7,204**	67,000	8,615
Fenn, Michael	**69,500**	**1,116**	82,000	5,831
Hutchinson, Laurie	**65,000**	**2,176**	65,000	3,136
Inskip, Cliff	**67,000**	**1,252**	67,000	5,955
Mueller, Charlene	**67,000**	**1,667**	67,000	2,415
Phillips, James	**82,000**	**11,889**	82,000	16,078
Somerville, Penny	**82,000**	**—**	82,000	1,032
Tsubouchi, David	**67,000**	**6,213**	68,500	12,313
Wu, Yung (iv)	**67,000**	**—**	67,000	—
Swimmer, Eugene (iv)	**—**	**—**	2,000	2,400
Other Expenses (v)	**—**	**41,378**	—	48,638
Total	**$ 1,180,500**	**$ 146,021**	$ 1,198,000	$ 136,724

(i) Remuneration of the Directors of the AC Board is in accordance with the Director Remuneration Policy effective January 1, 2017.

(ii) Includes reimbursement for normal out-of-pocket business expenses including education, travel for meetings, and communication expenses incurred on behalf of AC. These Board expenses by Directors are reported to the Audit & Actuarial Committee annually.

(iii) All Directors (except Laurie Hutchinson) are paid an annual technology allowance in the amount of $2,000 to cover all equipment and line charges required to review electronic board materials.

(iv) Member Changes:

- Y. Wu appointed to the Board effective January 1, 2018
- E. Swimmer reached maximum term limit on the Board on December 31, 2017

(v) Other expenses include meeting accommodations/meals/catering for OMERS Board meetings and AC/SC Joint Sessions.

2019 OMERS ADMINISTRATION CORPORATION BOARD/COMMITTEE MEETINGS

Director [i]	AC Board Meetings (8)		Audit & Actuarial Committee (6)	Governance Committee (6)	Human Resources Committee (7)	Investment Committee (12)	Appeals Committee (1)	Technology Committee (1) [iii]	Risk Oversight Committee (7)	Joint Council (8)	Overall Attendance: Committees (Total)		Overall Attendance: All Meetings		Overall Attendance: Scheduled Meetings [ii]	
	Attended		Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended /Eligible	%	Attended /Eligible	%	Attended /Eligible	%
Aziz, Bill	5	63			7	12					19/19	100	24/27	89	14/15	93
Baker, Monty	8	100	6		7			1			14/14	100	22/22	100	17/17	100
Beatty, David	8	100			5	10					15/19	79	23/27	85	14/15	93
Beggs, Darcie	8	100		6	7		1		7		21/21	100	29/29	100	15/15	100
Butt, William (Bill)	6	75	6			9					15/18	83	21/26	81	15/15	100
Cooke, George (Chair) [iv]	8	100	6	6	7	12	1	1	6	8	47/48	98	55/56	98	27/27	100
Elliott, Paul	8	100	6			11	1				18/19	95	26/27	96	16/16	100
Fenn, Michael	7	88	4 [iii]	6				1			11/11	100	18/19	95	13/13	100
Hutchinson, Laurie	8	100	6					1	7		14/14	100	22/22	100	11/11	100
Inskip, Cliff	7	88	6			11			7		24/25	96	31/33	94	15/15	100
Phillips, James	8	100		6			1	1		6	14/16	88	22/24	92	10/10	100
Mueller, Charlene	8	100	6	5 [iii]				1			12/12	100	20/20	100	14/14	100
Somerville, Penny	8	100		6		12			7	4	29/29	100	37/37	100	13/13	100
Tsubouchi, David	8	100		6	7		1				14/14	100	22/22	100	16/16	100
Wu, Yung	7	88		5 [iii]		11		1			17/18	94	24/26	92	12/13	92
Overall Attendance		**93%**	**100%**	**100%**	**95%**	**92%**	**100%**	**100%**	**97%**	**90%**		**96%**		**95%**		**99%**

(i) AC Directors also attended other discretionary meetings such as the Annual Meeting, Joint Education Sessions with the SC, New Board and Committee Member Orientation Sessions and in house education sessions.

(ii) Scheduled meetings are regularly scheduled Board and Committee meetings which exclude special meetings and meetings called on short notice.

(iii) The Technology Committee was merged with the Governance Committee effective March 1, 2019. Technology Committee members were appointed to the Audit & Actuarial Committee or the Governance Committee effective March 1, 2019.

(iv) Board Chair is ex officio member of the Appeals, Audit & Actuarial, Governance, Human Resources, Investment, Risk Oversight and Technology Committees.

TEN-YEAR FINANCIAL REVIEW

As at December 31, (millions of Canadian dollars)	**2019**	2018	2017	2016 [iv]	2015	2014	2013	2012	2011	2010 [i]
Net Assets available for benefits										
Public markets	**50,757**	45,272	56,870	49,572	43,631	47,300	41,709	37,472	32,154	34,123
Private equity	**22,561**	20,246	10,759	10,981	11,482	8,767	9,208	7,465	7,753	6,633
Infrastructure	**25,292**	20,796	18,053	17,443	16,349	14,401	13,533	11,572	9,635	9,593
Real estate	**20,497**	22,110	15,470	15,084	27,642	22,253	17,603	15,846	14,516	12,599
	119,107	108,424	101,152	93,080	99,104	92,721	82,053	72,355	64,058	62,948
Other investment assets	**2,411**	2,780	3,978	5,063	1,062	1,017	744	853	707	645
Investment liabilities	**(9,278)**	(10,923)	(7,175)	(10,254)	(20,534)	(19,490)	(16,463)	(11,741)	(9,063)	(9,628)
Net investment assets	**112,240**	100,281	97,955	87,889	79,632	74,248	66,334	61,467	55,702	53,965
Non investment assets/(liabilities)										
Amounts payable under contractual agreements	**(3,485)**	(3,247)	(3,138)	(2,896)	(2,719)	(2,397)	(1,524)	(905)	(828)	(809)
Other assets	**625**	405	381	367	332	245	271	205	209	193
Net Assets Available for Benefits	**109,380**	97,439	95,198	85,360	77,245	72,096	65,081	60,767	55,083	53,349
Accrued Benefit Obligation and Surplus/(Deficit)										
Primary Plan										
Defined benefit component										
Accrued pension obligation	**106,443**	99,058	93,614	86,959	81,924	76,924	73,004	69,122	64,548	60,035
Funding Surplus/(Deficit)	**(3,397)**	(4,191)	(5,403)	(5,720)	(6,977)	(7,078)	(8,641)	(9,924)	(7,290)	(4,467)
Actuarial value adjustment of net assets available for benefits	**4,928**	1,401	6,008	3,379	1,718	1,771	341	1,321	(2,337)	(2,278)
	1,531	(2,790)	605	(2,341)	(5,259)	(5,307)	(8,300)	(8,603)	(9,627)	(6,745)
Additional Voluntary Contributions Component pension obligation	**1,244**	1,023	817	595	445	360	276	170	94	
Accrued Pension Obligation and Deficit - Primary Plan	**109,218**	97,291	95,036	85,213	77,110	71,977	64,980	60,689	55,015	53,290
Retirement Compensation Arrangement										
Accrued pension obligation	**928**	851	813	739	679	619	614	555	504	468
(Deficit)	**(766)**	(703)	(651)	(592)	(544)	(500)	(513)	(477)	(436)	(409)
Accrued Pension Obligation and Deficit - Retirement Compensation Arrangement	**162**	148	162	147	135	119	101	78	68	59
Accrued Pension Obligation and Deficit	**109,380**	97,439	95,198	85,360	77,245	72,096	65,081	60,767	55,083	53,349

For the year ended December 31, (millions of Canadian dollars)	**2019**	2018	2017	2016 [iv]	2015	2014	2013	2012	2011	2010 [i]
Changes in Net Assets Available for Benefits										
Net assets available for benefits, beginning of the year	**97,439**	95,198	85,360	77,245	72,096	65,081	60,767	55,083	53,349	47,832
Changes due to Investment Activities										
Total investment income [ii]	**12,362**	2,957	10,477	8,575	5,441	7,082	4,000	5,544	1,648	5,735
Investment management expenses [ii]	**(581)**	(540)	(409)	(427)	(351)	(384)	(266)	(265)	(264)	(268)
	11,781	2,417	10,068	8,148	5,090	6,698	3,734	5,279	1,384	5,467
Income credited under contractual agreements	**(326)**	(212)	(333)	(292)	(306)	(222)	(97)	(79)	(21)	(83)
Net Investment Income/(loss)	**11,455**	2,205	9,735	7,856	4,784	6,476	3,637	5,200	1,363	5,384
Changes due to Pension Activities										
Contributions										
Current year required contributions	**4,054**	3,988	3,858	3,690	3,650	3,515	3,434	3,026	2,618	2,227
Other contributions	**295**	382	335	275	230	171	210	184	195	86
Total Contributions Received	**4,349**	4,370	4,193	3,965	3,880	3,686	3,644	3,210	2,813	2,313
Benefits										
Benefits paid	**(3,910)**	(3,574)	(3,293)	(3,041)	(2,826)	(2,616)	(2,437)	(2,256)	(2,047)	(1,890)
Transfers, commuted value and other benefit payments	**(736)**	(703)	(712)	(585)	(621)	(450)	(473)	(414)	(336)	(236)
Total Benefits Paid	**(4,646)**	(4,277)	(4,005)	(3,626)	(3,447)	(3,066)	(2,910)	(2,670)	(2,383)	(2,126)
Assumption of City of Toronto Pension Plans	**973**	36	—	—	—	—	—	—	—	—
Pension administrative expenses	**(190)**	(93)	(85)	(80)	(68)	(81)	(57)	(56)	(59)	(54)
Net assets available for benefits, end of year	**109,380**	97,439	95,198	85,360	77,245	72,096	65,081	60,767	55,083	53,349
Net Return										
Primary Plan										
Defined Benefit Component										
Time weighted return on market value	11.9%	2.3 %	11.5%	10.3%	6.7%	10.0%	6.0%	9.5%	2.6 %	11.4%
Absolute return target	7.5%	7.3 %	7.3%	7.9%	7.8%	7.7%	7.5%	7.2%	7.5 %	7.3%
Additional Voluntary Contribution Component										
Time weighted return on market value	11.9%	2.3 %	11.5%	10.3%	6.7%	10.0%	6.0%	9.5%		
Retirement Compensation Arrangement Investment Fund [iii]										
Time weighted return on market value	20.9%	(1.6)%	13.1%	7.8%	12.5%	14.5%	28.5%	10.5%	(4.1)%	7.7%
Benchmark	21.5%	0.1 %	12.8%	8.7%	12.2%	14.6%	30.2%	12.2%	(2.4)%	10.1%

(i) In preparing financial statements in accordance with CPA Canada Handbook Section 4600 - Pension Plans and IFRS starting in 2011, AC has adjusted amounts for 2010 (were previously reported in accordance with CICA Handbook Section 4100) for comparative purposes.

(ii) In preparing financial statements in 2012, AC has reclassified pursuit costs from investment management expenses to total investment income. 2011 balances were adjusted to reflect this reclassification.

(iii) Excludes the RCA refundable tax balance with the Canada Revenue Agency.

(iv) AC has changed the presentation of debt related to real estate. Effective January 1, 2017 real estate investment assets are presented net of related debt. 2016 comparatives have been restated.

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