2015 ANNUAL REPORT

WCEBP

WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

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MESSAGE
FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

In 2015, we turned our focus to assessing our current situation in order to ensure our *Program* and our organization continue to be positioned appropriately for the future. A key activity in the year was an Asset-Liability Study, the primary purpose of which was to determine whether any changes are warranted to the *Program's* "long term policy asset mix" (identified in the *Program's Statement of Investment Policies and Procedures*).

More information about the Asset-Liability Study, and additional highlights from the year, are provided below.

FINANCIAL STATUS

A going-concern valuation (which assumes that the *Program* will continue to operate indefinitely), as at December 31, 2015, disclosed that the *Program* continues to be fully funded (funded ratio of 103.0%).

Mindful of changing economic and investment conditions, the *Board* decreased the valuation interest rate assumed for the actuarial valuation to 5.65% per year (down from 5.75% for the 2014 actuarial valuation). Decreasing the actuarial valuation interest rate assumption has the effect of increasing the *Program's* actuarial liabilities. The *Board* has revised the valuation interest rate downward several times over the past number of years, as low interest rates have persisted. Even with this continual "belt-tightening," the *Program* remains fully funded and in good financial health.

Demographic conditions and experience have also been changing. In 2015, the *Program* undertook both a Mortality Study and a Disability Experience Study. Based on the results of these studies, assumptions for annual rates of mortality were revised to reflect that Members are living longer, and assumptions for incidence and recovery rates related to long term disability were refined.

The *Program's* going-concern funded status of 103.0% enabled the cost-of-living adjustment (COLA) to pensions (payable in July 2016) to be maintained at 80% of the year-over-year increase in the Consumer Price Index (CPI) for Canada (measured as at March 31, 2016). It is important to remember, however, that the COLA rate granted to pensions in pay and deferred pensions is expected to gradually decline over time from 80% to 50% of the annual percentage increase in CPI.

INVESTMENT PERFORMANCE

The *Program* earned good returns on its investments in 2015, with the overall portfolio achieving a rate of return of 6.8%. This result is ahead of the *Program's* benchmark return of 5.7%, but behind the median performance of 7.3% for other similarly-sized pension plans in Canada.

In line with the *Program's long term policy asset mix*, new investments into the "alternative" asset space (e.g., infrastructure, private debt) continued in 2015. Based on the results of the Asset-Liability Study that was completed in 2015, it is anticipated that the move to alternative assets will continue, with additional allocation to global infrastructure and private debt, through reductions in the allocations to Canadian equity and fixed income.

GOVERNANCE

A number of the *Board's* strategic priorities were addressed in 2015, including *Board* education (an ongoing item), organizational development activities, and the Asset-Liability Study. The Asset-Liability Study, undertaken by the *Board* in consultation with its Investment Committee, took six months to complete and was tailored to the specific needs and structure of our *Program*. Thousands of data points were used to create a detailed model of possible future scenarios and identify the probability of each occurring. This information is invaluable to the *Board* as it assesses risk and makes strategic decisions for the *Program's* investment policy. The *Board* approved the final results of the Study in December 2015, and implementation at the policy level will begin in 2016.

IN CLOSING

We would like to acknowledge the work of our *Program's* staff, our Investment Committee members, and our Trustees in their respective roles.

Further detail and analysis are provided in the pages that follow, as well as audited financial statements for the *Pension Plan* and the *Long Term Disability Plan*, for 2015.

We hope you find this report informative. We welcome your feedback.

Sincerely,

Linda Burch
Board Chair

Glenda Willis
Chief Executive Officer

PROFILE
THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

PROGRAM HISTORY

Employees of the City of Winnipeg have enjoyed a long and proud history of participation in employee pension and benefit plans in one form or another, with the current *Program's* origins dating back to 1921. Following the unification of the former municipalities into the current City of Winnipeg in 1972, the Employee Benefits Program was created. Then, in 1989, all of the prior pension plans that had existed separately for the former municipalities and the Metropolitan Corporation of Greater Winnipeg were amalgamated into the Employee Benefits Program.

The most recent major fundamental change took effect on January 1, 2003 upon commencement of the restructured *Winnipeg Civic Employees' Benefits Program* (the "*Program*") under joint trusteeship. This fundamental change took a number of years to accomplish, with the underpinnings of change dating back to December 1999 when City Council and the unions representing City of Winnipeg employees, with the exception of police officers (who have a separate pension plan), approved the restructuring of the former Employee Benefits Program. The restructuring required legislative amendment to The City of Winnipeg Act in 2001, Manitoba Court of Queens' Bench approval, and approval of regulatory authorities, which approvals were received in 2002.

The *Program* was further amended in September 2011 to address its long-term sustainability (given the cost of benefits accruing under the *Program* each year significantly exceeded the amount of employee and employer annual contributions). The changes—which became effective September 1, 2011—included both benefit changes and contribution rate increases.

PROGRAM COMPOSITION

The *Program* is comprised of:

- *The Winnipeg Civic Employees' Pension Plan*, a registered pension plan under Manitoba's *Pension Benefits Act* and Canada's *Income Tax Act*
- *The Winnipeg Civic Employees' Long Term Disability Plan*
- *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement*

Nine employers participate in the *Program*:

- City of Winnipeg
- Riverview Health Centre
- Manitoba Hydro (former Winnipeg Hydro employees only)
- Assiniboine Park Conservancy
- Winnipeg Convention Centre
- St. Boniface Museum
- Transcona Historical Museum
- Canlan Ice Sports Corp. (former Highlander employees only; excluding Disability Plan)
- *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program*

GOVERNANCE STRUCTURE

The *Program* operates under a jointly-trusteed governance structure according to the terms and conditions of the *Pension Trust Agreement* and the *Disability Plan Trust Agreement* entered into by the City of Winnipeg and ten Signatory Unions.

The *Program* is governed by two boards:

- *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund)* for *The Winnipeg Civic Employees' Pension Plan* and *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement*
- *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund)* for *The Winnipeg Civic Employees' Long Term Disability Plan*

The City of Winnipeg and the *Program* Members have equal representation on these joint *Boards*, with the Trustees being appointed equally by the City of Winnipeg and the ten Signatory Unions. The same individuals sit on both *Boards*, with the exception of one Employer Trustee and the Member Trustee on behalf of pensioners and deferred members who do not sit on the *Disability Plan Board*.

ROLE OF THE BOARD OF TRUSTEES

The *Board of Trustees* is responsible for the overall operation of the *Program*, including:

- Ensuring the *Program* is administered in accordance with the *Trust Agreement*, *Program Text*, and applicable legislation
- Adopting and reviewing the investment policy
- Monitoring investment performance
- Adopting and reviewing funding policy

The *Board* is also responsible for ensuring adequate financial records are maintained and for reporting annually on the operations of the *Program* to Participating Employers, unions, and *Program Members*. To discharge its responsibility, the *Board* performs in an oversight capacity with respect to all significant aspects of the management of the *Program*'s operations.

BOARD COMMITTEES

The *Board* has established various committees to provide a process to assist in its decisions.

Investment Committee — The Investment Committee is responsible for determining the asset mix of the *Program* (within the parameters of the *Program's* Statement of Investment Policies and Procedures), for recommending the selection or termination of various investment managers, and for monitoring the performance of these investment managers.

The Committee is comprised of three members appointed by Employer Trustees and three members appointed by Member Trustees.

Audit Committee — The Audit Committee oversees the *Program's* financial reporting, and accounting policies and procedures, and makes recommendations to the *Board* in this regard.

Governance Committee — The Governance Committee is charged with making recommendations to the *Board* on governance policies, guidelines and procedures; assessing the effectiveness of the *Board's* governance policies; and with responsibility for the orientation of new Trustees.

ADMINISTRATION

The day-to-day administration of the *Program* is carried out under the direction of its Chief Executive Officer.

SURPLUS- AND RISK-SHARING

Benefits are financed entirely by the assets (including investment earnings) of the *Program* and the contributions of the Participating Employers and the active Members.

Participating Employers and Members share in the surpluses and the risks associated with the *Program*.

Program benefits are not guaranteed by the City of Winnipeg or the other Participating Employers.

An actuarial valuation of the future benefit obligations of the *Program* is carried out each year. Actuarial surpluses and funding deficiencies are dealt with in accordance with the terms of the *Pension Trust Agreement*.

A reduction in benefits and/or an increase in contributions (contribution increases are subject to agreement by the City of Winnipeg and Signatory Unions) will be required if the assets of the *Program* are not sufficient to meet the *Program's* liabilities on an ongoing basis.

The Members' share of any actuarial surpluses may be used to fund improvements in benefits or to reduce member contributions. The Participating Employers' share of any actuarial surpluses may finance (through transfers from the City Account within the *Program*) any reduction in the Participating Employers' contributions from the amounts needed to match the *Program* Members' required contributions.

PROGRAM GOVERNANCE

BOARD STRATEGIC PRIORITIES FOR 2015

The *Board of Trustees* meets annually to review and develop its strategic priorities for the *Program*. Progress was made in all strategic areas identified as priorities for 2015, including *Board* education, evaluation of service providers, review of asset and liability risks, and organizational development.

Specifically, *Program Administration* implemented an *Orientation Manual for New Trustees* in 2015, and incorporated two *Board* education sessions (one on *Program* sustainability, another on funding structure) into the *Board's* Annual Planning Session. A market review of audit services and an Asset-Liability Study were also completed in 2015. And, the *Board* approved a new organizational structure for the *Program* that addresses, in particular, succession planning for several key positions.

The *Board* will continue to utilize this important annual planning process with its senior executive. This process has proven to be immensely valuable in ensuring that the *Board's* priorities are cascaded to the *Program Administration* for execution.

VISION, MISSION, VALUES

The Board of Trustees has agreed upon the following Vision, Mission, and Values for the Winnipeg Civic Employees' Pension Plan.

VISION: To be considered by *Plan* Members and industry peers as one of the best-managed pension plan organizations in Canada.

MISSION: To deliver the promised benefits (subject to the terms of the *Pension Trust Agreement* and the *Plan* text) to the *Plan's* Members and beneficiaries.

In doing so, the *Board*:

- Maintains an effective and transparent governance structure and process encouraging a culture of excellence
- Preserves the level of benefits agreed to by all parties to the extent possible given financial and any other constraints and subject to the requirements of the *Pension Trust Agreement* and applicable law
- Promotes financial management responsibility by weighing risks and returns for each decision
- Provides high-quality administration services with a focus on Members, beneficiaries and employers
- Complies with all laws, rules, regulations, *Plan* provisions and applicable policies and guidelines
- Provides leadership and communication to *Plan* Members and other stakeholders on behalf of the *Plan*
- Recognizes that the *Plan* is jointly governed between Participating Employers and Members and that this joint governance arrangement entails sharing responsibility for costs and unfunded liabilities and sharing the benefit of any actuarial surpluses

VALUES: TRUST • INTEGRITY • EQUITY • RESPECT • SERVICE

FUNDED STATUS

Measured on the **going-concern basis**, the *Program* is fully funded with respect to benefits accrued for all service up to December 31, 2015. At year-end, a going-concern valuation disclosed that the *Program's* actuarial assets (at "smoothed" value) exceeded actuarial liabilities by $129,110,000, for a funded ratio of 103.0%. Note that an actuarial valuation performed on a going-concern basis assumes that the *Program* will continue to operate indefinitely.

Financial statements, prepared in accordance with Canadian accounting standards for pension plans, disclosed that the *Program's* assets at "fair" value (an approximation of market value) exceeded its actuarial liabilities by $467,188,000, for a funded ratio of 111.0%.

The difference between the going-concern valuation results and the financial statements occurs because a "smoothing" technique is used to value the assets for actuarial valuation purposes. This technique, used by the *Program* for many years, serves to smooth out (over a five-year period) fluctuations in the market value of assets due to investment gains and losses.

The "smoothing" difference at year-end 2015 represents higher than anticipated investment earnings in 2013, 2014 and 2015 which have not yet been recognized for actuarial valuation purposes. If future investment earnings expectations are met, the smoothing difference will be recognized for actuarial purposes over the next five years. Such an outcome would be beneficial to the financial position of the *Program*.

103%

GOING-CONCERN FUNDED RATIO 2015

$4.7B

NET ASSETS (MARKET VALUE)

FINANCIAL POSITION

AS AT DECEMBER 31, 2015
(IN THOUSANDS)

	FAIR VALUE	ACTUARIAL VALUE
Net assets available for benefits		
Main Account	$ 4,688,777	$ 4,350,699
Plan Members' Account	3,737	3,737
City Account	28,424	28,424
	$ 4,720,938	$ 4,382,860
Program obligations	$ 4,253,750	$ 4,253,750
Funded ratio	111.0%	103.0%

See *Notes to the Financial Statements*, note 1.c) *Financial Structure*, for descriptions of the three accounts.

GOING CONCERN FINANCIAL STATUS

	DECEMBER 31, 2015 (IN THOUSANDS)
1. Actuarial value of assets	
Main Account	$ 4,350,699
Plan Members' Account	3,737
City Account	28,424
	$ 4,382,860
2. Actuarial liabilities	
Pension Plan	$ 4,204,182
Long Term Disability Plan	44,463
Early Retirement Benefits Arrangement	5,105
	$ 4,253,750
3. Excess of actuarial value of *Program* assets over actuarial liabilities	$ 129,110
4. Amounts previously allocated	
Plan Members' Account	3,737
City Account	28,424
	$ 32,161
5. Financial position (3. *minus* 4.)	$ 96,949
6. Actuarial surplus (1. *minus* 4. *minus (105% x 2.)*, or zero; whichever is greater)	$ 0
7. Funded ratio (1. *divided by* 2.)	
Including Plan Members' and City Accounts	103.0%
Excluding Plan Members' and City Accounts	102.3%

SOLVENCY VALUATION

An actuarial valuation performed on a **solvency basis** assumes the *Pension Plan* is terminated and wound up as of the valuation date. The most recent solvency valuation of the *Program* at December 31, 2015, revealed a solvency ratio of 76.8%. This indicates that, on a plan termination basis, the *Program's* assets would not have been sufficient to cover all the liabilities accrued for benefits under the *Program* as at December 31, 2015. No action is required to be taken on the basis of this solvency valuation as the *Board of Trustees* has elected, under the *Solvency Exemption for Public Sector Pension Plans Regulation*, that *The Winnipeg Civic Employees' Pension Plan* be exempt from the solvency and transfer deficiency provisions of Manitoba's *Pension Benefits Act* and *Regulations*.

COST-OF-LIVING ADJUSTMENTS

In measuring the *Program's* obligations at year-end 2015, it was assumed that pensions are indexed at a rate equal to 80% of the annual percentage change in Canada's Consumer Price Index (CPI) measured at March 31 each year.

The *Pension Plan* provides for annual Cost-of-Living Adjustments (COLA) to both pensions in payment and deferred pensions. The level of COLA granted in a particular year is tied to the funded status of the *Program*.

The level of funding within the *Program* which supports COLA is expected to vary over time, and will be affected by both future *Program* experience (especially investment experience) and future contributions which support COLA.

It is important to note that commencing September 1, 2011, when the *Program* was restructured, contributions are expected to fund COLAs related to pensions derived from service on/after September 1, 2011 at a rate equal to 50% of the annual percentage change in CPI. Accordingly, in the absence of emerging surplus or other positive *Program* experience, the level of funding within the *Program* to support COLA will dilute and the level of COLA granted can be expected to gradually decline over time to 50% of the annual Percentage change in CPI. However, should the *Program's* investments perform better than expected, some actuarial surplus may be used to supplement COLA at a rate higher than 50% of the annual percentage change in CPI.

The *Program* has been able to maintain COLA funding to support 80% of the annual percentage change in CPI to date. However, this level of funding is not expected to be sustainable over the long term.

CURRENT SERVICE COST

The normal actuarial cost of benefits expected to be earned under the *Program* for service in 2016 is 21.81% of contributory earnings. This assumes future cost-of-living adjustments at the rate of 50% of changes in CPI, in accordance with the *Pension Trust Agreement*.

The average contribution rate to the *Program* is 10.0% of pensionable earnings for both employees and employers—9.5% on employee earnings up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan and 11.8% on earnings above the YMPE.

The remaining amount to be paid for current service cost will be drawn from the funding excess.

The sources of financing for the current service cost (2016), and the comparable figures for 2015 (from the December 31, 2014 actuarial valuation), are shown in the tables below.

ADDRESSING SURPLUSES AND DEFICIENCIES

Actuarial surpluses and funding deficiencies are dealt with in accordance with the *Pension Trust Agreement*. The prescribed steps to resolve a funding deficiency generally include revising the actuarial assumptions, reducing the anticipated level of future cost-of-living adjustment, increasing contributions (if agreed upon by the City of Winnipeg and the Signatory Unions), drawing upon any available reserves, and if necessary, reducing benefits.

CURRENT SERVICE COST (2016)

	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS[1]	ALLOCATION FROM EXCESS[2]	TOTAL
As a percentage of contributory earnings				
September 1, 2011 benefits level	10.02%	10.02%	1.77%	21.81%

[1] Includes amounts transferred from City Account within the *Program*.
[2] Excess of actuarial value of *Program* assets over actuarial liabilities.

CURRENT SERVICE COST (2015)

	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS[1]	ALLOCATION FROM EXCESS[2]	TOTAL
As a percentage of contributory earnings				
September 1, 2011 benefits level	10.03%	10.03%	1.80%	21.86%

[1] Includes amounts transferred from City Account within the *Program*.
[2] Excess of actuarial value of *Program* assets over actuarial liabilities.

KEY ACTUARIAL ASSUMPTIONS

One of the key assumptions that underlies the determination of actuarial liabilities is the rate at which the *Program* expects its investments to grow over the long term. The interest rate selected for this purpose is known as the actuarial valuation interest rate assumption. The actuarial interest rate assumed was carefully and prudently developed, taking into account the long-term asset mix expected to be utilized by the *Program* and after assuming an equity premium that was considered relatively normal by historical standards.

The valuation interest rate assumed in the 2015 actuarial valuation was 5.65% per year (down from 5.75% in the 2014 actuarial valuation), and was developed with reference to expected long-term economic and investment conditions. Decreasing the actuarial valuation interest rate assumption has the effect of increasing actuarial liabilities. The change in the valuation interest rate from 5.75% to 5.65% increased *Program* obligations by $58,100,000.

The economic assumptions with respect to commuted values were revised as well, with the effect of increasing *Program* obligations by $9,735,000.

Demographic conditions and experience are also factored into the valuation. For 2015, the demographic assumptions for annual rates of mortality were revised, increasing *Program* obligations. Based on historical experience, the assumptions for incidence, termination rates, and expense allowance related to long term disability were also refined.

The net effect of changes in actuarial assumptions on pension obligations is shown in the Five Year Financial Summary on page 13 (*Statement of Changes In Pension Obligations* table).

Although the economic and demographic assumptions were considered appropriate both for funding and accounting purposes in 2015, there nonetheless is measurement uncertainty associated with these estimates versus actual future investment returns, salary escalation, and demographics, which will affect the future financial position of the *Program*, possibly in a material way.

5.65%

2015 VALUATION INTEREST RATE

OTHER ECONOMIC ASSUMPTIONS

Item	Funding Assumption 2015	Funding Assumption 2014
Future inflation	2.00%	2.00%
Real rate of invesment return	3.65%	3.75%
Future general pay increases	3.50%	3.50%
YMPE increases*	3.50%	3.50%

* The *Year's Maximum Pensionable Earnings (YMPE)* is the maximum pensionable earnings allowed under the Canada Pension Plan (CPP).

CHANGING ECONOMIC AND DEMOGRAPHIC CONDITIONS AND RELATED RISKS

The *Program* is always mindful of changing economic and demographic conditions, and the related risks.

A key economic risk to be addressed in managing the *Program* is the risk that future investment earnings will be less than expected.

A low interest rate environment and corresponding lower investment rate of return expectation scenario has been part of the economic climate for some time. There is no indication that this will change anytime soon.

In this regard, the *Program* has adjusted its asset mix over time, pursuant to Asset-Liability studies concluded in 2011, so that more of the fund is invested in private assets (especially real estate and infrastructure) and less is invested in bonds and equities. This shift is expected to optimize the expected rate of return while taking an acceptable amount of investment risk.

In recognition of lower investment return expectations, the *Program* has responded by reducing the actuarial valuation interest rate assumption over time.

The 2012 valuation interest rate assumption was reduced from 6.25% to 6.00%, increasing benefit obligations by $116,183,000. The 2014 valuation interest rate assumption was reduced from 6.00% to 5.75%, increasing benefit obligations by $135,250,000. And, as earlier noted, the 2015 valuation interest rate assumption was further reduced from 5.75% to 5.65%, increasing benefit obligations by $58,100,000.

Demographic conditions and experience have also been changing. Key risks to the *Program* include longevity risk (*Program* Members living longer and therefore collecting more benefits), as well as Members retiring earlier than expected.

Our Members, along with the general population, are generally living longer, in part due to healthier living, medical advances and safety standards and developments. Longer lives mean larger obligations.

The *Program* has considered its mortality assumptions and studied its mortality experience. The 2012 demographic assumptions for annual rates of mortality were revised to utilize generational mortality tables, increasing benefit obligations by $36,828,000. In 2013, the demographic assumptions for annual rates of mortality improvements were revised to utilize the Canadian Pensioners' Mortality Improvement Scale B (CPM-B), increasing benefit obligations by $133,592,000. As earlier noted, in 2015 the demographic assumptions for annual rates of mortality were further revised, increasing *Program* obligations by $29,801,000. During this same time frame, the *Program* also considered its retirement rate assumptions. In 2012, the demographic assumptions with respect to retirement rates were revised, decreasing benefit obligations by $90,185,000.

As can be seen, the changes made are significant. The *Program* has carefully revised its actuarial assumptions over time to ensure that *Program* obligations and the related funded status are reasonably measured. Despite changing economic and demographic conditions, the *Program* continues to be fully funded.

As the *Program* is presently constituted, it is the achievement of sufficient investment returns in the future and future mortality experience which will have the most significant bearing on the ultimate sustainability of current benefits and contribution levels.

FIVE YEAR FINANCIAL SUMMARY

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

(IN $ THOUSANDS)	2015	2014	2013	2012	2011
FINANCIAL POSITION					
Investments at fair value:					
Bonds and debentures	$ 950,093	927,146	$ 851,719	$ 934,944	$1,078,947
Real return bonds	-	-	-	22,132	22,221
Canadian equities	1,117,127	1,358,530	1,252,195	1,181,201	1,084,250
Foreign equities	1,601,577	1,484,449	1,419,084	1,244,725	1,085,645
Cash and short-term deposits	98,755	87,817	209,302	55,099	131,564
Private equities	99,073	86,645	73,719	62,680	61,071
Real estate	369,708	349,481	332,185	155,957	20,741
Infrastructure	402,416	261,500	99,551	-	-
Private debt	36,900	-	-	-	-
Real estate debt	55,994	8,230	-	-	-
Other liabilities	(10,705)	(15,571)	(10,046)	(10,023)	(7,300)
Net assets available for benefits	4,720,938	4,548,227	4,227,709	3,646,715	3,477,139
Pension obligations	4,253,750	4,054,660	3,793,023	3,609,182	3,443,897
Surplus	$ 467,188	493,567	$ 434,686	$ 37,533	$ 33,242
Surplus (deficit) comprised of:					
Main Account	$ 435,027	448,430	$ 377,506	$ (25,247)	$ (39,409)
Plan Members' Account	3,737	3,506	3,164	2,645	2,434
City Account	28,424	41,631	54,016	60,135	70,217
	$ 467,188	493,567	$ 434,686	$ 37,533	$ 33,242
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS					
Contributions:					
Employees	$ 53,520	51,765	$ 47,725	$ 43,166	$ 38,444
City of Winnipeg and Participating Employers	28,168	24,742	21,480	18,089	18,130
Reciprocal transfers	1,195	842	1,160	845	417
Net investment income (loss)	296,191	449,301	703,176	296,272	(35,850)
	379,074	526,650	773,541	358,372	21,141
Pension payments	185,173	176,637	169,270	162,149	152,907
Lump sum benefits	17,782	26,128	19,955	23,421	14,389
Administration	3,408	3,367	3,322	3,226	3,047
	206,363	206,132	192,547	188,796	170,343
Increase (decrease) in net assets available for benefits	$ 172,711	320,518	$ 580,994	$ 169,576	$ (149,202)
Annual rates of return	6.8%	11.0%	19.8%	8.9%	-1.0%

(IN $ THOUSANDS)	2015	2014	2013	2012	2011
CHANGES IN PENSION OBLIGATIONS					
Accrued pension benefits, beginning of year	$4,054,660	3,793,023	$3,609,182	$3,443,897	$3,357,855
Increase in accrued pension benefits:					
Interest on accrued pension benefits	230,484	224,521	213,907	211,633	204,767
Benefits accrued	123,789	113,635	113,987	98,883	104,574
Change in actuarial assumptions	98,586	137,718	113,642	82,931	-
	452,859	475,874	441,536	393,447	309,341
Decrease in accrued pension benefits:					
Benefits paid	211,475	211,142	197,746	193,616	175,068
Experience gains and losses and other factors	37,489	(1,430)	55,586	30,411	41,723
Change in actuarial assumptions	-	-	-	-	2,705
Administration	4,805	4,525	4,363	4,135	3,803
	253,769	214,237	257,695	228,162	223,299
Net increase in accrued pension benefits for the year	199,090	261,637	183,841	165,285	86,042
Accrued pension benefits, end of year	$ 4,253,750	4,054,660	$ 3,793,023	$ 3,609,182	$ 3,443,897
CHANGES IN SURPLUS (DEFICIT)					
Surplus, beginning of year	$ 493,567	434,686	$ 37,533	$ 33,242	$ 268,486
Increase (decrease) in net assets available for benefits	172,711	320,518	580,994	169,576	(149,202)
Net increase in accrued pension benefits for the year	(199,090)	(261,637)	(183,841)	(165,285)	(86,042)
Surplus, end of year	$ 467,188	493,567	$ 434,686	$ 37,533	$ 33,242
Surplus (deficit) comprised of:					
Main Account	$ 435,027	448,430	$ 377,506	$ (25,247)	$ (39,409)
Plan Members' Account	3,737	3,506	3,164	2,645	2,434
City Account	28,424	41,631	54,016	60,135	70,217
	$ 467,188	493,567	$ 434,686	$ 37,533	$ 33,242

(IN $ THOUSANDS)	2015	2014	2013	2012	2011
RECONCILIATION OF SURPLUS (DEFICIT) FOR FINANCIAL STATEMENT REPORTING PURPOSES TO ACTUARIAL VALUATION POSITION					
Surplus (deficit) for financial statement reporting purposes—Main Account	$ 435,027	448,430	$ 377,506	$ (25,247)	$ (39,409)
Fair value change not reflected in actuarial value of assets	(338,078)	(411,663)	(318,247)	78,063	174,461
Surplus for actuarial valuation purposes—Main Account (2011, as estimated)	96,949	36,767	59,259	52,816	135,052
Add: special purpose accounts					
Plan Members' Account	3,737	3,506	3,164	2,645	2,434
City Account	28,424	41,631	54,016	60,135	70,217
Surplus for actuarial valuation purposes—including special purpose accounts (2011, as estimated)	$ 129,110	81,904	$ 116,439	$ 115,596	$ 207,703

INVESTMENT PERFORMANCE

The *Program's* investment portfolio achieved a rate of return on investments of 6.8% in 2015, exceeding its benchmark by 1.1% (benchmark return of 5.7% as measured by RBC Investor Services, an independent measurement service). When annualized over ten years, the *Program's* rate of return on investments at the end of 2015 was 6.7%. This result also exceeded the *Program's* objective for the period by a margin of 0.4% per year (with the objective being a rate of return that exceeded inflation by 4.0% per year commencing in 2013 and 5.0% per year for the seven years prior).

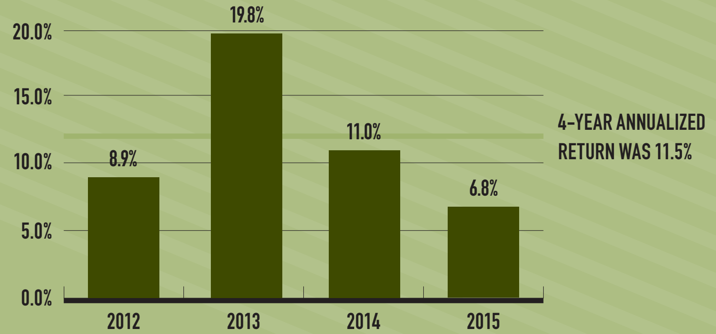
Consistent with the "long term policy asset mix" approved by the *Board of Trustees*, assets continued to be shifted away from Canadian and US equities and into real estate debt, infrastructure, and private corporate debt in 2015. Real estate, global infrastructure, and private capital now represent 9.0%, 8.5%, and 2.9% of the *Program's* investment portfolio, respectively. Coincidentally, the *Program's* investments in the alternative asset classes experienced robust returns in 2015, benefitting from both asset appreciation and a strong US dollar. In particular, real estate returned 8.0% beating the IPD Canadian Property Index by 0.2%, while the *Program's* infrastructure and private capital investments returned 23.2% and 22.3%, respectively.

The *Program* undertook an Asset-Liability Study in 2015. These studies are undertaken from time to time to determine if any changes are warranted to the long term policy asset mix. The results of the Study, delivered to the *Board of Trustees* in December 2015, are expected to flow through to the policy level in 2016. Based on the results, it is anticipated that the move to alternative assets will continue, with additional allocations to global infrastructure and private debt, at the expense of allocations to Canadian equity and fixed income.

6.8%
RATE OF RETURN 2015

$296M
NET INVESTMENT INCOME 2015

ANNUAL INVESTMENT RETURN

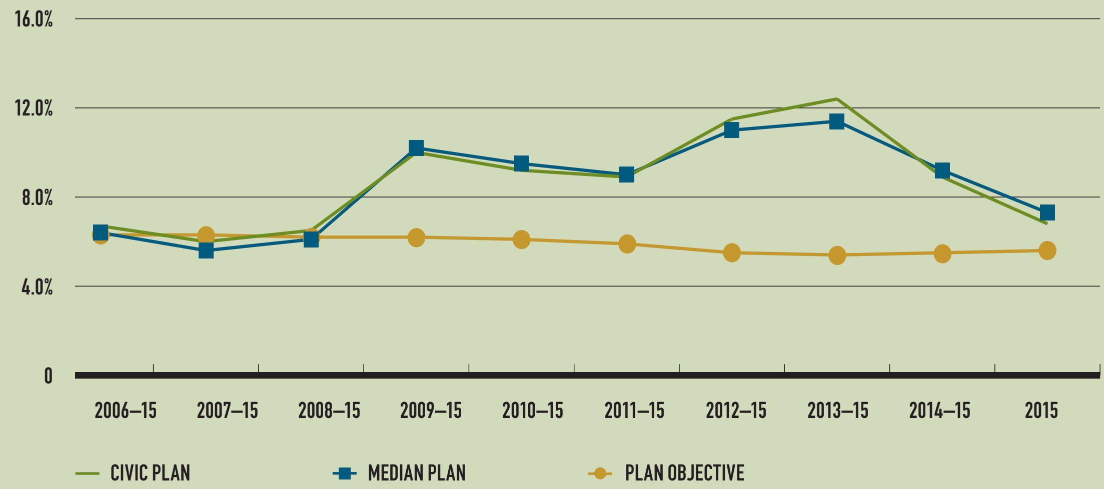


2015 INVESTMENTS OVERVIEW

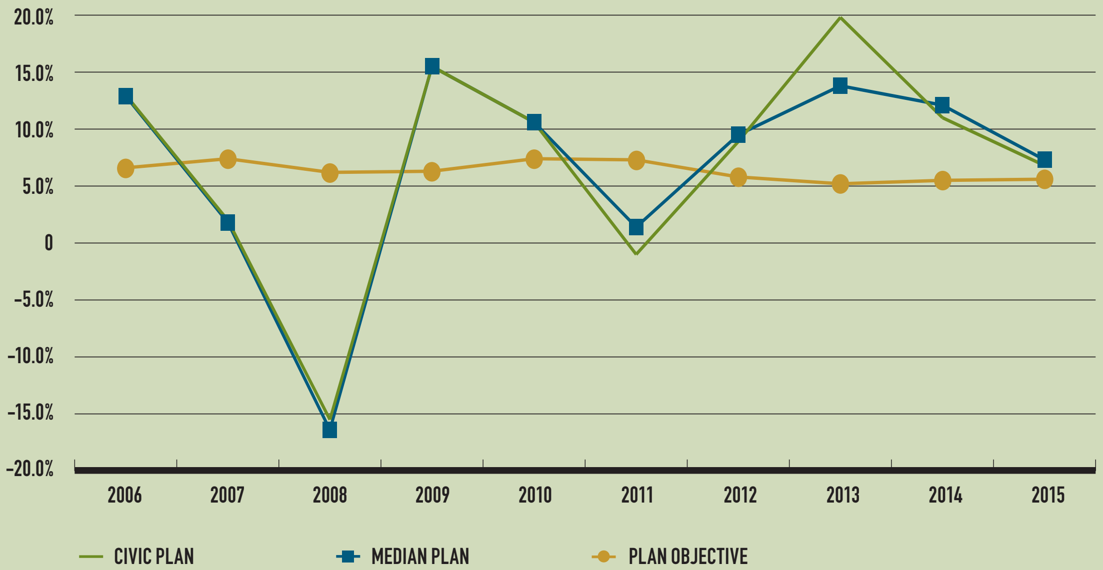
Based on investment return and risk considerations, the *Board of Trustees* has established a target asset mix (the "long term policy asset mix"), which is identified in the *Program's Statement of Investment Policies and Procedures*. Based on the capital market conditions as of December 31, 2014, the expected long term real rate of return on this target mix is 4.0% per annum.

The *Program* measures its success against its target asset mix objectives and against the appropriate benchmarks (for example, stock and bond market indices). It also considers the performance of other pension plans of a similar size (reported as the "median plan" performance). In 2015, the *Program's* rate of return on investments of 6.8% exceeded the *Program's* objectives, but trailed the median Canadian pension fund return of 7.3% ranking in the 56th percentile among larger pension plans in Canada.

ANNUALIZED RATES OF RETURN

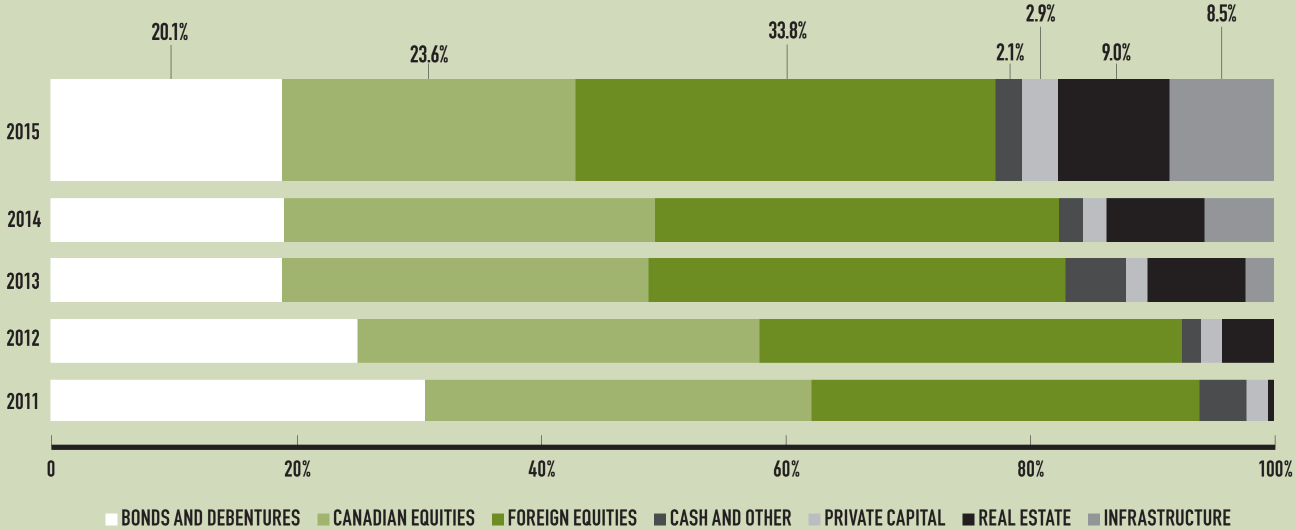


ANNUAL RATES OF RETURN



Consistent with the *long term policy asset mix*, the *Program's* assets have evolved to include more alternative assets (private capital, real estate, and infrastructure).

ASSET MIX



TOTAL RETURNS

	ONE YEAR	FOUR YEARS	TEN YEARS
Total Fund	**6.8%**	**11.5%**	**6.7%**
Bonds and debentures	3.5%	4.2%	5.0%
Canadian equities	-9.4%	6.5%	5.2%
Foreign equities	18.8%	21.6%	7.7%
Private capital	22.3%	21.8%	n/a
Real estate	8.0%	9.0%	n/a
Infrastructure	23.2%	n/a	n/a
Benchmarks			
Plan Benchmark*	5.7%	10.1%	n/a
FTSE TMX Canada Universe Index	3.5%	3.6%	5.0%
S&P / TSX Composite Index	-8.3%	5.3%	4.4%
S&P 500 (CAD$)	21.6%	24.7%	9.2%
Europe, Australasia, Far East Stock Market Index (CAD$)	19.0%	16.7%	4.8%
Private Placements Benchmark	25.2%	28.3%	n/a
IPD Canadian Property Index	7.8%	9.8%	n/a
Infrastructure Benchmark	3.1%	n/a	n/a
Consumer Price Index (CPI)	1.6%	1.3%	1.6%

*Plan Benchmark is comprised of indices considered appropriate for each applicable asset class, each weighted in proportion to the *Program's* assets.

INVESTMENT MANAGEMENT APPROACH

The *Program* utilizes external investment managers to manage all asset classes and portfolios. There were two new additions to the *Program's* investment manager line up during 2015. New capital was allocated to Industry Funds Management (IFM) in the infrastructure category and Neuberger Berman (private debt) in the *Program's* Private Capital allocation. Additional capital was also directed to an existing investment in the Brookfield Real Estate Debt Fund IV. The *Program* continues to search for managers to fulfill its allocation targets in the alternative asset classes. (See *Appendix B* on page 48 for a complete list of Investment Managers).

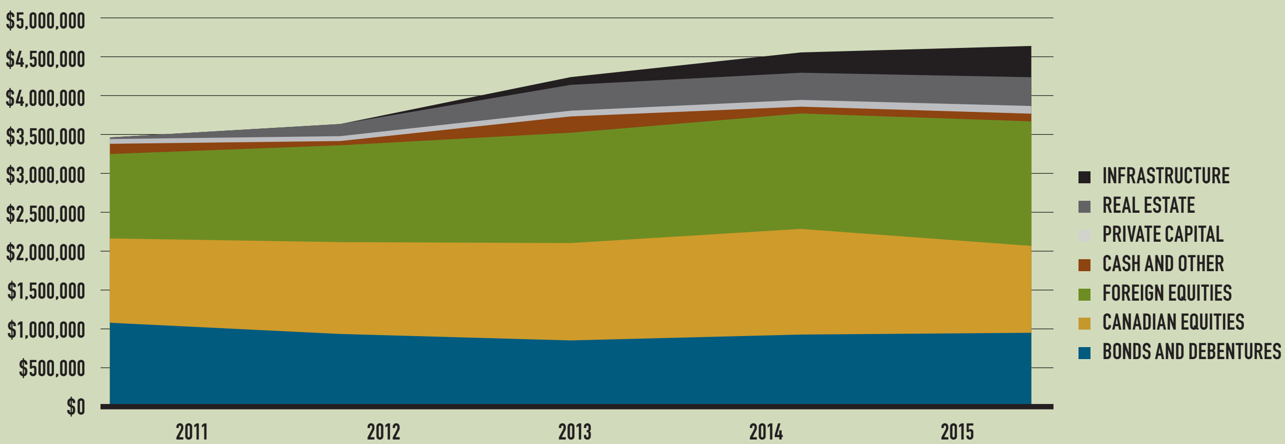
FIXED INCOME INVESTMENTS SUMMARY

AS AT DECEMBER 31, 2015

DESCRIPTION	PENSION PLAN MARKET VALUE (IN THOUSANDS)
Government of Canada bonds	$ 197,018
Provincial bonds	336,348
Canadian cities and municipalities	34,026
Corporate and other institutions bonds	382,701
Total bonds and debentures	$ 950,093
Call funds—City of Winnipeg	$ 57,527
Cash	41,228
Total short-term investments	$ 98,755

VALUE OF INVESTMENTS BY ASSET CLASS

(IN THOUSANDS)



MEMBER SERVICES

Member Services continues to focus on building lasting relationships with Members—from the day they join the *Program* to the day they retire, and beyond. We continue to support the Members by striving to provide accurate information in a timely and confidential way so they can make informed decisions at key points during their careers and through retirement.

In 2015, our *Pension Estimator* continued to be a well-received and popular tool among active Members.

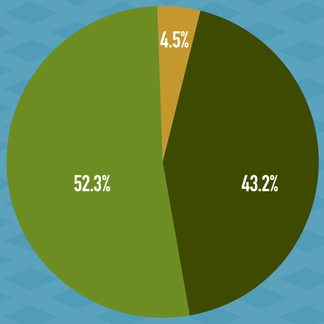
Member Services staff connect with *Program* Members every day—by telephone and e-mail, and through presentations and one-on-one meetings. Day-to-day Member services include providing assistance to new enrolments and processing retirements, relationship breakdowns, terminations and death benefits.

17,292
TOTAL MEMBERS

59
AVERAGE AGE OF NEW PENSIONERS

MEMBERSHIP PROFILE
AS AT DECEMBER 31, 2015

TOTAL MEMBERS: 17,292



- CONTRIBUTING MEMBERS: 9,047
- INACTIVE MEMBERS: 779
- PENSIONERS: 7,466

MEMBERSHIP ACTIVITY DURING THE YEAR

	2015	2014	2013	2012	2011
Retirements	350	347	309	332	345
Deaths in service	14	20	14	20	16
Pensioner deaths	270	212	236	249	241
New enrolments	868	850	822	799	778
Terminations	427	529	444	477	401

ACTUARIAL OPINION
AS AT DECEMBER 31, 2015

Eckler Ltd. has conducted an actuarial valuation of *The Winnipeg Civic Employees' Benefits Program* as at December 31, 2015. We have relied on data and other information provided to us by the *Board of Trustees* of the *Program*. The results of our valuation and a summary of the data and assumptions used are contained in our Report on the Actuarial Valuation of *The Winnipeg Civic Employees' Benefits Program* as at December 31, 2015, dated June 9, 2016.

The principal results of the valuation are as follows:

ACTUARIAL POSITION

The *Program* is fully funded on a going concern basis in respect of benefits earned for service up to December 31, 2015 and has an excess of smoothed value of assets over the actuarial liabilities of $129,110,000 as at that date, on the basis of the assumptions and methods described in our report and including a future provision for COLAs equal to 80% of assumed inflation consistent with the current practice of granting increases. The actuarial liabilities in the *Program* are comprised of *Pension Plan* liabilities equal to $4,204,182,000, *Disability Plan* liabilities equal to $44,463,000, and *Early Retirement Benefits Arrangement* liabilities equal to $5,105,000.

Of the $129,110,000 excess, $3,737,000 has been previously allocated to the Plan Members' Account and $28,424,000 to the City Account. Therefore the remaining excess is $96,949,000. Since this amount is greater than zero and less than 5% of the actuarial liabilities at December 31, 2015, there is no actuarial surplus or funding deficiency at that date in accordance with the terms of the *Pension Trust Agreement*.

The *Program* has a solvency shortfall of $1,319,237,000 as at December 31, 2015, based on a smoothed value of assets. The *Board of Trustees* has elected to have *The Winnipeg Civic Employees' Pension Plan* exempted from the solvency provisions and the transfer deficiency provisions of the *Pension Benefits Act* (Manitoba) and Regulations, pursuant to the *Solvency Exemption for Public Sector Pension Plans Regulation*. As a result, there is no requirement to fund any solvency deficiency.

COST OF BENEFITS FOR SERVICE IN 2016

The current service cost of the benefits expected to be earned under the *Program* for service in 2016, including future provision for COLAs equal to 50% of assumed inflation consistent with the current practice for funding future increases, is 21.81% of contributory earnings. The cost of benefits accruing in the *Program* as a percent of contributory earnings is comprised of 18.40% for the cost of non-indexed pension benefits, 2.09% for the cost of COLAs, and 1.32% for the cost of disability benefits. This cost is expected to be financed by employee contributions averaging 10.02% of contributory earnings, and employer contributions and transfers from the City Account totalling 10.02% of contributory earnings. The remaining 1.77% of contributory earnings would be drawn from funding excess.

In our opinion, with respect to the going concern valuation and the solvency valuation,

- the data on which the valuation is based are sufficient and reliable for the purposes of the valuations,
- the assumptions are appropriate for the purposes of the valuations, and
- the methods employed in the valuation are appropriate for the purposes of the valuations.

Our report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Our report has been prepared in a manner consistent with the recommendations for the preparation of actuarial valuation reports issued by the Canadian Institute of Actuaries and in accordance with the funding and solvency standards set by the *Pension Benefits Act* (Manitoba).

FOR THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Charly Pazdor
FELLOW, CANADIAN INSTITUTE OF ACTUARIES

Andrew Kulyk
FELLOW, CANADIAN INSTITUTE OF ACTUARIES

FOR THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

Nicholas Gubbay
FELLOW, CANADIAN INSTITUTE OF ACTUARIES

Kwame Smart
FELLOW, CANADIAN INSTITUTE OF ACTUARIES

INDEPENDENT AUDITOR'S REPORT
THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

To the Chairperson and Members of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund)

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Deloitte LLP

Chartered Accountants
JUNE 17, 2016
WINNIPEG, MANITOBA

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 (IN $ THOUSANDS)	2015	2014
ASSETS		
Investments, at fair value		
Bonds and debentures	$ 950,093	$ 927,146
Canadian equities	1,117,127	1,358,530
Foreign equities	1,601,577	1,484,449
Cash and short-term deposits	98,755	87,817
Private equities	99,073	86,645
Real estate	369,708	349,481
Infrastructure	402,416	261,500
Private debt	36,900	-
Real estate debt	55,994	8,230
	4,731,643	4,563,798
Participants' contributions receivable	23	4
Employers' contributions receivable	15	21
Accounts receivable	2,126	1,669
Due from other plans	120	174
Total Assets	4,733,927	4,565,666
LIABILITIES		
Accounts payable	12,989	17,439
Total Liabilities	12,989	17,439
NET ASSETS AVAILABLE FOR BENEFITS	4,720,938	4,548,227
PENSION OBLIGATIONS	4,253,750	4,054,660
SURPLUS	$ 467,188	$ 493,567
SURPLUS COMPRISED OF:		
Main Account	$ 435,027	$ 448,430
Plan Members' Account	3,737	3,506
City Account	28,424	41,631
	$ 467,188	$ 493,567

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	2015	2014
INCREASE IN ASSETS		
Contributions		
Employees	$ 53,520	$ 51,765
City of Winnipeg and Participating Employers	28,168	24,742
Reciprocal transfers from other plans	1,195	842
	82,883	77,349
Investment income (Note 5)	132,276	104,503
Current period change in fair value of investments	180,746	358,755
Total increase in assets	395,905	540,607
DECREASE IN ASSETS		
Pension payments	185,173	176,637
Lump sum benefits (Note 7)	17,782	26,128
Administrative expenses (Note 8)	3,408	3,367
Investment management and custodial fees	16,831	13,957
Total decrease in assets	223,194	220,089
Increase in net assets	172,711	320,518
Net assets available for benefits at beginning of year	4,548,227	4,227,709
Net assets available for benefits at end of year	$ 4,720,938	$ 4,548,227

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN PENSION OBLIGATIONS

FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	2015	2014
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	$ 4,054,660	$ 3,793,023
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued pension benefits	230,484	224,521
Benefits accrued	123,789	113,635
Changes in actuarial assumptions	98,586	137,718
Experience gains and losses and other factors	-	1,430
Total increase in accrued pension benefits	452,859	477,304
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	211,475	211,142
Experience gains and losses and other factors	37,489	-
Administration expenses	4,805	4,525
Total decrease in accrued pension benefits	253,769	215,667
NET INCREASE IN ACCRUED PENSION BENEFITS FOR THE YEAR	199,090	261,637
ACCRUED PENSION BENEFITS, END OF YEAR	$ 4,253,750	$ 4,054,660

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN SURPLUS

FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	2015	2014
SURPLUS, BEGINNING OF YEAR	$ 493,567	$ 434,686
Increase in net assets available for benefits for the year	172,711	320,518
Net increase in accrued pension benefits for the year	(199,090)	(261,637)
SURPLUS, END OF YEAR	$ 467,188	$ 493,567

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

SCHEDULE 1: SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

	2015			
FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	MAIN ACCOUNT	PLAN MEMBERS' ACCOUNT	CITY ACCOUNT	TOTAL
INCREASE IN ASSETS				
Contributions				
Employees	$ 53,520	$ -	$ -	$ 53,520
City of Winnipeg and Participating Employers	28,168	-	-	28,168
Reciprocal transfers from other plans	1,195	-	-	1,195
	82,883	-	-	82,883
Transfers from/to other accounts (Note 1)				
City Account	15,446	-	(15,446)	-
	98,329	-	(15,446)	82,883
Investment income (Note 5)	131,173	103	1,000	132,276
Current period change in fair value of investments	179,239	141	1,366	180,746
Total increase (decrease) in assets	408,741	244	(13,080)	395,905
DECREASE IN ASSETS				
Pension payments	185,173	-	-	185,173
Lump sum benefits (Note 7)	17,782	-	-	17,782
Administrative expenses (Note 8)	3,408	-	-	3,408
Investment management and custodial fees	16,691	13	127	16,831
Total decrease in assets	223,054	13	127	223,194
Increase (decrease) in net assets	185,687	231	(13,207)	172,711
Net assets available for benefits at beginning of year				
Main Account	4,503,090	-	-	4,503,090
Plan Members' Account	-	3,506	-	3,506
City Account	-	-	41,631	41,631
	4,503,090	3,506	41,631	4,548,227
Net assets available for benefits at end of year	$ 4,688,777	$ 3,737	$ 28,424	$ 4,720,938

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

SCHEDULE 2: SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY ACCOUNT

		2014		
FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	MAIN ACCOUNT	PLAN MEMBERS' ACCOUNT	CITY ACCOUNT	TOTAL
INCREASE IN ASSETS				
Contributions				
Employees	$ 51,765	$ -	$ -	$ 51,765
City of Winnipeg and Participating Employers	24,742	-	-	24,742
Reciprocal transfers from other plans	842	-	-	842
	77,349	-	-	77,349
Transfers from/to other accounts (Note 1)				
City Account	17,282	-	(17,282)	-
	94,631	-	(17,282)	77,349
Investment income (Note 5)	103,284	80	1,139	104,503
Current period change in fair value of investments	354,572	273	3,910	358,755
Total increase (decrease) in assets	552,487	353	(12,233)	540,607
DECREASE IN ASSETS				
Pension payments	176,637	-	-	176,637
Lump sum benefits (Note 7)	26,128	-	-	26,128
Administrative expenses (Note 8)	3,367	-	-	3,367
Investment management and custodial fees	13,794	11	152	13,957
Total decrease in assets	219,926	11	152	220,089
Increase (decrease) in net assets	332,561	342	(12,385)	320,518
Net assets available for benefits at beginning of year				
Main Account	4,170,529	-	-	4,170,529
Plan Members' Account	-	3,164	-	3,164
City Account	-	-	54,016	54,016
	4,170,529	3,164	54,016	4,227,709
Net assets available for benefits at end of year	$ 4,503,090	$ 3,506	$ 41,631	$ 4,548,227

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

SCHEDULE 3: SCHEDULE OF CHANGES IN SURPLUS BY ACCOUNT

		2015		
FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	MAIN ACCOUNT	PLAN MEMBERS' ACCOUNT	CITY ACCOUNT	TOTAL
SURPLUS, BEGINNING OF YEAR	$ 448,430	$ 3,506	$ 41,631	$ 493,567
Increase (decrease) in net assets available for benefits for the year	185,687	231	(13,207)	172,711
Net increase in accrued pension benefits for the year	(199,090)	-	-	(199,090)
SURPLUS, END OF YEAR	$ 435,027	$ 3,737	$ 28,424	$ 467,188

		2014		
FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	MAIN ACCOUNT	PLAN MEMBERS' ACCOUNT	CITY ACCOUNT	TOTAL
SURPLUS, BEGINNING OF YEAR	$ 377,506	$ 3,164	$ 54,016	$ 434,686
Increase (decrease) in net assets available for benefits for the year	332,561	342	(12,385)	320,518
Net increase in accrued pension benefits for the year	(261,637)	-	-	(261,637)
SURPLUS, END OF YEAR	$ 448,430	$ 3,506	$ 41,631	$ 493,567

See accompanying notes to the financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(IN $ THOUSANDS)

1. DESCRIPTION OF PLAN

a) General

The Winnipeg Civic Employees' Pension Plan is a defined benefit pension plan which provides pension benefits for all City of Winnipeg employees, with the exception of police officers, and employees of certain other employers which participate in the *Plan*. The *Plan* is part of *The Winnipeg Civic Employees' Benefits Program* which also includes *The Winnipeg Civic Employees' Long Term Disability Plan* and *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement*.

All employees of participating employers who work full time throughout the year are required to become members of the *Plan* at the commencement of their employment. Seasonal and part-time employees are required to become members when they have earned 25% of the maximum pensionable earnings under the Canada Pension Plan in each of two consecutive years.

b) Administration

The *Plan* is administered by *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program* (*Pension Fund*). The *Board of Trustees* is comprised of seven employer appointed Trustees and seven member appointed Trustees, of whom one member Trustee is a retired member.

The *Plan* is registered under *The Pension Benefits Act* of Manitoba. The *Plan* is a registered pension plan, under the *Income Tax Act*, and is not subject to income taxes.

c) Financial structure

The Winnipeg Civic Employees' Pension Plan is comprised of three accounts, namely the Main Account, the Plan Members' Account and the City Account. The account structure is in accordance with the requirements of a *Pension Trust Agreement* entered into by the City and ten Signatory Unions, as amended effective September 1, 2011.

i) Main Account

All benefits of the *Pension Plan* are paid from the Main Account.

Members contribute 9.5% of their Canada Pension Plan earnings plus 11.8% of any pensionable earnings in excess of Canada Pension Plan earnings to the *Program*. The average contribution rate is approximately 10% of pensionable earnings for both employees and participating employers.

All *Program* member contributions and employer contributions, other than those directed to *The Winnipeg Civic Employees' Long Term Disability Plan* or *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement*, are credited to the Main Account. The City and participating employers are required to match the members' contributions to the *Program*, but may contribute at less than matching levels for any year provided that an amount equal to the difference is transferred from the City Account to the Main Account.

The *Plan* has been designated as a "multi-unit pension plan" under *The Pension Benefits Act* of Manitoba. As a "multi-unit pension plan", the financial obligations of the participating employers are limited to those specified in the *Pension Trust Agreement*.

An actuarial valuation of the future benefit obligations of the Main Account is carried out each year. Actuarial surpluses and funding deficiencies are dealt with in accordance with the terms of the *Pension Trust Agreement*.

ii) Plan Members' Account

The Plan Members' Account is credited with the share of all actuarial surpluses that are allocated to the *Program* members. *The Pension Trust Agreement* provides that the Plan Members' Account may be used to fund improvements in benefits or to reduce member contributions.

iii) City Account

The City Account is credited with the share of all actuarial surpluses that are allocated to the participating employers. The City Account finances, through transfers to the Main Account, any reduction in the participating employers' contributions from the amounts needed to match the *Program* members' required contributions.

d) Retirement pensions

The *Plan* allows for retirement at or after age 55 or following completion of 30 years of service (if hired before September 1, 2011) or when the sum of a member's age plus service equals 80. If hired after September 1, 2011, the minimum retirement age is age 50. The pension formula prior to age 65 is equal to 2% of the best 5-year average earnings for each year of credited service. The pension formula after age 65 is equal to 1.5% of the 5-year average Canada Pension Plan earnings plus 2% of the best 5-year average non-Canada Pension Plan earnings for each year of credited service. Early retirement reductions apply to pensions derived from service on and after September 1, 2011 if certain service thresholds are not met. Reductions apply to members' pensions to provide for post-retirement survivor benefits, with higher reductions to members' pensions derived from service on and after September 1, 2011. Pensions are subject to the maximum benefit limits prescribed for registered pension plans under the *Income Tax Act*.

Retirement and survivor pensions, including deferred pensions, are increased annually to provide cost-of-living adjustments at the stated level in the *Program* text, which level is currently 80% of the percentage change in the Consumer Price Index for Canada.

e) Disability benefits

The *Plan* provides long term disability benefits for employees who were totally or partially disabled prior to December 31, 1991. All long term disability benefits for employees who became totally or partially disabled subsequent to December 31, 1991 are provided by *The Winnipeg Civic Employees' Long Term Disability Plan*. If an employee is totally disabled, the disability benefits payable from the *Plan*, together with the disability benefits from the Canada Pension Plan, will equal at least $66^2/_3$% of the current earnings rate for the position occupied by the employee prior to becoming disabled.

f) Survivor's benefits

The *Plan* provides survivor pensions or lump sum benefits on death prior to retirement. On death after retirement, eligible surviving spouses normally receive $66^2/_3$% of the member's pension.

g) Termination benefits

Upon application and subject to vesting and locking-in provisions, deferred pensions or equivalent lump sum benefits are payable when a member terminates employment.

h) Funding deficiencies

Funding deficiencies are dealt with in accordance with the terms of the *Pension Trust Agreement*. Remedies available under the *Pension Trust Agreement* generally include revising the actuarial assumptions, reducing the anticipated level of future cost-of-living adjustment, increasing contributions (if agreed upon by the City and the Signatory Unions), drawing upon available reserves, and if necessary, reducing benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for pension plans on a going concern basis and present the aggregate financial position of the *Plan* as a separate financial reporting entity, independent of the participating employers and *Program* members. They are prepared to assist *Program* members and others in reviewing the activities of the *Plan* for the fiscal period.

These financial statements include the financial statements of the *Plan* and its wholly-owned subsidiary, 5332657 Manitoba Ltd., which was incorporated on July 14, 2006. The *Plan* accounts for its investment in its subsidiary on a non-consolidated basis and presents it at fair value. The purpose of the subsidiary corporation is to invest in and hold certain private equity investments on behalf of the *Plan*.

b) Investments and investment income

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions.

Publicly traded equity investments are valued using published market prices.

Bonds and debentures are valued either using published market prices or by applying valuation techniques that utilize observable market inputs.

For private equity, private debt, real estate debt and infrastructure investments, where quoted market prices are not available, various methods of valuation are used by the external managers to determine fair value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. Real estate investments are valued based on the most recent valuations or appraisals of the underlying properties.

Cash and short-term investments are recorded at cost, which, together with accrued interest income, approximates fair value.

Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

The *Plan's* investment income, current period change in fair value of investments and investment management and custodial fees are allocated between the Accounts based on the average balance of each Account during the year.

c) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the year end. Income and expenses, and the purchase and sale of investments, are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

d) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets, obligations, and surplus during the year. Actual results could differ from those estimates. Items within the financial statements which require significant estimates and judgment include the pension obligations and the fair value of investments.

3. OBLIGATIONS FOR PENSION BENEFITS

An actuarial valuation of *The Winnipeg Civic Employees' Benefits Program* was performed as of December 31, 2015 by Eckler Ltd. This valuation was used to determine the actuarial present value of accrued benefits disclosed in the Statement of Financial Position as at December 31, 2015. For the comparative 2014 figures, the actuarial present value of accrued benefits at December 31, 2014 is based on the December 31, 2014 actuarial valuation performed by Eckler Ltd. The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term economic and investment market conditions. Significant long term actuarial assumptions used in the valuation included a valuation interest rate of 5.65% (2014—5.75%) per year, inflation of 2.00% (2014 – 2.00%) per year and general increases in pay of 3.50% (2014—3.50%) per year. The change in the valuation interest rate from 5.75% to 5.65% increased the obligations for pension benefits by $58,100. The economic assumptions with respect to commuted values were revised, increasing obligations for pension benefits by $9,735. The demographic assumptions for annual rates of mortality were revised, increasing obligations for pension benefits by $29,801. The demographic assumptions for incidence, termination rates and expense allowance relating to long term disability were revised, increasing benefit obligations by $950. The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The assumptions used were approved by the *Board of Trustees* for purposes of preparing the financial statements. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The actuarial valuation as at December 31, 2015 disclosed an excess of smoothed value of *Program* assets over going concern obligations of $129,110, of which $96,949 remains accounted for within the Main Account. In accordance with the *Pension Trust Agreement*, the excess was retained within the Main Account as it did not exceed 5% of pension obligations. The actuarial valuation as at December 31, 2014 disclosed an excess of smoothed value of *Program* assets over going concern obligations of $81,904, of which $36,767 was accounted for within the Main Account.

The actuarial present value of accrued benefits disclosed in the Statement of Financial Position as at December 31, 2015 includes the obligations of *The Winnipeg Civic Employees' Long Term Disability Plan* and *The Winnipeg Civic Employees' Early Retirement Benefits Arrangement* in the amounts of $44,463 (2014—$42,447) and $5,105 (2014—$5,027) respectively. These obligations are included because the *Pension Trust Agreement* requires that all *Program* obligations be taken into account in determining the periodic actuarial surplus or funding deficiency.

The assets available to finance the *Program's* accrued benefits are those allocated to the Main Account. In determining the surplus or deficiency for actuarial valuation purposes, and to be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets of the Main Account was determined from fair values. The actuarial value placed on the assets smoothes out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years.

(IN $ THOUSANDS)

The effect of using a smoothed value of assets for the Main Account in determining the actuarial surplus or deficiency is as follows:

	2015	2014
Surplus for financial statement reporting purposes—Main Account	$ 435,027	$ 448,430
Fair value changes not reflected in actuarial value of assets	(338,078)	(411,663)
Surplus for actuarial valuation purposes—Main Account	96,949	36,767
Add: special purpose accounts		
Plan Members' Account	3,737	3,506
City Account	28,424	41,631
Surplus for actuarial valuation purposes, including special purpose accounts	$ 129,110	$ 81,904

4. MANAGEMENT OF FINANCIAL RISK

In the normal course of business, the *Plan's* investment activities expose it to a variety of financial risks. The *Plan* seeks to minimize potential adverse effects of these risks on the *Plan's* performance by hiring professional, experienced portfolio managers, by regular monitoring of the *Plan's* position and market events, by diversifying the investment portfolio within the constraints of the investment policy and objectives, and occasionally through the use of derivatives to hedge certain risk exposures. Significant risks that are relevant to the *Plan* are discussed below.

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the *Plan*, and is concentrated in the *Plan's* investment in bonds and debentures and short-term deposits. At December 31, 2015, the *Plan's* credit risk exposure related to bonds and debentures and short-term deposits totaled $1,048,848 (2014—$1,014,963).

The *Plan's* concentration of credit risk as at December 31, 2015, related to bonds and debentures, is categorized amongst the following types of issuers:

TYPE OF ISSUER	2015 FAIR VALUE	2014 FAIR VALUE
Government of Canada and Government of Canada guaranteed	$ 197,018	$ 198,456
Provincial and Provincial guaranteed	336,348	307,000
Canadian cities and municipalities	34,026	16,200
Corporations and other institutions	382,701	405,490
	$ 950,093	$ 927,146

The *Plan's* investments include short-term deposits with the City of Winnipeg which have a fair value of $57,527 at December 31, 2015 (2014—$22,661).

The *Plan* limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy Guideline monitoring process.

(IN $ THOUSANDS)

As at December 31, bonds and debentures analyzed by credit rating are as follows:

	2015		2014	
CREDIT RATING	PERCENT OF TOTAL BONDS	PERCENT OF NET ASSETS	PERCENT OF TOTAL BONDS	PERCENT OF NET ASSETS
AAA	26.4	5.3	30.4	6.2
AA	31.5	6.4	30.9	6.3
A	30.5	6.1	27.4	5.6
BBB	11.6	2.3	9.3	1.9
BB	-	-	2.0	0.4
	100.0	20.1	100.0	20.4

At December 31, 2015, the *Plan's* credit risk exposure related to private debt and real estate debt totaled $92,894 (2014—$8,230). The *Plan's* external managers for the private debt and real estate debt portfolios limit credit risk through diversification, performing internal credit analysis and enforcing loan covenants.

The *Plan* participates in a securities lending program, managed by the *Plan's* custodian, wherein securities are loaned to counterparties in exchange for lending fees. In this regard, the *Plan's* exposure to credit risk relates to the potential for a counterparty to not return a security and the related collateral held is insufficient to replace the security in the open market. The Manager has responsibility to monitor the credit worthiness of counterparties and to regularly monitor and maintain collateral greater than the value of the loans.

b) Liquidity risk

Liquidity risk is the risk that the *Plan* will encounter difficulty in meeting obligations associated with financial liabilities. The *Plan* ensures it retains sufficient cash and short-term investment positions to meet its cash flow commitments, including the ability to fund the pensioner payroll costs and to fund investment commitments. The *Plan* primarily invests in securities that are traded in active markets and can be readily disposed. The *Plan* may invest in private equity and private debt, which is not traded in an organized market and may be illiquid, but only up to a maximum of 5% of the *Plan's* assets, as stipulated in the *Plan's* Statement of Investment Policies and Procedures. The *Plan* may also invest in real estate and real estate debt, which is not traded in an organized market and may be illiquid, but only up to a maximum of 14% of the *Plan's* assets, as stipulated in the *Plan's* Statement of Investment Policies and Procedures. Finally, the *Plan* may also invest in infrastructure, which is not traded in an organized market and may be illiquid, but only up to a maximum of 10% of the *Plan's* assets, as stipulated in the *Plan's* Statement of Investment Policies and Procedures.

c) Interest rate risk

Interest rate risk is the risk that the fair value of the *Plan's* interest bearing investments will fluctuate due to changes in market interest rates. The *Plan's* exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term investments.

The *Plan's* actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of inflation and salary escalation. The *Plan's* primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates or lower benefit levels.

(IN $ THOUSANDS)

The *Plan* has approximately 22.2% (2014—22.2%) of its assets invested in bonds and debentures and short-term investments as at December 31, 2015. The returns on bonds and debentures are particularly sensitive to changes in nominal interest rates.

The term to maturity and related fair values of investments in bonds and debentures held by the *Plan* at December 31, 2015 are as follows:

TERM TO MATURITY	2015 FAIR VALUE	2014 FAIR VALUE
Less than one year	$ 44,472	$ 33,907
One to five years	232,382	234,502
Greater than five years	673,239	658,737
	$ 950,093	$ 927,146

As at December 31, 2015, had prevailing interest rates raised or lowered by 0.5% (2014—0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds and debentures would have decreased or increased, respectively, by approximately $48,217 (2014—$46,172), approximately 1.0% of total net assets (2014—1.0%). The *Plan's* sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be material.

The *Plan* also has exposure to interest rate risk from its private debt and real estate debt investments. The *Plan's* external investment managers mitigate interest rate risk by making loans that are primarily floating rate instruments.

d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency exposure arises from the *Plan's* holdings of foreign equity, real estate debt, private debt and infrastructure investments. The *Plan's* investment managers may, from time to time, hedge some of this exposure using forward contracts. The table below indicates the *Plan's* net foreign currency exposure after giving effect to the net related economic hedge as at December 31, 2015. The table also illustrates the potential impact to the *Plan's* net assets, all other variables held constant, as a result of a 10% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

(IN $ THOUSANDS)

	2015				2014	
	GROSS EXPOSURE	NET FOREIGN CURRENCY HEDGE	NET EXPOSURE	IMPACT ON NET ASSETS	NET EXPOSURE	IMPACT ON NET ASSETS
United States	$ 1,240,058	$ 32,435	$ 1,207,623	$ 120,762	$ 961,784	$ 96,178
Euro countries	267,351	32,435	234,916	23,492	218,039	21,804
United Kingdom	196,329	58,788	137,541	13,754	131,473	13,147
Japan	92,293	-	92,293	9,229	76,798	7,680
Hong Kong	71,353	-	71,353	7,135	56,184	5,618
Switzerland	60,502	-	60,502	6,050	56,114	5,611
Sweden	45,747	-	45,747	4,575	40,870	4,087
Australia	20,014	-	20,014	2,002	6,495	650
Other	61,472	-	61,472	6,147	61,165	6,117
	$ 2,055,119	$ 123,658	$ 1,931,461	$ 193,146	$1,608,922	$ 160,892

e) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. All securities present a risk of loss of capital. The *Plan's* policy is to invest in a diversified portfolio of investments. As well, the *Plan's* Managers moderate this risk through careful selection of securities and other financial instruments within the parameters of the investment policy and strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For this *Plan*, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2015, had the prices on the respective stock exchanges for these securities increased or decreased by 15%, with all other variables held constant, net assets would have increased or decreased by approximately $407,806 (2014—$426,447), approximately 8.6% of total net assets (2014—9.4%). In practice, the actual results may differ and the difference could be material.

The *Plan* also has exposure to valuation risk through its holdings of private equity, private debt, real estate debt and real estate investments, for which quoted market prices are not available. As at December 31, 2015, the estimated fair value of private equity investments is $99,073 (2014—$86,645), approximately 2.1% of total net assets (2014—1.9%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $12,365 (2014—$13,263). As at December 31, 2015, the estimated fair value of private debt investments is $36,900 (2014—$Nil), approximately 0.8% of total net assets (2014—Nil), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $2,915 (2014—$Nil). As at December 31, 2015, the estimated fair value of real estate debt investments is $55,994 (2014—$8,230), approximately 1.2% of total net assets (2014—0.2%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $6,178 (2014—$282). As at December 31, 2015, the estimated fair value of real estate investments is $369,708 (2014—$349,481), approximately 7.8% of total net assets (2014—7.7%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $9,232 (2014—$8,996).

The *Plan* also has exposure to valuation risk through its holdings of infrastructure investments, for which quoted market prices are not available.

In 2013, the *Plan* became a client of OMERS Investment Management, and to date has made payments of $166,080 in a Contractual Return Arrangement. The Contractual Return Arrangement provides the *Plan* with the annual rate of return (which may be positive or negative) based on the total investment return reported in the OMERS Annual Report for the assets and related liabilities allocable to the OMERS Primary Pension Plan fund that are directly or indirectly owned by OMERS Administration Corporation ("OAC") and managed by Borealis Infrastructure (the "Borealis Assets"). Under this arrangement the *Plan* is the sole limited partner in an Ontario limited partnership (OIM B3 2013 L.P.), and it has entered into a derivative contract with that limited partnership, which provides the return described above each year on the outstanding value of the contract. The arrangement provides for annual cash distributions to the *Plan* to the extent that cash distributions are received by OAC in respect of the operations of any investment forming part of the Borealis Assets. In addition, further cash distributions may be made under the arrangement, to the extent that cash distributions are received by OAC and distributed to the partnership in respect of the full or partial disposition of any investment forming part of the Borealis Assets.

As at December 31, 2015, the estimated fair value of the infrastructure investments is $402,416 (2014—$261,500), approximately 8.5% of total net assets (2014—5.8%), and the related change in fair value of investments recognized for the year ended December 31, 2015 is $54,634 (2014—$12,069).

f) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1—valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2—valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3—valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following tables present the investment assets recorded at fair value in the Statement of Financial Position as at December 31, 2015 and December 31, 2014, classified using the fair value hierarchy described above:

(IN $ THOUSANDS)

	LEVEL 1	LEVEL 2	LEVEL 3	2015 TOTAL INVESTMENT ASSETS AT FAIR VALUE
Bonds and debentures	$ -	$ 950,093	$ -	$ 950,093
Canadian equities	1,117,127	-	-	1,117,127
Foreign equities	1,601,577	-	-	1,601,577
Cash and short-term deposits	96,286	2,469	-	98,755
Private equities	-	-	99,073	99,073
Real estate	-	-	369,708	369,708
Infrastructure	-	-	402,416	402,416
Private debt	-	-	36,900	36,900
Real estate debt	-	-	55,994	55,994
	$2,814,990	$ 952,562	$964,091	$4,731,643

	LEVEL 1	LEVEL 2	LEVEL 3	2014 TOTAL INVESTMENT ASSETS AT FAIR VALUE
Bonds and debentures	$ -	$ 927,146	$ -	$ 927,146
Canadian equities	1,358,530	-	-	1,358,530
Foreign equities	1,481,803	2,646	-	1,484,449
Cash and short-term deposits	67,814	20,003	-	87,817
Private equities	-	-	86,645	86,645
Real estate	-	-	349,481	349,481
Infrastructure	-	-	261,500	261,500
Real estate debt	-	-	8,230	8,230
	$2,908,147	$ 949,795	$705,856	$4,563,798

(IN $ THOUSANDS)

During the year, there has been no significant transfer of amounts between Level 1 and Level 2.

The following tables reconcile the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

PRIVATE EQUITIES	2015	2014
Fair value, beginning of year	$ 86,645	$ 73,719
Gains recognized in increase in net assets	12,365	13,263
Purchases	3,045	4,813
Sales/distributions	(15,464)	(18,534)
Purchases of short-term investments within subsidiary	12,482	13,384
	$ 99,073	$ 86,645

REAL ESTATE	2015	2014
Fair value, beginning of year	$ 349,481	$ 332,185
Gains recognized in increase in net assets	9,232	8,996
Purchases	10,995	8,300
	$ 369,708	$ 349,481

INFRASTRUCTURE	2015	2014
Fair value, beginning of year	$ 261,500	$ 99,551
Gains recognized in increase in net assets	54,634	12,069
Purchases	86,282	149,880
	$ 402,416	$ 261,500

PRIVATE DEBT	2015	2014
Fair value, beginning of year	$ -	$ -
Gains recognized in increase in net assets	2,915	-
Purchases	40,590	-
Sales	(6,605)	-
	$ 36,900	$ -

REAL ESTATE DEBT	2015	2014
Fair value, beginning of year	$ 8,230	$ -
Gains recognized in increase in net assets	6,178	282
Purchases	41,586	7,948
	$ 55,994	$ 8,230

(IN $ THOUSANDS)

Section 3.29 of *The Pension Benefits Act Regulations* requires disclosure of each investment asset that has a fair value greater than one percent of the fair value of the investment assets of the Fund. As at December 31, 2015, the Fund held the following investments that met this classification:

	2015
Bonds and debentures	
TD Emerald Long Bond Broad Market Pooled Fund Trust	$ 400,430
TD Lancaster Fixed Income Fund II	282,679
Fiera Active Fixed Income Fund	266,984
Canadian equities	
TD Emerald Canadian Equity Index Fund	310,722
Foreign equities	
State Street S&P 500 Index Common Trust Fund	370,547
Templeton Global Smaller Companies Fund	93,964
Cash and short-term deposits	
City of Winnipeg short term deposit	57,553
Private equities	
5332657 Manitoba Ltd. common shares	93,736
Real Estate	
Greystone Real Estate Fund Inc.	203,142
Bentall Kennedy Prime Canadian Property Fund Ltd.	166,566
Infrastructure	
OIM B3 2013 L.P.	202,718
JPMorgan Infrastructure Investments Fund	103,107
IFM Global Infrastructure (Canada), L.P.	96,591
Real estate debt	
Brookfield Real Estate Finance Fund IV	55,994

5. INVESTMENT INCOME

	2015	2014
Bonds and debentures	$ 34,666	$ 32,308
Canadian equities	38,536	34,953
Foreign equities	24,893	27,259
Cash, short-term deposits and other	1,886	1,759
Real estate	10,995	7,317
Infrastructure	16,923	907
Private debt	619	-
Real estate debt	3,758	-
	$ 132,276	$ 104,503

(IN $ THOUSANDS)

Allocated to:		
Main Account	$ 131,173	$ 103,284
Plan Members' Account	103	80
City Account	1,000	1,139
	$ 132,276	$ 104,503

6. INVESTMENT TRANSACTION COSTS

During 2015, the *Plan* incurred investment transaction costs in the form of brokerage commissions, in the amount of $1,118 (2014—$1,140). Investment transaction costs are included in the current period change in fair value of investments.

7. LUMP SUM BENEFITS

	2015	2014
Termination benefits	$ 13,622	$ 15,176
Death benefits	2,151	4,971
Payments on relationship breakdown	1,657	5,266
Other	352	715
	$ 17,782	$ 26,128

8. ADMINISTRATIVE EXPENSES

	2015	2014
Salaries and benefits	$ 2,026	$ 2,039
Actuarial fees	371	426
Other professional services	361	246
Office and administration	630	641
Capital expenditures	29	24
Less: recoveries from other plans	(9)	(9)
	$ 3,408	$ 3,367

Certain of the above administrative expenses, including salaries and benefits, represent the reimbursement by the *Plan* to the City of Winnipeg for the cost of supplying such services.

9. COMMITMENTS

The *Plan's* wholly-owned subsidiary, 5332657 Manitoba Ltd., has entered into an investment management agreement wherein it has authorized an investment manager to make private equity investment commitments on its behalf, with aggregate commitments not to exceed $80,000. Commitments will be funded over the next several years. As at December 31, 2015, $75,505 had been funded.

10. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

EARLY RETIREMENT BENEFITS ARRANGEMENT

As the *Program* allows for retirement at or after age 55 without a minimum service requirement, there are some situations where *Program* benefits earned prior to September 1, 2011 exceed the maximum early retirement benefits permitted for registered pension plans under the *Income Tax Act*. Accordingly, *The Winnipeg Civic Employees' Benefits Program* includes an *Early Retirement Benefits Arrangement* to pay any early retirement pension benefits that cannot be paid by *The Winnipeg Civic Employees' Pension Plan*, as a registered pension plan. No contributions are made to fund these benefits in advance of their payment, so as not to incur a tax liability, but rather a portion of the employer contributions to the *Program* are used to pay these benefits as they fall due.

Although the *Early Retirement Benefits Arrangement* has been in existence for quite some time, 1999 was the first year benefits were paid under the *Arrangement*. The amount paid out in 2015 was $96,452 (2014—$89,314). Payments will continue to be reported in future years, but financial statements will not be published until the amounts are somewhat significant.

LONG TERM DISABILITY PLAN OVERVIEW

Modern medicine has enabled the prevention or treatment of many serious illnesses. As medical treatment advances, so does—in many cases—an individual's quality of life, allowing them to continue to participate in home, leisure, and work activities.

The *Program* strives to manage long term disability claims in a manner that is service-oriented, responsible, cost-effective, and fair to all *Program* Members. In recognition of work as a meaningful and productive life activity, the *Disability Plan* continues to support and promote our Members' successful return to the workplace. With this in mind, our Case Managers help to identify a Member's ability, and strive to create a successful, fair and positive return-to-work experience. Working with an individual's ability, as applicable, provides them with the confidence and strength for an effective return to the workplace. We are pleased to report that, in 2015, 32 Members returned to work in their own position and 59 Members returned to work in alternate duties.

When Members have significant impairments preventing them from participating in any employment, the Case Managers are diligent in working with the Members to help them understand their rights and obligations under the *Long Term Disability Plan*. The Case Managers also assist these Members to identify and apply for other benefits that may be available, such as Canada Pension Plan (CPP) Disability benefits. This can provide important benefits to Members and also positively affect *Plan* experience.

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MEMBERS RETURNED TO THEIR OWN JOB

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MEMBERS RETURNED TO WORK IN ALTERNATE DUTIES

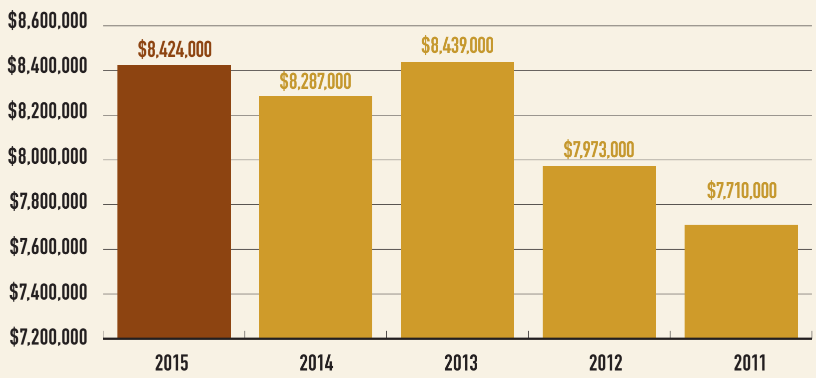
THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN ACTIVITY SUMMARY

FOR THE YEARS ENDED DECEMBER 31	2015	2014	2013	2012	2011
Members receiving disability benefits	339	355	364	382	380
Members returning to pre-disability duties	32	36	35	35	36
Members working in alternate duties	59	63	71	88	80

PLAN EXPERIENCE

Orthopaedic and psychological conditions remain the primary impairments driving disability claims. Our Case Managers continue to work with Members in recognizing their capability and that they are not limited from a return to suitable work duties based on the diagnosis in itself. The number of Members receiving disability benefits has continued to decrease, in part due to the *Program's* active and supportive case management processes.

DISABILITY BENEFITS PAID



DIAGNOSIS AS A PERCENTAGE OF CLAIMS

CLAIM CONDITION	2015	2014*
Orthopaedic	35%	37%
Psychological	26%	26%
Internal	14%	12%
Neurological	10%	10%
Cancer	6%	6%
Cardiac	4%	3%
Respiratory	2%	2%
Audio/visual	2%	2%
Alcohol/substance abuse	1%	1%

*Does not total 100 due to rounding.

INDEPENDENT AUDITOR'S REPORT
THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

To the Chairperson and Members of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund)

We have audited the accompanying statement of contributions and expenses of The Winnipeg Civic Employees' Long Term Disability Plan for the year ended December 31, 2015, and a summary of significant accounting policies and other explanatory information (together "the financial statement").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

Management is responsible for the preparation and fair presentation of this financial statement in accordance with those requirements of The Winnipeg Civic Employees' Benefits Program—Disability Plan Trust Agreement relevant to preparing such financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statement presents fairly, in all material respects, the contributions and expenses of The Winnipeg Civic Employees' Long Term Disability Plan for the year ended December 31, 2015 in accordance with those requirements of The Winnipeg Civic Employees' Benefits Program—Disability Plan Trust Agreement relevant to preparing such a financial statement.

Deloitte LLP

Chartered Accountants
JUNE 17, 2016
WINNIPEG, MANITOBA

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

STATEMENT OF CONTRIBUTIONS AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31 (IN $ THOUSANDS)	2015	2014
CONTRIBUTIONS		
City of Winnipeg and Participating Employers	$ 9,556	$ 9,389
Total Contributions	9,556	9,389
EXPENSES		
Administration	1,132	1,102
Disability payments	8,424	8,287
Total Expenses	9,556	9,389
	$ -	$ -

See accompanying notes to the financial statement

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
(IN $ THOUSANDS)

1. DESCRIPTION OF PLAN

a) General

The Winnipeg Civic Employees' Long Term Disability Plan is part of *The Winnipeg Civic Employees' Benefits Program* and provides long term disability benefits for all City of Winnipeg employees and employees of certain other employers who are contributing members of *The Winnipeg Civic Employees' Pension Plan*.

b) Administration

The *Plan* is administered by *The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund)* in accordance with the terms of *The Winnipeg Civic Employees' Benefits Program Disability Plan Trust Agreement*. The *Board of Trustees* is comprised of six employer appointed Trustees and six member appointed Trustees.

c) Contributions

The City of Winnipeg and Participating Employers contribute amounts equal to the benefits and expenses of the *Plan*. Employee contributions are not required or permitted. Accordingly, the Plan does not hold any net assets available for benefits.

d) Disability benefits

The *Plan* provides long term disability benefits, following a 26-week waiting period, for employees who become totally or partially disabled after December 31, 1991. If an employee is totally disabled, the disability benefits payable from the *Plan*, together with the disability benefits from the Canada Pension Plan, will equal at least 66⅔% of the employee's average bi-weekly earnings prior to disability. Disability benefits are increased annually, based on either the percentage increase in the pay rate for the position regularly occupied (for disabilities occurring before September 1, 2011) or the cost-of-living adjustment rate for *The Winnipeg Civic Employees' Pension Plan* (for disabilities occurring on or after September 1, 2011).

If a member has at least two years of credited service, disability benefits are payable as long as the member is totally or partially disabled and under the personal care of a medical doctor until the maximum duration of benefits ends, at which time the member is eligible to commence receiving a retirement pension under the *Pension Plan*. The maximum duration of benefits ends between age 60 and age 65, depending on the member's length of service and date of commencement of disability.

If a member has less than two years of credited service, then benefits are payable for a maximum of two years.

The *Program* provides that *Plan* benefits can be reduced if *Program* funding is insufficient.

2. Obligations for Long Term Disability Benefits

An actuarial valuation of *The Winnipeg Civic Employees' Benefits Program* was made as of December 31, 2015 by Eckler Ltd. The valuation disclosed obligations related to *The Winnipeg Civic Employees' Long Term Disability Plan* in the amount of $44,463 (2014 - $42,447). The assumptions used by the actuary were approved by the Board of Trustees for purposes of preparing the notes to the financial statement.

To determine the overall *Program* actuarial surplus or funding deficiency, the above obligations are included in the obligations disclosed by *The Winnipeg Civic Employees' Pension Plan*, as the pension plan holds all assets available for benefits under the *Program*.

In the event the *Program* is ever terminated, any shortfall of assets in the disability fund versus obligations for the *Long Term Disability Plan*, as measured by the *Program's* Actuary, must be transferred from *The Winnipeg Civic Employees' Pension Plan* to the City of Winnipeg, who thereupon is required to immediately contribute such amount to the *Plan*.

APPENDICES

APPENDIX A

TOP 50 CORPORATE SHARE HOLDINGS*

AS AT DECEMBER 31, 2015 (IN $ THOUSANDS)

		PENSION PLAN MARKET VALUE
1	Toronto–Dominion Bank	$ 67,589
2	Bank of Nova Scotia	60,715
3	Royal Bank of Canada	51,053
4	Canadian Natural Resources Limited	41,022
5	Bank of Montreal	31,398
6	Manulife Financial Corporation	31,171
7	Canadian National Railway Company	30,953
8	Apple Inc.	26,817
9	Power Corporation of Canada, SV	25,813
10	Microsoft Corp.	24,978
11	Baidu Inc.	24,147
12	Tencent Holdings Limited	23,354
13	Canadian Imperial Bank of Commerce	23,158
14	Suncor Energy Inc.	22,997
15	Potash Corporation of Saskatchewan Inc.	22,415
16	Inditex	21,554
17	Cenovus Energy Inc.	20,658
18	Fiat Chrysler Autos.	20,214
19	CGI Group Inc., Class A, SV	20,085
20	Finning International Inc.	19,782
21	Wells Fargo & Co.	19,268
22	Open Text Corp	18,929
23	Loblaw Companies Limited	17,888
24	Alimentation Couche-Tard Inc., Class B, SV	16,836
25	AIA Group Limited	16,681
26	Rogers Communications Inc., Class "B" NV	16,656
27	Enbridge Inc.	16,428
28	Intact Financial Corporation	15,993
29	Canadian Pacific Railway Limited	15,972
30	Imperial Oil Limited	15,129
31	Canadian Oil Sands Ltd	14,832
32	Alibaba Group Holding Limited	14,803
33	IGM Financial Inc.	14,750
34	SoftBank Corp.	14,126
35	Gildan Activewear Inc.	13,575
36	Amazon.com, Inc.	13,187
37	Thomson Reuters Corporation	13,127
38	Atlas Copco, Class "A"	12,808
39	Shaw Communications Inc, Class B, NV	12,662
40	Magna International Inc., Class A, SV	12,036
41	Facebook, Inc.	11,888
42	ACE Limited, Common	11,775
43	Prairiesky Royalty Ltd, Common	11,285
44	Ensign Energy Services Inc.	10,996
45	Ritchie Brothers Auctioneers Inc.	10,840
46	Prudential Financial Inc.	10,809
47	ARM Holdings	10,613
48	Agrium Inc.	10,612
49	Valeant Pharmaceuticals International Inc.	10,103
50	CI Financial Corp.	10,007

*Includes effective holdings through participation in pooled funds, including index funds.

APPENDIX B

INVESTMENT MANAGERS AS AT DECEMBER 31, 2015

Fixed Income
TD Asset Management Inc.
Fiera Capital Corporation

Canadian Equities
Burgundy Asset Management Ltd.
Foyston, Gordon and Payne Inc.
Guardian Capital L.P.
TD Asset Management Inc.

US Equities
J.P. Morgan Investment Management Inc.
State Street Global Advisors, Ltd.

Non-North American Equities
Baillie Gifford Overseas Ltd.
Pyrford International
Causeway Capital Management LLC
Franklin Templeton Investments Corp.

Private Capital
Hamilton Lane Advisors LLC (Equity)
Richardson Capital Limited (Equity)
Neuberger Berman (Debt)

Real Estate
Greystone Managed Investments Inc. (Equity)
Bentall Kennedy (Equity)
Brookfield Asset Management (Debt)

Infrastructure
OMERS Borealis Infrastructure
J.P. Morgan Investment Management Inc.
IFM Global Infrastructure (Canada), L.P.

2015 DIRECTORY AS AT DECEMBER 31, 2015

BOARD OF TRUSTEES

Employer Trustees
(appointed by City of Winnipeg)

Linda Burch (Chair)
DIRECTOR, CORPORATE SUPPORT SERVICES

Neil Duboff
DUBOFF EDWARDS HAIGHT & SCHACHTER LAW CORP.

Michael Jack
CHIEF OPERATING OFFICER
(PENSION FUND BOARD ONLY)

Doug McNeil
CHIEF ADMINISTRATIVE OFFICER

Mike Ruta
CHIEF FINANCIAL OFFICER

Dave Wardrop
DIRECTOR, TRANSIT

Clive Wightman
DIRECTOR, COMMUNITY SERVICES

Member Trustees
(appointed by Signatory Unions)

Rob Labossiere (Vice-Chair)
UNITED FIRE FIGHTERS OF WINNIPEG

Rick Borland
PENSIONERS AND DEFERRED MEMBERS (PENSION FUND BOARD ONLY)

Clark Rempel
CUPE, LOCAL 500

Bob Ripley
CUPE, LOCAL 500

Bob Romphf
OTHER UNIONIZED AND NON-UNIONIZED EMPLOYEES

Everett Rudolph
AMALGAMATED TRANSIT UNION

Lucy Szkwarek
WINNIPEG ASSOCIATION OF PUBLIC SERVICE OFFICERS

COMMITTEES

Investment Committee

Appointed by Employer Trustees

Eric Stefanson, F.C.A. (Chair)
Sam Pellettieri, CFA
Rob Provencher

Appointed by Member Trustees

Jeff Norton
Bob Romphf
Gary Timlick

Audit Committee (Pension Fund)

Mike Ruta (Chair)
Rick Borland
Bob Romphf
Everett Rudolph
Dave Wardrop
Linda Burch (ex-officio)
Rob Labossiere (ex-officio)

Audit Committee (Disability Fund)

Mike Ruta (Chair)
Bob Romphf
Dave Wardrop
Clive Wightman (ex-officio)
Bob Ripley (ex-officio)

Governance Committee

Linda Burch
Neil Duboff
Rob Labossiere
Bob Ripley
Clive Wightman
Vacant Position

MANAGEMENT

Glenda Willis
CHIEF EXECUTIVE OFFICER

Nestor Theodorou
CHIEF INVESTMENT OFFICER

Rob Sutherland
MANAGER, FINANCE & ADMINISTRATION

Pat Khoe
DIRECTOR, MEMBER SERVICES

Cathie Langdon
MANAGER, DISABILITY BENEFITS

Bill Battershill
MANAGER, INFORMATION SYSTEMS

Amanda Jeninga
MANAGER, COMMUNICATIONS

EXTERNAL ADVISORS

Actuary

Eckler Limited

Consulting Actuary

Smith Pension & Actuarial Consultants Inc.

Auditor

Deloitte LLP

Custodian

RBC Investor Services

Investment Consultant

Aon Hewitt

Legal Counsel

Taylor McCaffrey
Koskie Minsky

Medical Consultants

Dr. R. Bruce Boyd
Dr. Hygiea Casiano
Dr. Kim Minish

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BENEFITS PROGRAM