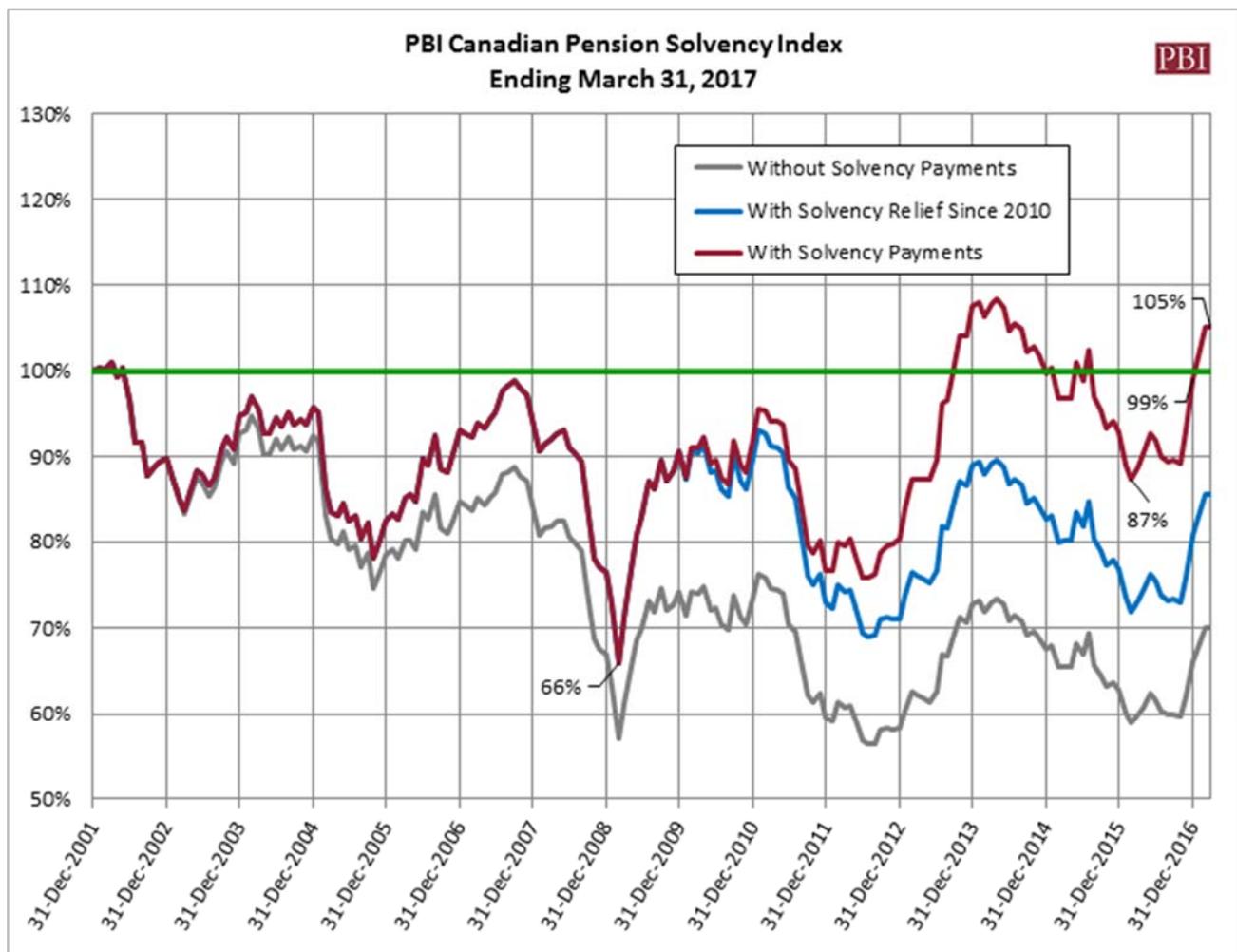


**THE PBI CANADIAN PENSION SOLVENCY INDEX
 FOR THE PERIOD ENDING MARCH 31, 2017**

The PBI Canadian Pension Solvency Index illustrates the development of solvency positions for a sample pension plan. The sample standard pension plan of the PBI Canadian Pension Solvency Index has the following characteristics:

1. A 100% solvency ratio as at December 31, 2001. This assumption is based on historical data indicating that most pension plans in Canada were fully solvent in 2001.
2. A membership demographic comprised of 50% active and 50% retired member liabilities at that same date.
3. Assets invested in a passive portfolio consisting of 40% Universe Bonds, 30% Canadian Equities, 12.5% U.S. Equities, 12.5% EAFE Equities and 5% Cash (rebalanced monthly). This portfolio was selected to mirror an industry standard asset mix and is not representative of PBI clients.
4. Contributions are assumed to equal benefit payments and amounts required to fund any solvency deficiencies.



Illustrative purposes only.

Canada's GDP during the fourth quarter of 2016 grew at an annualized 2.6% following last quarter's strong 3.8% growth. Canadian GDP growth only started to slow down as oil prices started declining in 2014. In fact, 2015 and 2016 were the only two years since the credit crisis where Canadian GDP growth was outpaced by the United States due to plummeting oil prices and the brief disruption in oil production due to the Fort McMurray wildfires. Although there may seem to be concerns about the future of the Canadian economy, Canada continues to lead the G7 countries in GDP growth since the 2008 credit crisis. Most of the contribution to GDP during Q4 was driven by net exports and consumption.

The Bank of Canada's latest announcement in March provided a darker side on economic data as exports remain challenged with uneven export growth (uncertainty from possible U.S. trade policies), the temporary CPI increase in January, and continued weak earnings growth despite an increase in total jobs. As a result, Bank of Canada Governor Poloz has kept the interest rate unchanged at 0.5% as Canada isn't "out of the woods" yet and that the recovery following the past two years has been modest. The Bank of Canada has since updated its outlook for 2017 with economic growth at 2.6% (up from 2.1% in January), 1.9% for 2018 (down from 2.1%) and 1.8% for 2019.

Since the end of 2013, gains made in a typical pension plan's solvency have been eroded by the combination of lower yields and the adoption of the CPM 2014 mortality table. Since reaching a cycle high of 108% funded status in March 2014, the Pension Solvency Index has declined to a low of 87% funded status in February 2016. At the end of March 2017, the PBI Canadian Pension Solvency Index has risen to 105%, up from 99% at the end of December 2016.

Liabilities are calculated using the prescribed basis from the Canadian Institutes of Actuaries, valuations are done annually and any identified deficiency is funded on a monthly basis over a five (5) year period. Improvements in the solvency ratio over time reduce outstanding payments on a pro-rata basis.

It is important to note that the actual results of your pension plan (including funding results) may differ materially from those of the sample standard pension plan due to differences in the asset-mix of your pension plan, investment returns, the structure of the plan's liabilities, as well as differences in contributions paid. The PBI Canadian Pension Solvency Index is provided for informational purposes only.

If you have any questions regarding this index or would like to submit your comments, please do not hesitate to contact Karen Chen at 604-647-3246 or by e-mail at karen.chen@pbiactuarial.ca or Philip Falls at 604-647-3239 or by email at philip.falls@pbiactuarial.ca.

ABOUT PBI

PBI Actuarial Consultants Ltd. is a dynamic and growing company providing actuarial, administrative and investment consulting services for pension and benefit plans, as well as various trust funds. PBI serves clients across Canada from offices in Vancouver, Montreal and Toronto with a focus on multi-employer plans, non-profit and public sector organizations.

Visit our website at www.pbiactuarial.ca to learn about our services or connect with our experts for more information.

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MONTREAL: Telephone 514-317-2338 ▪ 1-877-748-4826 ▪ Fax 514-281-6945 ▪ www.pbiactuarial.ca
TORONTO: Telephone 416-214-7748 ▪ Fax 416-369-0515 ▪ www.pbiactuarial.ca
VANCOUVER: Telephone 604-687-8056 ▪ 1-877-687-8056 ▪ Fax 604-687-8074 ▪ www.pbiactuarial.ca