

COMMUNIQUÉ

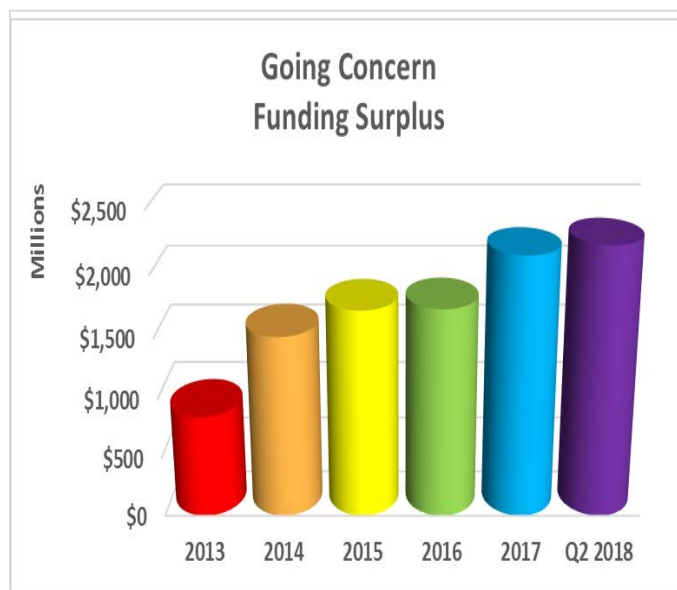
CBC PENSION PLAN QUARTERLY REPORT

Financial Health

The CBC Pension Plan continues to be in a sound financial position with the Plan's key measures of overall pension plan financial health strengthening in the quarter.

The CBC Pension Plan had a going-concern funding surplus of \$2.23 billion at June 30, 2018, an increase of \$78 million from the start of the year. The Plan's going-concern funding ratio was 144.6% at June 30, 2018, an increase of 1.2% for the year.

The Plan's funding status on a solvency or windup basis was a surplus of \$74 million at June 30, 2018, an improvement of \$85 million since the start of the year. The Plan's solvency funding ratio was 101.0% at June 30, 2018, an increase of 1.1% for the year.



Debra Alves – Managing Director / CEO of the CBC Pension Plan retires



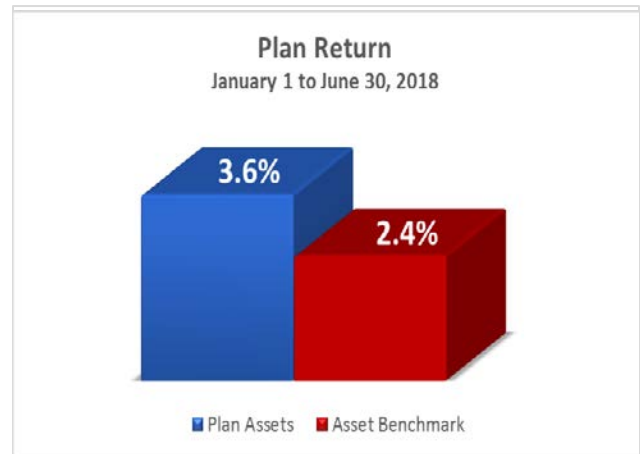
Following 11 years as the Managing Director / CEO of the CBC Pension Plan, Ms. Debra Alves has retired. Ms. Alves spent over 21 years in total with the Plan and oversaw some of its most successful initiatives. Her service and devotion to the Plan was recognized by the Board at the September 2018 Board meeting. She has been succeeded by Mr. Duncan Burrill, the former Secretary/Treasurer of the Plan.

	June 30, 2018	December 31, 2017
NET ASSETS AVAILABLE FOR BENEFITS	\$7,232 million	\$7,111 million
Going Concern Funding Surplus	\$2,230 million	\$2,152 million
Solvency Funding Surplus / (Deficit)	\$74 million	(\$11 million)
Number of Pensions Being Paid	9,875	9,831
Number of Plan Contributors	7,309	7,243

Financial Performance

The Plan had net assets of \$7.23 billion at June 30, 2018, an increase of \$121 million for the year. The increase in assets was driven by strong private equity and global equity returns. Illustrating the mature nature of the Plan, the Plan made pension payments of \$148 million to pensioners and received contributions of \$49 million from CBC/Radio-Canada and employees in the first half of 2018.

During the first half of 2018 the Plan posted a return of 3.6%, which exceeded its asset benchmark return of 2.4%. The Plan's annualized 4-year return of 9.8% also outperformed its asset benchmark of 7.9%.



Investment Strategy

The Plan's Liability-Driven Investment strategy continued to perform well. The strategy targets returns that match the growth in the Plan's pension obligations over the long term. This results in more stable funded positions and enhances benefit security. While performance may fluctuate in any given year, the Plan remains committed to the long-term benefits of its Liability-Driven Investment strategy.

Member Services

The Plan's members rated pension administration services with an overall satisfaction of 96% during the second quarter of 2018. This was based on a survey of members who called the pension administration center. The Plan strives to deliver a high-quality pension administration service to Plan members in a cost-effective manner.



Governance Matters





One of the Pension Board's essential practices under its governance framework is to hold regular Trustee education sessions. A full day of education was held at the September Board meeting. Key presentations from external guest speakers included a global economic update, a review of real estate investment trends, an update on regulatory developments and a review of pension plan cost and performance trends.

The 2017 Annual Report is available on the Plan's website at <http://cbc-radio-canada-pension.ca/publications/annual-reports/>

A summary of the Pension Board's 2015 - 2020 Strategic Plan and the status of key objectives is included in the infographic on the next page.

A glossary of common pension terms can be found at cbc-radio-canada-pension.ca/help/glossary-of-terms (under the "Help" tab on the Plan's web site)



STRATEGIC GOALS		KEY PERFORMANCE INDICATOR (KPI) as at June 30, 2018	STATUS	2018 ACTIVITIES as at June 30, 2018	STATUS	DESIRED OUTCOME BY 2020
1	Deliver risk-adjusted net returns to support the financial viability and liquidity needs of the pension plan	<ul style="list-style-type: none"> 4-year Fund return to exceed benchmark portfolio by 0.50%. 4-year Fund return to equal or exceed actuarial required return. Surplus-at-Risk (SAR) volatility trades within Risk tolerance expectations. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Invest in a way to exceed the reference benchmark portfolio by 0.50% net of costs. Transition to the new asset mix policy. Review benchmarks for the strategic asset class. Review and enhance the in-house currency management program. Review ESG guidelines for market developments. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Plan reaches fully funded status. 
		<ul style="list-style-type: none"> Make Pension payments on time. Member experience survey results of 80% or higher. Provide pension admin service consistent within targets. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Manage and monitor the provision of pension administration services by Morneau to meet Service Level Agreements Undertake a RFP for pension administration and actuarial services. Review shared resource allocations with Sponsor. Explore the development of a PAC policies and procedures guide. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Service levels meet achievable expectations. Web usage by membership increases resulting in lower and fewer call centre services required. 
3	Communicate effectively with members and stakeholders	<ul style="list-style-type: none"> Annual assessment of relationship with Pension Plan Sponsor. Provide timely, comprehensive and clear communications to members. 	<div> <div>⋯</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Continue the roll out of the communication / branding strategy. Complete annual presentations to stakeholders. 	<div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Branding exercise completed. More formalized collaborative discussions with Sponsor established. 
		<ul style="list-style-type: none"> Meet all regulatory requirements. Obtain an unqualified audit opinion free of any material adjustments. Trustee meetings and education evaluation grades of Good or higher. Costs equal or less than benchmark. Trustee Self-Assessment rating of Satisfactory. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Undertake review of strategic investments team structure. Conduct 2016 and pre-2017 actuarial valuations. Evaluate processes for managing external service providers. Undertake Biennial Risk Register update. Undertake annual Succession Planning Review. Complete documentation of accounting controls and procedures. Prepare for upcoming changes to FlexPen. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> Organization is well resourced with competent Trustees and management team capable to manage the organization into the future. Cost effectiveness reviews likely lead to more assets managed in-house. 
5	Be a continuous learning organization	<ul style="list-style-type: none"> Continuing education items are regularly offered 	<div> <div>✓</div> </div>	<ul style="list-style-type: none"> Review Trustee orientation and onboarding process. Provide for orientation of incoming Trustee(s). Provide Trustee continuing education items. Review investment research access and providers. 	<div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> </div>	<ul style="list-style-type: none"> An adaptive organization willing to assess innovative theses and practises including continual review of the LDI strategy. 