



PRESS RELEASE

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FOUR-YEAR ANNUALIZED RETURN REACHES 10% 13.1% RETURN FOR 2013

Clients' net assets reach \$200.1 billion

Montréal, February 26, 2014 – La Caisse de dépôt et placement du Québec announced that the weighted average return on its clients' funds reached 10% over four years and 13.1% for the year ended December 31, 2013. La Caisse's net assets totalled \$200.1 billion at the end of 2013, versus \$131.6 billion as at December 31, 2009, increasing by \$68.5 billion over four years. This growth is due to \$61.2 billion of net investment returns plus \$7.3 billion of net deposits.

“With a 10% annualized return over four years, we have exceeded our clients' long-term targets,” said Michael Sabia, President and Chief Executive Officer. “Over that period, we also outperformed our benchmark portfolio by 1.1%, or \$6 billion of value added. In an economic environment characterized by major adjustments in emerging markets, a lengthy recession in Europe and the beginnings of a recovery in the United States, we have stayed focused on our strategy and continued to invest in quality assets anchored in the real economy. The solid results of the past few years are evidence of the fact that our plan is working.”

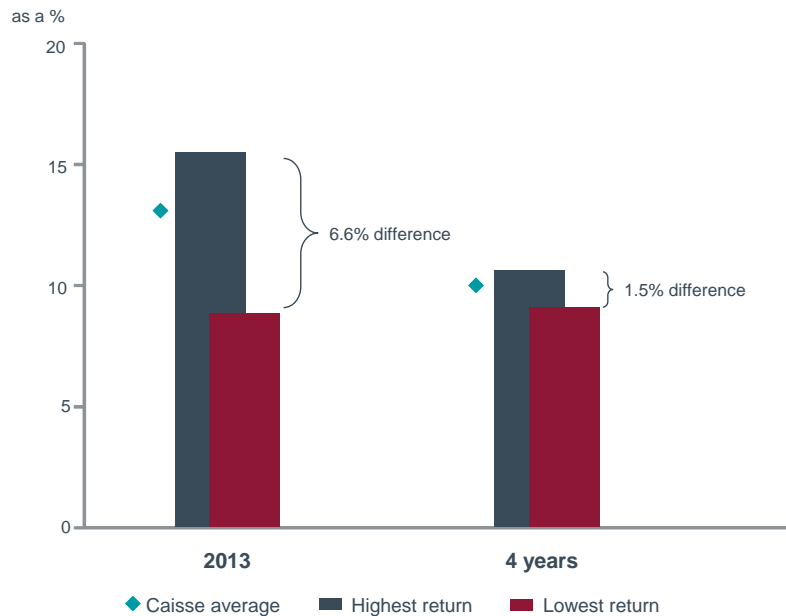
CAISSE NET ASSETS FROM 2009 TO 2013 (IN BILLIONS)



Equity markets advanced strongly in 2013, with a weighted return of 22.4%, while bond markets generated a -1.2% return. Asset allocation therefore had a particularly significant impact on La Caisse's clients' returns for the year. Their allocation decisions depend on their target returns and risk tolerance, hence the substantial differences in the returns of its eight largest clients which, in 2013, ranged from 8.9% to 15.5%.

Over four years, this difference narrowed considerably, as returns ranged from 9.1% to 10.6%, showing, once again, the importance of a long-term outlook.

DIFFERENCES IN RETURNS OF THE EIGHT LARGEST CLIENTS



“Over the past few years, central banks have used exceptional monetary policies to stimulate the global economy,” Mr. Sabia added. “That being said, we are entering a period of monetary policy normalization that will take us into uncharted territory and inevitably create uncertainty. With that in mind, we will continue to be selective and focus on an absolute-return strategy built on in-depth understanding of the companies and markets that we invest in to generate stable returns, while we distance ourselves from the changing mood of the markets.”

MAIN ACHIEVEMENTS

La Caisse continued to deploy its new investment strategy in Québec and around the world. The priorities underlying the new strategy include absolute-return management, a focus on less-liquid assets, emerging markets and in-depth expertise.

Presence in Québec

La Caisse’s new investments and commitments in Québec companies totalled \$10.3 billion over four years, including \$3.6 billion in 2013. Since 2009, they amount to \$11.9 billion.

Over the past four years, La Caisse’s assets in Québec rose by \$20.3 billion, reaching \$53.8 billion as at December 31, 2013, with \$32.5 billion invested in the private sector.

“Since 2009, we have considerably increased our investments in Québec,” Mr. Sabia said. “Beyond these dollar amounts, we continue to support the development of a new generation of Québec leaders and to provide expertise and tangible assistance to entrepreneurs in all regions of Québec. In 2013, we were especially active with small and medium-sized businesses and we enhanced what we can offer to the manufacturing and mining sectors, two key drivers of the economy.”

For more information on La Caisse’s presence in Québec, refer to the fact sheet provided with this press release.

Absolute-return management

Early in 2013, La Caisse created the Global Quality Equity portfolio, with assets under management reaching \$17.2 billion as at December 31, 2013. As the cornerstone of La Caisse's approach to equity markets, this portfolio focuses on securities of large, established companies exposed to global growth, which will be held over long periods, instead of targeting indexes. This portfolio is central to La Caisse's investment strategy and aims to generate more stable returns with lower risk. It is therefore well suited to meeting clients' risk-return profiles.

Less-liquid assets

In line with its strategy, La Caisse continued to invest in private equity, infrastructure and real estate. Over the year, it invested more than \$9.6 billion in less-liquid assets, including the Port of Brisbane in Australia and a dozen wind farms in the United States, Canada and Québec.

Ivanhoé Cambridge, a real estate subsidiary of La Caisse, was particularly active in 2013, with acquisitions totalling \$5.2 billion. It strengthened its presence in the United States by acquiring a 51% stake in 1211 Avenue of the Americas in New York City. It also acquired the office towers at 10 and 120 South Riverside Plaza in Chicago's West Loop and it began construction of the River Point tower, Chicago's largest property development project of the past five years.

Ivanhoé Cambridge continued to reposition its European portfolio strategically by focusing on targeted markets and sectors. Notable acquisitions include interests in the Woolgate Exchange in London and in PointPark Properties, a logistics and warehouse company. Through this platform, La Caisse gains exposure to a growth sector linked directly to the thriving e-commerce trade.

Ivanhoé Cambridge is active internationally and is also deeply rooted in Québec, where it acquired AIMCo's 50% stake in Place Ville Marie, becoming the sole owner of this landmark property in downtown Montréal. It also stepped up its regional presence with acquisitions such as a 50% interest in the Carrefour de l'Estrie shopping centre.

Emerging markets and in-depth expertise

La Caisse strengthened its research teams and significantly increased its expertise in emerging markets in 2013, notably by establishing a team to oversee the development of an active investment strategy for these markets. La Caisse also obtained an additional \$300-million quota (QFII) to invest in companies listed on the Shanghai and Shenzhen stock exchanges.

HIGHLIGHTS OF RESULTS

“In 2013, we saw signs of improvement in the global economy as interest rates rose and most of the world’s major stock markets made strong gains,” stated Roland Lescure, Executive Vice-President and Chief Investment Officer. “The only exception was emerging markets, which, in spite of their disparate realities and significant short-term challenges, will remain an important engine of the world economy over the coming years. The strong growth in the U.S. markets in recent years has confirmed its economic recovery and improved fundamentals. The exceptional advances recorded in recent months are due above all to investor confidence, but that confidence remains fragile.”

In line with clients’ long-term target returns, La Caisse’s results are compared with benchmark indexes over a period of four years. For that period, La Caisse’s annualized return was 10%, or 1.1% more than the 8.8% return on its benchmark portfolio. This difference represents \$6 billion of value added.

DETAILED RETURNS BY ASSET CLASS VS. BENCHMARK INDEXES

	At Dec. 31, 2013	4 years			1 year		
	Net assets (\$ billions)	Return (\$ billions)	Return (%)	Index (%)	Return (\$ billions)	Return (%)	Index (%)
Fixed Income	69.2	12.9	5.9	4.5	0.0	0.0	-1.2
Inflation-Sensitive Investments	31.8	12.1	13.4	13.7	3.4	12.5	15.6
Equity	93.8	32.8	10.9	10.0	18.2	22.9	22.6
Caisse Return¹	200.1	61.2	10.0	8.8	22.8	13.1	12.6

¹ The total includes the Hedge Fund, ABTN, Asset Allocation and Commodities portfolios, Overlay Strategies and the cash activities of the individual funds.

Summary of four-year results

Over four years, each asset class contributed significantly to La Caisse’s overall return. During that period, net investment results totalled \$61.2 billion and net deposits were \$7.3 billion.

The **Fixed Income** asset class generated a 5.9% annualized return, outperforming its benchmark index by 1.4%. All the portfolios in this asset class added value by surpassing their benchmark indexes, with the exception of the Long Term Bond portfolio, which is indexed. The **Bond** portfolio posted a 5.7% annualized return and alone generated \$8.9 billion of net investment results. This solid performance is due mainly to active management of the portfolio’s duration and overweight positions in provincial securities and bonds issued by public and private companies.

In the **Inflation-Sensitive Investments** asset class, the **Infrastructure** and **Real Estate** portfolios benefited from low interest rates. They recorded annualized returns of 16.8% and 13.0% respectively, and generated \$11.9 billion of net investment results. The Infrastructure portfolio’s return is due mainly to the sound operating results of the companies it holds. The performance of the Real Estate portfolio is mainly attributable to the rise in value of shopping centres and office buildings in North America and to the current return generated by the portfolio’s assets. This asset class underperformed the index by 0.3%, mainly because of the weak performance of the hotels in the Real Estate portfolio.

Over four years, all specialized portfolios in the **Equity** asset class contributed positively to net investment results totalling \$32.8 billion. The **Private Equity** portfolio returned 16.5% and generated \$10.0 billion of net investment returns. Its high return, sharply exceeding its benchmark index (11.3% return), is due mainly to the solid operating results of its portfolio companies.

Summary of 2013 results

In 2013, La Caisse's 13.1% return exceeded that of its benchmark portfolio, which was 12.6%. This outperformance represents \$851 million of value added. Net investment results totalled \$22.8 billion, and net deposits were \$1.2 billion.

There were large differences in the returns of the various asset classes over one year. The **Fixed Income** asset class, which was affected by the rise in interest rates during the year, generated a zero return, while **Equity**, which benefited from strong gains on the equity markets, especially in the United States, generated a weighted return of 22.9%.

The specialized portfolios in the **Equity** asset class generated \$18.2 billion of net investment results, \$3.4 billion of which came from the **Private Equity** portfolio. All the portfolios in this asset class generated returns in excess of 16.3%, with the exception of the **Emerging Markets Equity** portfolio (4.0% return), which suffered from significantly slower growth in the main emerging economies and from investors' waning interest. The **Global Quality Equity** portfolio, launched in 2013, greatly exceeded expectations with a return of 32.4%, mainly because of strong exposure to international companies established in the United States.

The fact sheets included with the press release provide detailed information on the portfolio returns and the economic and financial context.

FINANCIAL REPORTING

During the year, La Caisse continued to improve its efficiency and pay close attention to its operating expenses. Operating expenses, including external management fees, totalled \$298 million in 2013. The ratio of expenses to average net assets was 17 basis points, compared to 17.9 basis points in 2012, and continues to place La Caisse among the leaders in its category.

Credit rating agencies reaffirmed La Caisse's investment-grade ratings with a stable outlook, namely AAA (DBRS), AAA (S&P) and Aaa (Moody's).

ABOUT LA CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

La Caisse de dépôt et placement du Québec is a financial institution that manages funds primarily for public and private pension and insurance plans. As at December 31, 2013, it held \$200 billion in net assets. As one of Canada's leading institutional fund managers, La Caisse invests in major financial markets, private equity, infrastructure and real estate, globally. For more information: www.lacaisse.com.

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Returns

(for the period ended December 31, 2013)

Specialized portfolio	Net assets at December 31, 2013 (\$ millions) ¹	4 years			1 year		
		Net investment results (\$ millions) ¹	Return %	Index %	Net investment results (\$ millions) ¹	Return %	Index %
Fixed Income							
Bonds	55,016	8,920	5.7	4.7	33	0.2	(1.2)
Real Estate Debt	8,818	2,741	9.1	4.7	8	0.1	(1.2)
Short Term Investments	3,512	218	1.0	0.9	61	1.1	1.0
Long Term Bonds	1,896	986	6.5	6.6	(143)	(6.5)	(6.4)
Subtotal	69,242	12,865	5.9	4.5	(41)	0.0	(1.2)
Inflation-Sensitive Investments							
Real Estate	22,570	8,660	13.0	14.0	2,896	15.1	15.6
Infrastructure	8,048	3,250	16.8	15.3	641	10.6	22.6
Real Return Bonds	1,188	148	4.1	4.1	(170)	(13.1)	(13.1)
Subtotal	31,807	12,058	13.4	13.7	3,367	12.5	15.6
Equity							
Canadian Equity	23,069	5,071	6.4	7.5	3,368	16.3	14.8
Global Quality Equity	17,225	2,587	n.a.	n.a.	2,587	32.4	26.1
Global Equity	3,485	3,422	n.a.	n.a.	2,024	32.2	31.0
Emerging Markets Equity	10,256	976	3.1	3.1	384	4.0	3.7
U.S. Equity	9,730	5,538	16.5	16.4	3,639	41.3	41.3
EAFE Equity	9,832	3,547	9.3	8.9	2,733	31.5	31.0
Equity Markets²	73,597	22,853	9.5	9.7	14,735	23.7	22.4
Private Equity	20,182	9,978	16.5	11.3	3,426	19.7	22.7
Subtotal²	93,779	32,831	10.9	10.0	18,161	22.9	22.6
Hedge Fund	3,667	419	3.6	3.1	85	2.9	2.9
Asset Allocation	1,189	(197)	n.a.	n.a.	182	n.a.	n.a.
ABTN ³	(107)	2,985	n.a.	n.a.	728	n.a.	n.a.
Total⁴	200,149	61,182	10.0	8.8	22,768	13.1	12.6

¹Net assets and net investment results are net of operating expenses.

²The Québec International portfolio closed out on November 30, 2012. Its contribution is included in these figures.

³The ABTN portfolio financing slightly exceeds the fair market value of its investments and accounts for the negative net assets.

⁴The total includes Overlay Strategies and cash activities of individual funds.