

Queen's Pension Plan

Monthly Report



January 2018

FUND DETAILS

Total Assets (\$Mil)	2,113
Total Fees (%) ¹	0.43
Currency Hedging Policy	50% of USD and EUR exposure is hedged to CAD

¹ Excluding performance-based fees

MONTHLY COMMENTARY

The Queen's Pension Plan (QPP) returned 1.0% net of fees in January, bringing the cumulative net return for the 2017-18 plan year to 6.0%.

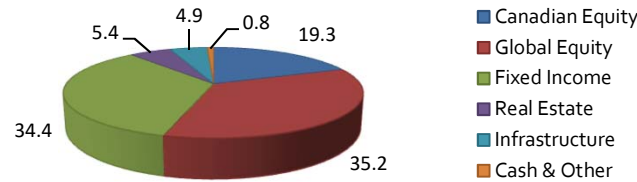
The S&P/TSX Composite Index declined 1.4% during the month. Primary detractors were Energy, Utilities and Health Care. In the U.S., the S&P 500 continued to advance 5.7% (3.5% in Canadian dollar terms), with the top-performing sectors being Consumer Discretionary, Technology and Health Care. In global equity markets, the MSCI EAFE and MSCI Emerging Market Indices returned 2.8% and 6.1% in Canadian dollar terms, respectively.

The FTSE/TMX Canada Universe Bond Index declined 0.8% during the month as strong economic data led to rising yields. The Bank of Canada raised its benchmark interest rate to 1.25%. The ten year Canadian yield increased 25 basis points to 2.29% while two year Canada bond yields increased 16 basis points to 1.84%. The Corporate and Federal sectors declined 0.2% and 0.8%, respectively, and the Provincial sector declined 1.3%. In the U.S., the bond market sold off again in January as investors expected further rate increases by the Federal Reserve in 2018. The Canadian dollar appreciated 2.1% against the U.S. dollar in January, closing the month at 81.4 cents U.S.

CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-1.4	6.7
S&P 500	3.5	19.0
MSCI World Ex-Canada Net	3.2	18.9
FTSE TMX Cda Universe Bond	-0.8	1.8
91 Day T-Bills	0.1	0.6

CURRENT ASSET MIX (%)



INVESTMENT MANAGERS

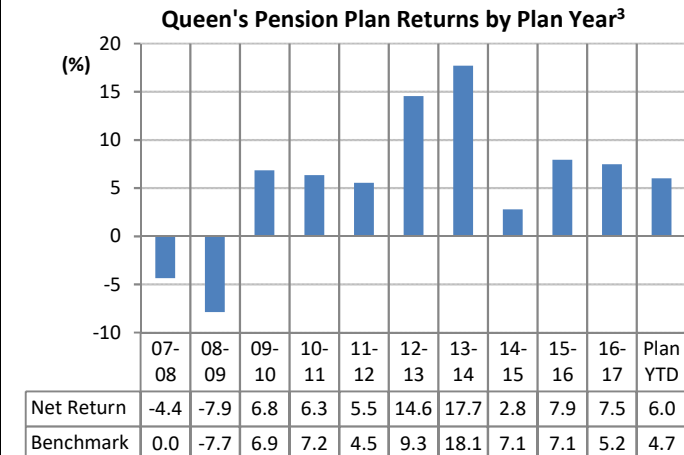
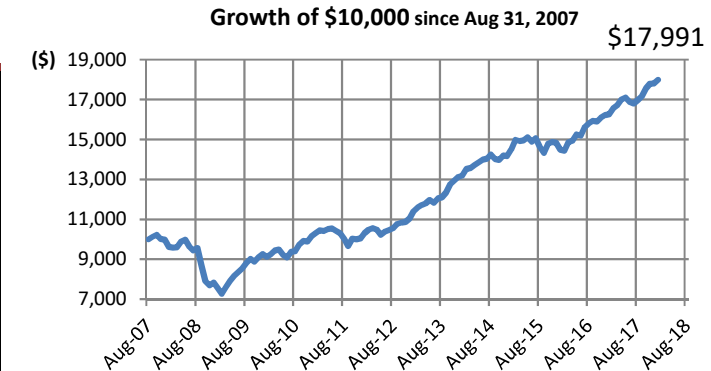
ASSET CLASS/MANAGER BENCHMARK TARGET (%)

ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
Canadian Equity 20.0		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
Global Equity 33.0		
Orbis Investments	MSCI World Index	10.0
State Street Global Advisors	MSCI World Ex-Canada Net	18.6
Letko, Brosseau & Associates	MSCI World Ex-Canada	4.4
Fixed Income 37.0		
PIMCO	FTSE/TMX Canada Universe Bond	8.0
Connor, Clark & Lunn	FTSE/TMX Canada Universe Bond	7.0
TD Asset Management	FTSE/TMX Canada Universe Bond	7.0
Sun Life Investment Mgmt	FTSE/TMX Canada Corporate Bond	6.0
Letko, Brosseau & Associates	FTSE/TMX Canada Universe Bond	5.0
Integrated Private Debt	FTSE/TMX Canada Universe Bond	4.0
Real Estate 5.0		
OMERS (Oxford Properties)	FTSE EPRA/NAREIT Developed Index	5.0
Infrastructure 5.0		
OMERS (Borealis Infrastructure)	Dow Jones Brookfield Global Infra.	5.0

PERFORMANCE ANALYSIS (NET)

Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	1.0	10.6	8.1	6.5
Benchmark ²	0.5	8.1	8.3	6.3
Excess Return	0.5	2.5	-0.2	0.2

² Calculated as the target-weighted average of investment manager benchmarks



³ Plan Year is from September 1st to August 31st