

# Queen's Pension Plan

## Monthly Report



February 2018

### FUND DETAILS

Total Assets (\$Mil)	2,092
Total Fees (%) <sup>1</sup>	0.43
Currency Hedging Policy	50% of USD and EUR exposure is hedged to CAD

<sup>1</sup> Excluding performance-based fees

### MONTHLY COMMENTARY

The Queen's Pension Plan (QPP) returned -0.9% net of fees in February, bringing the cumulative net return for the 2017-18 plan year to 5.0%.

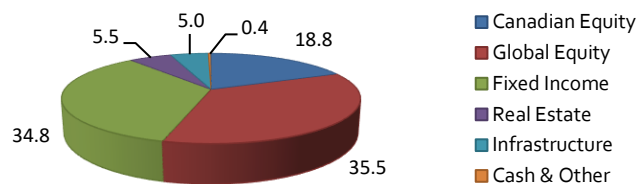
Equities experienced a bout of volatility in February as fears of inflation and higher interest rates hit the market. The S&P/TSX Composite Index declined 3.0%. Primary detractors were Health Care, Energy, and Materials, while top performers included Technology, Machinery & Equipment and Real Estate. In the U.S., the S&P 500 declined 3.7% (but advanced 0.6% in Canadian dollar terms) with the main detractors being Energy, Consumer Staples and Utilities. In global equity markets, the MSCI EAFE and MSCI Emerging Market Indices declined 0.3% and 0.4% in Canadian dollar terms, respectively.

The FTSE/TMX Canada Universe Bond Index advanced 0.2% in February as bond yields fell. Both the ten and two year Canadian yields decreased 6 basis points to 2.23% and 1.78%, respectively. The Corporate and Provincial sectors advanced less than 0.1% each, and the Federal sector advanced 0.4%. In the U.S., the bond market continued to sell-off despite equity markets facing pressure. The Canadian dollar depreciated 4.1% against the U.S. dollar in February, closing the month at 78.1 cents U.S.

### CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-3.0	3.2
S&P 500	0.6	13.3
MSCI World Ex-Canada Net	0.2	13.9
FTSE TMX Cda Universe Bond	0.2	1.0
91 Day T-Bills	0.1	0.7

### CURRENT ASSET MIX (%)



### INVESTMENT MANAGERS

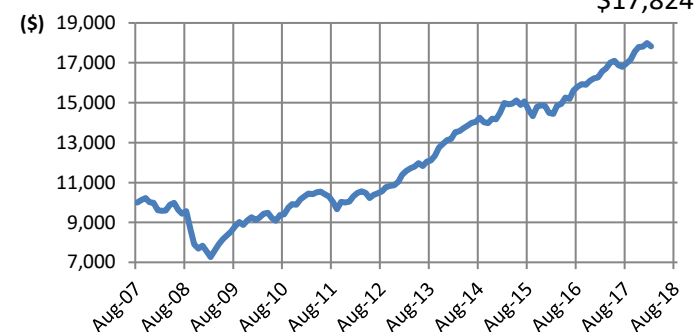
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
<b>Canadian Equity 20.0</b>		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
<b>Global Equity 33.0</b>		
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
<b>Fixed Income 37.0</b>		
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
<b>Real Estate 5.0</b>		
OMERS (Oxford Properties)	FTSE EPRA/NAREIT Developed Index	5.0
<b>Infrastructure 5.0</b>		
OMERS (Infrastructure)	Dow Jones Brookfield Global Infra.	5.0

### PERFORMANCE ANALYSIS (NET)

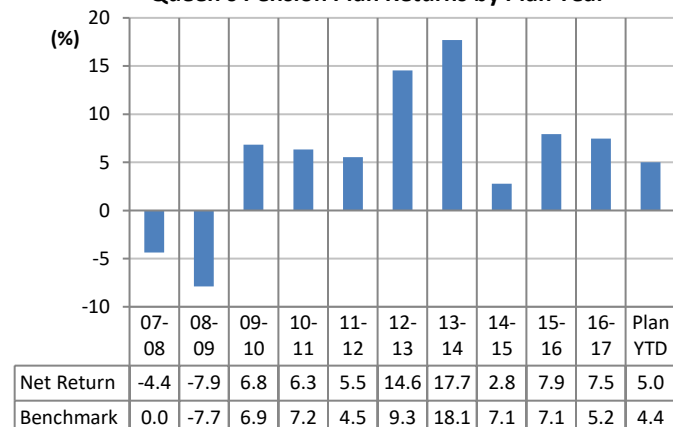
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	-0.9	7.5	7.2	6.4
Benchmark <sup>2</sup>	-0.3	6.2	7.6	6.2
Excess Return	-0.6	1.3	-0.4	0.2

<sup>2</sup> Calculated as the target-weighted average of investment manager benchmarks

### Growth of \$10,000 since Aug 31, 2007



### Queen's Pension Plan Returns by Plan Year<sup>3</sup>



	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	Plan YTD
Net Return	-4.4	-7.9	6.8	6.3	5.5	14.6	17.7	2.8	7.9	7.5	5.0
Benchmark	0.0	-7.7	6.9	7.2	4.5	9.3	18.1	7.1	7.1	5.2	4.4

<sup>3</sup> Plan Year is from September 1st to August 31st