

# Queen's Pension Plan

## Monthly Report



March 2018

### FUND DETAILS

Total Assets (\$Mil)	2,076
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 -0.6% net of fees in March, bringing the cumulative net return for the 2017-18 plan year to 4.4%.

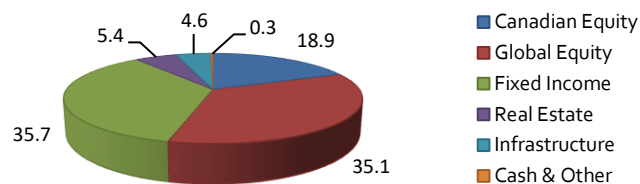
The period of elevated volatility in equity markets continued, as the U.S. president initiated global tariffs on steel and aluminium imports and a wide range of imports from China. The S&P/TSX Composite Index declined 0.2%. Primary detractors were Machinery & Equipment, Consumer Staples, and Technology, while top performers included Real Estate, Energy, and Utilities. In the U.S., the S&P 500 declined 2.5% (1.9% in Canadian dollar terms) with the main detractors being Financials, Materials & Processing, and Technology. In global equity markets, the MSCI EAFE and MSCI Emerging Market Indices declined 1.1% and 1.2% in Canadian dollar terms, respectively.

The FTSE/TMX Canada Universe Bond Index advanced 0.8% in March as bond yields continued to fall. Ten year Canadian yields decreased 14 basis points to 2.09% while two year yields declined 1 basis point, closing at 1.77%. The Federal, Provincial and Corporate sectors of the index advanced 0.8%, 1.0% and 0.5%, respectively. The U.S. Federal Reserve increased its benchmark rate by 25 basis points to 1.75%, and the market is pricing in two more rate hikes this year. The Canadian dollar depreciated 0.7% against the U.S. dollar, closing the month at 77.6 cents U.S.

### CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-0.2	1.7
S&P 500	-1.9	10.2
MSCI World Ex-Canada Net	-1.6	10.1
FTSE TMX Cda Universe Bond	0.8	1.4
91 Day T-Bills	0.1	0.8

### CURRENT ASSET MIX (%)



### INVESTMENT MANAGERS

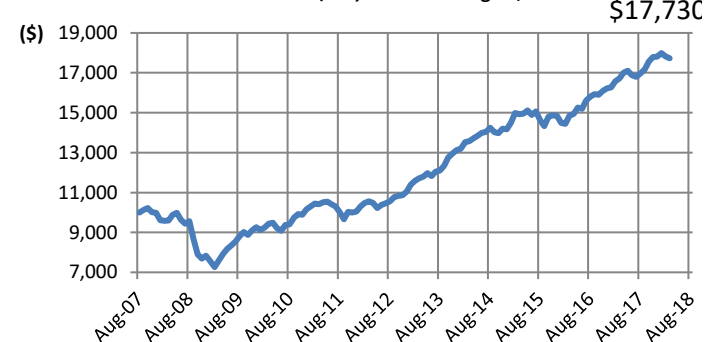
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
<b>Canadian Equity 20.0</b>		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
<b>Global Equity 33.0</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)

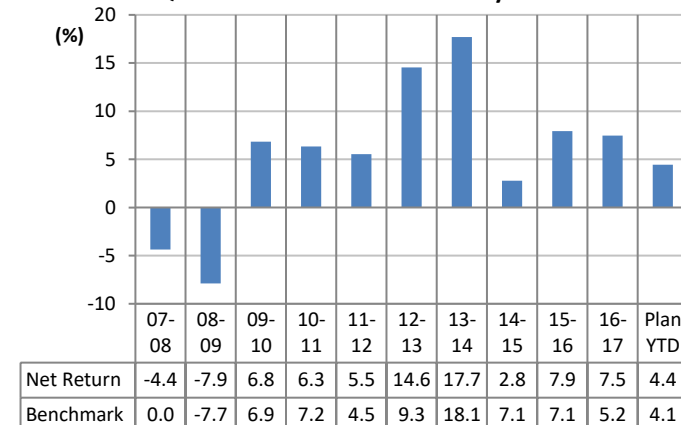
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	-0.6	6.0	6.9	6.3
Benchmark <sup>2</sup>	-0.3	4.8	7.5	6.1
Excess Return	-0.3	1.2	-0.6	0.2

<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>



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