

Queen's Pension Plan

Monthly Report



May 2018

FUND DETAILS

Total Assets (\$Mil)	2,105
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 1.4% net of fees in May, bringing the cumulative net return for the 2017-18 plan year to 6.3%.

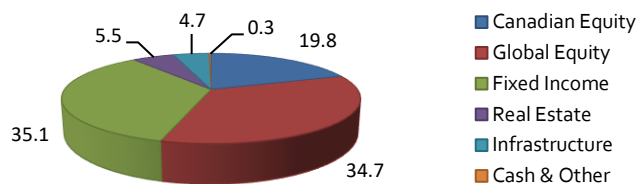
North American equity markets continued to grow in May on the positive momentum of strong Q1 2018 earnings, despite the trade tensions over further U.S. tariffs and global political strain. The S&P/TSX Composite Index advanced 3.1%. Primary contributors were Health Care, Technology, and Machinery & Equipment, while the worst performers included Utilities, Financial Services, and Consumer Staples. In the U.S., the S&P 500 advanced 2.4% (3.6% in Canadian dollar terms) with the top performers being Technology, Energy, and Machinery & Equipment. Global equity markets were weak, especially European and emerging markets. The MSCI EAFE Index declined 0.9% and the MSCI Emerging Market Index fell 2.4% in Canadian dollar terms.

The FTSE/TMX Canada Universe Bond Index appreciated 0.8% in May as bond yields declined slightly. Ten year Canadian yields decreased 7 basis points to 2.23% while two year yields were relatively flat, advancing 1 basis point to 1.90%. The Provincial sector of the index advanced 1.2%, whereas the Federal and Corporate sectors increased 0.6% each. The Canadian dollar depreciated 0.9% against the U.S. dollar, closing the month at 77.2 cents U.S.

CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	3.1	7.8
S&P 500	3.6	9.9
MSCI World Ex-Canada Net	1.8	7.1
FTSE TMX Cda Universe Bond	0.8	-1.0
91 Day T-Bills	0.1	0.8

CURRENT ASSET MIX (%)



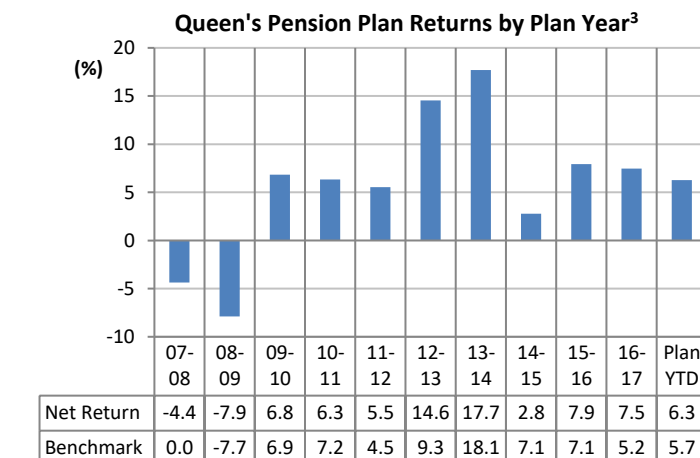
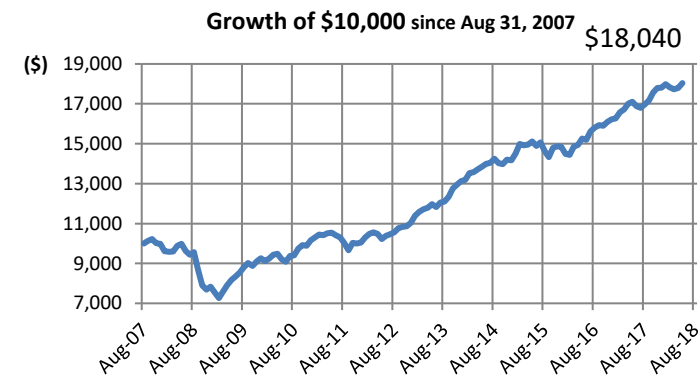
INVESTMENT MANAGERS

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 (Infrastructure)	Dow Jones Brookfield Global Infra.	5.0

PERFORMANCE ANALYSIS (NET)

Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	1.4	5.5	6.8	6.1
Benchmark ²	1.3	3.4	7.2	5.8
Excess Return	0.1	2.1	-0.4	0.3

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



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