

# Queen's Pension Plan

## Monthly Report



August 2018

### FUND DETAILS

Total Assets (\$Mil)	2,139
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 August, resulting in a cumulative net return for the 2017-18 plan year of 8.6%.

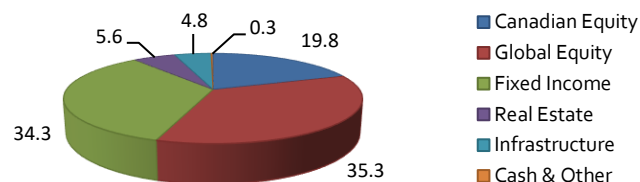
U.S. equities continued to outperform global markets in August, supported by a strong economy and robust corporate earnings. The S&P/TSX Composite Index declined 0.8%, but still outstripped most European and emerging markets. Top performers were Health Care, Technology, and Real Estate, while Materials, Energy and Consumer Discretionary detracted. In the U.S., the S&P 500 advanced 3.3% (3.4% in Canadian dollar terms). Technology, Consumer Discretionary, and Health Care performed the best, whereas Energy, Materials and Machinery & Equipment detracted. Global equity markets, especially emerging, posted negative returns, impacted by the deepening Turkish currency crisis and China's tariff escalation with the U.S. The MSCI EAFE Index and the MSCI Emerging Market Index declined 1.8% and 2.5% in Canadian dollar terms, respectively.

The FTSE/TMX Canada Universe Bond Index advanced 0.8% in August as bond yields declined. Ten year Canadian yields decreased 9 basis points to 2.22%, while two year yields closed the month relatively flat at 2.06%. The Corporate and Provincial sectors of the Index each advanced 0.8%, and the Federal sector rose 0.6%. The Canadian dollar depreciated 0.3% against the U.S. dollar, closing the month at 76.6 cents U.S.

### CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-0.8	10.1
S&P 500	3.4	24.5
MSCI World Ex-Canada Net	1.5	17.9
FTSE TMX Cda Universe Bond	0.8	1.3
91 Day T-Bills	0.1	1.1

### CURRENT ASSET MIX (%)



### INVESTMENT MANAGERS

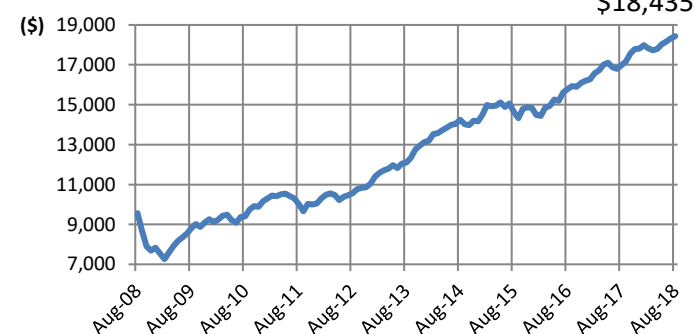
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
<b>Canadian Equity 20.0</b>		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
<b>Global Equity 33.0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

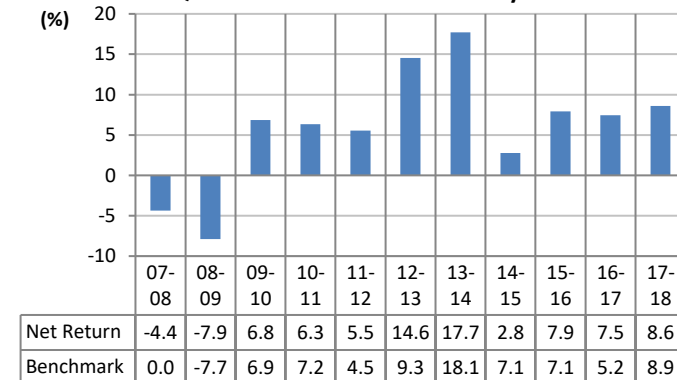
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	0.6	8.6	6.7	6.8
Benchmark <sup>2</sup>	1.4	8.9	7.1	6.5
Excess Return	-0.8	-0.3	-0.4	0.3

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

Growth of \$10,000 since Aug 31, 2008



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



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