

Queen's Pension Plan

Monthly Report



September 2018

FUND DETAILS

Total Assets (\$Mil)	2,128
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 -0.4% net of fees in September, which is the first month of 2018-19 plan year.

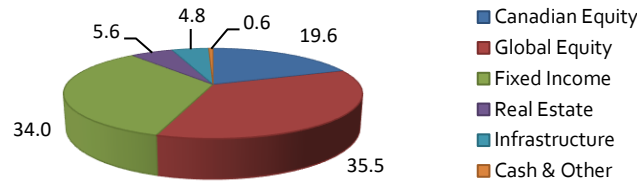
The Canadian equity market lagged in September, with the S&P/TSX Composite Index declining 0.9%. Top performers were Health Care and Industrials, while Consumer Discretionary, Energy and Utilities detracted. In the U.S., the S&P 500 advanced 0.6% (declined 0.3% in Canadian dollar terms). Telecommunications, Health Care, and Energy were top performers, whereas Real Estate, Financials and Materials detracted. Global equity markets posted mixed returns and the MSCI World returned 1.3%. Top performing countries were Norway (+6.4), Austria (+3.1%) and Sweden (+3.0%), whereas Ireland (-3.8%), Portugal (-3.7%) and Denmark (-3.6%) detracted. The MSCI EAFE Index was flat and the MSCI Emerging Market Index declined 1.4% in Canadian dollar terms.

The FTSE/TMX Canada Universe Bond Index declined 1.0% in September as bond yields rose. Two year Canadian yields increased 15 basis points and ten year yields advanced 20 basis points, closing the month at 2.21% and 2.42%, respectively. The Federal and Corporate sectors of the Index each declined 0.8%, and the Provincial sector lost 1.3%. The U.S. Federal Reserve increased its benchmark rate for the third time this year to 2.25% on September 26, 2018. The Canadian dollar appreciated 0.9% against the U.S. dollar, closing the month at 77.3 cents U.S.

CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-0.9	5.9
S&P 500	-0.3	21.9
MSCI World Ex-Canada Net	-0.3	15.3
FTSE TMX Cda Universe Bond	-1.0	1.7
91 Day T-Bills	0.1	1.2

CURRENT ASSET MIX (%)



INVESTMENT MANAGERS

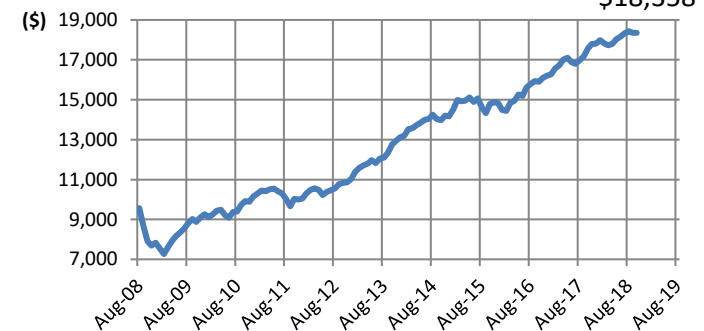
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
Canadian Equity 20.0		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
Global Equity 33.0		
Orbis Investments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

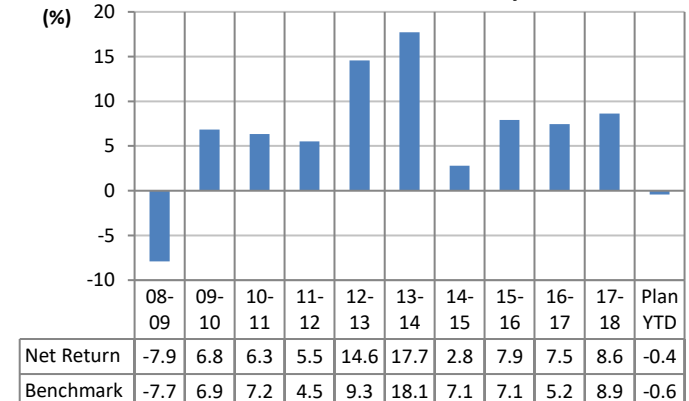
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	-0.4	6.9	7.0	7.8
Benchmark ²	-0.6	7.4	7.2	7.4
Excess Return	0.2	-0.5	-0.2	0.4

² 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 Year³



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