

Queen's Pension Plan

Monthly Report



October 2018

FUND DETAILS

Total Assets (\$Mil)	2,038
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 -4.1% net of fees in October, bringing the cumulative return for the 2018-19 plan year to -4.5%.

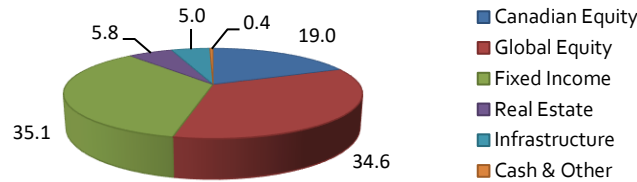
Volatility returned in October with global equities dropping sharply. The Canadian market was no exception as the S&P/TSX Composite Index declined 6.3%. The biggest drags on performance were Health Care, Energy and Technology while Consumer Staples was the best performer. In the U.S., the S&P 500 fared slightly worse, dropping 6.8% (5.4% in Canadian dollar terms). Consumer Discretionary, Energy and Producer Durables were the primary detractors while Consumer Staples was the best performer. Global equities were down uniformly as the MSCI World sank 7.3%. Belgium (-11.7%), Hong Kong (-11.2%) and Sweden (-10.1%) saw the steepest declines while Switzerland (-3.9%), Israel (-6.0%) and Austria (-6.3%) posted the best returns. The MSCI EAFE Index fell 8.0% and the MSCI Emerging Market Index fell 8.7% in Canadian dollar terms.

The FTSE/TMX Canada Universe Bond Index declined 0.6% in October as the Bank of Canada increased its benchmark rate for the third time in 2018. Canadian two-year yields increased 12 basis points while ten-year yields advanced 7 basis points, closing the month at 2.33% and 2.49%, respectively. All subsectors of the Universe fell with Provincials dropping 0.9%, Corporates declining 0.6% and Federal slipping 0.3%. The Canadian dollar depreciated 1.5% against the U.S. dollar, closing the month at 76.1 cents U.S.

CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-6.3	-3.4
S&P 500	-5.4	9.4
MSCI World Ex-Canada Net	-5.9	3.3
FTSE TMX Cda Universe Bond	-0.6	-0.6
91 Day T-Bills	0.1	1.2

CURRENT ASSET MIX (%)



INVESTMENT MANAGERS

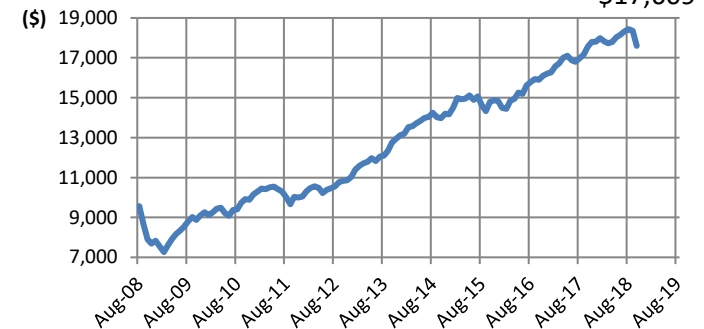
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
Canadian Equity 20.0		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
Global Equity 33.0		
Orbis Investments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

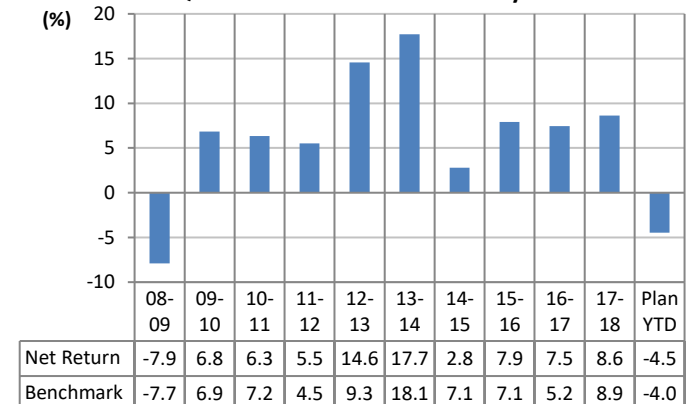
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	-4.1	0.2	5.9	8.3
Benchmark ²	-3.4	0.8	6.2	8.0
Excess Return	-0.7	-0.6	-0.3	0.3

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



	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	Plan YTD
Net Return	-7.9	6.8	6.3	5.5	14.6	17.7	2.8	7.9	7.5	8.6	-4.5
Benchmark	-7.7	6.9	7.2	4.5	9.3	18.1	7.1	7.1	5.2	8.9	-4.0

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