

# Queen's Pension Plan

## Monthly Report



December 2018

### FUND DETAILS

Total Assets (\$Mil)	1,994
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 -2.8% net of fees in December, bringing the cumulative return for the 2018-19 plan year to -6.1%.

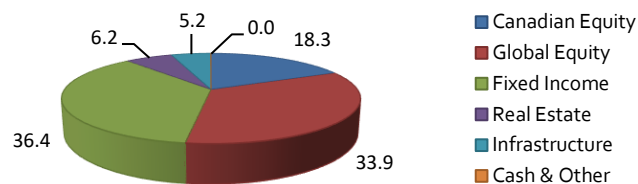
Equity markets experienced a significant sell off in December that wiped out the previous month's gains and sent most global markets into negative territory for the year. The S&P/TSX Composite Index returned -5.4% with 10 out of 11 sectors posting negative returns. The top performing sector was Materials while Health Care, Industrials and Consumer Discretionary detracted the most. In the U.S., the S&P 500 lost 9.0% (6.5% in Canadian dollar terms). Utilities and Materials were the best performers while Energy, Financials and Industrials detracted. Most global equity markets posted negative returns. The MSCI World and MSCI EAFE declined 5.0% and 2.2% in Canadian dollar terms, respectively. The MSCI Emerging Markets index was nearly flat, advancing 0.1% in Canadian dollar terms.

The FTSE/TMX Canada Universe Bond Index advanced 1.4% in December as the yield curve continued to flatten and bond yields decreased. Canadian two-year yields decreased 30 basis points and ten-year yields went down 31 basis points, closing the month at 1.86% and 1.96%, respectively. The Federal sector of the Index gained 1.7%, the Provincial sector advanced 1.3%, and the Corporate sector increased 1.1%. The Canadian dollar depreciated 2.5% against the U.S. dollar, closing the month at 73.3 cents U.S.

### CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-5.4	-8.9
S&P 500	-6.5	4.2
MSCI World Ex-Canada Net	-5.0	-0.2
FTSE TMX Cda Universe Bond	1.4	1.4
91 Day T-Bills	0.2	1.4

### CURRENT ASSET MIX (%)



### INVESTMENT MANAGERS

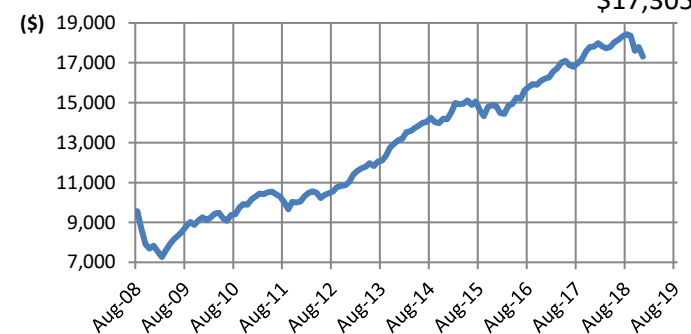
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
<b>Canadian Equity 20.0</b>		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
<b>Global Equity 33.0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

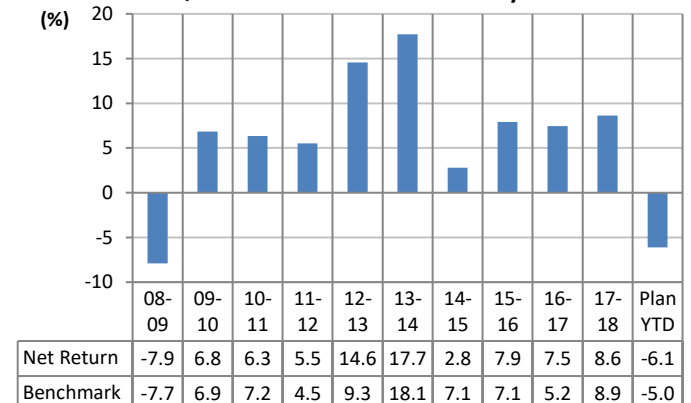
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	-2.8	-2.9	5.1	8.2
Benchmark <sup>2</sup>	-2.3	-0.7	5.3	7.9
Excess Return	-0.5	-2.2	-0.2	0.3

<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>



	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	-6.1
Benchmark	-7.7	6.9	7.2	4.5	9.3	18.1	7.1	7.1	5.2	8.9	-5.0

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