Queen's Pension Plan
Monthly Report

December 2018

FUND DETAILS

Current Asset Mix (%)

Performance Analysis (Net)

Total Assets ($Mil) 1,994
Annualized Returns (%)
1 Month 1 Year 4 Year 10 Year
Total Fees (%) 0.43
-2.8 -2.9 5.1 8.2
Net Return -2.8 -2.9 5.1 8.2
Benchmark 2 -2.3 -0.7 5.3 7.9
Excess Return -0.5 -2.2 -0.2 0.3

Currency Hedging Policy 50% of USD and EUR exposure is hedged to CAD

INVESTMENT MANAGERS

ASSET CLASS/MANAGER BENCHMARK TARGET (%)

Canadian Equity
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
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
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
OMERS (Oxford Properties) FTSE EPRA/NAREIT Developed Index 5.0

Infrastructure
OMERS (Infrastructure) Dow Jones Brookfield Global Infra. 5.0

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

MONTHLY COMMENTARY

INVESTMENT MANAGERS

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.

The Queen's Pension Plan Returns by Plan Year

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

Department of Investment Services