The Queen's Pension Plan (QPP) returned -2.4% net of fees in May, bringing the cumulative return for the 2018-19 plan year to -0.1%. Equity markets sold off, breaking the upward trend that started in January. The S&P/TSX Composite Index returned -3.1% (+13.4% YTD) with 6 out of 11 sectors posting negative returns. Health Care (-13.8%) was the worst performing sector, followed by Consumer Discretionary (-8.5%) and Financials (-4.9%). The top performing sectors were Information Technology (+4.3%), Utilities (+3.5%) and Consumer Staples (+2.7%). In the U.S., the S&P 500 returned -6.4% in May, bringing the YTD return to +10.7% (-5.9% and +9.9% in Canadian dollar terms, respectively). Ten out of 11 sectors posted negative returns with Real Estate the only sector earning a positive return (+1.9%). Most global equity markets, too, posted negative returns. The MSCI Emerging Markets Index dropped 7.2%, the MSCI World Index lost 5.7% and the MSCI EAFE Index shed 4.7% in local currency terms (-6.8%, -5.2% and -4.2% in Canadian dollar terms, respectively).

The FTSE Canada Universe Bond Index advanced 1.7% in May as medium and long-term bond yields dropped, further inverting the Canadian yield curve. Two-year yields decreased 13 basis point to 1.43% and ten-year yields declined 22 basis points to 1.49%. The Provincial sector of the Index gained 2.3%, Federal advanced 1.4% and the Corporate sector rose 1.3%. The Canadian dollar depreciated 0.8% against the U.S. dollar, closing the month at 73.9 cents U.S.

The Queen's Pension Plan Returns by Plan Year

Department of Investment Services

Plan Year is from September 1st to August 31st

1 Excluding performance-based fees
2 Calculated as the target-weighted average of investment manager benchmarks

15.8
1.5
0.2
4.9
5.8
15.8
33.8

39.5

Canadian Equity
Global Equity
Fixed Income
Real Estate
Infrastructure
Cash & Other

INVESTMENT MANAGERS

ASSET CLASS/MANAGER
Canadian Equity
Global Equity
Fixed Income
Real Estate
Infrastructure
Cash & Other

BENCHMARK
S&P/TSX Composite Index
MSCI ACWI Net Index
MSCI World Ex-Canada Net
MSCI World Ex-Canada
FTSE Canada Universe Bond
FTSE Canada Universe Bond
FTSE Canada Universe Bond
FTSE Canada Universe Bond
FTSE EPRA/NAREIT Developed Index
Dow Jones Brookfield Global Infra.

TARGET (%) 20.0

INVESTMENT MANAGERS

Canadian Equity
Burgundy Asset Management
Connor, Clark & Lunn
TD Asset Management
Letko, Brosseau & Associates

GLOBAL EQUITY
Orbis Investments
State Street Global Advisors
Letko, Brosseau & Associates

Fixed Income
PIMCO
Connor, Clark & Lunn
TD Asset Management
Sun Life Investment Mgmt
Letko, Brosseau & Associates
Integrated Private Debt

Real Estate
OMERS (Oxford Properties)
OMERS (Infrastructure)

Performance Analysis (Net)

QUALIFIED BENEFICIARIES

NET RETURN
-2.4
2.1
5.1
8.5

BENCHMARK
-0.5
6.6
5.5
8.4

EXCESS RETURN
-1.9
-4.5
-0.4
0.1

Capital Market Returns (% in CAD)

<table>
<thead>
<tr>
<th>Asset Class/Manager</th>
<th>One Month</th>
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</tr>
<tr>
<td>91 Day T-Bills</td>
<td>0.1</td>
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Fixed Income
PIMCO
Connor, Clark & Lunn
TD Asset Management
Sun Life Investment Mgmt
Letko, Brosseau & Associates
Integrated Private Debt

Real Estate
OMERS (Oxford Properties)
OMERS (Infrastructure)

Department of Investment Services

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