

Queen's Pension Plan

Monthly Report



May 2019

FUND DETAILS

Total Assets (\$Mil)	2,106
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 -2.4% net of fees in May, bringing the cumulative return for the 2018-19 plan year to -0.1%.

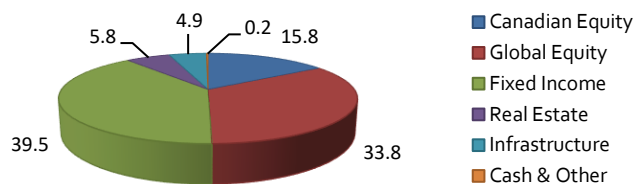
Equity markets sold off, breaking the upward trend that started in January. The S&P/TSX Composite Index returned -3.1% (+13.4% YTD) with 6 out of 11 sectors posting negative returns. Health Care (-13.8%) was the worst performing sector, followed by Consumer Discretionary (-8.5%) and Financials (-4.9%). 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.

CAPITAL MARKET RETURNS (%) in CAD

	1 Month	1 Year
S&P/TSX Composite Index	-3.1	3.0
S&P 500	-5.9	8.2
MSCI World Ex-Canada Net	-5.4	4.0
FTSE Canada Universe Bond	1.7	7.0
91 Day T-Bills	0.1	1.6

CURRENT ASSET MIX (%)



INVESTMENT MANAGERS

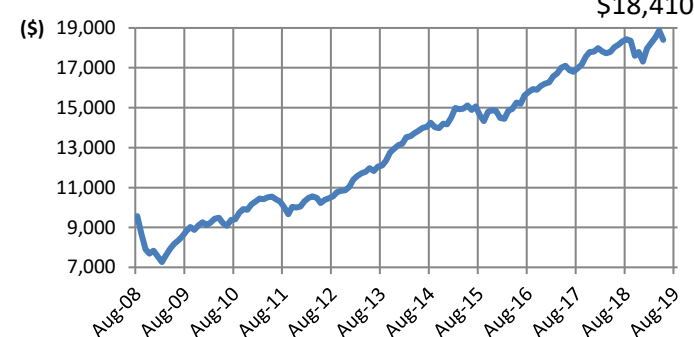
ASSET CLASS/MANAGER	BENCHMARK	TARGET (%)
Canadian Equity 20.0		
Burgundy Asset Management	S&P/TSX Composite Index	8.7
Connor, Clark & Lunn	S&P/TSX Composite Index	4.4
TD Asset Management	S&P/TSX Composite Index	4.4
Letko, Brosseau & Associates	S&P/TSX Composite Index	2.6
Global Equity 33.0		
Orbis Investments	MSCI ACWI Net 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 Canada Universe Bond	8.0
Connor, Clark & Lunn	FTSE Canada Universe Bond	7.0
TD Asset Management	FTSE Canada Universe Bond	7.0
Sun Life Investment Mgmt	FTSE Canada Corporate Universe Bond	6.0
Letko, Brosseau & Associates	FTSE Canada Universe Bond	5.0
Integrated Private Debt	FTSE 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)

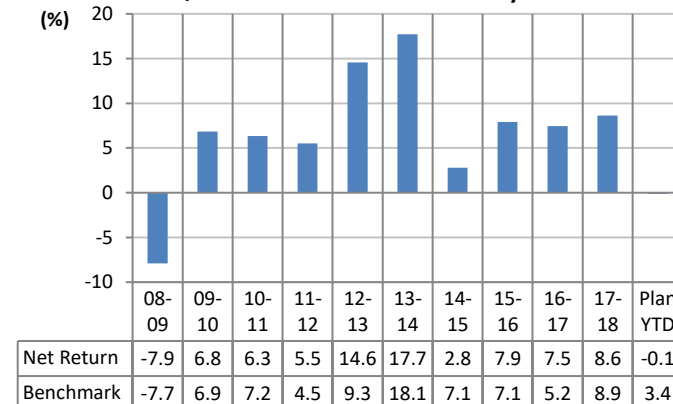
Annualized Returns (%)	1 Month	1 Year	4 Year	10 Year
Net Return	-2.4	2.1	5.1	8.5
Benchmark ²	-0.5	6.6	5.5	8.4
Excess Return	-1.9	-4.5	-0.4	0.1

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