Queen's Pension Plan
Monthly Report

June 2019

FUND DETAILS

Total Assets ($Mil) 2,144
Total Fees (%) 0.43
Currency Hedging Policy 50% of USD and EUR

INVESTMENT MANAGERS

ASSET CLASS/MANAGER BENCHMARK TARGET (%)

Canadian Equity 16.0
Burgundy Asset Management S&P/TSX Composite Index 4.7
Connor, Clark & Lunn S&P/TSX Composite Index 4.4
TD Asset Management S&P/TSX Composite Index 3.4
Letko, Brosseau & Associates S&P/TSX Composite Index 3.6

Global Equity 37.0
Orbis Investments MSCI ACWI Net Index 10.0
State Street Global Advisors MSCI World Ex-Canada Net 27.0

Fixed Income 37.0
PIMCO FTSE Canada Universe Bond 10.0
Connor, Clark & Lunn FTSE Canada Universe Bond 9.5
TD Asset Management FTSE Canada Universe Bond 9.5
Sun Life Investment Mgmt FTSE Canada Corporate Universe Bond 6.0
Integrated Private Debt FTSE Canada Universe Bond 2.0

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

MONTHLY COMMENTARY

The Queen’s Pension Plan (QPP) returned 1.9% net of fees in June, bringing the cumulative return for the 2018-19 plan year to 1.8%.

Equity markets rebounded after the May sell off. The S&P/TSX Composite Index returned 2.5% (+16.2% YTD) with 8 out of 11 sectors posting positive returns. The top performing sectors were Materials (+13.0%), Consumer Discretionary (+6.8%) and Health Care (+3.1%). Consumer Staples (-1.8%), Energy (-1.7%) and Telecommunications (-1.2%) detracted. In the U.S., the S&P 500 returned 7.1% in June, bringing the YTD return to +18.5% (+3.5% and +13.9% in Canadian dollar terms, respectively). Nine out of 11 sectors posted positive returns with Real Estate (-1.5%) and Utilities (0.0%) the only exceptions. Most global equity markets, too, posted positive returns. The MSCI World Index gained 6.6%, the MSCI Emerging Markets Index rose 6.3% and the MSCI EAFE Index advanced 6.0% in local currency terms (+3.1%, +2.8% and +2.4% in Canadian dollar terms, respectively).

The FTSE Canada Universe Bond Index returned 0.9% in June as long-term rates declined and the Canadian yield curve flattened. Two-year yields increased 4 basis points to 1.47% and ten-year yields declined 3 basis points to 1.46%. The Provincial sector of the Index gained 1.4%, Corporates advanced 1.1% and the Federal sector rose 0.3%. The Canadian dollar appreciated 3.4% against the U.S. dollar, closing the month at 76.4 cents U.S.

CAPITAL MARKET RETURNS (% in CAD

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>1 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Composite Index</td>
<td>2.5</td>
<td>3.9</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>3.5</td>
<td>9.7</td>
</tr>
<tr>
<td>MSCI World Ex-Canada Net</td>
<td>3.1</td>
<td>5.7</td>
</tr>
<tr>
<td>FTSE Canada Universe Bond</td>
<td>0.9</td>
<td>7.4</td>
</tr>
<tr>
<td>91 Day T-Bills</td>
<td>0.1</td>
<td>1.6</td>
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</table>

PERFORMANCE ANALYSIS (NET)

<table>
<thead>
<tr>
<th>Annualized Returns (%)</th>
<th>1 Month</th>
<th>1 Year</th>
<th>4 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Return</td>
<td>1.9</td>
<td>3.3</td>
<td>6.0</td>
<td>8.4</td>
</tr>
<tr>
<td>Benchmark</td>
<td>1.9</td>
<td>7.5</td>
<td>6.4</td>
<td>8.4</td>
</tr>
<tr>
<td>Excess Return</td>
<td>0.0</td>
<td>-4.2</td>
<td>-0.4</td>
<td>0.0</td>
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</table>

³ 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

Department of Investment Services