The Queen's Pension Plan (QPP) returned 0.3% net of fees in August, bringing the total return for the 2018-19 plan year to 2.3%.

Most equity markets posted negative returns in August. The Canadian equity market stood out - the S&P/TSX Composite Index returned 0.4% (+17.1% YTD) with 7 out of 11 sectors posting positive returns. The top performing sectors were Information Technology (+7.7%), Materials (+5.8%) and Utilities (+4.8%). Health Care (-13.0%), Financials (-2.6%) and Industrials (-1.1%) detracted. In the U.S., the S&P 500 returned -1.6% in July, bringing the YTD return down to +18.3% (-0.4% and +15.1%, respectively, in Canadian dollar terms). Energy (-7.0%), Financials (-3.8%) and Materials (-1.7%) were the worst performers, whereas Utilities (+6.3%), Real Estate (+6.0%) and Consumer Staples (+2.9%) added value. Outside North America, the MSCI Emerging Markets Index dropped 4.9%, the MSCI EAFE Index lost 2.6% and the MSCI World Index declined 2.0% in local currency terms (-3.7%, -1.4% and -0.6% in Canadian dollar terms, respectively).

The FTSE Canada Universe Bond Index returned 1.9% in August as bond yields declined sharply and the Canadian yield curve further inverted. Two-year yields fell 20 basis points to 1.35% and ten-year yields dropped 33 basis points to 1.16%. The Provincial sector of the Index gained 2.5%, the Federal sector advanced 2.1% and the Corporate sector grew 1.2%. The Canadian dollar depreciated 1.1% against the U.S. dollar, closing the month at 75.2 cents U.S.