The Queen’s Pension Plan (QPP) returned 0.8% net of fees in September, which is the first month of the plan year. Equity markets were generally positive in September. The S&P/TSX Composite Index returned 1.7% (+19.1% YTD) with 5 out of 11 sectors posting positive returns. The top performing sectors were Financials (+6.8%), Energy (+5.6%) and Utilities (+3.3%). Health Care (-7.3%), Materials (-7.3%) and Information Technology (-7.1%) were the biggest detractors. In the U.S., the S&P 500 returned 1.9% in September, bringing the YTD return to +20.6% (+1.5% and +16.9%, respectively, in Canadian dollar terms). Financials (+4.2%), Utilities (+3.9%) and Energy (+3.4%) were the best performers, whereas Health Care (-0.6%) was the sole detractor. Outside North America, the MSCI EAFE Index returned 2.9%, the MSCI World Index gained 2.2% and the MSCI Emerging Markets Index advanced 1.9% in local currency terms (+2.5%, +1.8% and +1.6% in Canadian dollar terms, respectively).

The U.S. Federal Reserve cut the target interest rate by 25 basis points to 2.00% in September, whereas the Bank of Canada kept its overnight rate unchanged. The FTSE Canada Universe Bond Index returned -0.8% in September as bond yields increased. Two-year yields advanced 23 basis points to 1.58% and ten-year yields added 21 basis points to 1.37%. The Provincial sector of the Index decreased 1.0%, the Federal sector lost 0.9% and the Corporate sector declined 0.5%. The Canadian dollar appreciated 0.4% against the U.S. dollar, closing the month at 75.5 cents U.S.

**Capital Market Returns (%) in CAD**

- **S&P/TSX Composite Index**: +1.7% (+7.1% YTD)
- **S&P 500**: +1.5% (+6.8% YTD)
- **MSCI World Ex-Canada Net**: +1.8% (+4.3% YTD)
- **FTSE Canada Universe Bond**: -0.8% (+9.7% YTD)
- **91 Day T-Bills**: +0.1% (+1.7% YTD)

**FUND DETAILS**

- **Total Assets ($Mil)**: 2,166
- **Total Fees (%)**: 0.43
- **Currency Hedging Policy**: 50% of USD and EUR exposure is hedged to CAD

**Performance Analysis (Net)**

<table>
<thead>
<tr>
<th>Asset Class/Manager</th>
<th>Benchmark</th>
<th>Target (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canadian Equity</strong></td>
<td>S&amp;P/TSX Composite Index</td>
<td>16.0</td>
</tr>
<tr>
<td>Burgundy Asset Management</td>
<td></td>
<td>4.7</td>
</tr>
<tr>
<td>Connor, Clark &amp; Lunn</td>
<td>S&amp;P/TSX Composite Index</td>
<td>4.4</td>
</tr>
<tr>
<td>TD Asset Management</td>
<td>S&amp;P/TSX Composite Index</td>
<td>3.4</td>
</tr>
<tr>
<td>Letko, Brosseau &amp; Associates</td>
<td>S&amp;P/TSX Composite Index</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Global Equity</strong></td>
<td>MSCI ACWI Net Index</td>
<td>37.0</td>
</tr>
<tr>
<td>Orbis Investments</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td>State Street Global Advisors</td>
<td>MSCI World Ex-Canada Net</td>
<td>32.0</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td>FTSE Canada Universe Bond</td>
<td>37.0</td>
</tr>
<tr>
<td>PIMCO</td>
<td>FTSE Canada Universe Bond</td>
<td>10.0</td>
</tr>
<tr>
<td>Connor, Clark &amp; Lunn</td>
<td>FTSE Canada Universe Bond</td>
<td>9.5</td>
</tr>
<tr>
<td>TD Asset Management</td>
<td>FTSE Canada Universe Bond</td>
<td>9.5</td>
</tr>
<tr>
<td>Sun Life Investment Mgmt</td>
<td>FTSE Canada Corporate Universe Bond</td>
<td>6.0</td>
</tr>
<tr>
<td>Integrated Private Debt</td>
<td>FTSE Canada Universe Bond</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>FTSE EPRA/NAREIT Developed Index</td>
<td>5.0</td>
</tr>
<tr>
<td>OMERS (Oxford Properties)</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>Dow Jones Brookfield Global Infra.</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**Canadian Equity**

- **Annualized Returns (%)**
  - **1 Month**: 0.8%
  - **1 Year**: 3.6%
  - **4 Year**: 7.3%
  - **10 Year**: 7.7%

**Benchmark**

- **1 Month**: 0.6%
- **1 Year**: 7.6%
- **4 Year**: 7.5%
- **10 Year**: 7.8%

**Excess Return**

- **1 Month**: 0.2%
- **1 Year**: -4.0%
- **4 Year**: -0.2%
- **10 Year**: -0.1%

**INVESTMENT MANAGERS**

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

- **Global Equity**
  - **Orbis Investments**
  - **State Street Global Advisors**

- **Fixed Income**
  - **PIMCO**
  - **Connor, Clark & Lunn**
  - **TD Asset Management**
  - **Sun Life Investment Mgmt**
  - **Integrated Private Debt**

- **Real Estate**
  - **OMERS (Oxford Properties)**

- **Infrastructure**
  - **OMERS (Infrastructure)**

**Currency Hedging Policy**

50% of USD and EUR exposure is hedged to CAD

**Plan Year**

Plan Year is from September 1st to August 31st