

# Queen's Pension Plan

## Quarterly Investment Report



March 2019

### CAPITAL MARKETS

Returns on investments in the various markets can be measured against a series of well-established indices. Index returns (in C\$) for the 3-month and 12-month periods ending March 31, 2019 are as follows:

	3 Months (%)	1 Year (%)
S&P/TSX (Canadian Stocks)	13.3	8.1
MSCI World (Global Stocks ex Can Net)	9.9	7.8
FTSE TMX Universe (Canada Bonds)	3.9	5.3
91 Day T-Bills (Treasury Bills)	0.4	1.5

### POLICY ASSET MIX

The policy asset mix has been developed by the Pension Committee of the Board of Trustees. This is a long-term strategy mix which is used as a "benchmark" when measuring performance.

The March 31, 2019 market value of the Queen's Pension Plan (QPP) is approximately \$2.1 billion and can be broken down as follows:

Asset Class	Policy Mix (%)	Current Mix (%)
Canadian Equities	20.0	19.3
Global Equities (ex-Canada)	33.0	34.4
Fixed Income/Cash	37.0	35.5
Real Estate	5.0	5.7
Infrastructure	5.0	4.8
Cash & Other	0.0	0.4

### PERFORMANCE OF QPP

#### Relative to Other Pension Plans

The QPP returned 7.0% for the quarter. The four-year return of 6.0% was above the median of BNY Mellon's universe of Canadian pension funds and the ten-year return of 9.8% was in line with the median. The quartile breaks for BNY Mellon's universe are as follows:

	3 Mo	1 Yr	4 Yr	10 Yr
1 <sup>st</sup> Quartile (%)	7.7	7.1	6.4	10.3
Median (%)	7.0	6.3	5.7	9.8
3 <sup>rd</sup> Quartile (%)	6.3	5.2	5.0	8.9

#### Relative to the Benchmark

The fund's long-term performance has been strong, with its 15-year return outperforming the benchmark.

	3 Mo	1 Yr	4 Yr	10 Yr	15 Yr
Fund Return (%)	7.0	4.8	6.0	9.8	7.2
Benchmark (%)	7.3	6.5	5.4	9.0	6.6
Excess Return (%)	-0.3	-1.7	0.6	0.8	0.6

*Note: returns for periods of one year and less are for the actual period; returns for four years, ten years, and fifteen years are annualized. Returns are reported gross of fees.*

### QUARTERLY COMMENTARY

- Following the sell-off of Q4 2018, the Canadian equity market bounced back in Q1 with the S&P/TSX soaring 13.3%. All eleven sectors of the index posted significant positive returns. The top performing sectors were Health Care (+49.1%) and Technology (+25.3%). Materials (+8.5%) was the worst performing sector.

- The Bank of Canada held overnight interest rate constant at both meetings in Q1. The FTSE/TMX Canada Universe Bond Index advanced 3.9% as bond yields fell across the yield curve. The 2-year and 10-year yields decreased 31 and 34 basis points to 1.55% and 1.62%, respectively.

- U.S. equity markets rebounded strongly with the S&P 500 advancing 13.7% in U.S. dollar terms. All 11 sectors of the index posted positive returns, with Technology (+19.9%) and Real Estate (+17.5%) taking the lead. Outside the U.S., major global equity markets posted positive returns. MSCI Europe Index returned 11.7% and MSCI Emerging Markets Index gained 9.9%.

- Approximately 50% of the QPP's USD and Euro exposure is hedged to Canadian dollars. The Canadian dollar appreciated against the U.S. dollar in Q1, closing the quarter at 74.8 cents U.S., up 2.1% from the December 31, 2018 closing value of 73.3 cents U.S.