

Queen's Pension Plan

Quarterly Investment Report



June 2020

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 June 30, 2020 are as follows:

	3 Months (%)	1 Year (%)
S&P/TSX (Canadian Stocks)	17.0	-2.2
MSCI World (Global Stocks ex Can Net)	14.2	7.6
FTSE Canada Universe (Canada Bonds)	5.9	7.9
91 Day T-Bills (Treasury Bills)	0.1	1.6

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 June 30, 2020 market value of the Queen's Pension Plan (QPP) was approximately \$2.2 billion and can be broken down as follows:

Asset Class	Policy Mix (%)	Current Mix (%)
Canadian Equities	16.0	15.0
Global Equities (ex-Canada)	37.0	38.5
Fixed Income	37.0	35.9
Real Estate	5.0	5.2
Infrastructure	5.0	4.8
Cash & Other	0.0	0.6

PERFORMANCE OF QPP

Relative to Other Pension Plans

The QPP returned 10.5% for the quarter, placing above the median of BNY Mellon's universe of Canadian pension funds. The quartile breakdown was as follows:

	3 Mo	1 Yr	4 Yr	10 Yr
1 st Quartile (%)	11.4	8.1	7.9	9.2
Median (%)	9.2	5.1	7.0	8.6
3 rd Quartile (%)	7.9	2.9	6.2	7.9

Relative to the Benchmark

The fund's long-term performance has been strong, with its 10-year and 15-year returns outperforming the benchmark.

	3 Mo	1 Yr	4 Yr	10 Yr	15 Yr
Fund Return (%)	10.5	3.7	6.7	8.4	6.6
Benchmark (%)	10.2	5.8	7.3	8.2	6.5
Excess Return (%)	0.3	-2.1	-0.6	0.2	0.1

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

- Stock markets rebounded across the globe as investors looked past dire forecasts to bet on a quick recovery. In Canada, the S&P/TSX surged 17.0% with 10 out of 11 sectors of the index posting positive returns. The best performers were Information Technology (+68.3%), Materials (+42.0%) and Consumer Discretionary (+32.8%). Telecommunications (-1.0%) was the only sector to post a negative return.

- The FTSE Canada Universe Bond Index advanced 5.9% as bond yields continued to decline. The 2-year yield decreased 14 basis points to 0.28% and the 10-year yield fell 19 basis points to 0.52%.

- U.S. equities, as represented by S&P 500, skyrocketed 20.5% in Q2 and all 11 sectors of the index posted positive returns. Consumer Discretionary (+32.9%), Technology and Energy (+30.5% each) were the best performers. Outside the U.S., major global equity markets also posted significant gains. The MSCI World Index climbed 18.7%, the MSCI Emerging Markets Index gained 16.9% and the MSCI EAFE Index rose 12.8%.

- 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 Q2, closing the quarter at 73.4 cents U.S., up 4.1% from the March 31, 2020 closing value of 70.5 cents U.S.