

Queen's Pension Plan

Quarterly Investment Report



September 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 September 30, 2020 are as follows:

	3 Months (%)	1 Year (%)
S&P/TSX (Canadian Stocks)	4.7	0.0
MSCI World (Global Stocks ex Can Net)	5.9	11.9
FTSE Canada Universe (Canada Bonds)	0.4	7.1
91 Day T-Bills (Treasury Bills)	0.1	1.3

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 September 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	15.3
Global Equities (ex-Canada)	37.0	39.1
Fixed Income	37.0	35.4
Real Estate	5.0	5.1
Infrastructure	5.0	4.7
Cash & Other	0.0	0.3

PERFORMANCE OF QPP

Relative to Other Pension Plans

The QPP returned 3.9% for the quarter, placing in the first quartile 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 (%)	3.8	8.8	7.7	8.7
Median (%)	3.1	6.7	6.7	8.2
3 rd Quartile (%)	2.3	5.1	5.9	7.4

Relative to the Benchmark

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

	3 Mo	1 Yr	4 Yr	10 Yr	15 Yr
Fund Return (%)	3.9	6.3	6.5	8.0	6.5
Benchmark (%)	3.2	7.6	7.0	7.8	6.4
Excess Return (%)	0.7	-1.3	-0.5	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

- North American equity markets continued to rebound during the quarter, propelled by positive economic data and rapid progress in producing COVID-19 vaccines. In Canada, the S&P/TSX returned 4.7% with 9 out of 11 sectors of the index posting positive returns. Industrials were the top performers, advancing 13.6%, while Health Care fell 14.3% and Energy lost 8.1% in the quarter.

- The FTSE Canada Universe Bond Index gained 0.4% as bond yields remained near historic lows. The Canadian yield curve steepened slightly as the 2-year yields declined 5 basis points to 0.25% and the 10-year yields gained 3 basis points to 0.57%.

- U.S. equities, as represented by the S&P 500, advanced 8.9% in Q3 and 10 out of 11 sectors of the index posted positive returns. Consumer Discretionary (+15.1%) and Materials (+13.3%) were the best performers. Outside the U.S., major global equity markets also posted positive returns. The MSCI Emerging Markets Index climbed 8.8%, the MSCI World Index gained 6.8% and the MSCI EAFE Index rose 1.3% in local currency terms.

- Approximately 50% of the QPP's USD and Euro exposure is hedged to Canadian dollars. The Canadian dollar appreciated against the U.S. dollar over the quarter, closing September at 75.0 cents U.S., up 2.2% from the June 30, 2020 closing value of 73.4 cents U.S.