

Queen's Pension Plan

Quarterly Investment Report



June 2021

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, 2021 are as follows:

	3 Months (%)	1 Year (%)
S&P/TSX (Canadian Stocks)	8.5	33.9
MSCI World (Global Stocks ex Can Net)	6.1	26.2
FTSE Canada Universe (Canada Bonds)	1.7	-2.4
91 Day T-Bills (Treasury Bills)	0.0	0.2

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, 2021 market value of the Queen's Pension Plan (QPP) was approximately \$2.6 billion and can be broken down as follows:

Asset Class	Policy Mix (%)	Current Mix (%)
Canadian Equities	16.0	17.9
Global Equities (ex-Canada)	37.0	38.9
Fixed Income	37.0	32.8
Real Estate	5.0	4.7
Infrastructure	5.0	4.4
Cash & Other	0.0	1.3

PERFORMANCE OF QPP

Relative to Other Pension Plans

The QPP returned 4.8% for the quarter, placing it in the first quartile of BNY Mellon's universe of Canadian pension funds. The QPP's one-year return of 19.8% was also in the first quartile. The quartile breakdown was as follows:

	3 Mo	1 Yr	4 Yr	10 Yr
1 st Quartile (%)	4.8	17.4	8.9	9.2
Median (%)	4.4	15.0	8.1	8.7
3 rd Quartile (%)	3.7	9.1	6.7	7.9

Relative to the Benchmark

The fund's short-term and long-term performance has been in line with the benchmark, outperforming it across all reported return periods.

	3 Mo	1 Yr	4 Yr	10 Yr	15 Yr
Fund Return (%)	4.8	19.8	8.6	8.8	7.3
Benchmark (%)	4.4	13.9	8.3	8.2	6.9
Excess Return (%)	0.4	5.9	0.3	0.6	0.4

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

- Equity markets reached all-time highs during the second quarter, driven by the robust economic recovery reaffirmed by solid corporate earnings, and continuing growth in oil prices. In Canada, the S&P/TSX returned 8.5% with nine out of 11 sectors posting positive returns. Information Technology (+23.0%) was the top performing sector, followed by Energy (+12.6%) and Real Estate (+9.9%).

- The FTSE Canada Universe Bond Index returned 1.7% in Q2 as the Canadian yield curve flattened. Ten-year yields decreased 16 basis points to 1.39% while 2-year bond yields doubled, reaching 0.45%.

- U.S. equities, as represented by the S&P 500, returned 8.5% in Q2 (+6.9% in Canadian dollar terms). Ten out of 11 sectors posted positive returns. Outside the U.S., major global equity markets also posted gains. The MSCI World Index advanced 7.7%, the MSCI EAFE Index gained 5.0% and the MSCI Emerging Markets Index rose 3.9% 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 June at 80.7 cents U.S., up 1.5% from the March 31, 2021 closing value of 79.5 cents U.S.