

PUBLIC SECTOR PENSION INVESTMENT BOARD REPORTS FISCAL 2002 RESULTS

MONTREAL, August 21, 2002 – The Public Sector Pension Investment Board (PSP Investments) released its second fiscal year financial results today. For the fiscal year 2002 ending March 31st, 2002, PSP Investments reported an income of \$146.8 million and a rate of return of 2.73%.

During fiscal year 2002, PSP Investments received \$3.0 billion in net contributions from the Federal Public Service, Canadian Forces and Royal Canadian Mounted Police pension plans. Total net assets of the three plans as of fiscal 2002 year-end were \$5.6 billion compared with \$2.7 billion a year earlier.

“We are happy to have produced positive results in a difficult market environment,” commented Adel Sarwat, PSP Investments President and CEO, “while making good on our commitment to commence implementation of “active” investment management.”

PSP Investments began implementation of active investment management during the second half of fiscal year 2002. This is being done through an in-house team of portfolio managers as well as external investment managers. At the end of fiscal year 2002, 31.4% of total assets were managed actively. Active management refers to investments that do not have to track a specified market index.

Active management of Canadian equities became possible following a change in the regulations governing PSP Investments that went into effect in October 2001.

“We are putting together a team of experts with proven capabilities in their respective fields.” said Adel Sarwat, President and CEO.

At the end of fiscal year 2002, 35% of total assets were invested in Canadian equities, 30% in foreign equities and 35% in fixed income and cash equivalent securities. Also 70.4% of the assets represented assets of the Public Service pension plan, 21.9% assets of the Canadian Forces pension plan and 7.7% assets of the Royal Canadian Mounted Police pension plan.

The Public Sector Pension Investment Board is a Crown corporation created to invest in capital markets the net contributions received after April 1, 2000 from the pension plans of the Federal Public Service, Canadian Forces and Royal Canadian Mounted Police. It operates at arm’s length from the Federal government. Its statutory objectives are to manage the funds entrusted to it in the best interests of the contributors and beneficiaries of the plans and to maximize investment returns without undue risk of loss. Headquartered in Ottawa, PSP Investments maintains its principal business office in Montreal.

Annual Report, financial statements and supporting documents available at www.investpsp.ca

Source:

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