

Annual Public Meeting

- Presented by the Public Sector Pension Investment Board (PSP)
- Ottawa, November 19, 2019

Martin Glynn – *Chairman of the Board*
Neil Cunningham – *President and Chief Executive Officer*

PSP

Welcome & Governance Overview

— Martin Glynn, Chairman of the Board

Public Sector Pension Plans: stakeholders

Pension Advisory Committees

Public Service

Canadian Forces

RCMP

Composed of representatives of the employer and active and retired plan members appointed by the respected Ministers. Provides advice and assistance to their respective Ministers on matters affecting the operation of their Superannuation Acts.

Plan members



Contributions



Benefits

Government of Canada

President of the Treasury Board

Responsible for Public Service Pension Plan accounts and for the funding and overarching policy of all four plans

Minister of Public Safety and Emergency Preparedness

Responsible for RCMP Pension Plan account

Minister of National Defence

Responsible for Canadian Forces and Reserve Force pension plan accounts

Public Services and Procurement Canada (PSPC)

Manages the day-to-day administration of the plans (determine eligibility, calculate and pay benefits, etc.)

Office of the Chief Actuary

Performs periodic actuarial valuations for funding purposes and calculates yearly obligations

Fund
Transfers

PSP

Responsible for:

- managing the funds transferred by the government of Canada in the best interest of contributors and beneficiaries, and
- maximizing investment returns without undue risk of loss, having regard to the funding, policies and requirements of the pension plans.

Governance Overview

Parliament

- Establishes legislative governance framework (*PSPIB Act*)

Government of Canada

- Funding Policy
 - Asset Liability Committee
- Communicates the return objective
- Appoints 11 non-executive directors, Pension Advisory Committee members and the Nominating Committee
- Tables the annual report

Arm's length relationship



PSP

(Non-agent, parent Crown Corporation wholly owned by the Government of Canada)

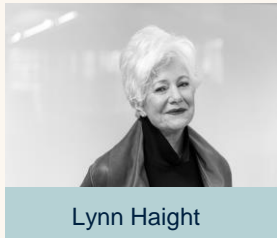
Board of Directors

- Makes key decisions, including the determination of PSP's asset mix
- Exercises oversight: supervises management and oversees risks
- Provides insights and advice to management
- Appoints the CEO

Management & Employees

- Develops and implements PSP's investment strategy

Meet the Board



Strategy Approach

— Neil Cunningham, President & Chief Executive Officer

PSP's investment strategy is based on two key inputs

Mandate (PSPIB Act)

Maximize returns without undue risk of loss, having regard to the funding, policies and requirements of the pension plans

Return Objective*

As of FY19:

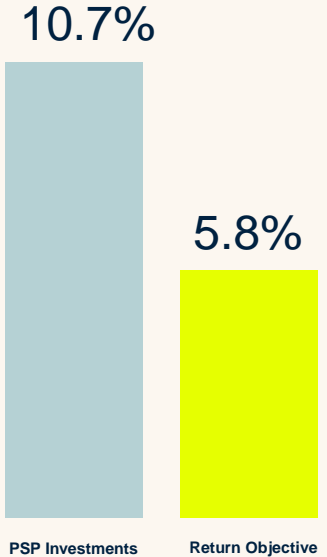
3.6% + CPI over 10 years

4.0% + CPI thereafter

*To be informed by the Asset Liability Committee moving forward.
Composed of TBS, DND, RCMP, Finance Canada, Office of the Chief Actuary and PSP.

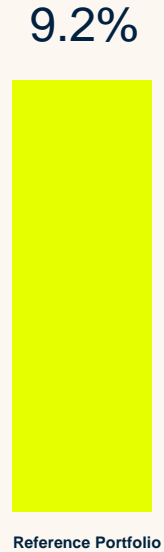
PSP has successfully achieved all of its objectives

Return compared to Return Objective
10-year net annualized return



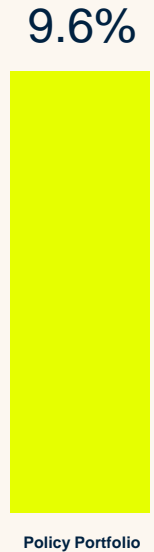
– PSP surpassed the Return Objective

Return compared to Reference Portfolio
10-year net annualized return



– We met the Reference Objective through portfolio construction

Return compared to Policy Portfolio benchmark
10-year net annualized return



– We surpassed the Policy Portfolio through active management

Developing our next strategic plan: evolving to solidify our foundation



Annual results for FY19

Financial highlights – FY19

7.1%

1-YEAR TOTAL FUND
NET PORTFOLIO
RETURN

8.8%

5-YEAR NET
ANNUALIZED
RETURN

10.7%

10-YEAR NET
ANNUALIZED
RETURN

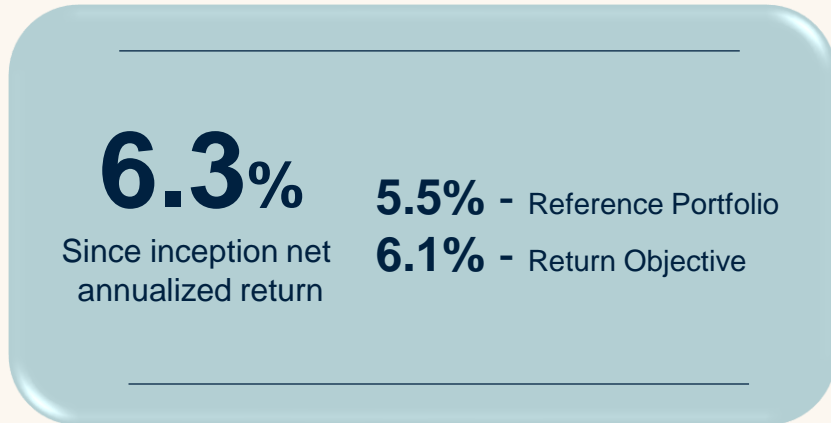
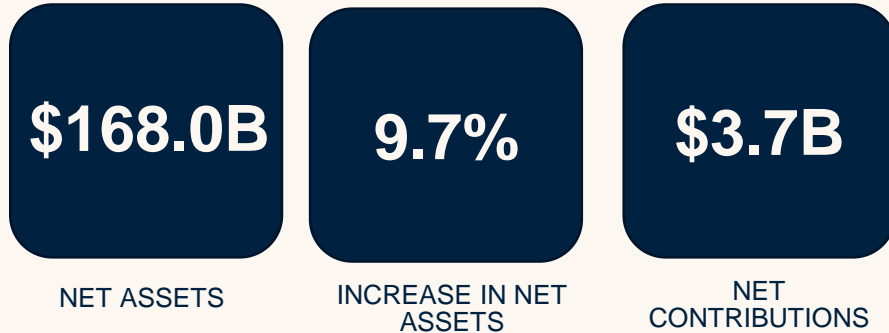
\$ **48.8** Billion

Cumulative net investment
gains above return objective
over 10 years

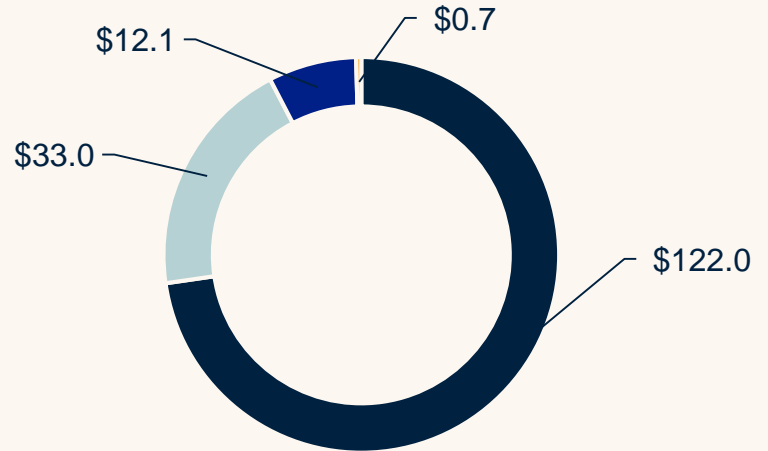
\$ **90.1** Billion

Cumulative
10-year net
performance income

Financial highlights – FY19



Net assets per pension plan account



■ Public Service ■ Canadian Forces ■ RCMP ■ Reserve Force

Asset Class Overview

PSP Investments C\$ **168.0** Billion Net AUM

Real Estate

\$23.5 Billion Net AUM **7.6%** 1-year rate of return **11.8%** 5-year annualized return

Public Markets

\$80.8 Billion Net AUM **4.6%** 1-year rate of return **8.0%** 5-year annualized return

Infrastructure

\$16.8 Billion Net AUM **7.1%** 1-year rate of return **12.7%** 5-year annualized return

Private Equity

\$23.5 Billion Net AUM **16.1%** 1-year rate of return **7.9%** 5-year annualized return

Natural Resources

\$6.8 Billion Net AUM **11.1%** 1-year rate of return **12.0%** 5-year annualized return

Private Debt

\$10.5 Billion Net AUM **9.2%** 1-year rate of return **14.2%** Since inception annualized return (3.3 years)

Complementary Portfolio

\$1.4 Billion Net AUM **0.04%** 1-year rate of return **15.6%** Since inception annualized return (2.2 years)

All figures are as at March 31, 2019.

*Exclude cash and cash equivalents.

Net AUM denotes assets under management.

Questions?