Annual Public Meeting

- Presented by the Public Sector Pension Investment Board (PSP Investments)
- September 25, 2020

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

Update from the President & CEO

- Neil Cunningham, President & Chief Executive Officer

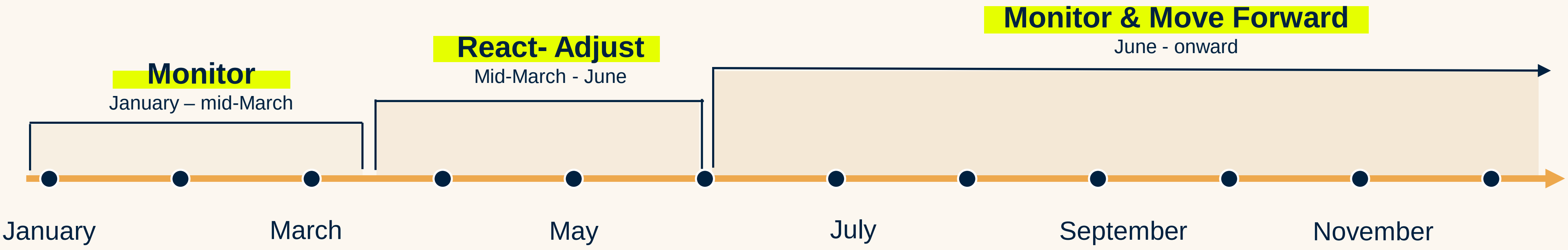
PSP Investments

- Celebrated 20 years of operations
- One of Canada's largest pension investment managers, with $169.8 billion of net assets under management as of March 31, 2020
- Over 800 professionals in Ottawa, Montréal, New York, London and Hong Kong
- Diversified across asset class, geography, industry and sector




All figures are as at March 31, 2020.

COVID-19 – What We Did



- Early warning from our risk monitoring system
- Overnight switch with no loss of capability, including even our trading activities
- We continue to work from home across the organization
- No issues of liquidity during the mid-February – mid-March market crash
- Special COVID-19 relief fund

i&D Affinity Groups

i&D

- **GENDER DYNAMICS** (Women)
- **PEOPLE WITH DISABILITIES** (visible and non-visible)
- **CULTURAL AND RELIGIOUS BACKGROUND** (visible minorities)
  - BLACKNORTH INITIATIVE
- **INDIGENOUS PEOPLES**
- **DIVERSITY OF THOUGHT**
- **MULTI-GENERATIONAL**
- **VETERANS**
- **LGBTQ+**

FY21 – Next Stage of Our Evolution

Total Fund mindset

- Transition to a Total Fund value-add objective
- Finalize the deployment of PSP’s Total Fund approach

Optimizing the base

- Complete all core system implementations
- Continue to enhance the Employee Experience

Data-driven decision making

- Solidify our data governance across PSP
- Develop firm-wide KPIs to complement benchmarks
- Prioritize insights over descriptive analysis

Annual Results FY20

Financial Highlights – FY20

$169.8B
NET ASSETS

(0.6)%
1-YEAR TOTAL FUND NET PORTFOLIO RETURN

5.8%
5-YEAR NET ANNUALIZED RETURN

8.5%
10-YEAR NET ANNUALIZED RETURN

$32.9 Billion — Cumulative net investment gains above return objective over 10 years

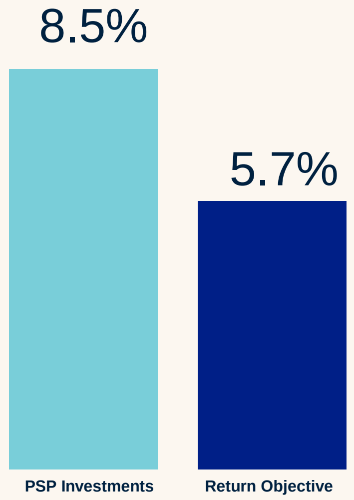
$81.6 Billion — Cumulative 10-year net performance income

All figures are as at March 31, 2020.

PSP

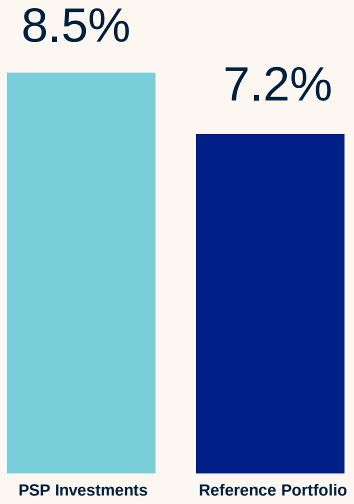
PSP has successfully achieved its objectives

Return compared to Return Objective
10-year net annualized return



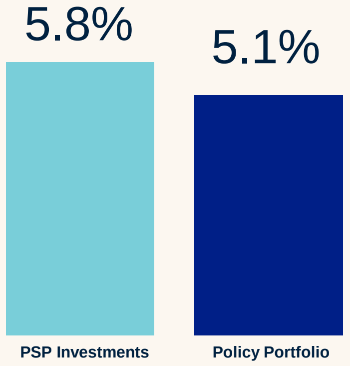
– *PSP surpassed the Return Objective*

Return compared to Reference Portfolio
10-year net annualized return



– *We surpassed the Reference Objective through portfolio construction*

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



– *We surpassed the Policy Portfolio through active management*

All figures are as at March 31, 2020.

Asset Class Overview

PSP Investments C$ **169.8** Billion Net AUM

Public Markets

$81.1	(3.0)%	4.3%
Billion Net AUM	1-year rate of return	5-year annualized return

Real Estate

$23.8	(4.4)%	8.3%
Billion Net AUM	1-year rate of return	5-year annualized return

Private Equity

$24.0	5.2%	7.2%
Billion Net AUM	1-year rate of return	5-year annualized return

Infrastructure

$18.3	8.7%	12.1%
Billion Net AUM	1-year rate of return	5-year annualized return

Credit Investments

$13.3	4.3%	11.8%
Billion Net AUM	1-year rate of return	Since inception annualized return (4.3 years)

Natural Resources

$7.6	(5.2)%	6.6%
Billion Net AUM	1-year rate of return	5-year annualized return

All figures are as at March 31, 2020.
Table excludes cash and cash equivalents and Complementary Portfolio
Net AUM denotes assets under management.

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Questions?

PSP