

# 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*



# 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

## 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.

Fund  
 ↔  
 Transfers

# 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

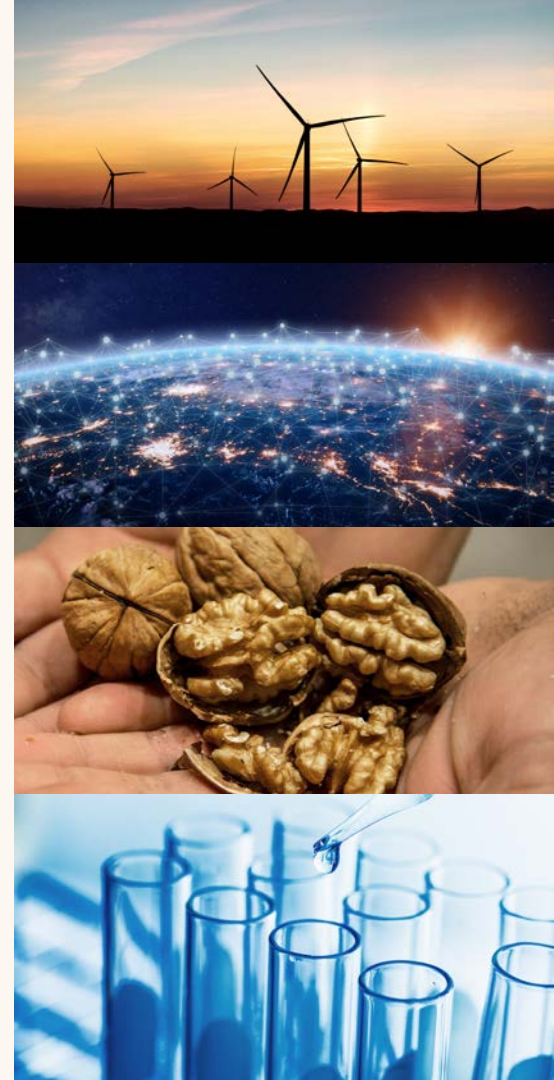
- Develops and implements PSP's investment strategy

# Update from the President & CEO

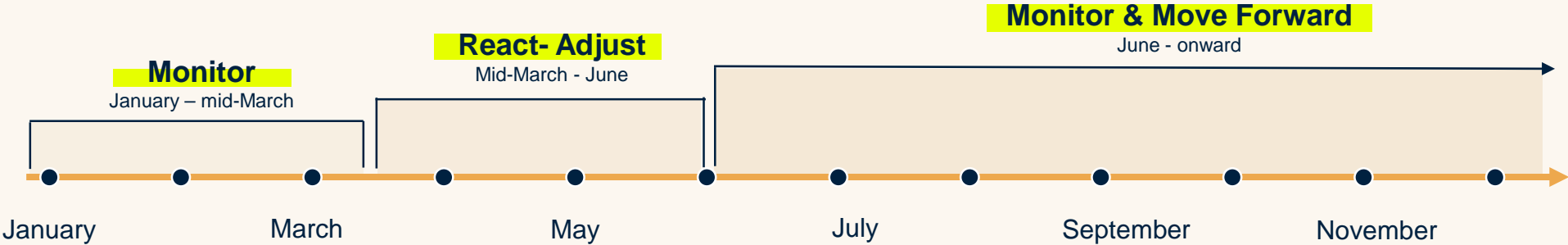
— Neil Cunningham, President & Chief Executive Officer

# 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



# 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)



**INDIGENOUS PEOPLES**



**DIVERSITY OF THOUGHT**



**MULTI-GENERATIONAL**



**VETERANS**



**LGBTQ+**





# FY21 – Next Stage of Our Evolution



## Vision 2021

FY16

FY17

FY18

FY19

FY20

FY21

FY22

### 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

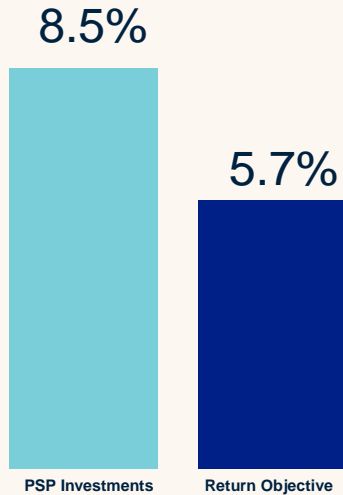
Cumulative net investment  
gains above return objective  
over 10 years

**\$81.6** Billion

Cumulative  
10-year net  
performance income

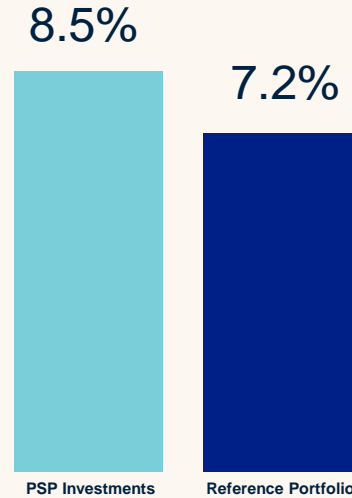
# PSP has successfully achieved its objectives

**Return compared to  
Return Objective**  
10-year net  
annualized return



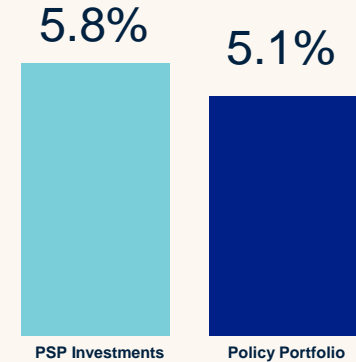
– *PSP surpassed the Return Objective*

**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*

# Asset Class Overview

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

## Public Markets

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

## Real Estate

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

## Private Equity

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

## Infrastructure

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

## Credit Investments

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

## Natural Resources

**\$7.6** Billion Net AUM  
**(5.2)%** 1-year rate of return  
**6.6%** 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.

# Questions?