## Annual Public Meeting

OCT\_2024\_FRENCH\_Ann ualPublicMeeting.pptx

October 16, 2024

Maryse Bertrand
Chair of the Board

**Deborah K. Orida**President and Chief Executive Officer





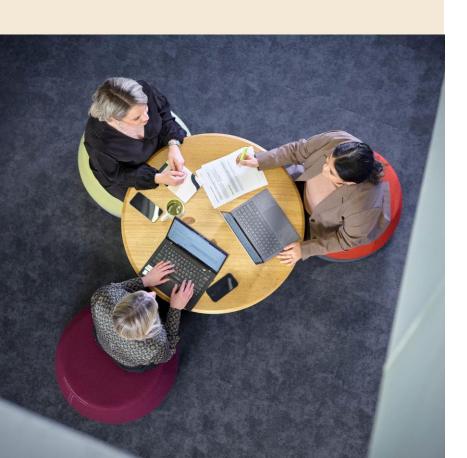
## **Opening Remarks**

**Maryse Bertrand** 

Chair of the Board



# Agenda



- 1 Opening Remarks
  Maryse Bertrand / Chair of the Board
- FY24 Highlights and Investment Outlook
  Deborah K. Orida | President & Chief Executive Officer
- Questions & Answers

  Moderated by Yolande James | Managing Director and Head of Strategic
  Communications & Government Affairs

### Public Sector Pension Plans: Stakeholders



### **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**

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



### 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.

### **Pension Advisory Committees**

#### **Public Service**

### **Canadian Forces**

### **RCMP**

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

### Governance Overview

### **Parliament**

 Establishes legislative governance framework (PSPIB Act)

## Government of Canada

- Funding Policy
  - Asset Liability Committee
- Communicates the Government's risk tolerance (Reference Portfolio)
- Appoints 13 non-executive directors, Pension Advisory Committee members and the Nominating Committee
- Tables the Annual Report

Arm's length relationship

## Makes key decisions, including the determination of PSP's

the determination of PSP's asset mix

**Board of Directors** 

- Exercises oversight: supervises management and oversees risks
- Provides insights and advice to management
- Appoints the CEO

### **PSP**

### **Management & Employees**

- Develop and implement PSP's investment strategy
- Manage and direct the day-today affairs of PSP Investments



2024 Annual Report

# 



## **FY24 Highlights and Investment Outlook**

Deborah K. Orida

President & CEO



## We achieved solid financial returns

\$264.9B

FY24 ending net AUM\*

8.7% Increase over 2023

	10-year	5-year	1-year	
Our Total Fund	8.3% 10-year net annualized return <sup>2</sup>	$7.9\%$ 5-year net annualized return $^2$	7.2% 1-year net rate of return <sup>2</sup>	
Reference Portfolio <sup>1</sup>	7.2% 10-year annualized Reference Portfolio return <sup>1,3</sup>	6.7% 5-year annualized Reference Portfolio return <sup>1,3</sup>	11.5% 1-year Reference Portfolio return <sup>1,3</sup>	
Total Fund Benchmark	6.7% 10-year annualized Total Fund Benchmark return <sup>3</sup>	<b>5.3</b> % 5-year annualized Total Fund Benchmark return <sup>3</sup>	6.4% 1-year Total Fund Benchmark return <sup>3</sup>	

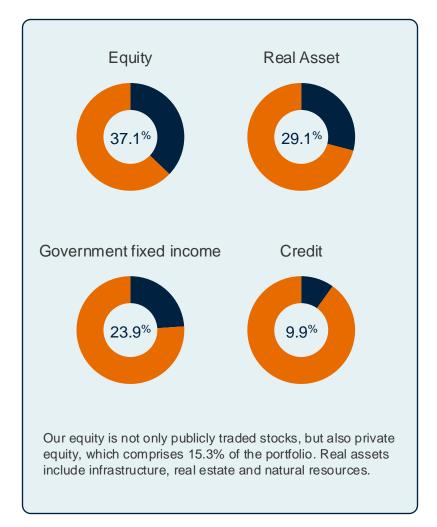
<sup>\*</sup>Net AUM denotes net assets under management

<sup>&</sup>lt;sup>1</sup> The Government of Canada gives to PSP Investments a Reference Portfolio that communicates its risk tolerance

<sup>&</sup>lt;sup>2</sup> These net returns are calculated using a time-weighted return methodology and are net of all expenses

<sup>3</sup> These annualized returns are calculated using a time-weighted return methodology

### → Asset class mix



### → Geographic distribution



# Supporting the Canadian economy

- → Through investments in companies that:
  - Create quality jobs for Canadians
  - Support communities
  - Advance the transition to a low-carbon future
  - Invest in innovation and economic sectors of the future









## **Canada Growth Fund**

Managed by a subsidiary of PSP Investments



# Our world-leading private investment franchises are performing for us

Private Equity	Infrastructure	Credit Investments	Real Estate	Natural Resources	Capital Markets
\$40.4B  Net AUM  15.3% of total net AUM	\$34.5B  Net AUM 13.0% of total net AUM	\$26.2B  Net AUM 9.9% of total net AUM	\$27.2B  Net AUM 10.3% of total net AUM	\$15.2B  Net AUM 5.7% of total net AUM	\$111.8B  Net AUM 42.2% of total net AUM
14.8 % 5-year annualized return	<b>12.0</b> % 5-year annualized return	<b>9.8</b> % 5-year annualized retum	<b>0.9</b> % 5-year annualized retum	<b>7.0</b> % 5-year annualized retum	<b>6.9</b> % 5-year annualized return
<b>12.1</b> % 5-year benchmark return <sup>1</sup>	<b>4.5</b> % 5-year benchmark return <sup>1</sup>	<b>4.9</b> % 5-year benchmark return <sup>1</sup>	<b>0.7</b> % 5-year benchmark return <sup>1</sup>	(1.8) % 5-year benchmark return <sup>1</sup>	<b>5.8</b> % 5-year benchmark return

<sup>1</sup> In alignment with PSP Investments' corporate policy not to hedge foreign currency exposure, the benchmark is set such that it remains neutral to currency movements, meaning that the actual currency return impact on the asset class is reflected in the benchmark.

# Capital Markets rebounded from last year

# **Capital Markets**

\$111.8B

**Net AUM** 

42.2% of total net AUM

6.9%

5-year annualized return

**5.8**%

**5-year** benchmark return

## Public Market Equities

\$55.6B

**Net AUM** 

21.0% of total net AUM

10.3%

**5-year** annualized return

8.8%

**5-year** benchmark return

# Fixed Income

\$56.2B

**Net AUM** 

21.2% of total net AUM

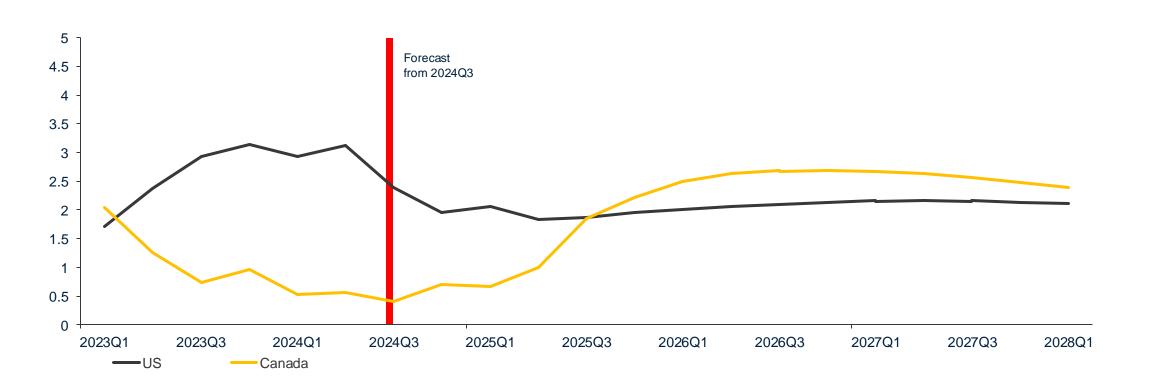
2.0%

**5-year** annualized return

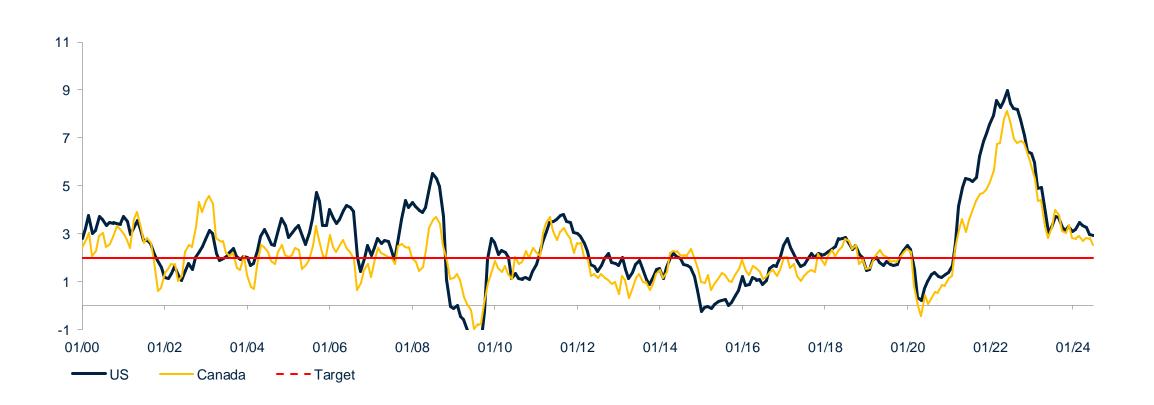
**1.6**%

**5-year** benchmark return

## GDP growth to slow in the US, recover slowly in Canada Real GDP Growth (% Y/Y)



### Inflation is converging towards its 2% target Headline CPI (%YOY)



## An easing cycle has started Policy Rate (%)



Source: LSEG Datastream

# Facing major structural forces



Rapid technology evolution



**Shifting geopolitics** 



**Economy transition** required by climate change

# 



## **Questions and Answers**

OCT\_2024\_FRENCH\_Ann ualPublicMeeting.pptx

Moderated by **Yolande James** 

Managing Director and Head of Strategic Communications and Global Government Affairs



# Thank you

