

**PSP**

**WE ARE A DEBT ISSUER**

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**WE ARE PSP**

# We Are PSP

**100% owned by the Canadian Government**, acts related to the Plans\*.

We invest our assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the funding, policies and requirements of the Plans\*\* and the ability of the plans to meet their financial obligations.

## Our Strength

One of Canada's largest pension investor with **C\$243.7B in net assets**, managing a diverse global portfolio across **100+ sectors and industries**.

As at March 31, 2023

## Our Edge

**Operationally independent** Crown entity, **AAA rated** based on strong sponsorship, financial pillars and corporate governance – we invest to help meet the pension plan obligations.

\*The Plans refer to the pension plans of the Public Service, the Canadian Armed Forces, the Royal Canadian Mounted Police and the Reserve Force.

\*\*From April 1<sup>st</sup>, 2000, for the Public Service, the Canadian Armed Forces, the Royal Canadian Mounted Police, and from March 1<sup>st</sup>, 2007, for the Reserve Force.

# PSP at a Glance

## Investment Board

**100% owned by the Government of Canada** and operationally independent; pension liability belongs to the Government

## Purpose

**Managing net contributions of 4 federal pension plans\*\*** of over 900,000 contributors and beneficiaries

## Exclusive Mandate

**Includes achieving a maximum rate of return,** without undue risk of loss, having regard to the funding, policies and requirements of the Plans\* and the ability of the plans to meet their financial obligations.

## Diversified Portfolio

**C\$243.7B in net assets** actively managed by various asset classes

## Global Outreach

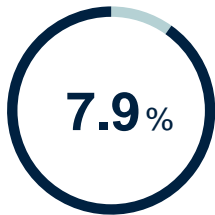
**5 offices on 3 continents** managing a diversified global portfolio in 100+ sectors and industries

## FY23 Results

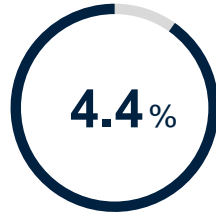
As at March 31, 2023



**10-YEAR**  
NET ANNUALIZED  
RETURN



**5-YEAR**  
NET ANNUALIZED  
RETURN



**1-YEAR**  
NET PORTFOLIO  
RETURN

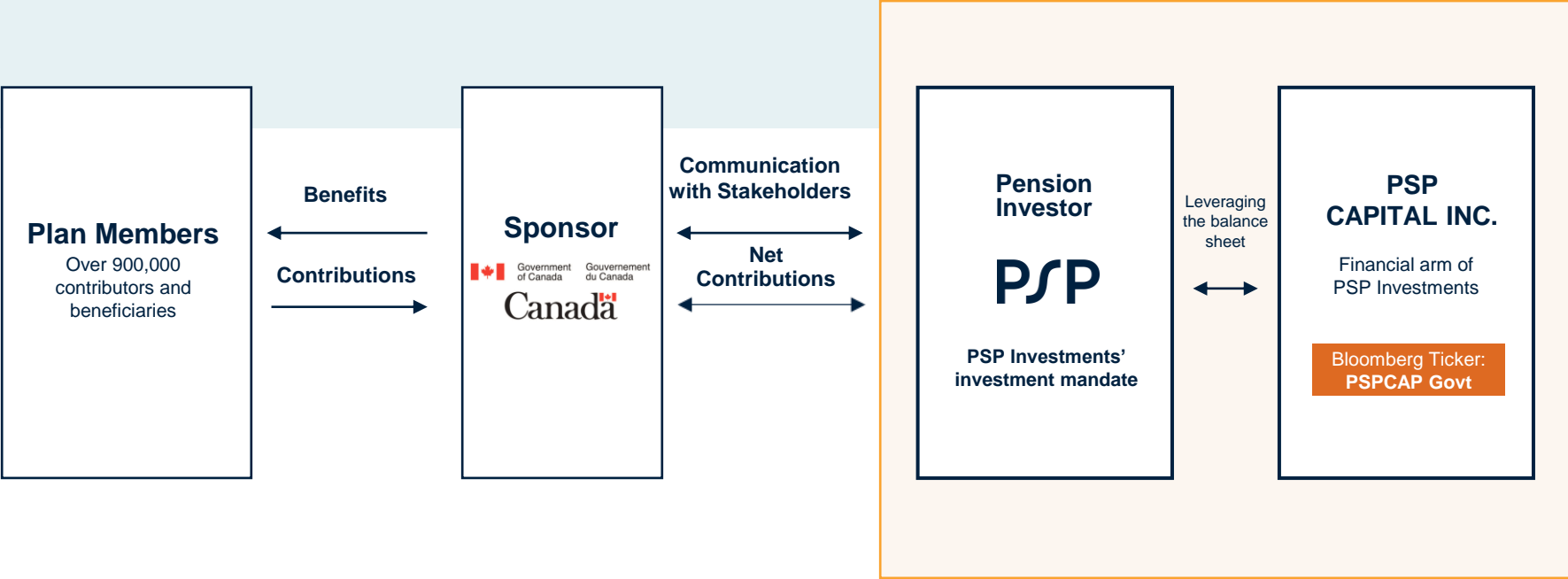


**997 employees**  
**C\$243.7B**

\*The Plans refer to the pension plans of the Public Service, the Canadian Armed Forces, the Royal Canadian Mounted Police and the Reserve Force.

\*\*From April 1<sup>st</sup>, 2000, for the Public Service, the Canadian Armed Forces, the Royal Canadian Mounted Police, and from March 1<sup>st</sup>, 2007, for the Reserve Force.

# Our Investment Mandate



# Credit Considerations

The Office of the Chief Actuary of Canada is required to conduct actuarial reviews of the pension plans. Based on these actuarial reviews, there are federal laws in place to ensure PSPIB maintains solvency and holds sufficient assets to provide the accrued pension benefits to plan members

## Solvency

Article 52 of the Public Sector Pension Investment Board Act, which establishes the Public Sector Pension Investment Board, ensures the solvency of PSPIB:

“ No Act relating to the insolvency or winding-up of any corporation applies to the Board and **in no case shall the affairs of the Board be wound up unless Parliament so provides.** ”

– PSPIB Act, art. 52

## Sufficient Funds

Article 44 (6) of the Superannuation Act, which establishes the Public Service Pension Fund, **ensures the government guarantees sufficient funds to pay out benefits:**

“ Following the laying before Parliament of any actuarial valuation report ... that relates to the state of the Superannuation Account and the Public Service Superannuation Investment Fund, **there shall be credited to the Account ...the amount that in the opinion of the Minister will,** at the end of the fifteenth fiscal year following the tabling of that report or at the end of the shorter period that the Minister may determine, together with the amount that the Minister estimates will be to the credit of the Account and the Public Service Superannuation Investment Fund at that time, **meet the cost of the benefits payable ... in respect of pensionable service** that is to the credit of contributors before April 1, 2000. ”

– Superannuation Act, art. 44 (6)

# Our Investment Approach

C\$ **243.7** Billion  
Net AUM

ASSET MIX*		C\$ Billion Net AUM	% Net AUM
<b>EQUITY</b> <b>37.2 %</b>	Public Market Equities	53.4	21.9
	Private Equity	37.2	15.3
<b>REAL ASSETS</b> <b>30.2 %</b>	Real Estate	32.0	13.1
	Infrastructure	29.4	12.1
	Natural Resources	12.3	5.0
<b>GOVERNMENT FIXED INCOME</b> <b>21.0 %</b>	Fixed Income	45.0	18.5
	Cash and Cash Equivalents	6.0	2.5
<b>CREDIT</b> <b>10.7 %</b>	Credit Investments	26.1	10.7

**+ Leverage**  
via PSP Capital

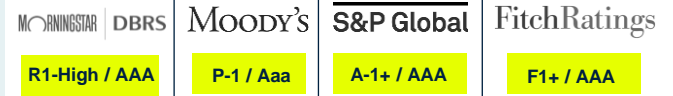
As at March 31, 2023 | \*The remaining amount represents the Complementary Portfolio.





**WE ARE A  
DEBT ISSUER**

# Credit Ratings



## ON A STAND-ALONE BASIS

- ✓ Strong corporate governance
- ✓ Conservative approach to leverage
- ✓ Focus on liquidity

## FROM THE SPONSORSHIP

- ✓ Likelihood of support
- ✓ Bond holders rank senior to the amounts due to pension plans

AAA Stable

Positive net contributions

Strong corporate governance and liquidity management

Low leverage and no pension liability

Independent Board of Directors

100% owned by the Government of Canada

Exclusive Pension Investor for federal pension plans

# Debt Issuance Benefits

## Benefits for PSP

- Debt issuance is used to increase Total Fund market exposure
- Efficient financing by issuing at the Total Fund level
- Long-term assets being financed by long-term funding
- Leverage allows us to enhance returns and fulfill our mandate

**AAA  
Rating**

- Exposure to Canadian Federal SSA issuer
- Positive spread vs. Government of Canada agencies
- Frequent, predictable issuances
- Improved secondary liquidity
- Increasingly diversified and international investor base

## Benefits for Investors

# Government of Canada & Related Issuers

					
<b>Issuer</b>	Government of Canada	Export Development Canada	Canada Housing Trust	CPPIB Capital	<b>PSP Capital</b>
<b>Ownership</b>	100% Owned by the Government of Canada	100% Owned by the Government of Canada	100% Owned by the Government of Canada	100% Owned by the Government of Canada	<b>100% Owned by the Government of Canada</b>
<b>Legal Status</b>	Sovereign	Agent of the Crown	Agent of the Crown	Non-Agent Crown	<b>Non-Agent Crown</b>
<b>Support</b>	Sovereign Risk	Irrevocable, full faith and credit obligation of the sovereign	Irrevocable, full faith and credit obligation of the sovereign	No sovereign risk; transfers from CPPIB are not permitted unless asset values exceed liabilities	<b>No sovereign risk; the government of Canada is required to ensure that the Plans maintain sufficient assets to provide the accrued pension benefits to plan members</b>
<b>Credit Rating</b> <small>(Moody's/S&amp;P/DBRS/ Fitch Ratings)</small>	<b>Aaa / AAA / AAA / AA+</b>	<b>Aaa / AAA / AAA / N/A</b>	<b>Aaa / AAA / AAA / N/A</b>	<b>Aaa / AAA / AAA / N/A</b>	<b>Aaa / AAA / AAA / AAA</b>

# FY23 Issuance Recap

## 7 PSP Capital Transactions in FY23

(Total: ~C\$3.8Bln)

### June

5yr benchmark  
in USD

**\$1B PSPCAP**

3.50%

June 29, 2027

### August

10yr private  
placement in AUD

**\$230M PSPCAP**

4.566%

August 5, 2032

### October

Reopening of 3yr  
benchmark in SOFR

**\$400M PSPCAP**

SOFR + 24bps

March 3, 2025  
(Total size of \$1B)

### November

7yr benchmark  
in CAD

**\$750M PSPCAP**

3.75%

June 15, 2029

### January

10yr private  
placement in AUD

**\$200M PSPCAP**

4.824%

January 31, 2033

### February

Reopening of 7yr  
benchmark in CAD

**\$650M PSPCAP**

3.75%

June 15, 2029  
(Total size of \$1.4B)

### March

15yr private  
placement in EUR

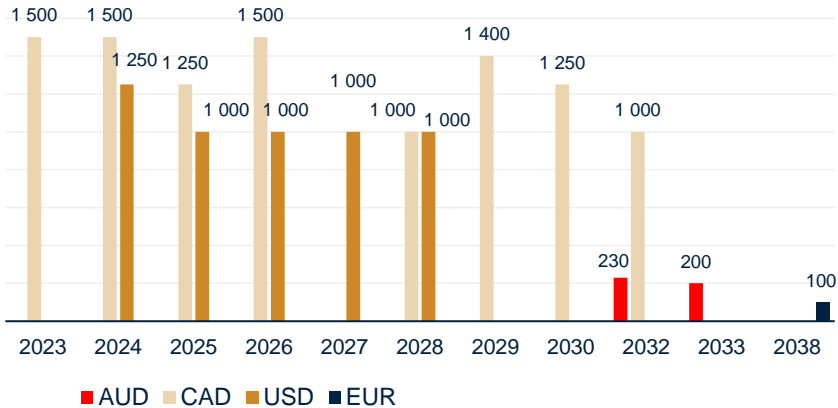
**€100M PSPCAP**

3.679%

March 1, 2038

# PSP Capital Debt Programs

## MTN Maturity Profile (\$M)



\*Notional value in local currency

## DEBT OUTSTANDING – as at March 31, 2023

**TOTAL OF C\$25.32B** (CAD EQUIVALENT)

Term Debt (M)	Short-Term Debt (M)
C\$ 10,400	C\$ 40
US\$ 5,250	US\$ 5,347
EUR\$ 100	
AUD\$ 430	

- PSP Capital debt **is fully and unconditionally guaranteed** by PSP Investments
- **Most** of the issuance is in the **3yr to 10yr** maturity range
- **C\$20B** program limit

**Short-Term Programs**

**Global Medium Term Notes Program**

– 144A & RegS –  
Listed on the Irish Stock Exchange PLC trading on the Global Exchange Market  
Euronext Dublin (GEM)

**Green Bond Program**

# Growing Debt Programs

We aim to be a **frequent issuer** in global markets

Targeted markets: CA\$ | US \$ | EUR € | AUD \$ | GBP £



Estimated program size:

**Approximately \$5B CAD per year.**

The amount of yearly issuance may fluctuate based on the evolution of AUM



We mainly focus on **benchmark-size** transactions to promote **secondary market liquidity**



A **private placement program** complements our benchmark transactions and diversifies our funding



We target one **Green Bond** transaction per year

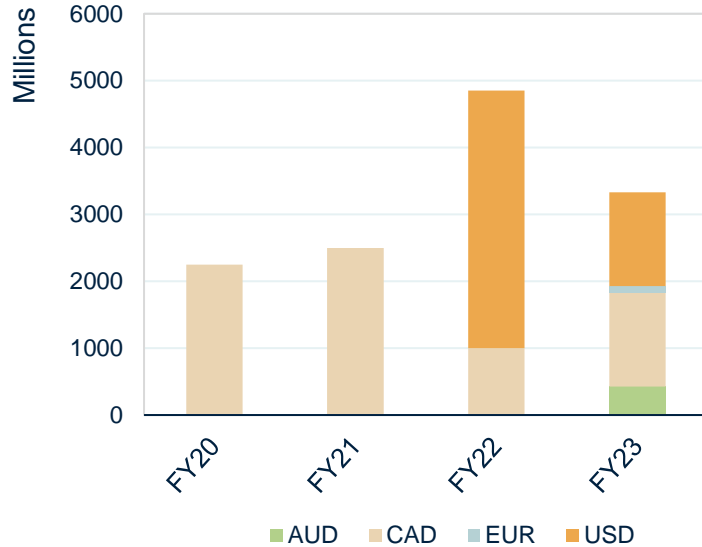
## Additionally, in FY24, we aim to:

Launch the multi-currency **Euro commercial paper program** to access short-term funding in currencies such as AUD, EUR and GBP.

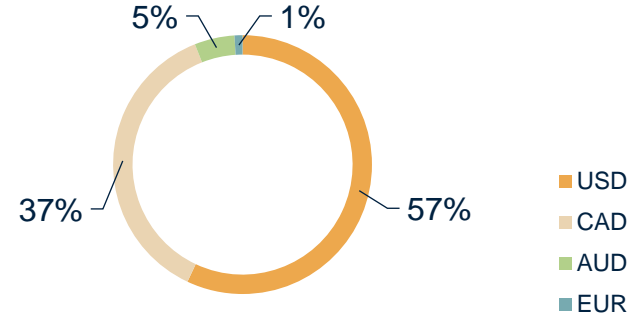
Launch a **Kangaroo program** to expand the investor base.

# Issuance Details

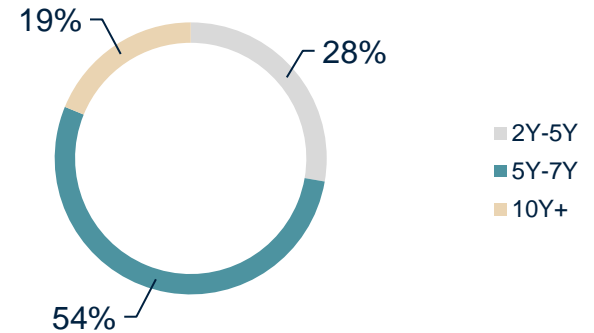
## Issuance by Fiscal Year



## Issuance by Currency Since GMTN Launch



## Issuance by Tenor Since GMTN Launch





# Prioritizing Investor Relations

## We have an increasingly diversified investor base



Our **first issuance** in 2008 had **27 investors**, all from Canada



Since then, we have been **committed to strengthening** our relationships with investors



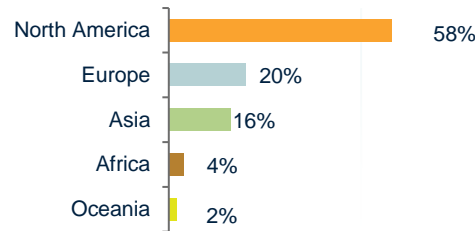
As at March 31, 2023, **342 investors** have participated in our term debt transactions

### Since FY22-FY23

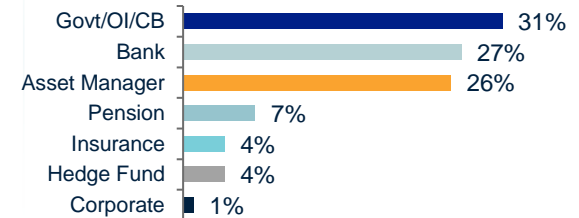
Among the **164 investors** who participated in PSP Capital Inc. Term debt offerings in **FY22-FY23**:

**98** were **new** investors

### By Region



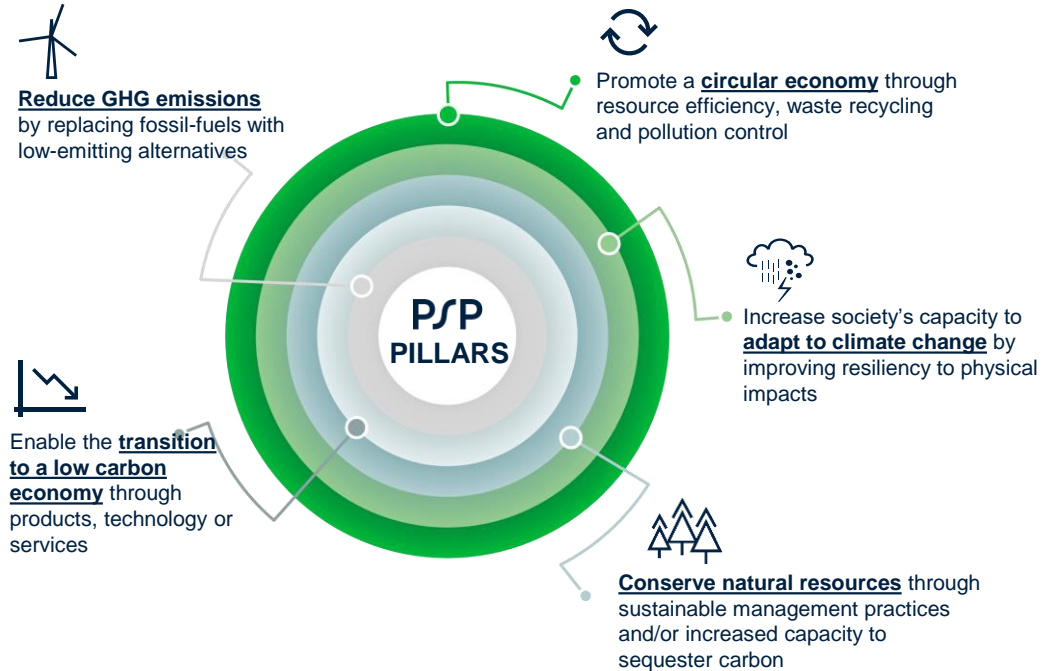
### By Type



# SUSTAINABLE FINANCING

# Green Bond Program

PSP has established **five high-level pillars** to guide the development of its Green Bond approach, which describe the real-world outcomes that we seek to achieve through our Green Bond program.



As part of our Climate Strategy, we will also aim to steer at least

**10%**

of our capital market debt financing toward sustainable bonds by 2026

# Green Bond Framework

Issuing Green Bonds will allow us to support sustainable business practices that **contribute to positive environmental outcomes** and **foster ESG considerations** in PSP Investments' long-term investment decisions.

We will target  
**one Green Bond**  
transaction per year

We will report  
**on our progress**  
annually

°CICERO



SHADING:

**MEDIUM GREEN**

GOVERNANCE SCORE:

**EXCELLENT**

Net proceeds will be allocated to assets supporting the transition to a low-carbon economy, with the intent to **positively contribute to the long-term goals of the Paris Agreement, and sector-specific emissions reductions trajectories**, as outlined in the International Energy Agency's Net-Zero Scenario, guidance from the Science-Based Targets Initiative, the Investor Leadership Network sector decarbonization pathways, or other credible modeling sources.



See our [Green Bond Framework](#) and [CICERO Shades of Green Second-Party Opinion on PSP Investments](#)

# Summary

- A Crown entity **100% owned by the Canadian Government**, operating at arm's length
- **A clear, exclusive government mandate**
- A pension investor, with no pension liability responsibility
- Government of Canada obligation to fund pensions in case of actuarial shortfall
- **Positive projected net contributions** for the medium term
- **AAA ratings** based on strong financial pillars, sponsorship and governance

- Use of capital and influence to **foster ESG considerations into investment approach** and **to aim to accelerate the transition to global net-zero emissions**
- **Conservative approach** to leverage
- **Attractive spread** for a AAA Canadian Federal SSA issuer
- **Growing debt programs**, including an expanding curve in the US market and a well-established Canadian market presence
- A **frequent issuer** with increasingly **diversified debt products**, to satisfy **broader interest from the investor community**
- A **Green Bond Framework** rated **Medium Green by CICERO Shades of Green**. Included in the overall shading was an assessment of **our governance structure**, which received a score of **Excellent**.
- Improving **secondary market liquidity**

# Contact Information

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