

Contributions

The Saskatchewan Pension Plan Newsletter

Quarterly Update

(to March 31, 2006)

Balanced portfolios enjoyed a very strong start to 2006 due to exceptional equity returns. Continued growth in Asia, positive signals from Japan and a revival in European growth expectations accelerated equity markets. As well, North American stock markets posted solid, mid-single-digit returns.

Energy was far less influential in its impact this quarter. Oil and natural gas both came off their peaks and equity returns show a definite broadening. The cautionary development in the quarter was the pervasive increase in interest rates. The US Federal Reserve, the European Central Bank and the Bank of Canada each raised rates during the quarter.

The SPP Contribution Fund returned 3.9 per cent for the quarter.

The S&P/TSX Composite Index (Canadian equities) finished the quarter up 8 per cent. Seven of the ten sectors had positive returns with Materials, Industrials and Information Technology the best performing sectors and Utilities, Telecom and Consumer Staples the worst. The Canadian dollar ended the quarter unchanged from the end of the year at \$0.86 (U.S.).

Contribution Fund Asset Mix at March 31, 2006

Short Term	1.9 per cent
Cdn Equities	23.6 per cent
US Equities	14.3 per cent
Int'l Equities	15.9 per cent
Bonds	44.3 per cent

U.S. equities, measured by the S&P 500 Index, were up 4.2 per cent (US\$), or 4.1 per cent in Canadian dollar terms in the quarter. Nine of the ten sectors had positive returns in the quarter with Energy continuing to be a top performer. Telecom Services went from the worst performing sector in the fourth quarter of 2005 to the top performing sector in the first quarter of 2006.

Non-North American equities, measured by the MSCI EAFE Index, were up 8.2 per cent in the quarter in local currency, or 9.2 per cent in Canadian dollars terms. The Japanese market continued to climb to new highs, reaching a new six-year best during the first quarter of 2006. Unlike in Canada and the U.S., the Energy sector underperformed the broad market on a global level.

For the first quarter since June 2004, the Canadian bond market, as measured by the Scotia Capital Universe Bond Index, was negative, returning -0.4 per cent.

The table included in this article shows the asset mix in the Contribution Fund as at March 31, 2006. ❖



Especially for Employers

If you are a business owner interested in making SPP a part of your benefits package, please feel free to call our Financial Services Representative on the toll-free line to set up an appointment or to receive information about the plan. ❖

Annual Report

The 2005 Annual Report is now available. The report can be viewed or downloaded from the SPP website. If you would prefer to have a copy mailed to you, simply call the toll-free line to request one. ❖

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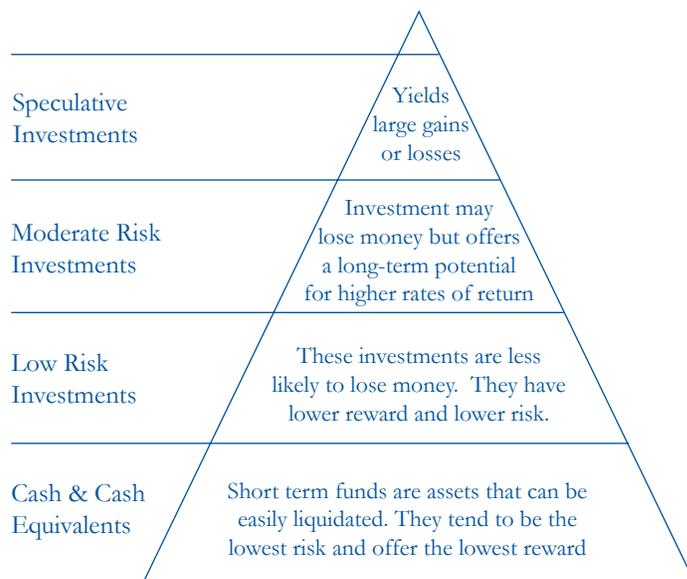
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May 2006



Risk-reward relationship

SPP's last newsletter defined asset mix as "the distribution of assets among the major asset classes". The article in that newsletter went on to explain that the allocation of money to different asset classes helps reduce risk for the investment. In this newsletter we want to explain more about the risk-reward relationship for various investment choices. It is helpful to think of the different types of investments as a triangle. Choices at the base of the triangle, such as cash, savings accounts, guaranteed investment certificates and money market funds offer minimal risk and low return. Speculative investments are at the top of the triangle. This includes vehicles like futures, stock options, precious metals and emerging markets which may yield large gains or losses for a higher risk. The middle of the triangle includes low risk investments like bonds and moderate risk investments like blue chip stocks, quality growth stocks and conservative mutual funds.*



The investment policy for the Contribution Fund strives to maximize return to members and minimize risk. That means the majority of SPP investments are located in the bottom three categories of the triangle. It is important to note that the risk of a particular investment varies with economic conditions and the classification of a stock as low, moderate, or high risk, depends on the perspective of the investor. SPP's Board of Trustees manages investment risk by monitoring the investment performance quarterly and reviewing and updating the investment policy annually. This procedure helps to ensure that members are not exposed to unnecessary risk.

*SPP credits www.investored.ca as its source of information for this article. ❖

The SPP 'Contributions' Newsletter is issued three times per year to provide members with general information about current issues affecting SPP.

If any discrepancy arises between the information contained in this newsletter and the Act, the Act will prevail.

Beneficiary Changes

Beneficiary information is provided to you once a year on your Member Annual Statement. It is located in the mid section of the statement.

The March 2006 newsletter included a 'Designation of Beneficiary' form. As a result of receiving this form, many members updated their beneficiary information and also their mailing address.

Careful consideration should be given when naming a beneficiary. While it is recommended that a trustee be appointed when naming a beneficiary under the age of 18, you will need to change your designation when a trustee is no longer required. It is important to review your beneficiary information on a regular basis. Marriage, divorce and death may affect your beneficiary choice.

Changes to beneficiary information must be received in writing. The 'Designation of Beneficiary' form can be obtained from the March newsletter, from our website or by calling SPP. ❖

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