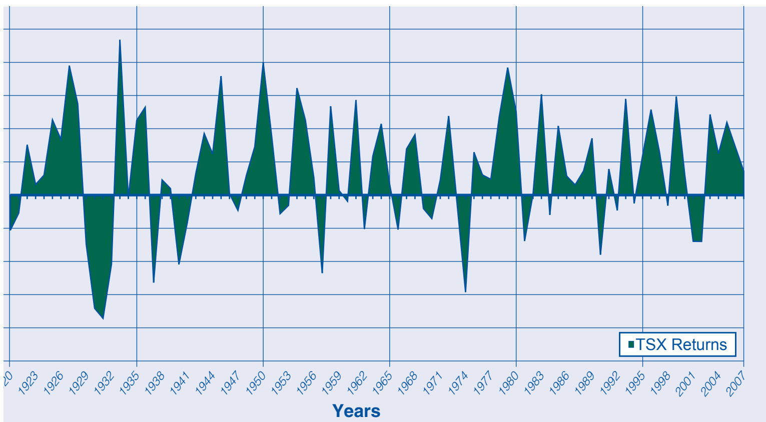
Contributions

The Saskatchewan Pension Plan Newsletter

Market cycles

Investment markets run in cycles but history shows that the periods of strong markets are much longer than the down market cycles. In fact, since 1920, the S&P/TSX yielded positive annual returns in 57 years and only posted back-to-back negative years four times since the end of World War II. The chart below illustrates the cyclical nature of the S&P/TSX.



*Data verified by Hewitt Assoicates

Prolonged periods of down markets tempt members to lock in the loss by moving their accounts. It is important to stay focused on the long term and remember that the longer you stay in the market the less the fluctuation affects the overall performance of your fund.

When will the down cycle end? No one knows the answer to that question. However, there is reason for longer-term optimism: monetary and fiscal authorities in the U.S. and elsewhere have recognized the gravity of the situation and the positive consequences of their initiatives will become evident in upcoming months. In addition, stock markets reach bottom several months in advance of the real economy. The Plan's investment managers remain very cautious in their outlook and seek to add value, and reduce risk, through superior stock selection. ❖

Staying focused in a down market

Individual and institutional investors have faced a lot of challenges this year. Many individuals have switched from equity mutual funds into money market funds. History proves, however, that the down market cycle is an opportune time to pick up discounted stocks that will increase the value of your portfolio as market recovery occurs.

By continuing regular investments, even when markets are down, investors are using a valuable strategy called dollar cost averaging. Investing the same amount even when markets are down allows you to purchase more shares over time at a lower average price.

The Board of Trustees has carefully developed the Plan's investment policy. They are confident that it will produce strong, long-term results for members, and acknowledge that this can sometimes cause short term loss to members. The investment managers are maintaining their global equity exposure and looking for opportunities to buy stocks in strong companies at discounted prices. Considering these factors the investments will be in place to realize the full benefit of the stock market rebound when it occurs. ❖

September 2008

Saskatchewan Pension Plan

Economic perspective

(to June 30, 2008)

Equities

The Canadian equity market bounced back in the second quarter, outpacing its global counterparts by generating a return of 9.1 per cent on the S&P/TSX Composite Index. Strong commodity prices, particularly crude oil and potash, and the advancement of the Materials sector bolstered the Canadian equity market. The S&P 500 Index (U.S. equities), returned -3.8 per cent in Canadian dollar terms over the quarter. The Financials sector continues to struggle in the U.S. due to the sub-prime mortgage crisis. Equity markets have likely already priced in much of the negative consequences of the U.S. economic downturn and are expected to rebound well in advance of a turn in the real economy. Non-North American equities, measured by the MSCI EAFE Index, returned -3.3 per cent in Canadian dollar terms.

Bonds

The Canadian bond market, as measured by the DEX Universe Bond Index, was in negative territory and lagged behind the S&P/TSX Index with a return of -0.7 per cent. Yields rose to 4.4 per cent at the end of June.

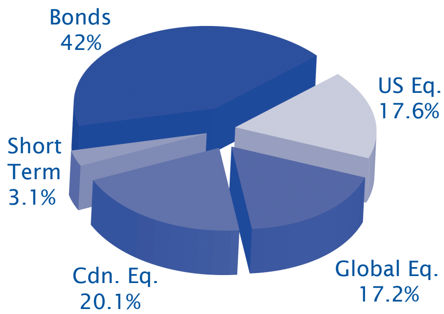
Throughout the quarter, several of the world's largest financial institutions announced the raising of capital through additional share offerings in order to recover some of the write-downs arising from the mortgage crisis. The Bank of Canada elected to lower the overnight rate to 3.0 per cent in April and it remained there at the end of the quarter. The Federal Reserve cut its overnight rate to 2.0 per cent in April.

The Canadian dollar depreciated against the U.S. dollar in April and May. Even with a slight rally it depreciated 1.1 per cent over the quarter.

The SPP fund returned -2.4 per cent to June 30, 2008.

The chart on the right shows the holdings in the Contribution Fund as of June 30, 2008. ❖

Contribution Fund Portfolio at June 30, 2008



Your business – your SPP

Creating a pension plan with SPP is a convenient, affordable, and tax-friendly method for employers to strengthen their company's benefits package. There is no cost to join, contributions are tax deductible, and we handle all the paperwork for your employees. Reward yourself and your employees with the benefits of the Saskatchewan Pension Plan and contact Aaron toll-free at 1-800-667-7153 for more information. ❖

What is a beneficiary?

The simple definition of a beneficiary is a receiver of benefits, especially under a person's will.

You must name a beneficiary when you join SPP. You can have one beneficiary or several and your beneficiary may be changed at any time by completing the Designation of Beneficiary form. It is important to keep your beneficiary current. An annual statement is issued each year and reminds you who you have named as beneficiary. This person(s) will receive the balance of your account if your death occurs before you receive your SPP pension. For more information about beneficiaries, call SPP. ❖

Mandatory retirement age

SPP legislation has now been changed so that you can contribute to age 71. ❖

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.

To contact SPP:

Toll-free	1-800-667-7153
Fax	1-306-463-3500
TTY	1-888-213-1311
Mail	Box 5555 Kindersley SK S0L 1S0
E-mail	info@saskpension.com
Web site	saskpension.com

Publications Mail Agreement No: 40065736

Saskatchewan Pension Plan