

# Contributions

The Saskatchewan Pension Plan Newsletter

## Market Commentary

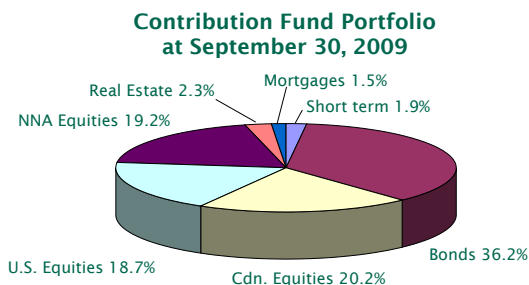
(for the quarter ending September 30, 2009)

There is increasing consensus that the global recession ended this summer. Stable global credit markets and rebounding equities continued to rejuvenate Saskatchewan Pension Plan (SPP) returns in the third quarter. While unemployment remains a concern, there is improved consumer confidence, signs of reviving retail sales and more stable conditions in the battered U.S. housing industry. However, although the economy appears to be recovering, it will still take time for consumer spending to return to normal levels.

The Canadian equity market, as measured by the S&P/TSX Composite, had another strong quarter, returning 10.6 per cent. The sectors with the highest returns were Health Care, Financials and Materials with value stocks outperforming growth stocks. Information Technology was the worst performing sector.

The Canadian bond market returned 2.7 per cent. The Corporate bond sector returned 4.5 per cent while safer Federal bonds returned 1.2 per cent. By maturity, long term bonds were the top performer, while short term bonds had the lowest return.

Global equity markets outpaced the Canadian markets. The S&P 500 returned 15.6 per cent however that return dropped to 6.8 per cent on a Canadian dollar (C\$) basis with the appreciation of the C\$ against the U.S. dollar during the quarter. Financials were the leading sector in the U.S. while Utilities and Telecom were negative contributors during the quarter.



The MSCI EAFE returned 14.8 per cent in local currency terms, decreasing to 10.4 per cent in C\$. All ten sectors in the index had positive returns. In terms of region, Japan was the worst performing, while the Pacific ex-Japan region was the best. Hungary was the top performer within the emerging markets.

The Contribution Fund (CF) return at the end of the third quarter was 10.5 per cent after administration expenses.

Investment managers continue to be Greystone Managed Investments and Leith Wheeler Investment Counsel. The portfolio composition is illustrated in the chart on the left. The table below lists the year-to-date returns for the major asset classes in the CF.

Asset class	YTD Index return (%)	YTD SPP CF return (%)
Canadian Equities S&P/TSX Capped Composite Index	30.0	22.3
U.S. Equities S&P 500 Index (C\$)	3.7	3.3
NNA Equities MSCI EAFE Index (C\$)	12.1	18.4
Bonds DEX Universe Bond Index	5.6	6.8

### CONTRIBUTION FUND TOP 10 HOLDINGS

Canadian Equities		% of portfolio	U. S. Equities		% of portfolio	Non-North American Equities		% of portfolio
1	Royal Bank of Canada	7.4	Microsoft	2.8	Cash (C\$)	2.8		
2	Toronto-Dominion Bank	7.0	Intel	2.6	Novartis	2.4		
3	Bank of Nova Scotia	5.9	Markel	2.6	Nestle	2.3		
4	Talisman Energy	4.7	Pfizer	2.4	Total	2.2		
5	Encana	4.7	Johnson & Johnson	2.2	HSBC Holdings	1.8		
6	Saputo	3.3	3M Company	2.1	Royal Dutch Shell	1.6		
7	Research in Motion	3.0	Aflac	2.0	CRH	1.5		
8	Manulife Financial	3.0	Apache	2.0	Adidas	1.5		
9	Canadian Natural Resources	2.8	Merck & Co.	2.0	Honda Motor	1.3		
10	Canadian Nat. Railway	2.7	Berkshire Hathaway	2.0	Swatch Group	1.2		

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