



# CONTRIBUTIONS

July 2012

## Investment update (as at June 30, 2012)

Investment markets continue to test the grit of individual investors during the second quarter. Europe's debt problems dominated headlines for much of the quarter. As we've identified before, this issue did not develop overnight and it will not be resolved quickly. China and India are experiencing slow but positive economic activity. Canada's fiscal position is the envy of other developed nations and the U.S. is slowly emerging from its housing problem. However there is concern about the issues the U.S. will face when a number of its tax cuts and other programs end later this year.

Experts agree that macro events are distracting investors from reasonable market fundamentals like low inflation and interest rates. The S&P/TSX Composite Index lost 5.7 per cent during the quarter as demand for commodities fell and oil prices dropped. Seven of the ten sectors had negative returns with Information Technology and Material posting double digit losses. At the stock specific level, Research in Motion's share price fell to its lowest level in eight years. SPP's portfolio did not contain any of this stock during the quarter.

The S&P 500 Index lost 0.8 per cent in Canadian dollars with six of the 10 sectors posting negative returns. Financials and Information Technology had the weakest performance after posting the strongest performance last quarter. Growth stocks outperformed relative to value stocks.

	Balanced fund return*	Benchmark	Short-term fund return*
Short term	0.5%	0.5%	0.5%
Bonds & mortgages	2.4%	2.0%	n/a
Cdn. equities	2.4%	-1.5%	n/a
U.S. equities	8.7%	9.6%	n/a
Non-North American equities	5.2%	3.1%	n/a
Cdn. Real estate	6.3%	4.6%	n/a

\*Gross return before administration expenses

## Top 10 balanced fund holdings

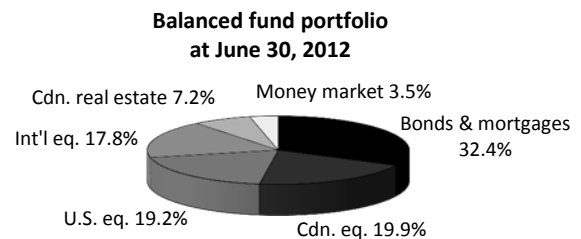
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Toronto Dominion Bank	7.7	Markel	5.4	HSBC	2.5
2	Bank of Nova Scotia	5.5	Johnson & Johnson	5.0	Adidas	2.2
3	Canadian National Railway	4.5	Wells Fargo	4.8	Novartis Ag	2.2
4	Saputo	3.7	3M	4.5	Cash	1.9
5	TransCanada	3.6	Pfizer	4.3	Toyota Motor	1.9
6	National Bank of Canada	3.0	Microsoft	4.1	Samsung	1.8
7	Royal Bank of Canada	2.8	Procter & Gamble	4.0	Canon	1.8
8	Canadian Tire	2.6	Merck	4.0	Tesco	1.7
9	Teck Resources	2.6	Coca-Cola	3.6	SMC	1.7
10	CAE	2.5	Berkshire Hathaway	3.3	BMW	1.5

The MSCI EAFE Index lost 5.3 per cent in Canadian dollar terms. Belgium's was the only positive return for the quarter while Greece lost 26.9 per cent.

The Canadian bond market gained 2.3 per cent during the quarter. The Bank of Canada maintained its overnight rate at 1 per cent during the quarter while the U.S. Federal Reserve maintained its key interest rate at a target range of 0 to 0.25 per cent.

SPP's balanced fund returned 3.65 per cent after administration costs while the short-term fund return, after administration costs, was 0.22 per cent for the first six months of the year.

The top ten holdings, portfolio composition and returns are summarized in the accompanying tables.



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