



finances *value* *confidence* *breathing room* *balance* *investor*  
 comfort *activities* *holidays* *growing* *satisfaction* *resources* *growth* *success* *retirement* *working*  
**CONTRIBUTIONS**  
*Trust* *help* *future* *years of saving* *freedom* *increase*  
*stepping stone* *invest* *costs* *reliability* *savings* *relax* *save* *security* *Low fees*

February 2015

## Investment update (as at December 31, 2014)

On balance, 2014 was another satisfying year for diversified portfolios despite the volatility experienced near year end. All major indices posted positive returns in the year and, during the past two years, markets have been relatively calm despite continuing economic and political concerns throughout the U.S., Europe and China.

The S&P/TSX Composite Index gained 10.6 per cent in 2014. This was led by the Consumer Staples, Information Technology and Health Care sectors. Energy and Materials were the only sectors posting losses for the year. SPP's Canadian equity portfolio returned 10.8 per cent with growth stocks continuing to outperform value stocks over the year.

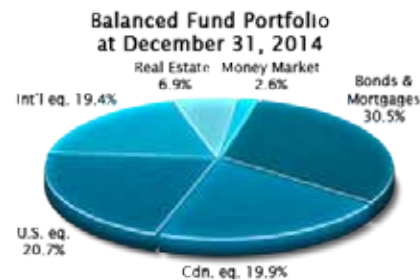
The S&P 500 Index returned 13.7 per cent in US\$ in 2014 with the return increasing to 23.9 per cent in C\$ as the Canadian dollar depreciated over the period. All sectors posted positive returns with the exception of Energy. The best performing sectors were Utilities, Health Care and Information Technology. The performance of both growth and value stocks was almost equivalent over the year. SPP's U.S. equity portfolio returned 20.9 per cent in C\$.

The MSCI EAFE Index, which measures the returns of non-North American equities, returned 3.7 per cent (C\$). The top performing sectors were Health Care, Utilities, and Information Technology while the bottom three were Energy, Materials and Telecommunication Services. SPP's non-North American (NNA) equity portfolio returned 3.3 per cent. The FTSE TMX Universe Bond Index, which measures the Canadian Bond market returns, gained 8.8 per cent in the year. Bond market returns were positive across

Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	TD Bank	7.6	Wells Fargo & Co.	4.7	Novartis	3.4
2	Royal Bank of Canada	6.9	Markel	3.7	BMW	2.1
3	Bank of Nova Scotia	5.3	Apple	2.9	Cash	2.0
4	Canadian National Rwy.	5.3	Pfizer	2.6	Legal & General	1.9
5	Manulife Financial	4.3	Procter & Gamble	2.5	Lloyds Banking	1.8
6	Canadian Natural Res.	3.4	Gannett	2.5	Henkel	1.7
7	Saputo	3.0	Berkshire Hathaway	2.3	Barratt Dev.	1.7
8	Open Text	2.9	3M	2.2	Sumitomo Mitsui	1.7
9	Canadian Tire	2.7	Apache	2.2	Roche	1.6
10	Constellation Software	2.2	Johnson & Johnson	2.1	AXA	1.6

all sectors and maturities for the year. Real return bonds led the other sectors and provincial bonds slightly outperformed municipal bonds. SPP's Fixed Income portfolio returned 8.7 per cent.

The market value of the BF increased from \$266 M at the beginning of 2014 to \$305 M at the end of the year. This represents a return of 9.1 per cent after administration expenses of 0.95 per cent. The short-term fund return, after administration expenses, was 0.6 per cent. The chart below shows the BF asset mix at December 31, 2014.



SPP acknowledges the assistance of Greystone Managed Investments, Leith Wheeler Investment Counsel and Aon Hewitt Inc. in the preparation of this Quarterly Update.

### SPP portfolio year-to-date return at December 31, 2014

	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	1.1%	0.9%	1.1%
Bonds & mortgages	8.7%	8.8%	n/a
Cdn. equities	10.8%	10.6%	n/a
U.S. equities	20.9%	23.9%	n/a
Non-North American equities	3.3%	3.7%	n/a
Real estate	6.6%	5.9%	n/a

\*Gross return before administration expenses

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