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October 2015

Investment update (as at September 30, 2015)

The third quarter of 2015 was particularly challenging for investors, driven by a broad-based correction in global equity markets – especially in August and September. In addition, bond prices rose during the first two months of the quarter but moved lower and yields increased when volatility returned to the equity markets.

Canadian stocks have now pulled back by more than 10 per cent from their highs. The S&P/TSX Composite Index returned -7.9 per cent in the quarter, the worst quarterly performance since 2011. Only four of the 10 sectors posted positive returns. The best performing sectors were Consumer Staples and Information Technology while the three worst performing sectors were Health Care, Materials and Energy.

The S&P 500 (US\$) fell 6.4 per cent in the quarter but was up 0.5 per cent in Canadian dollar terms. The top three performers were Utilities, Consumer Staples and Consumer Discretionary. The Energy and Materials sectors were the worst performing sectors.

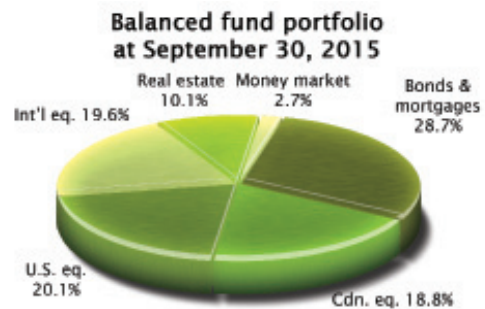
The MSCI EAFE (C\$) Index declined a further 3.6 per cent in the quarter. Consumer Staples, Utilities and Health Care sectors were the only positive sectors while Materials, Energy and Financials were the worst performing sectors. Developed markets significantly outperformed emerging markets as the latter were affected by the weak Chinese demand for exports.

The FTSE TMX Universe Bond Index was flat in the quarter (0.1 per cent), with mixed results across all segments. Federal and mid-term bonds were

Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	TD Bank	7.9	Wells Fargo & Co.	4.4	Novartis	3.3
2	Royal Bank of Canada	7.4	Markel	3.9	Lloyds Banking	2.5
3	Canadian National Rwy.	5.5	Apple	3.1	Sumitomo Mitsui	2.1
4	Bank of Nova Scotia	4.8	Microsoft	3.0	Total	1.9
5	Manulife Financial	4.8	Berkshire Hathaway	2.4	Roche	1.9
6	Valeant Pharm.	3.0	Pfizer	2.2	AXA	1.8
7	Element Financial	2.8	Procter & Gamble	2.2	Barratt Dev.	1.8
8	Saputo	2.7	Johnson & Johnson	2.0	Smurfit	1.7
9	Alimentation Couche	2.6	Washington Federal	1.9	Nitori	1.7
10	Canadian Tire	2.6	Apache	1.9	Euronext	1.7

the top segments. The Bank of Canada cut its overnight rate by a further 0.25 per cent while the U.S. Fed postponed an expected rate hike in September. The Canadian dollar lost about 5.51 cents against the U.S. dollar in the quarter, finishing at 74.66 cents U.S.

The Balanced Fund year to date (YTD) to September 30, 2015 is 2.27 per cent after administration expenses. The Short-term Fund YTD return for the same period is 0.39 per cent. The top 10 holdings, portfolio composition and returns are summarized in the accompanying tables.



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 September 30, 2015			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.7%	0.5%	0.7%
Bonds & mortgages	2.5%	2.5%	n/a
Cdn. equities	-7.4%	-7.0%	n/a
U.S. equities	9.1%	9.6%	n/a
Non-North American equities	7.7%	9.6%	n/a
Real estate	3.8%	4.0%	n/a

*Gross return before administration expenses

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