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growing
satisfaction
resources
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growth
SUCCESS
retirement
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working
Trust
help
future
invest
years of saving
costs
reliability
savings
relax
save
security
Increase
Low fees

CONTRIBUTIONS

February 2016

Investment update (as at December 31, 2015)

Despite volatility during the year, returns in equity markets ended the year on a generally positive note with the notable exception of Canada. Over the year, however, equities have generated lackluster to negative returns, when measured in local currencies. The Canadian dollar depreciated over the course of the year versus the U.S. and other major currencies, which benefited Canadian investors in their foreign equity portfolios.

The Bank of Canada maintained the overnight target unchanged at 0.5% in the fourth quarter of 2015. The U.S. Federal Reserve raised the discount rate in December 2015 for the first time since 2006.

The S&P/TSX Composite Index returned -8.3% in 2015. Lower stock prices in the final quarter of 2015 let the resource-heavy TSX to post its first negative year since 2011. The best performing sectors were Information Technology, Consumer Staples and Telecoms. The worst performing sectors were Energy, Materials and Health Care. SPP's Canadian equity portfolio returned -8.7% in the year.

The S&P 500 Index returned 1.4% in US\$ in 2015 with the return increasing to 21.6% in C\$ as the Canadian dollar depreciated over the period. The best performing sectors were Consumer Discretionary, Healthcare and Consumer Staples. The worst performing sectors were Energy, Materials and Utilities. SPP's U.S. equity portfolio returned 21.0% in C\$.

The MSCI EAFE Index, which measures the returns of non-North American equities, returned 19.0% (C\$). The top performing sectors were Consumer Staples, Healthcare and Information Technology. The worst performing

Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	TD Bank	7.7	Wells Fargo & Co.	4.1	Novartis	2.8
2	Royal Bank of Canada	7.3	Markel	3.8	Lloyds Banking	2.4
3	Canadian National Rwy.	5.5	Microsoft	3.0	Cash	2.2
4	Manulife Financial	4.8	Apple	2.7	Sumitomo Mitsui	2.1
5	Bank of Nova Scotia	4.6	Procter & Gamble	2.4	Total	2.1
6	Brookfield Asset Mgmt.	3.7	Johnson & Johnson	2.2	BMW	1.9
7	Cdn. Natural Res.	3.1	Apache	2.2	Sugi Holdings	1.9
8	Saputo	2.8	Berkshire Hathaway	2.1	Euronext	1.9
9	Brookfield Infr. Part.	2.8	Pfizer	1.9	Roche	1.9
10	Element Financial	2.7	MDU Resources	1.8	Barratt	1.9

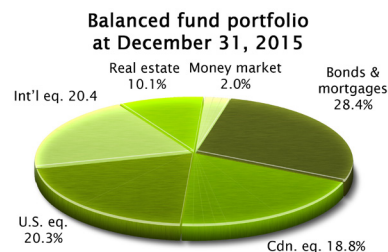
sectors were Energy, Utilities and Financials. SPP's non-North American (NNA) equity portfolio returned 16.6%.

The FTSE TMX Universe Bond Index, which measures the Canadian Bond market returns, gained 3.5% in the year. The Index was once again led by Provincial bonds, followed by Federal and Corporate bonds. Money market continued its pattern of low returns as the Bank of Canada left the Bank Rate unchanged. SPP's Fixed Income portfolio returned 3.4%.

The market value of the BF increased from \$305 M at the beginning of 2015 to \$336.0 Million at the end of 2015. This represents a return of 6.25% after administration costs are allocated to members' accounts at year end. The short-term fund return, after administration expenses, was 0.45%. The chart below shows the BF asset mix at December 31, 2015.

SPP portfolio year-to-date return at December 31, 2015			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.8%	0.6%	0.8%
Bonds & mortgages	3.5%	3.5%	n/a
Cdn. equities	-8.7%	-8.3%	n/a
U.S. equities	21.0%	21.6%	n/a
Non-North American equities	16.6%	19.0%	n/a
Real estate	6.4%	5.8%	n/a

*Gross return before administration expenses



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