



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

October 2016

## Investment update

(for quarter ending September 30, 2016)

Global equities continued on an upward path after the Brexit decision. Markets absorbed the unexpected UK decision to leave the European Union and economic data pointed to a resilient economic environment. However, weakness in the Canadian dollar continued over the quarter. The Bank of Canada kept monetary policy unchanged, but downgraded the economic growth forecast for the year 2016.

The S&P/TSX Composite Index returned 5.5 per cent in the quarter, supported by an increase in oil prices and a rise in financial stocks. All sectors except Materials generated positive returns. The best performing sectors were Information Technology (IT), Industrials and Health Care. Growth stocks outperformed value stocks and large cap stocks outperformed small cap stocks.

U.S. equities rallied early in the quarter following economic data that came in above expectations. The S&P 500 returned 3.9 per cent (US\$) and this was pushed up to 5.1 per cent (C\$) as the Canadian dollar weakened against the US dollar. All sectors posted positive returns except Utilities, Telecoms and Consumer Staples. The top performing sectors were IT and Financials. Performances across the style spectrum were positive.

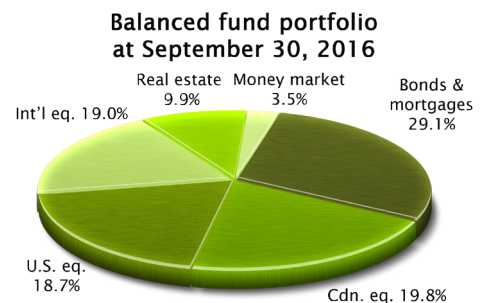
The MSCI EAFE Index rose 6.6 per cent in local currency and 7.7 per cent (C\$) during the quarter. The rise in International equities was driven by strong performance in both European and Japanese equities. Continental European equities increased as concerns over Brexit eased and political contagion to the region appeared to be limited. Equities were supported by a relatively strong earnings season with economic-sensitive sectors providing the strongest returns.

Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Royal Bank of Canada	6.9	Apple	2.7	Total	2.5
2	TD Bank	6.6	Chevron	2.4	Valeo	1.7
3	Bank of Nova Scotia	5.6	Microsoft	2.3	BMW	1.7
4	Canadian National Rly.	4.1	JPMorgan Chase	2.2	Henkel	1.7
5	Brookfield Asset Mgmt.	3.7	Citigroup	2.1	Shire	1.6
6	Manulife Financial	3.1	Verizon	1.8	DIA	1.6
7	Waste Connections	3.1	Medtronic	1.8	Nitori Holdings	1.6
8	Saputo	3.0	UnitedHealth Group	1.8	Nippon T & T	1.5
9	Element Financial	2.6	Wells Fargo	1.8	Roche	1.5
10	Brookfield Infra.Ptnrs.	2.6	Honeywell	1.8	Compass Group	1.5

The FTSE TMX Universe Bond Index returned 1.2 per cent in the quarter. Corporate issues outperformed Provincial and Federal issues; long duration bonds outperformed both medium and short duration bonds; and investment grade corporate bond returns were positive across all grades of credit quality. The REALpac/IPD Canada Property Index (Real Estate) increased 1.3 per cent in the quarter. After administration expenses, the Balanced Fund returned 4.4 per cent for the quarter, 3.8 per cent year to date. The STF returned 0.1 per cent in the quarter and 0.4 per cent year to date, after administration expenses. The top ten holdings, portfolio composition and returns are summarized in tables and charts accompanying this article.

SPP portfolio year-to-date return at September 30, 2016			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.5%	0.4%	0.5%
Bonds & mortgages	5.7%	5.3%	n/a
Cdn. equities	14.2%	15.8%	n/a
U.S. equities	0.0%	2.0%	n/a
Non-North American equities	0.2%	-3.8%	n/a
Real estate	3.6%	3.9%	n/a

\*Gross return before administration expenses



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