May 2017

Investment update (for quarter ending March 31, 2017)

The improving economic fundamentals across regions which started in the last quarter of 2016 continued into the first quarter of 2017. However, momentum in equity markets quickly diminished toward the end of the quarter as the U.S. administration's struggles to reform healthcare led to more realistic expectations for pro-growth policies. The U.S. Reserve raised the federal funds rate target, for the third time since the Financial Crisis, by 0.25 per cent. The Bank of Canada kept monetary policy unchanged over the quarter.

The S&P/TSX Composite Index posted strong gains, returning 2.4 per cent in the quarter despite falling energy prices. All sectors except Healthcare and Energy posted positive returns. Utilities, Information Technology and Consumer Discretionary were the best performing sectors in the quarter. Growth stocks slightly outperformed value stocks.

The S&P 500 Index (CAD) returned 5.5 per cent in the quarter. The Canadian dollar strengthened against the U.S. dollar in the quarter. Information Technology, Consumer Discretionary and Healthcare were the best performing sectors. Energy and Telecommunications were the only sectors to post negative returns. Growth stocks outperformed value stocks across all market capitalizations.

The MSCI EAFE (CAD) Index rose 6.7 per cent during the quarter. All sectors posted positive returns except for the Energy sector. Information Technology and Consumer Staples were the best performing sectors.

The Canadian Bond market, as measured by the FTSE TMX Universe Bond Index, gained 1.2 per cent in the quarter and yields remained largely unchanged from the previous quarter-end. Bond market returns were positive across all segments. Corporate bonds outperformed both Provincial and Federal bonds. The money market continued its pattern of low returns as the Bank of Canada left the Bank Rate unchanged.

Real Estate, as measured by the REALpac/IPD Canada Property Index rose 1.3 per cent in the quarter.

SPP's balanced fund returned 2.91 per cent per cent after administration costs while the short-term fund return, after administration costs, was 0.15 per cent. The top ten holdings, portfolio composition and returns are summarized in the accompanying tables and chart.

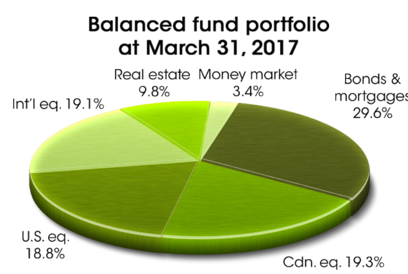
SPP portfolio year-to-date return at March 31, 2017

	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.2%	0.1%	0.2%
Bonds & mortgages	1.4%	1.2%	n/a
Cdn. equities	1.7%	2.4%	n/a
U.S. equities	5.1%	5.5%	n/a
Non-North American equities	7.5%	6.7%	n/a
Real estate	0.9%	1.3%	n/a

*Gross return before administration expenses

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	8.0	Apple	2.8	Total	2.7
2	TD Bank	6.8	JPMorgan Chase	2.6	BMW	1.8
3	Bank of Nova Scotia	6.7	Microsoft	2.4	Distribuidora	1.6
4	Canadian National Rly.	5.9	Citigroup	2.4	Henkel	1.6
5	Brookfield Infra.Ptnrs.	5.4	Chevron	2.2	Roche	1.6
6	Saputo	5.2	Wells Fargo	1.9	Deutsche Post	1.6
7	Toromont Industries	4.7	UnitedHealth Group	1.8	Nidec Corp	1.5
8	Open Text	4.1	Altria	1.7	DNB	1.5
9	Manulife Financial	4.0	Medtronic	1.7	Nitori Holdings	1.5
10	Brookfield Asset Mgmt.	3.8	Honeywell	1.7	Atlas Copco	1.5



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