finances value comfort activities holidays Confidence breathing room growing satisfaction resources balance growth success retirement investor working

CONTRIBUTIONS

Trust help future stepping stone invest costs years of saving reliability freedom savings relax save security Increase Low fees

November 2017

Investment update (for quarter ending September 30, 2017)

Evidence of improving global growth and low inflation continued to sustain the global equity market rally over the last quarter. The U.S. federal fund rate target was unchanged at one per cent to 1.25 per cent although the Fed commented they expect to hike rates towards the end of the year. The Bank of Canada raised interest rates twice in the quarter based on strong economic growth. The Canadian economy grew at an annualized rate of 4.5 per cent in the second quarter of 2017, which is the fastest pace in six years, led by consumer spending. However, economic growth showed signs of cooling down, with GDP growth flat in July, ending an eight-month run of economic expansion.

The S&P/TSX Composite Index (Canadian equities) returned 3.7 per cent in the quarter. Rising oil prices supported the energy sector, which accounts for over 20 per cent of the Index. The best performing sectors in the quarter were Energy and Financials. Healthcare was the worst performing sector. Value stocks outperformed growth stocks.

The S&P 500 (U.S. equities) returned 4.5 per cent (US$) and this was reduced to 0.6 per cent (C$) as the Canadian dollar strengthened against the U.S. dollar. Information Technology and Energy were the strongest performing sectors in the quarter. The worst performing sectors were Consumer Staples and Consumer Discretionary. Growth stocks outperformed value stocks.

The MSCI EAFE Index (Non North American equities) rose 3.4 per cent in local currency and 1.5 per cent (C$) during the quarter, predominantly driven by Eurozone and Japanese equities. Emerging market equities were the strongest performers amongst major global equity indices in local currency terms.

SPP portfolio year-to-date return at September 30, 2017

	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.6%	0.3%	0.6%
Bonds & mortgages	1.0%	0.5%	n/a
Cdn. equities	4.9%	4.4%	n/a
U.S. equities	7.6%	6.5%	n/a
Non-North American equities	15.1%	11.9%	n/a
Real estate	6.6%	4.1%	n/a

*Gross return before administration expenses

Top 10 Balanced Fund (BF) holdings

	Canadian Equities	% of Port-folio	U.S. Equities	% of Port-folio	Non-North American Equities	% of Port-folio
1	TD Bank	7.4	Apple	2.7	Total	2.6
2	Royal Bank of Canada	7.3	Citigroup	2.6	BMW	2.3
3	Bank of Nova Scotia	6.4	JPMorgan Chase	2.5	Banco Santander	2.2
4	CN Railway	4.6	Microsoft	2.5	Atlas Copco	1.9
5	Manulife Financial	3.6	Chevron	2.4	Deutsche Post	1.6
6	Brookfield Asset Mgmt.	3.5	Merck	2.0	Cash	1.6
7	Waste Connections	3.2	UnitedHealth Group	1.9	Statoil	1.6
8	Toromont Industries	2.9	Wells Fargo	1.8	Kingspan	1.5
9	Brookfield Infra.Ptr.	2.8	Honeywell	1.7	Nitori	1.5
10	Canadian Natural Res.	2.6	Verizon	1.7	Roche	1.5

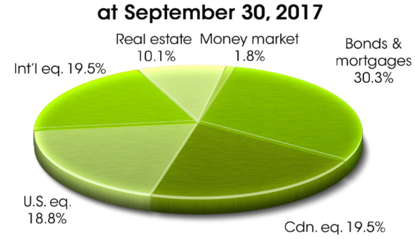
The FTSE TMX Universe Bond Index returned -1.8 per cent in the quarter. Bond returns were negative over all sectors as interest rates rose across the yield curve. Corporate issues outperformed Provincial and Federal issues and short duration bonds outperformed both medium and long duration bonds.

The REALpac/IPD Canada Property Index (Real Estate) increased 1.2 per cent in the quarter.

The Balanced Fund returned 1.3 per cent for the quarter, 5.39 per cent year to date. The STF returned 0.069 per cent in the quarter and 0.48 per cent year to date. The top ten holdings, portfolio composition and returns are summarized in tables and charts accompanying this article.

For more information please visit our website at saskpension.com.

Balanced fund portfolio at September 30, 2017



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