



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

February 2018

Investment update (for quarter ending December 31, 2017)

Global equity markets continued to reach new highs through the end of 2017 and it was a strong year for investment performance. Although underperforming relative to global equities, Canadian equities performed well in the final quarter of the year. Central Banks were once again at the forefront of news moving the markets, with the Bank of England raising the bank rate for the first time since the onset of the Global Financial Crisis from 0.25 per cent to 0.50 per cent. The U.S. Federal Reserve continued their tightening cycle as the federal fund rate target increased to 1.25 - 1.50 per cent. The Bank of Canada did not change interest rates in the fourth quarter. The Canadian economy was the fastest growing G7 economy in the 4th quarter. The S&P/TSX Composite Index returned 9.1 per cent in 2017. All sectors except the Energy sector posted positive returns in the year. The best performing sectors were Healthcare, Consumer Discretionary and Industrials. Value stocks outperformed growth stocks in the year. SPP's Canadian equity portfolio returned 9.3 per cent in the year.

The S&P 500 Index (C\$) returned 13.8 per cent in the year as the U.S. economic expansion continued in the final months of 2017. The best performing sectors were Information Technology, Materials and Consumer Discretionary. All sectors but Energy and Telecoms had positive returns. Large growth stocks outperformed value stocks in the year. SPP's U.S. equity portfolio returned 15.5 per cent in C\$.

The MSCI EAFE Index (C\$), returned 16.8 per cent, led by emerging markets. All sectors posted positive returns for the year. The best performing sectors were Information Technology, Materials and Industrials. SPP's non-North American (NNA) equity portfolio returned 20.9 per cent.

The FTSE TMX Universe Bond Index, which measures the Canadian Bond market returns, gained 2.5 per cent in the year. Long duration bonds outperformed medium and short duration bonds during the year and provincial

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	7.3	Microsoft	2.7	Total	2.5
2	TD Bank	7.2	JPMorgan Chase	2.7	Banco Santander	2.3
3	Bank of Nova Scotia	6.2	Citigroup	2.5	BMW	2.3
4	CN Railway	4.5	Chevron	2.4	Cash	2.2
5	Manulife Financial	3.7	UnitedHealth Group	2.0	Deutsche Post	1.7
6	Brookfield Asset Mgmt.	3.6	Altria	2.0	Atlas Copco	1.7
7	Waste Connections	3.1	Apple	1.9	Statoil	1.6
8	Toromont Industries	3.1	Wells Fargo	1.9	Nidec	1.6
9	Canadian Natural Res.	3.0	Pfizer	1.8	Sumitomo Mitsui	1.6
10	Brookfield Infra.Ptr.	2.8	Verizon	1.8	AXA	1.6

bonds outperformed both corporate and federal bonds. SPP's Fixed Income portfolio returned 3.1 per cent.

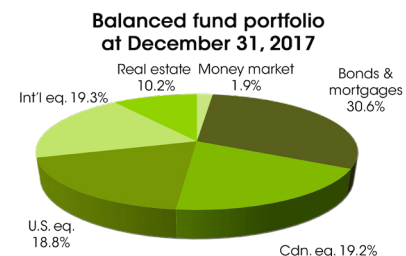
The Investment Property Databank Index, which measures Real Estate market returns, rose 5.7 per cent in the year. The Canadian commercial real estate market continues to benefit from a strong domestic economy. Retail space continues to be the most dynamic property type. The SPP real estate portfolio returned 10.6 per cent in the year.

The market value of the BF increased to \$413.6 M at the end of 2017. This represents a return of 9.7 per cent after administration costs are allocated to member accounts. The short-term fund return, after administration expenses, was 0.7 per cent. The chart below shows the BF asset mix at December 31, 2017.

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

SPP portfolio year-to-date return at December 31, 2017			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.6%	0.6%	0.7%
Bonds & mortgages	3.2%	2.9%	n/a
Cdn. equities	9.3%	9.1%	n/a
U.S. equities	15.5%	13.8%	n/a
Non-North American equities	20.9%	16.8%	n/a
Real estate	10.6%	5.7%	n/a

*Gross return before administration expenses



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