



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

CONTRIBUTIONS

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

January 2019

Investment update (for quarter ending December 31, 2018)

Financial markets were relatively unsettled in 2018, especially in the final quarter of the year. Equities markets were under significant pressure in the fourth quarter as the prospects of slower growth, higher interest rates, flat yield curves, and weakness in energy markets triggered a reassessment of equity valuations.

Global equities were rocked by rising concerns of slowing global growth and escalating trade tensions, especially in the fourth quarter. Canadian equities were particularly under pressure as crude oil prices fell sharply. Until November 2018, U.S. equity markets generated single high digit returns. However, all previous gains were reversed toward the end of the quarter.

The Canadian dollar depreciated by year end and depreciated against most major currencies. The Bank of Canada raised its benchmark interest rates by 0.25 per cent to a ten-year high of 1.75 per cent by year end. The U.S. Federal Reserve hiked its federal funds rate by 0.25 per cent to a range of 2.25-2.5%.

The S&P/TSX Composite Index covers the Canadian equity market. The best performing sectors were Information Technology, Consumer Staples and Real Estate. Energy was the worst performer. Growth stocks outperformed value stocks in the year and large cap stocks outperformed small cap stocks. The S&P 500 Index (C\$) covers the U.S. equity market. The best performing sectors were Health Care and Utilities while Energy was the worst performer. Value stocks outperformed growth stocks and large cap stocks outperformed small cap stocks.

The MSCI EAFE Index (C\$) covers the Non-North American equity market. The best performing sector was Utilities while the worst was Financials.

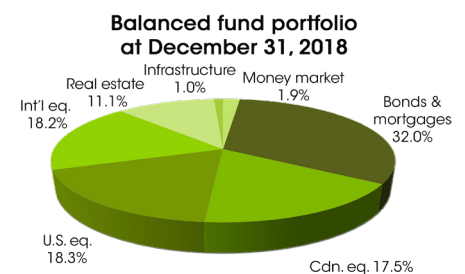
Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	TD Bank	7.1	Microsoft	3.4	Cash	3.0
2	Royal Bank of Canada	7.1	UnitedHealth Group	2.7	Total	2.7
3	Bank of Nova Scotia	6.0	JPMorgan Chase	2.4	BMW	2.1
4	CN Railway	5.0	Pfizer	2.4	Banco Santander	1.9
5	Brookfield Asset Mgmt.	4.7	Chevron	2.3	Roche	1.8
6	Waste Connections	4.0	Merck & Co.	2.1	Compass Group	1.7
7	Open Text	3.5	Broadcom	2.0	GlaxoSmithKline	1.5
8	Manulife Financial	3.4	Apple	1.9	Statoil	1.5
9	Toromont Industries	3.3	Medtronic	1.8	Anta Sports	1.5
10	Cdn. Nat. Resources	2.9	Alphabet	1.7	AXA	1.5

The FTSE TMX Universe Bond Index covers the Canadian bond market. Medium and short duration outperformed long duration bonds during the year and Federal bonds outperformed both corporate and provincial bonds. The Investment Property Databank Index measures Real Estate market returns. The Canadian commercial real estate market remained highly active, with transactions focused on larger, high-quality assets across all property types.

The benchmark for the Infrastructure portfolio is the Consumer Price Index (CPI) + 5 per cent. The year marked the most active investment period to date for the asset class for the manager.

The market value of the BF decreased to \$411.8 M at the end of 2018. This represents a return of -2.0% after administration expenses. The short-term fund return, after administration expenses, was 1.5 per cent. The chart below details the BF asset mix at December 31, 2018.

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



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

SPP portfolio year-to-date return at December 31, 2018			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	1.6%	1.4%	1.6%
Bonds & mortgages	1.9%	1.4%	n/a
Cdn. equities	-9.9%	-8.9%	n/a
U.S. equities	2.3%	4.2%	n/a
NNA equities	-7.3%	-6.0%	n/a
Real estate	8.7%	7.0%	n/a
Infrastructure	13.8%	7.1%	n/a

*Gross return before administration expenses

YOUR
RETIREMENT
GROWS HERE

P.O. Box 5555 608 Main Street Kindersley, SK CANADA S0L 1S0
PHONE 1-800-667-7153 FAX (306) 463-3500
TTY: 1-888-213-1311 info@saskpension.com
saskpension.com

