



February 2020

**Investment update** (for quarter ending December 31, 2019)

It is quite striking how different market sentiment was at the end of 2019 compared to 2018. Most of the major equity markets across the globe provided double-digit returns. Bond returns were also strong in 2019.

Canadian equity markets finished the year with a solid 4th quarter performance. The U.S. economic recovery made history in 2019 as being the longest on record, extending to 126 months in December.

The U.S. federal reserve cut interest rates by a further 25 basis points in October, the European Central Bank kept its monetary policy unchanged and the Bank of Canada kept its benchmark interest rate steady at 1.75 per cent.

The S&P/TSX Composite Index covers Canadian equities. The best performing sectors were Information Technology, Utilities and Industrials while Health Care was the worst performer. Growth stocks slightly outperformed value stocks in the year and large cap stocks outperformed small cap stocks.

The S&P 500 Index (C\$) covers U.S. equities. The best performing sectors were Information Technology and Communication Services while Energy was the worst performing sector. Growth stocks outperformed value stocks and large cap outperformed small cap in the year.

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

The FTSE TMX Universe Bond Index covers Canadian bonds. Long duration bonds outperformed medium and short term bonds and provincial bonds outperformed both corporate and federal bonds during the year.

The Investment Property Databank Index measures Real Estate market returns. Investors are increasingly active within the industrial and multi-family sectors and the demand for industrial

**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	6.7	Microsoft	4.0	Total	2.3
2	TD Bank	6.7	Alphabet	2.8	Cash	2.1
3	CN Railway	5.0	JPMorgan Chase	2.6	BMW	1.9
4	Brookfield Asset Mgmt.	4.7	UnitedHealth Group	2.3	Enel S.p.A.	1.7
5	Manulife Financial	4.1	Broadcom	2.2	Roche	1.6
6	Open Text	3.9	Apple	2.0	Smurfit Kappa	1.5
7	Bank of Nova Scotia	3.9	Chevron	1.9	GlaxoSmithKline	1.5
8	Toromont Industries	3.8	Medtronic	1.9	Tencent	1.4
9	Canadian Nat. Res.	3.6	Comcast	1.8	Kingspan	1.4
10	Waste Connections	3.4	Texas Instruments	1.6	Compass	1.4

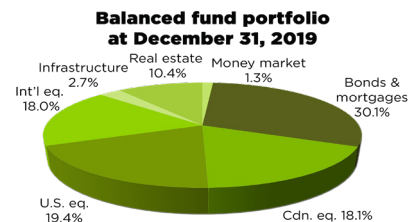
space in gateway markets across Canada is outpacing new construction.

The benchmark for the Infrastructure portfolio is the Consumer Price Index (CPI) + 5 per cent. Assets were actively deployed across new platforms and completion of construction projects in the year. Currency had a negative impact on the portfolio with strong performance from the Canadian dollar against all other currencies.

The market value of the BF increased to \$475 M at the end of 2019. This represents a return of 14.0 per cent after administration expenses are allocated to member accounts. The short-term fund return, after administration expenses, was 1.8 per cent. The chart below details the BF asset mix at December 31, 2019. For more information please visit our website at [saskpension.com](http://saskpension.com).

SPP portfolio year-to-date return at December 31, 2019			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	1.9%	1.6%	1.9%
Bonds & mortgages	7.4%	6.9%	n/a
Cdn. equities	22.1%	22.9%	n/a
U.S. equities	25.1%	25.0%	n/a
NNA equities	17.5%	16.0%	n/a
Real estate	8.7%	6.2%	n/a
Infrastructure	2.9%	7.4%	n/a

\*Gross return before administration expenses



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