

CONTRIBUTIONS

JULY 2020



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Investment update (as at June 30, 2020)

The fastest bear market in history has been offset by the fastest market recovery in history. Quick re-opening of economies slowed in June with partial reversals in the U.S. Further fiscal and monetary stimulus has provided the needed support for markets.

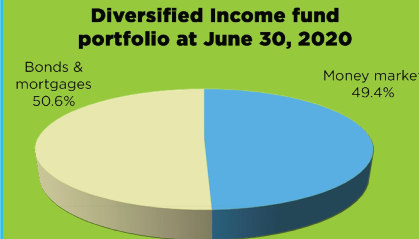
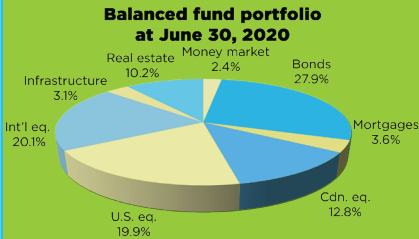
The U.S. Federal Reserve (Fed) kept target rates at 0.0-0.25 per cent and provided new loan facilities of \$2.3 trillion to small and mid-size businesses as well as municipalities in need. Forecasts suggest that the U.S. economy will contract by 6.5 per cent this year before growing five per cent in 2021. Interest rates will likely remain near zero until the end of 2022.

The S&P/TSX Composite Index covers Canadian equities. All sectors except Communication Services were positive, led by Information Technology and Materials. The U.S.- Mexico-Canada Agreement replaced the North American Free Trade Agreement in Q2. Trade tensions are already apparent over a U.S. tariff imposed on Canadian aluminum exports.

The S&P 500 Index (C\$) covers U.S. equities. The U.S. unemployment rate fell 3.6 per cent from a high of 14.7 per cent while analysts had expected a peak of close to 20 per cent unemployment. Information Technology and Consumer Discretionary sectors provided much of the gains based on needs due to social distancing measures. The CBOE Volatility Index (VIX) or “fear gauge” fell from 53.5 in Q1 to 30.4 this quarter. It has averaged 23.8 over the past 12 months. All sectors were positive except Utilities.

The MSCI EAFE Index (C\$) covers Non- North American equities. Net Total Return increased by 14.1 per cent in CAD terms for the quarter. The UK continued to underperform other regions due to a poor economic outlook and ongoing Brexit uncertainty. Despite the Emerging Markets 13 per cent increase in CAD, U.S.-China tensions rose again after China introduced a new national security law for Hong Kong. The U.S. then revoked Hong Kong’s trade privileges and the U.S. Senate passed a bill preventing many Chinese companies from listing shares on U.S. exchanges.

The FTSE TMX Universe Bond Index covers Canadian bonds. The Canadian yield curve shifted downwards in Q2 with yields falling across all maturities. The Bank of Canada (BoC) stated that it will continue to purchase at least \$5 billion of federal government securities per week in the secondary market. BoC also expanded its quantitative easing program to include provincial and corporate bonds.



The market value of the Balanced Fund (BF) increased to \$471.4 million at June 30, 2020.

This represents a return of -2.51 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets increased to \$5.9 million by quarter end, returning 3.45 per cent after administration expenses. The accompanying charts detail the BF and DIF asset mix as at June 30, 2020. For more information, please visit our website at saskpension.com.

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

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	Royal Bank of Canada	7.4	Microsoft	3.7	Cash	3.1
2	TD Bank	6.6	Alphabet	3.0	Roche	1.8
3	Bank of Nova Scotia	5.1	Apple	2.8	Enel S.p.A.	1.7
4	Toromont Industries	4.4	Amazon.com	2.4	Total	1.7
5	Brookfield Asset Mgmt.	4.4	UnitedHealth Group	2.1	Tencent	1.7
6	Canadian National Rwy.	4.2	Broadcom	2.0	BMW	1.6
7	Open Text	3.3	Texas Instruments	1.8	Lonza Group	1.5
8	Saputo	3.3	JPMorgan Chase	1.8	Rio Tinto	1.4
9	Constellation Software	3.1	Citigroup	1.7	Novartis	1.4
10	Manulife Financial	3.1	Marvell Technology	1.6	Air Liquide	1.4



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SPP portfolio year-to-date return at June 30, 2020		
	Return*	Benchmark
Balanced fund		
Short-term	0.6%	0.8%
Bonds	5.8%	7.5%
Mortgages	2.8%	6.0%
Cdn. equities	-10.5%	-7.5%
U.S. equities	-4.6%	1.6%
NNA equities	-9.2%	-7.0%
Real estate	-2.0%	2.5%
Infrastructure	0.4%	3.1%
Diversified income fund		
	4.8%	4.1%
*Gross return before administration expenses		