

CONTRIBUTIONS

OCTOBER 2020



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Investment update (as at September 30, 2020)

Global capital markets continued to rebound during the third quarter breaking through pre-pandemic all-time highs in early September. Optimism grew with the progress of COVID vaccine trials while monetary and fiscal policies supported the growth. Fears of a second wave of coronavirus and the continued failure to get a fiscal stimulus package done in the U.S. have recently reversed some of those market gains.

The U.S. Federal Reserve (Fed) projects that it will keep interest rates near zero until at least 2023. A new policy shift was also announced by adopting an “average inflation targeting” approach. The Fed will seek an average of two per cent inflation over time by allowing the rate to drift above two per cent occasionally to offset periods of inflation that fall under the two per cent threshold.

The S&P/TSX Composite Index covers Canadian equities. The index rose 4.7 per cent during the quarter. Trade tension with the U.S. eased after the Trump administration withdrew a proposed ten per cent tariff on Canadian aluminum exports only a month after announcing the tariffs. Tariffs could be re-imposed should aluminum exports not decline as the U.S. government expects. All Canadian sectors were positive over the quarter except Energy and Health Care. Energy

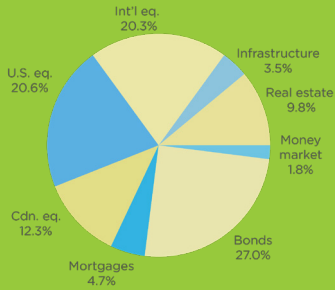
fell 8.1 per cent due to the pessimistic outlook for future oil demand.

The S&P500 Index (C\$) covers U.S. equities. Big tech stocks continued to push up equity markets. The U.S. unemployment rate fell to 8.4 per cent in August. A bitter election campaign and the failure of congress to ratify a new stimulus package has created some recent market volatility. Most sectors were positive in C(\$ terms over the quarter except Energy, which fell 21.3 per cent.

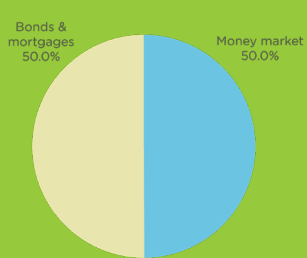
The MSCI EAFE Index (C\$) covers Non-North American equities. The Net Total Return Index rose by 2.8 per cent over the quarter. Over-weight positions in Financials and Energy combined with under-weighted exposure to Information Technology hampered overall performance. Emerging Markets rose 7.4 per cent in C(\$ terms over the quarter assisted by containing the coronavirus across East Asian economies. U.S.-China tensions escalated as Tik Tok and WeChat, Chinese-owned apps, were banned citing national security issues.

The FTSE TMX Universe Bond Index covers Canadian bonds. The Canadian yield curve steepened slightly over the quarter. The Bank of Canada will continue purchasing federal government securities as well as provincial and corporate bonds.

Balanced fund portfolio
at September 30, 2020



Diversified income fund
portfolio at September 30, 2020



The market value of the Balanced Fund (BF) increased to \$487.8 million at September 30, 2020.

This represents a return of 0.88 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets increased to \$6.9 million by quarter end, returning 3.92 per cent after administrative expenses.

The accompanying charts detail the BF and DIF asset mix as at September 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	7.1	Microsoft	3.4	Cash	3.1
2	TD Bank	5.8	Apple	3.2	BMW	1.7
3	Toromont Industries	5.2	Alphabet	2.8	Enel S.p.A.	1.7
4	Canadian National Rwy.	4.8	Amazon.com	2.4	Roche	1.7
5	Bank of Nova Scotia	4.4	Broadcom	2.1	Lonza Group	1.6
6	Brookfield Asset Mgmt.	4.3	UnitedHealth Group	2.0	Rio Tinto	1.4
7	Saputo	3.3	Texas Instruments	1.8	Euronext NV	1.4
8	Constellation Software	3.0	NVIDIA	1.7	Tencent	1.4
9	Open Text	3.0	JPMorgan Chase	1.6	Samsung Electr.	1.4
10	Manulife Financial	3.0	Adobe Systems	1.5	Henkel	1.4

SPP portfolio year-to-date return at September 30, 2020		
	Return*	Benchmark
Balanced fund		
Short-term	0.6%	0.8%
Bonds	7.0%	8.0%
Mortgages	5.6%	7.0%
Cdn. equities	-4.3%	-3.1%
U.S. equities	1.8%	8.4%
NNA equities	-4.8%	-4.6%
Real estate	-2.6%	-0.9%
Infrastructure	5.5%	4.1%
Diversified income fund		
	4.6%	4.4%
*Gross return before administration expenses		