

CONTRIBUTIONS

FEBRUARY 2021



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Investment update (as at December 31, 2020)

Global equities continued to perform well during the fourth quarter, supported by optimism regarding the COVID-19 vaccine program as well as obliging monetary and fiscal policies. After rising past pre-pandemic highs in the third quarter, the MSCI All Countries World Index showed continued strength despite U.S. election uncertainties and surging COVID-19 cases and deaths. The MSCI EAFE rose by 5.9 per cent in CAD terms. The Canadian economy rebounded at a historic pace after the March COVID-19 lockdown, growing at an annualized rate of 40.5 per cent in the third quarter of 2020.

The U.S. Federal Reserve (Fed) kept its policy rate unchanged. The Bank of Canada (BoC) kept its policy rates unchanged at its effective lower bound of 0.25 per cent and pledged to keep it near zero until 2023. The BoC has no plans to change its benchmark interest rate until inflation reaches 2 per cent.

The S&P/TSX Composite Index covers Canadian equities. The index rose 9.0 per cent during the quarter. All Canadian sectors were positive over the quarter except Consumer Staples and Materials. Energy rose by 14.7 per cent as vaccine announcements increased oil prices anticipating a return to global travel.

The S&P500 Index (C\$) covers U.S. equities. The index ended the quarter at an all-time high in U.S. dollar terms. All sectors were positive in C\$ terms over

the quarter. Wall Street's "fear gauge", the CBOE Volatility index, declined from 26.4 to 22.8 over the quarter, having averaged 28.9 over the previous 12 months.

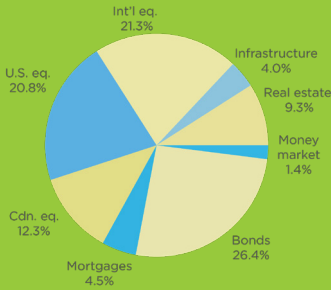
The MSCI EAFE Index (C\$) covers Non-North American equities. The index rose by 10.7 per cent in C\$ over the quarter. Over-weight positions in Financials and Energy combined with under-weight exposure to Information Technology reversed previous trends and elevated performance in Q4. Easing Brexit tensions also boosted UK equities. The EU and China signed an investment deal after seven years of negotiations.

The FTSE TMX Universe Bond Index covers Canadian bonds. The Canadian yield curve steepened over the quarter, with a marginal decrease in yields at the short end of the curve and a rise in longer maturities.

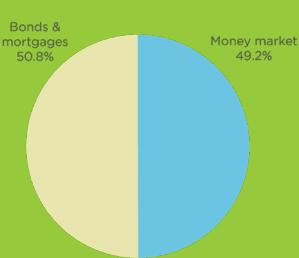
The Investment Property Databank Index measures Real Estate market returns. The fair value of debt adjustment was the largest negative contributor to performance. Multi-unit residential and high-quality urban office space continue to provide stable income and capital preservation.

The benchmark for the Infrastructure portfolio is the Consumer Price Index (CPI) + 5 per cent. Returns were driven by the growth in renewable platforms. Currency had a positive impact on the C\$ return.

Balanced fund portfolio
at December 31, 2020



Diversified income fund
portfolio at December 31, 2020



The market value of the Balanced Fund (BF) increased to \$521.3 million at December 31, 2020.

This represents a return of 8.72 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets increased to \$7.5 million by quarter end, returning 4.57 per cent after administrative expenses.

The accompanying charts detail the BF and DIF asset mix as at December 31, 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	Apple	3.0	BMW	1.8
2	TD Bank	6.4	Microsoft	3.0	Samsung Electr.	1.7
3	Bank of Nova Scotia	5.4	Alphabet	2.8	DNB	1.6
4	Brookfield Asset Mgmt.	4.7	Amazon.com	2.1	Total	1.6
5	Toromont Industries	4.0	Citigroup	2.0	Rio Tinto	1.5
6	Canadian National Rwy.	3.7	Broadcom	2.0	Tokyo Electron	1.5
7	Canadian Pacific Rwy.	3.2	UnitedHealth Group	1.9	Cash	1.4
8	Manulife Financial	3.1	JPMorgan Chase	1.8	Enel S.p.A.	1.4
9	Constellation Software	3.0	Medtronic	1.4	Roche	1.4
10	Saputo	2.9	Adobe Systems	1.3	Asahi Group	1.4

SPP portfolio year-to-date return
at December 31, 2020

	Return*	Benchmark
Balanced fund		
Short-term	0.7%	0.9%
Bonds	7.8%	8.7%
Mortgages	6.6%	7.7%
Cdn. equities	6.4%	5.6%
U.S. equities	13.4%	16.3%
NNA equities	12.3%	5.9%
Real estate	-1.9%	0.5%
Infrastructure	16.2%	5.8%

Diversified income fund	5.4%	4.7%
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*Gross return before administration expenses



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