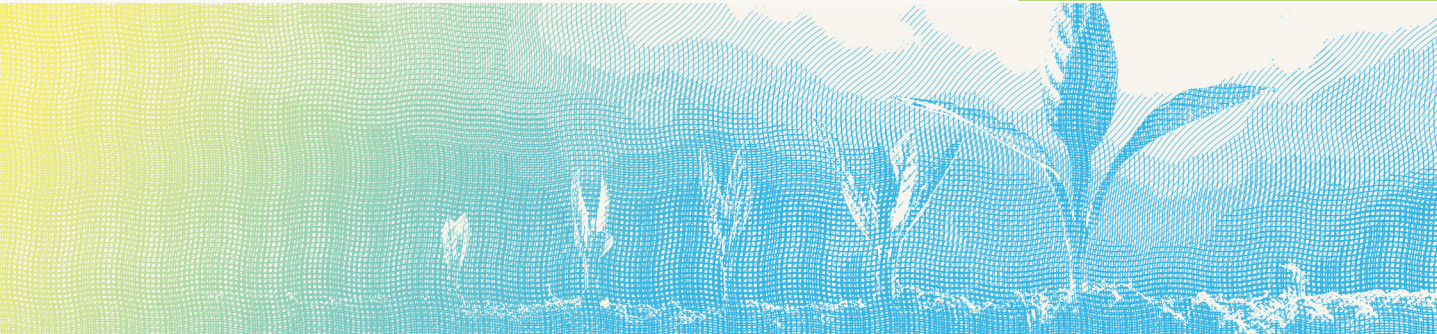


# CONTRIBUTIONS

JULY 2021



## Investment update (as at June 30, 2021)

Economic activity continued to rebound as global lock down restrictions eased but the uneven re-opening has caused supply bottlenecks and inflationary pressures. The MSCI World Index rose by 6.2 per cent in CAD terms. The U.S. Federal Reserve left interest rates unchanged as well as its current pace of asset purchases. The Bank of Canada left its benchmark rates unchanged but will taper its bond buying program from \$3 billion per week to \$2 billion.

The S&P/TSX Composite Index covers Canadian equities. Canadian equities rose by 8.5 per cent benefiting from a rally in the Financials, Energy and Information Technology (IT) sectors. The only negative sector over the quarter was Health Care. Value stocks have outperformed Growth stocks by 16.4 per cent year-to-date.

The S&P500 Index (C\$) covers U.S. equities. Appreciation of the CAD against the USD limited the gains to 6.9 per cent in CAD terms. Sectors such as IT and Real Estate benefited from falling interest rates. The CBOE Volatility Index (VIX) declined from 19.4 to 15.8 over the quarter, having averaged 23.2 over the previous year.

The MSCI EAFE Index (C\$) covers Non-North American equities. The index rose by 3.6 per cent in C\$ over the quarter. Health Care was the best performer while Utilities was the worst performer.

Emerging Markets (EM) returned 3.5% for the quarter but lagged developed countries. Covid-19 cases rose in the EM region and lock down measures were formalized again, specifically in China as their economy continued to slow.

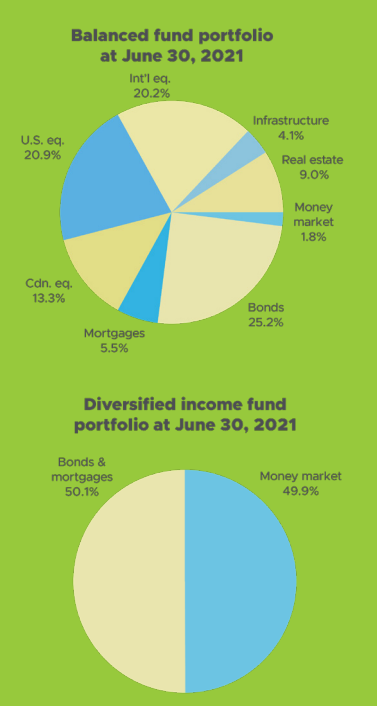
The FTSE TMX Universe Bond Index covers Canadian bonds. The Canadian yield curve was relatively stable over the quarter. The 10-year Canadian government bond yield fell over the quarter to 1.4 per cent. Canada's annual inflation rate marks its highest level in a decade, up 3.6 per cent in May. Rising house prices were a key driver for the higher inflation.

The Investment Property Databank Index measures Real Estate market returns. As more restrictions are lifted, income returns remain stable across property type and geography, with rent collection trending towards pre-pandemic levels. Valuations within retail have stabilized.

The benchmark for the Infrastructure portfolio is the Consumer Price Index (CPI) + 5 per cent. Investors are increasing infrastructure portfolio allocations as an essential part of a diversified portfolio. Relatively consistent valuations have been driven by stabled, contracted cash flow in the portfolio. Significant opportunity for growth exists with strong development in renewable energy and power infrastructure.



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The market value of the Balanced Fund (BF) increased to \$567.4 million at June 30, 2021.

This represents a return of 5.95 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totalled \$7.6 million at quarter end, returning -1.51 per cent after administrative expenses.

The accompanying charts detail the BF and DIF asset mix as at June 30, 2021. For more information, please visit our website at [saskpension.com](http://saskpension.com).

SPP acknowledges the assistance of TD Asset Management, Leith Wheeler Investment Counsel and Aon. 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	7.2	Alphabet	3.6	Cash	2.9
2	TD Bank	6.2	Microsoft	3.4	Total	2.1
3	Brookfield Asset Mgmt.	5.1	Apple	2.9	BMW	1.8
4	Bank of Montreal	4.5	JPMorgan Chase	2.2	DNB	1.6
5	Toromont Industries	4.4	UnitedHealth Group	2.1	Rio Tinto	1.5
6	Bank of Nova Scotia	4.0	Amazon.com	2.1	Tokyo Electron	1.4
7	Canadian Natural Res.	3.6	Broadcom	1.8	Smurfit Kappa	1.4
8	Constellation Software	3.1	T-Mobile US	1.8	Asahi Group	1.4
9	Canadian National Rwy.	3.1	NVIDIA	1.8	Henkel	1.4
10	Manulife Financial	2.9	Merck & Co.	1.6	Ashtead Group	1.3



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SPP portfolio year June 30, 2021		
	Return*	Benchmark
Balanced fund		
Short-term	0.1%	0.1%
Bonds	-2.1%	-3.5%
Mortgages	1.2%	-1.3%
Cdn. equities	19.1%	17.3%
U.S. equities	15.5%	12.1%
NNA equities	6.5%	5.8%
Real estate	5.8%	3.5%
Infrastructure	-1.7%	5.5%
Diversified income fund		
Bonds & mortgages	-2.1%	-3.5%
Short-term	0.1%	0.1%
*Gross return before administration expenses		