THE SASKATCHEWAN PENSION PLAN NEWSLETTER

CONTRIBUTIONS

SASKATCHEWAN PENSION PLAN

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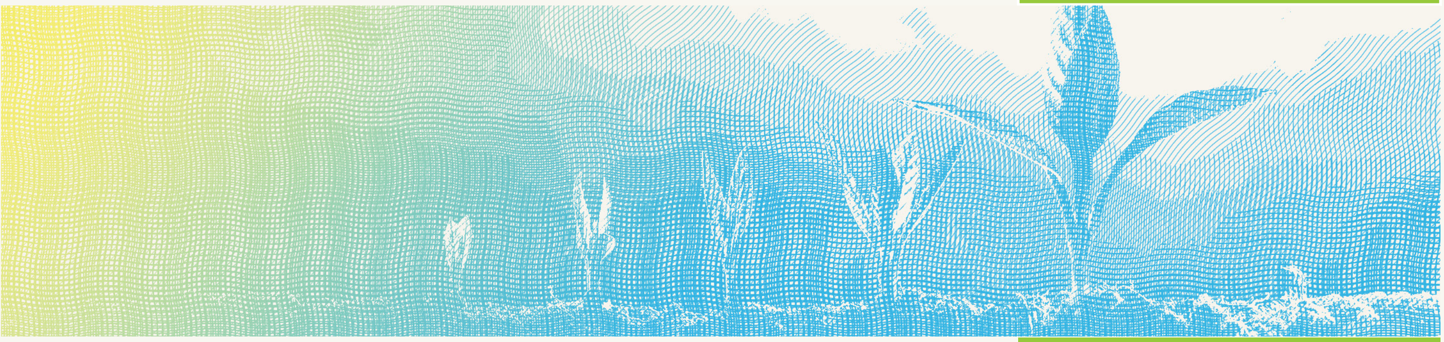
NOVEMBER 2021



Investment update (as at September 30, 2021)

Global economic activity continued to edge up as most of the globe was fully open for business. While some industries suffered the lingering effects of supply chain bottlenecks, equities were quiet with the MSCI world index up 0.6 per cent in local currency terms and 2.3 per cent in Canadian dollar (CAD) terms.

The US federal reserve left interest rates unchanged citing that the economic recovery has made meaningful progress. The bond buying program will likely taper. The Bank of Canada (BOC) also maintained the current benchmark rate but further reduced their bond buying program. However, the Canadian economy contracted at an annualized rate of 1.1 per cent for Q2 due to a cooling housing market and reduction in exports.

The S&P/TSX Composite Index covers Canadian equities. Over half of the Canadian sectors managed to be positive over the quarter. The two with the worst performance were Consumer Discretionary with a -6.5 per cent return and Health Care -19.4 per cent return. As they have done for most of the year, value stocks outperformed growth stocks, 0.5 per cent and -0.7 per cent respectively. Although there was a slow down in growth, the economic outlook remains constructive for Canadian Equities.

The S&P 500 Index (C$) covers U.S. equities. The index was marginally up at the end of the quarter closing 0.6 per cent higher; this was as a result of a tough period in September where almost all the earlier gains in the quarter were erased. Depreciation of the Canadian dollar against the U.S. dollar lifted the S&P 500 Index to 2.9 per cent in CAD terms. U.S. growth will likely be moderate during the remainder of the year and into 2022, as the flows of capital into the economy recedes.

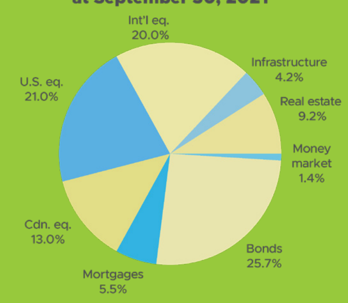
The MSCI EAFE Index (C$) covers Non-North American equities. The index rose by 1.8 per cent in C$ over the quarter. On a regional basis Japan performed the strongest in the third quarter. The poor returns from Brazil and China weighed the most on the index. Emerging Markets had a -6.0 per cent return in CAD terms for the third quarter.

The FTSE TMX Universe Bond Index covers Canadian Bonds. The Canadian yield curve steepened with the real 30-year yield increasing to 0.14 per cent. Overall the Canadian bond market performance was negative over the quarter. Canadian Provincial bonds underperformed all credit segments. Meanwhile, Canada's annual inflation rate hit an 18-year-high, up 4.1 per cent in August. The key inflation drivers were rising energy prices, supply chain bottlenecks and labour shortages.

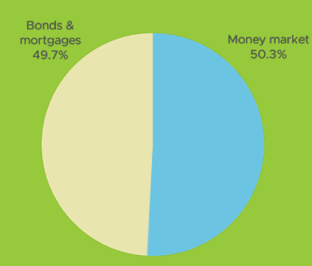
Our Real Estate pooled fund outperformed the benchmark MSCI/REALPAC Canada Property Index in the prior quarter by 1.84 per cent. Q3 has seen the most growth experiencing appraisal gains and valuations stabilizing.

The benchmark for the infrastructure portfolio is the consumer price Index (CPI) + 5 percent. The fund out performed the benchmark 0.89 per cent in the third quarter. Infrastructure continues to offer a healthy premium to fixed income with stable returns, low correlation to other asset classes, and inflation protected revenues.

Balanced fund portfolio at September 30, 2021



Diversified income fund portfolio at September 30, 2021



The market value of the Balanced Fund (BF) increased to $571.4 million at September 30, 2021.

This represents a return of 6.70 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totalled $7.3 million at quarter end, returning -1.69 per cent after administrative expenses.

The accompanying charts detail the BF and DIF asset mix as at September 30, 2021. For more information, please visit our website at 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 Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Royal Bank of Canada	7.2	Alphabet	3.8	Cash	3.0
2	TD Bank	6.5	Microsoft	3.5	Total	2.3
3	Brookfield Asset Mgmt.	5.1	Apple	3.0	BMW	2.1
4	Bank of Montreal	4.5	JPMorgan Chase	2.4	DNB	1.6
5	Toromont Industries	4.3	Amazon.com	2.2	Tokyo Electron	1.5
6	Canadian Natural Res.	3.9	UnitedHealth Group	2.0	Asahi Group	1.5
7	Bank of Nova Scotia	3.8	Broadcom	1.9	Lonza Group	1.4
8	Canadian National Rwy.	3.7	NVIDIA	1.7	Smurfit Kappa	1.4
9	Constellation Software	3.4	T-Mobile US	1.6	Erste Group Bank	1.4
10	Manulife Financial	3.0	Merck & Co.	1.6	Vinci	1.3

SPP portfolio year September 30, 2021

	Return*	Benchmark
Balanced fund		
Short-term	0.1%	0.1%
Bonds	-2.4%	-4.0%
Mortgages	2.3%	-1.1%
Cdn. equities	20.9%	17.5%
U.S. equities	17.6%	15.0%
NNA equities	6.2%	7.5%
Real estate	8.8%	7.1%
Infrastructure	1.7%	7.9%
Diversified income fund		
Bonds & mortgages	-2.1%	-4.0%
Short-term	0.2%	0.1%

*Gross return before administration expenses

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