THE SASKATCHEWAN PENSION PLAN NEWSLETTER

CONTRIBUTIONS

SASKATCHEWAN PENSION PLAN

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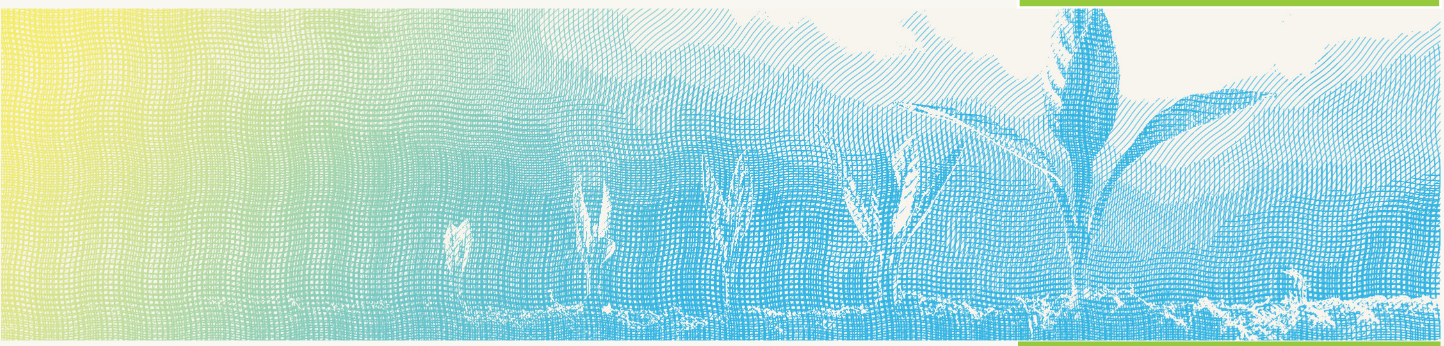
JUNE 2022



Quarterly investment update (as at March 31, 2022)

With the invasion of Russia's troops into Ukraine, stock markets around the world shook and have been volatile ever since. The war exacerbated matters, disrupting trade and adding new crimps to recovering supply chains. However, our funds' limited exposure to Russian investments, offers protection to investors. Prior to the invasion, investors were fearful, facing tight labour markets, decelerating corporate profits and rising bond yields with hotter than expected year-on-year inflation. Inflation continues to be a concern, with central banks' interest rate hikes during the quarter. While experiencing the severity of a market downturn is difficult, sell-offs help to clear market excess and could present attractive buying opportunities for positive long-term investments.

Canadian equities did better than most markets in the quarter, with the S&P/TSX achieving a 3.8 per cent return, our portfolio managed a return of 5.9 per cent. The outlook on Canadian equities is positive with the two largest weighted sectors (financial and energy) expected to outperform other sectors due to their strong balance sheets.

U.S. equities were weighed down by concerns over rising interest rates and inflation. This negatively impacted valuations for technology stocks and led to a weak start for the S&P 500 Index, returning -5.7 per cent last quarter. Our U.S. Portfolio outperformed the benchmark with a return of -4.1 per cent.

International equity markets declined in the quarter, with the MSCI EAFE (C$) returning -7.0 per cent and our international equity portfolio below the benchmark at -7.3 per cent return. The Eurozone under performed as the region suffered from the fallout of Russian sanctions. In Asia, markets declined due to macro geo-political concerns and Chinese government-imposed lockdowns.

The fixed income sector struggled as bond yields rose quickly during the quarter reflecting higher inflation and anticipated interest rate hikes from central banks. The benchmark returned -7.0 per cent and our fixed income portfolio had a return of -6.6 per cent.

The real estate pooled fund returned 4.1 per cent for the quarter. We expect industrial, multi-family property, and retail units to perform well going forward as people start to return to the office. Also, the defensive characteristics of multi-family assets and their low correlation to commercial property types may prove relevant as the risk of stagflation or a recession linger over the medium term.

The infrastructure portfolio returned 1.2 per cent, underperforming the benchmark of 4.7 per cent. The Infrastructure portfolio's future outlook is positive. Excess returns will likely be driven by positions in renewable energy and power infrastructure.

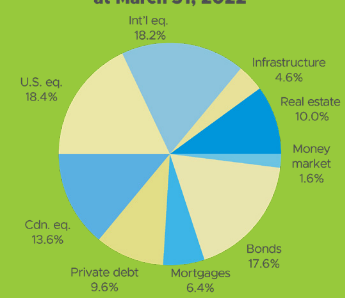
The mortgage portfolio returned -1.3 per cent exceeding the benchmark return of -4.4 per cent. The mortgage fund's low interest rate sensitivity insulated it's returns and the fund's steady income significantly helped outperform other fixed income strategies.

With the attempt to reduce the overall level of risk, we have further diversified our portfolio with the introduction of a private debt manager, Ninepoint Institutional Partners. Our private debt allocation returned 0.61 per cent, net of fees, since inception in February 2022. This is encouraging in contributing towards maintaining above average performance with lower than average volatility.

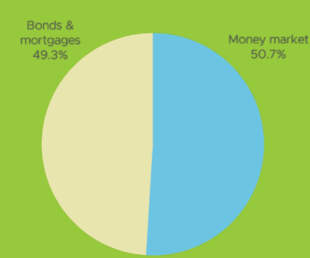
Top 10 Balanced Fund (BF) holdings at March 31, 2022

	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Royal Bank of Canada	7.3	Microsoft	3.2	Total Energies	2.6
2	TD Bank	6.6	Alphabet	3.1	BMW	2.2
3	Bank of Montreal	5.0	Apple	3.1	Samsung	2.1
4	Brookfield Asset Mgmt.	4.8	UnitedHealth Group	2.5	United Overseas Bank	1.5
5	Canadian Natural Res.	4.5	Broadcom	2.3	Equinor	1.5
6	Toromont Industries	4.3	Hess Corp.	1.8	HSBC	1.5
7	Bank of Nova Scotia	3.8	Amazon.com	1.8	Smiths Group	1.4
8	Constellation Software	3.4	JPMorgan Chase	1.7	Richemont	1.4
9	Canadian National Rwy.	3.2	NVIDIA	1.6	Tokyo Electron	1.4
10	Tourmaline Oil Corp.	2.8	Merck & Comp.	1.5	Fresenius Med Care	1.4

Balanced fund portfolio at March 31, 2022



Diversified income fund portfolio at March 31, 2022



The market value of the Balanced Fund (BF) at March 31, 2022 was $591.7 million.

This represents a return of -2.79 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totaled $7.1 million at quarter end, returning -3.48 per cent after administrative expenses.

The accompanying charts detail the BF and DIF asset mix as at March 31, 2021.

For more information, please visit our website at saskpension.com.

SPP acknowledges the assistance of TD Asset Management, Leith Wheeler Investment Counsel and George & Bell in the preparation of this update.

SPP portfolio year to date March 31, 2022

	Return*	Benchmark
Balanced fund		
Short-term	0.0%	0.1%
Bonds	-6.6%	-7.0%
Mortgages	-1.3%	-4.4%
Private debt	n/a	1.5%
Cdn. equities	5.9%	3.8%
U.S. equities	-4.1%	-5.7%
NNA equities	-7.3%	-7.0%
Real estate	4.1%	5.4%
Infrastructure	1.2%	4.7%
Diversified income fund		
Bonds & mortgages	-6.4%	-7.0%
Short-term	0.1%	0.1%

*Gross return before administration expenses

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