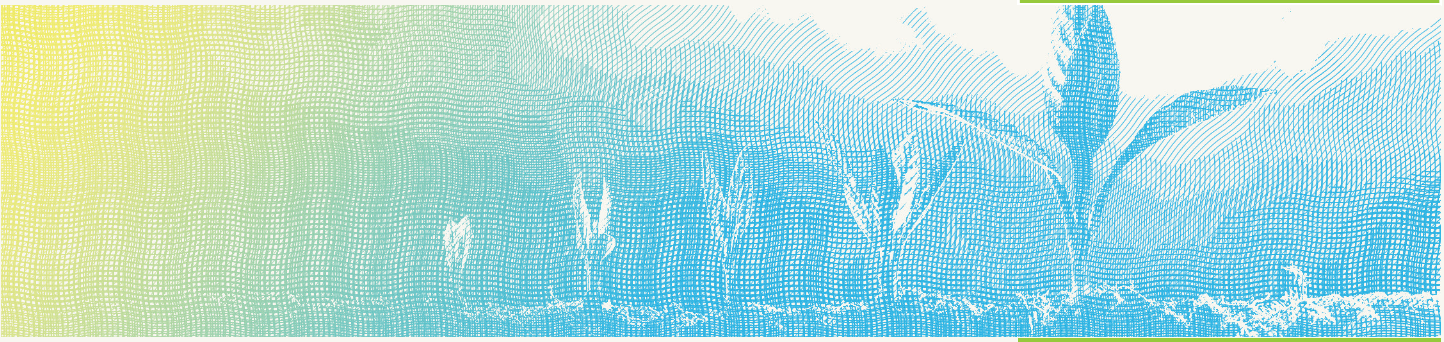
THE SASKATCHEWAN PENSION PLAN NEWSLETTER

CONTRIBUTIONS

SASKATCHEWAN PENSION PLAN

YOUR RETIREMENT GROWS HERE

AUGUST 2022



Quarterly investment update (as at June 30, 2022)

In the second quarter of 2022, the global macroeconomic outlook remained challenging. Rising inflation, rate hikes, supply-chain issues and the Russia-Ukraine war all contributed to growing recession fears and market volatility. Most regional equity markets faced double digit losses over the quarter as economic growth and company earnings slowed. Although financial markets have plunged and it can be distressing, bear markets (a decline of more than 20 per cent), provide the opportunity for investors to better position portfolios.

After a stellar first quarter, Canadian equities suffered in the second quarter with all sectors delivering negative returns. The S&P/TSX Composite declined -13.2 per cent. Our portfolio managed a return of -10.5 per cent.

U.S. equities experienced a broad sell-off during the second quarter. This can primarily be attributed to inflation and rising interest rates triggered by the Federal Reserve. All of this led to new fears of a potential U.S. economic recession. The S&P 500 had a return of -13.4 per cent and our U.S. Portfolio outperformed that benchmark with a return of -10.1 per cent.

Economic concerns of inflation also remained persistently high in the international markets. As a result, the Eurozone under performed due to the war and European central bank tightening its monetary policy. The U.K. outperformed other developed economies despite facing similar challenges. Japan was the only developed market that kept rates low and the Yen weakened significantly to near 30-year lows because of that. Our international equity portfolio had a quarterly return of -12.3 per cent compared to the benchmark return of -11.7 per cent.

Fixed income returns were negative during the second quarter due to a revaluation of bonds as a consequence of central banks raising rates to try restoring price stability. The benchmark returned -5.7 per cent and our fixed income portfolio had a return of -6.2 per cent.

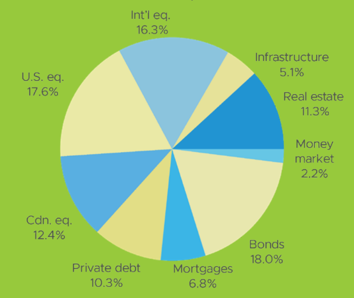
The real estate pooled fund returned 3.8 per cent for the quarter in comparison to the benchmark of 9.9 per cent. One of the few shining stars in a very dark universe last quarter. It provided a positive return and again highlighted the importance of a diversified and well-balanced asset mix.

The infrastructure portfolio returned 3.1 per cent, slightly underperforming the benchmark of 3.9 per cent. The portfolio's future outlook continues to remain positive because this asset class benefits from an increasing credit spread environment. It is well positioned to outperform other asset classes and act as a diversifier of returns through this economic cycle.

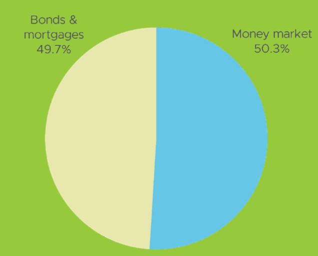
In the second quarter, similar to other fixed income asset classes, the mortgage portfolio had a negative return. A significant contributing factor was that the Canadian commercial mortgage market had an activity slowdown as investors responded to rising interest rates. Our portfolio outperformed the benchmark, -2.7 per cent, with a return of -0.7 per cent.

Our Ninepoint investments yielded some strength as our private debt allocation had a positive return of 0.1 per cent. This result is encouraging as it demonstrates the impact of diversifying and lowering the volatility of our Balanced Fund during what was a tough quarter.

Balanced fund portfolio at June 30, 2022



Diversified income fund portfolio at June 30, 2022



The market value of the Balanced Fund (BF) at June 30, 2022 was $557.4 million.

This represents a return of -8.86 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totaled $6.9 million at quarter end, returning -6.47 per cent after administrative expenses.

The accompanying charts detail the BF and DIF asset mix as at June 30, 2022.

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.

Top 10 Balanced Fund (BF) holdings at June 30, 2022

	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Royal Bank of Canada	7.7	Microsoft	3.0	Total Energies	3.8
2	TD Bank	6.3	United Health Group	2.9	BMW	2.1
3	Brookfield Asset Mgmt.	4.5	Alphabet	2.8	AIA Group	1.7
4	Toromont Industries	4.4	Apple	2.7	Samsung	1.7
5	Bank of Montreal	4.4	Merck & Co.	2.1	HSBC	1.7
6	Canadian Natural Res.	4.3	Philip Morris Int'l.	1.9	Novartis	1.6
7	Bank of Nova Scotia	3.7	Broadcom	1.8	Smiths Group	1.5
8	Constellation Software	3.5	Air Products & Chem.	1.6	Equinor	1.5
9	Canadian National Rwy.	3.4	Vici Properties	1.3	Jardine Matheson	1.4
10	Tourmaline Oil Corp.	3.1	Pinnacle West Capital	1.3	Boskalis Westminster	1.4

SPP portfolio year to date June 30, 2022

	Return*	Benchmark
Balanced fund		
Short-term	0.3%	0.3%
Bonds	-12.3%	-12.2%
Mortgages	-2.0%	-6.9%
Private debt	n/a	3.0%
Cdn. equities	-5.3%	-9.9%
U.S. equities	-13.7%	-18.3%
NNA equities	-18.7%	-17.9%
Real estate	8.1%	9.9%
Infrastructure	4.4%	8.7%
Diversified income fund		
Bonds & mortgages	-11.9%	-12.2%
Short-term	0.4%	0.3%

*Gross return before administration expenses

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