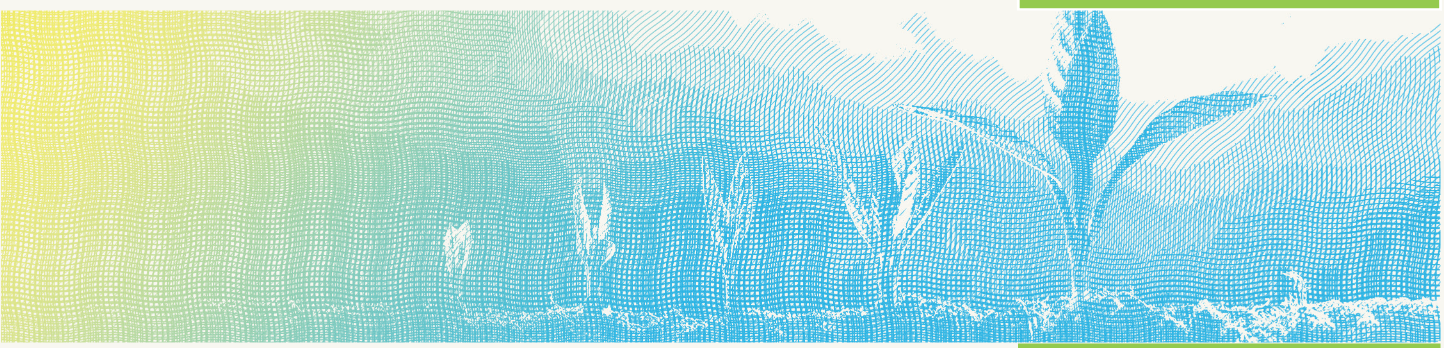
THE SASKATCHEWAN PENSION PLAN NEWSLETTER

CONTRIBUTIONS

NOVEMBER 2022

SASKATCHEWAN PENSION PLAN

YOUR RETIREMENT GROWS HERE



Quarterly investment update (as at September 30, 2022)

In the third quarter of 2022, central bank interest rate hikes continued to be headline news. This raised concerns that economic growth would slow and a global recession would ensue. These concerns meant equity markets experienced extreme volatility and performed worse than the previous quarter. The U.K. dominated headlines in September when their sovereign bond yields spiked due to concerns regarding the impact of potential tax cuts from government. The Bank of England intervened on an emergency basis to calm markets and stem volatility. Despite all of this, global bond markets increased during the quarter.

In Canada the S&P/TSX Composite declined -1.4 per cent for the quarter as investors remained concerned about higher inflation, rising interest rates and the risk of recession. Investors' fears were compounded as we saw evidence of weaker economic data late in the quarter, when the labour market lost 100,000 jobs. Our Canadian equity portfolio outperformed the benchmark with a return of -0.4 per cent.

In the U.S. the consumer discretionary sector was the best performing sector during the third quarter. This was a complete turnaround from last quarter when it had the worst performance. The S&P 500 had a return of 1.3 per cent for the quarter and our U.S. equity portfolio outperformed that benchmark with a return of 1.4 per cent.

Internationally, low business and consumer confidence combined with geopolitical instability all remained significant headwinds for equities. China's continuation of highly restrictive COVID-19 containment measures further negatively impacted equities. All of this led to a benchmark return of -3.4 per cent for the quarter. Our international equity portfolio outperformed the benchmark with a return of -3.0 per cent.

The fixed income benchmark returned 0.5 per cent for the quarter and our fixed income portfolio had a return of 0.8 per cent. As we enter an economic slowdown the future outlook appears constructive for fixed income. Positive corporate fundamentals and higher-yielding government bonds, along with opportunities for investment in higher quality sovereign debt, are positives for the asset class.

Canadian real estate continued to be a great inflation hedge because of increasing rental rates. Our real estate pooled fund outperformed the benchmark of 0.5 per cent and returned 0.6 per cent for the quarter. Furthermore, the future outlook is positive with key drivers such as rental demand, population growth, demographic behavior and housing affordability all suggesting positive long-term growth.

Our infrastructure portfolio had a standout performance returning 2.4 per cent, outperforming the benchmark of 1.1 per cent in the quarter. The outlook remains positive for infrastructure, it is well positioned to outperform relative to other asset classes through this interest rate cycle.

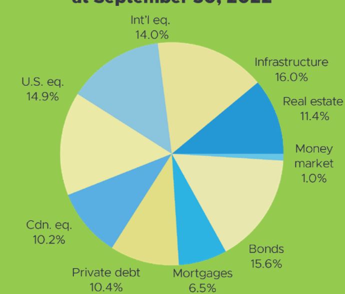
We saw the first signs of a slowdown in the mortgage market in the third quarter with a benchmark return of 0.3 per cent. Our mortgage portfolio outperformed the benchmark with a return of 0.9 per cent for the quarter.

Our private debt allocation was one of the few asset classes to underperform its benchmark in the third quarter. However, it was still a positive return of 0.8 per cent.

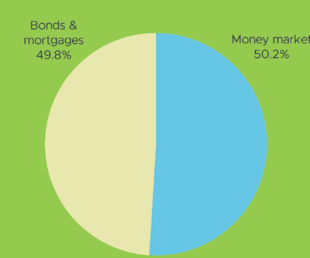
Top 10 Balanced Fund (BF) holdings at September 30, 2022

	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	Royal Bank of Canada	8.0	Microsoft	3.3	Total Energies	2.8
2	TD Bank	6.6	Apple	3.1	BMW	2.0
3	Bank of Montreal	4.9	United Health Group	3.1	Novartis	1.6
4	Brookfield Asset Mgmt.	4.4	Alphabet	2.5	National Australia Bank	1.6
5	Canadian Natural Res.	4.1	Merck & Co.	2.1	Smiths Group	1.5
6	Toromont Industries	3.7	Chevron	2.0	Jardine Matheson	1.4
7	Constellation Software	3.5	Broadcom	1.7	Equinor	1.4
8	Canadian National Rwy.	3.4	Philip Morris Int'l.	1.7	Samsung	1.4
9	Tourmaline Oil Corp.	3.3	Morgan Stanley	1.4	Shell	1.4
10	Brookfield Infrastructure	2.6	Vici Properties	1.3	United Overseas Bank	1.4

Balanced fund portfolio at September 30, 2022



Diversified income fund portfolio at September 30, 2022



The market value of the Balanced Fund (BF) at September 30, 2022 was $557.7 million. This represents a return of -8.6 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totaled $6.8 million at quarter end, returning -5.8 per cent after administrative expenses. The accompanying charts detail the BF and DIF asset mix as at September 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.

SPP portfolio year to date September 30, 2022

	Return*	Benchmark
Balanced fund		
Short-term	0.8%	0.8%
Bonds	-11.6%	-11.8%
Mortgages	-1.1%	-6.7%
Private debt	n/a	4.5%
Cdn. equities	-5.7%	-11.1%
U.S. equities	-12.5%	-17.2%
NNA equities	-21.1%	-20.7%
Real estate	8.7%	10.4%
Infrastructure	6.9%	9.8%
Diversified income fund		
Bonds & mortgages	-11.0%	-11.8%
Short-term	1.0%	0.8%

*Gross return before administration expenses

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