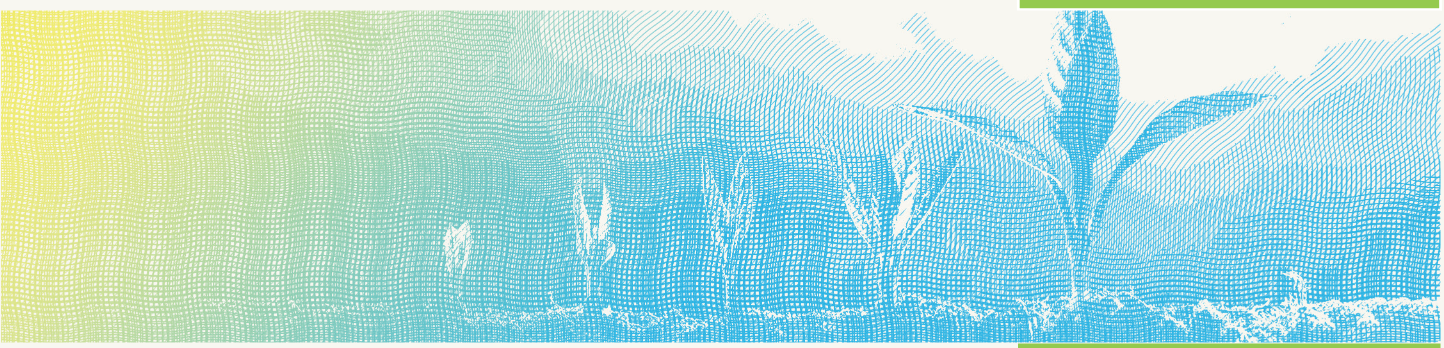
SASKATCHEWAN PENSION PLAN

INVESTMENT UPDATE

MARCH 2023

SASKATCHEWAN PENSION PLAN

YOUR RETIREMENT GROWS HERE



Quarterly investment update (as at December 31, 2022)

In the fourth quarter of 2022, the equity markets recovered some of the sharp losses from the first nine months of the year. This provided investors with some relief from the dramatic cross asset sell-off that occurred during the year. Canadian, U.S. and international markets all posted strong returns in October and November, before losing a little ground in December. Energy was by far the best performing sector in the quarter. There were more positives as real assets and commercial mortgages continued to provide strong diversification to portfolios amid the market fluctuations. Also, the inflation data has started to show a downward trajectory, and the central bank has signaled that a pause in the tightening cycle is likely in the short term. This is encouraging as it is a signal that suggest we have turned the corner on inflation and our long-term investing philosophy will benefit.

In Canada the S&P/TSX Composite Index rose to 6.0 per cent in quarter four, driven by positive returns in all but two sectors. The highest performing sector was information technology. The worst performing sector was healthcare. Our Canadian equity portfolio underperformed the benchmark with a return of 5.3 per cent.

In the U.S. the fourth quarter saw the energy, industrials, and material sectors lead returns for the index. The S&P 500 had a return of 6.1 per cent and our U.S. equity portfolio outperformed that benchmark with a positive return of 10.3 per cent.

Internationally, equity markets rebounded positively during the quarter. The Eurozone equities performed the best; with the U.K. bouncing back after a period of acute political and financial confusion before a leadership change. Japanese equites underperformed other major markets, with the Bank of Japan keeping its policy rate unchanged. China's move to lift COVID-19 restrictions helped further reopen its economy. All of this led to a benchmark return of 15.7 per cent. Our international equity portfolio returned 15.2 per cent.

The central bank rate hikes tightened corporate bond spreads, resulting in fixed income returns that were marginally positive in the fourth quarter. The benchmark returned 0.1 per cent and our fixed income portfolio had a return of 0.5 per cent due to interest rate strategies and allocation to quality corporate bonds.

Our real estate pooled fund equaled the benchmark and returned -1.2 per cent for the quarter. Despite the negative return, key drivers such as rental demand, population growth, demographic behavior and housing affordability all suggest a future outlook of positive long-term growth.

With rising overnight policy rates still occurring last quarter, we saw a continued slowdown in the mortgage market. Our mortgage portfolio had a positive return of 0.9 per cent, outperforming the benchmark of 0.7 per cent in the quarter.

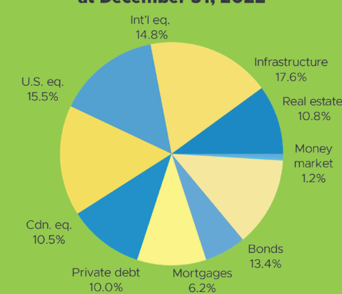
Our infrastructure portfolio performed well returning 3.3 per cent, outperforming the benchmark of 1.5 per cent in the quarter. Given our portfolio's positioning aligned with the energy transition and the need for supply chain infrastructure, we believe the outlook remains positive for infrastructure.

Our private debt allocation underperformed its benchmark of 1.5 per cent in the fourth quarter. However, it was still a positive return of 1.0 per cent.

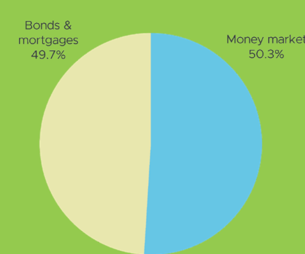
Top 10 Balanced Fund (BF) holdings at December 31, 2022

	Canadian Equities	% of Port-folio	U.S. Equities	% of Port-folio	Non-North American Equities	% of Port-folio
1	Royal Bank of Canada	7.8	Microsoft	3.0	Total Energies	3.1
2	TD Bank	6.9	United Health Group	2.8	BMW	2.2
3	Bank of Montreal	4.9	Apple	2.6	Novartis	1.7
4	Canadian Natural Res.	4.5	Merck & Co.	2.4	National Australia Bank	1.6
5	Constellation Software	3.8	Broadcom	2.1	Samsung	1.6
6	Toromont Industries	3.8	Alphabet	2.0	AIA Group	1.5
7	Canadian National Rwy.	3.5	Philip Morris Int'l.	1.8	Smiths Group	1.5
8	Rogers Communications	2.9	JPMorgan Chase	1.6	Holcim Ltd	1.4
9	Tourmaline Oil Corp.	2.8	Hess Corporation	1.4	United Overseas Bank	1.4
10	Metro Inc	2.7	Chevron	1.4	HSBC Holdings	1.4

Balanced fund portfolio at December 31, 2022



Diversified income fund portfolio at December 31, 2022



The market value of the Balanced Fund (BF) at December 31, 2022 was $581.3 million. This represents a return of -4.1 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totaled $6.9 million at quarter end, returning -5.3 per cent after administrative expenses. The accompanying charts detail the BF and DIF asset mix as at December 31, 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 December 31, 2022

	Return*	Benchmark
Balanced fund		
Short-term	1.8%	1.8%
Bonds	-11.2%	-11.7%
Mortgages	-0.2%	-6.0%
Private debt	n/a	6.0%
Cdn. equities	-0.7%	-5.8%
U.S. equities	-3.5%	-12.2%
NNA equities	-9.0%	-8.2%
Real estate	7.4%	9.0%
Infrastructure	11.2%	11.3%
Diversified income fund		
Bonds & mortgages	-10.7%	-11.7%
Short-term	2.0%	1.8%

*Gross return before administration expenses

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