

# INVESTMENT UPDATE

JUNE 2023



YOUR RETIREMENT  
GROWS HERE

## Quarterly investment update (as at March 31, 2023)

In the first quarter of 2023, coming out of a bear market, there was a lot of investor optimism. With signs of inflationary pressures ebbing, it suggests we are coming closer to the end of the global monetary tightening cycle. However, inflation stayed elevated year-over-year across categories, including the services economy, and was a large component of overall inflation. There was a strong reversal that occurred in the equity markets where sectors that performed well last year underperformed in the first quarter, and vice versa.

In March the markets whipsawed, fueled by turmoil in the U.S. regional and Swiss financial sectors. Despite the bank collapses causing pullback, the primary markets still experienced a positive quarter with equities and fixed income asset classes delivering strong returns.

In Canada, the S&P/TSX Composite Index ended the quarter at 4.6 per cent, driven by double-digit returns in the Information Technology sector. All sectors generated positive returns, except the energy sector. Our Canadian equity portfolio underperformed the benchmark with a return of 3.8 per cent.

In the U.S. the first quarter saw expensive growth and technology stocks lead the returns for the index. The S&P 500 had a return of 7.4 per cent and our U.S. equity portfolio underperformed that benchmark with a positive return of 2.2 per cent.

Internationally, China abruptly ended its zero COVID-19 policy. This helped the international equity markets and contributed

to a positive return. The benchmark return was 8.3 per cent. Our international equity portfolio returned 7.8 per cent.

During the first quarter, the Bank of Canada increased the policy rate by 0.25 per cent to a target rate of 4.50 per cent and signaled to the market this could be the last rate hike of the cycle.

The fixed income benchmark returned 3.2 per cent and our fixed income portfolio outperformed it with a return of 3.6 per cent.

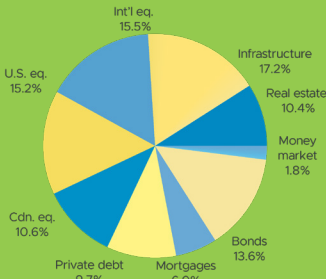
Our real estate pooled fund equaled the benchmark and returned -0.6 per cent for the quarter. Despite the negative return, key drivers such as rental demand and record population growth in Canada suggest a future outlook of positive long-term growth.

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 2.5 per cent, underperforming the benchmark of 2.8 per cent in the quarter.

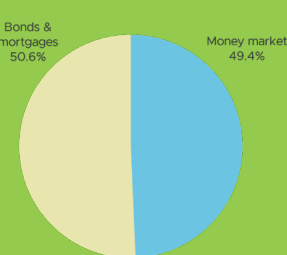
Our Infrastructure portfolio returned 1.7 per cent, underperforming the benchmark of 2.7 per cent in the quarter. Given our portfolio's positioning aligned with the energy transition, and the need for supply chain infrastructure, we believe the outlook remains positive for infrastructure.

Our Private Debt allocation outperformed its benchmark of 1.5 per cent in the first quarter with a positive return of 1.8 per cent.

Balanced fund portfolio  
at March 31, 2023



Diversified income fund  
portfolio at March 31, 2023



The market value of the Balanced Fund (BF) at March 31, 2023 was \$601.0 million. This represents a return of 2.6 per cent after administrative expenses are allocated to member accounts.

The Diversified Income Fund (DIF) assets totaled \$7.3 million at quarter end, returning 2.1 per cent after administrative expenses. The accompanying charts detail the BF and DIF asset mix as at March 31, 2023.

For more information, please visit our website at [saskpension.com](https://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 March 31, 2023						
	Canadian Equities	% of Port- folio	U.S. Equities	% of Port- folio	Non-North American Equities	% of Port- folio
1	Royal Bank of Canada	7.4	Microsoft	3.3	Total Energies	2.6
2	TD Bank	6.3	Apple	3.1	BMW	2.0
3	Bank of Montreal	4.6	Broadcom	2.3	Samsung	1.7
4	Canadian Natural Res.	4.4	Alphabet	2.3	ITOCHU Corp	1.6
5	Toromont Industries	4.1	United Health Group	2.3	Novo Nordisk	1.5
6	Constellation Software	3.8	Merck & Co.	1.8	Novartis	1.5
7	Canadian National Rwy.	3.4	Philip Morris Int'l.	1.7	Sanofi	1.5
8	Rogers Communications	2.8	JPMorgan Chase	1.5	Holcim Ltd	1.4
9	Canadian Pacific Rwy.	2.6	NVIDIA Corporation	1.4	Wolters Kluwer	1.3
10	CGI	2.5	VICI Properties	1.3	Vinci	1.3

SPP portfolio year to date  
March 31, 2023

	Return*	Benchmark
Balanced fund		
Short-term	1.0%	1.1%
Bonds	3.6%	3.2%
Mortgages	2.5%	2.8%
Private debt	1.8%	1.5%
Cdn. equities	3.8%	4.6%
U.S. equities	2.2%	7.4%
NNA equities	7.8%	8.3%
Real estate	-0.6%	-0.6%
Infrastructure	1.7%	2.7%
Diversified income fund		
Bonds & mortgages	3.6%	3.2%
Short-term	1.2%	1.1%
*Gross return before administration expenses		