



## **Impact of Tariffs on Saskatchewan Pension Plan (SPP)**

Recent developments are creating significant economic uncertainty, with potential for higher inflation, slower growth, and greater market volatility. While these shifts can affect various asset classes, SPP's investment options are designed to manage risks and provide stability, even amid global disruptions.

## **Balanced Fund – Diversified Exposure Across Risk Factors**

The Balanced Fund offers both growth and stability by investing across a broad range of asset classes that help manage risk during uncertainty.

While the Balanced Fund holds equities, which do face headline and economic risk, it is invested with a balanced mix of growth and value managers. This approach ensures exposure to companies offering long-term growth potential and those that are undervalued, providing diversification within the equity component.

The Balanced Fund also includes investments in essential private assets, such as utilities, transportation, and energy infrastructure, that are less sensitive to short-term market fluctuations and tariff impacts. These assets provide stable cash flows and inflation protection through long-term, inflation-linked contracts, helping buffer the Balanced Fund against disruptions and providing more stable returns.

The fixed-income portion, composed of private debt and bonds, serves as a defensive component of the portfolio, providing protection across various market conditions. Private debt, primarily consisting of floating-rate instruments, benefits from rising interest rates, while bonds provide capital protection and tend to perform well in a declining rate environment.

Finally, the Balanced Fund's real estate investments provide steady income and potential for long-term capital appreciation. This adds diversification and inflation protection, with real estate offering a stable income stream and potential for value appreciation over time.

## **Diversified Income Fund – Stability Through Conservative Fixed Income**

The Diversified Income Fund primarily invests in low-risk, conservative fixed-income investments. It is designed to preserve capital through income, rather than capital growth. This portfolio is subject to modest risks, including limited default risk and interest rate risk, and is suitable for those seeking a stable alternative to the Balanced Fund.

## **Conclusion – Resilient Investment Strategies for Uncertain Times**

While tariffs and global trade disruptions introduce market uncertainty, the Balanced Fund and Diversified Income Fund are structured to withstand these challenges. The Balanced Fund's diversified approach provides investments that offer stability, income, and inflation protection. The Diversified Income Fund is a stable, conservative option for those seeking less volatile returns and capital preservation.

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