



finances
value
comfort
activities
holidays
Confidence
breathing room
growing
satisfaction
resources
balance
growth
SUCCESS
retirement
investor
working
Trust
help
future
invest
years of saving
costs
reliability
savings
relax
save
freedom
security
Increase
Low fees

CONTRIBUTIONS

October 2018

Investment update (for quarter ending September 30, 2018)

Trade negotiations dominated the agenda in Canada over the quarter. A last minute compromise in the U.S. – Canada trade negotiations late in the quarter culminated in the U.S. – Mexico – Canada Agreement, with the agreement set to be ratified by all three countries towards the end of the year. Despite escalating trade tensions between the U.S. and China, global equities returned 4.7 per cent in the quarter.

The U.S. Federal Reserve raised the Federal Funds rate target by 0.25 per cent to a range of 2 – 2.25 per cent. The Bank of Canada raised its benchmark interest rate by 0.25 per cent to 1.5 per cent in July, bringing it to the highest level since 2008. Subsequent to quarter end, the rate was raised again by 0.25 per cent to 1.75 per cent in October.

The S&P/TSX Composite Index (Canadian equities) returned -0.6 per cent in the quarter, 1.4 per cent year to date (YTD). Healthcare was the best performing sector, followed by Industrials and Financials. The worst performing sectors were Materials, Consumer Discretionary and Energy. Value stocks outperformed growth stocks in the quarter but underperformed year to date. Growth stocks marginally underperformed value stocks in the quarter while small cap stocks underperformed large cap stocks.

The S&P 500 (US equities) returned 5.8 per cent (C\$) in the quarter, 14.1 per cent YTD as the Canadian dollar appreciated relative to the U.S. dollar. Performance was positive across most sectors. The combination of strong U.S. economic performance and robust corporate earnings growth propelled the U.S. equity markets with the S&P 500 Index hitting record highs. Healthcare was the best performing sector while Materials was the worst performing sector.

The MSCI EAFE Index (Non North American equities) declined -0.4 per cent (C\$) in the quarter, +1.7 per cent YTD. Sector returns were mixed with

Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	TD Bank	7.3	Microsoft	3.3	Cash	9.1
2	Royal Bank of Canada	7.2	UnitedHealth Group	2.5	Total	2.7
3	Bank of Nova Scotia	6.0	JPMorgan Chase	2.4	BMW	1.9
4	CN Railway	5.1	Apple	2.3	Banco Santander	1.7
5	Brookfield Asset Mgmt.	4.4	Chevron	2.2	Statoil	1.7
6	Toromont Industries	3.8	Pfizer	2.1	Softbank	1.5
7	Waste Connections	3.6	Merck & Co.	1.7	AXA	1.4
8	Open Text	3.4	Amazon.com	1.7	Compass Group	1.4
9	Manulife Financial	3.3	Broadcom	1.7	Sumitomo Mitsui	1.4
10	Cdn. Nat. Resources	3.2	Alphabet	1.7	DNB	1.4

Healthcare the best performing sector and Real Estate was the worst performing sector.

The FTSE TMX Universe Bond Index returned -1.0 per cent in the quarter, -0.4 per cent YTD. Negative bond market performance was led downward by Provincial bonds underperforming both Federal and Corporate bonds. Short duration bonds outperformed both mid and long duration bonds.

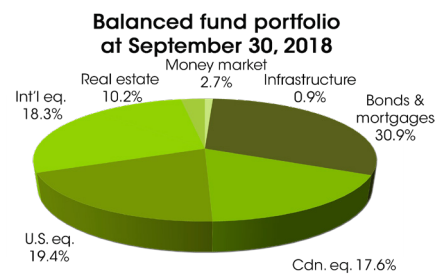
The REALpac/IPD Canada Property Index (Real Estate) increased 0.9 per cent in the quarter, 4.9 per cent YTD. Infrastructure Index returned 1.3 per cent for the quarter and 6.0 per cent YTD.

The balanced fund returned 0.7 per cent for the quarter, 3.0 per cent year to date. The short-term fund returned 0.4 per cent in the quarter and 1.0 per cent year to date. The top ten holdings, portfolio composition and returns are summarized in tables and charts accompanying this article.

For more information please visit our website at saskpension.com.

SPP portfolio year-to-date return at September 30, 2018			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	1.1%	0.9%	1.1%
Bonds & mortgages	0.3%	-0.4%	n/a
Cdn. equities	2.0%	1.4%	n/a
U.S. equities	12.7%	14.1%	n/a
NNA equities	0.9%	1.7%	n/a
Real estate	7.2%	4.9%	n/a
Infrastructure	7.1%	6.0%	n/a

*Gross return before administration expenses



SPP acknowledges the assistance of Greystone Managed Investments, Leith Wheeler Investment Counsel and Aon Hewitt Inc. in the preparation of this update.

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