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April 2019

Investment update (for quarter ending March 31, 2019)

Markets rebounded in the first quarter of 2019 after a disappointing 4th quarter in 2018. The U.S. Federal Reserve decided to pause after hiking interest rates over the past year. The Bank of Canada kept its benchmark interest rate unchanged at 1.75 per cent.

The S&P/TSX Composite Index returned 13.3 per cent in the quarter, supported by the heavily-weighted Energy sector, amidst surging crude oil prices. Health Care and Information Technology were the best performing sectors and Consumer Discretionary and Materials sectors were the worst. Health Care performance was largely boosted by large cannabis firms, which continue to benefit from strong investor demand. Value stocks underperformed growth stocks and small cap stocks underperformed large cap stocks.

The S&P 500 Index (CAD) returned 11.3 per cent in the quarter due to Canadian dollar appreciation relative to the U.S. dollar. All sectors posted positive returns in the quarter. The Information Technology and Real Estate sectors were the best performing sectors while Financials and Health Care sectors were the worst. Both large and small cap stocks performed well and growth stocks outperformed value stocks.

The MSCI EAFE (CAD) Index returned 7.7 per cent during the quarter. All sectors posted positive returns with Information Technology and Real Estate the best performing sectors. Financials and Communication Services were the worst performing sectors.

The Canadian Bond market, as measured by the FTSE TMX Universe Bond Index, returned 3.9 per cent in the quarter. Provincial bonds outperformed both federal and corporate bonds; returns were positive across all credit quality grades; and short maturity bonds underperformed both medium and long maturity bonds.

Top 10 Balanced Fund (BF) holdings						
	Canadian Equities	% of Portfolio	U.S. Equities	% of Portfolio	Non-North American Equities	% of Portfolio
1	TD Bank	6.9	Microsoft	3.5	Total	2.6
2	Royal Bank of Canada	6.8	UnitedHealth Group	2.4	Cash	1.9
3	Bank of Nova Scotia	5.4	Broadcom	2.3	Roche	1.9
4	CN Railway	5.3	Chevron	2.2	BMW	1.8
5	Brookfield Asset Mgmt.	4.7	JPMorgan Chase	2.2	Banco Santander	1.8
6	Waste Connections	4.1	Merck & Co.	2.0	GlaxoSmithKline	1.8
7	Toromont Industries	3.7	Pfizer	2.0	Compass Group	1.8
8	Manulife Financial	3.7	Apple	2.0	Anta Sports	1.7
9	Open Text	3.7	Comcast	1.9	Vinci	1.6
10	Cdn. Nat. Resources	2.9	Alphabet	1.7	AXA	1.6

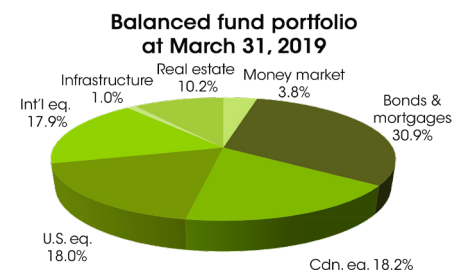
Real Estate, as measured by the REALpac/IPD Canada Property Index returned 0.9 per cent in the quarter. Leasing momentum for the office market remained strong over the quarter. The portfolio generated a stable return in the quarter driven by income and capital preservation. Office, industrial and multi-unit residential assets located in BC and Ontario were major contributors to performance.

Infrastructure returns, measured by the measurement of CPI plus 5 per cent returned 2.7 per cent. Persistent low interest rates of the past have driven more investors to consider infrastructure and fundraising has been dominated by a small number of funds. The assets continued to perform well over the quarter and fluctuations in value are due to changes in foreign exchange rates and working capital.

SPP's balanced fund returned 7.03 per cent after administration costs in the quarter while the short-term fund return, after administration costs, was 0.46 per cent. The top ten holdings, portfolio composition and returns are summarized in the accompanying tables.

SPP portfolio year-to-date return at March 31, 2019			
	Balanced fund return*	Benchmark	Short-term fund return*
Short-term	0.5%	0.4%	0.5%
Bonds & mortgages	3.8%	3.9%	n/a
Cdn. equities	12.9%	13.3%	n/a
U.S. equities	11.4%	11.3%	n/a
NNA equities	9.1%	7.7%	n/a
Real estate	1.2%	0.9%	n/a
Infrastructure	-1.4%	2.7%	n/a

*Gross return before administration expenses



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