SHEPP Annual Report 2020

SHEPP

People. Pensions. Results.

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Key Service Providers

ACTUARY

Aon

AUDITOR

KPMG LLP

CUSTODIAN

CIBC Mellon Global Securities Services Company

INVESTMENT CONSULTANT

Aon

LEGAL COUNSEL

Lawson Lundell LLP
Miller Thomson LLP

INVESTMENT MANAGERS

Aeolus Capital Management
Baillie Gifford & Co
Basalt Infrastructure Partners
BentallGreenOak
BlackRock Asset Management
Brookfield Asset Management
Causeway Capital Management
Christofferson Robb & Co
Connor Clark & Lunn Investment Management
Foyston Gordon & Payne
Global Infrastructure Partners
IFM Investors
I Squared Capital
Invesco Ltd.
Informed Portfolio Management
JP Morgan Asset Management
Macquarie Infrastructure and Real Assets
Manulife Investment Management
Meridiam Infrastructure
Nephila Capital
Pantheon Ventures
Phillips, Hager & North Investment Management
Systematica Investments
TD Asset Management
Unigestion Asset Management
Wellington Management

Message **from the Board**

2020 is a story of resilience – dauntless tenacity in the face of adversity.

The spotlight must first shine on our members – Saskatchewan's healthcare heroes. The mental strain and physical toll of the global pandemic on healthcare workers is undeniable. No one would fault them for taking the well-deserved break retirement can offer from the demands of a selfless career. Yet, many of the phone calls to SHEPP amid the pandemic were instead to postpone retirement. Members shared how they just couldn't walk away at a time when they are needed and that they couldn't imagine leaving their colleagues to fight this battle alone. Each anecdote painting a portrait of dedication and strength, and reminding us we all have a role to play.

The resilience of the Plan itself was also tested, as financial markets plummeted in the spring in rapid response to the onset of a global pandemic. As a Board, we remained resolute in our focus on the long-term, and confident the Plan could weather the storm given the strong foundation that's been built. Deliberate and purposeful decision making with regard to risk management and investment strategy are helping build a robust Fund that can capitalise on opportunities, respond under pressure and endure the short-term setbacks that inevitably occur.

Finally, the resilience of SHEPP employees was truly remarkable. They are a team in every sense of the word – collaborative, optimistic, results-oriented and collectively driven to serve the best interests of members.

This past year has been like no other. And, given the financial uncertainty the pandemic has brought many Canadians, we are so privileged to be part of an organisation whose purpose is to provide stable and predictable retirement income for one of the province's most vital workforces – healthcare employees.

Thank you to everyone who helped not only keep the lights on this past year, but shoot the lights out. To accomplish so much in a year fraught with such uncertainty and anguish is outstanding. We're grateful to the SHEPP Administration team, led by CEO Alison McKay, for their flexibility and determination despite incredible challenge. Thank you to our Partner Committee representatives for their commitment to strong governance, our key service providers for their dependable advice, and our fellow Trustees for their devotion to SHEPP's success and fulfilling their fiduciary duty.

Finally, to our members and employers, thank you from the bottom of our hearts for your continued sacrifice and courageous perseverance. Stay safe.

Jeff Stepan & Andrew Huculak
Chair and Vice Chair

Message **from the CEO**

This past year was challenging on so many levels. As the COVID-19 pandemic continues to disrupt families, communities and the global economy, we've been forced into a constant state of uneasiness. But it has also reminded us of the strong values and common purpose that unite us.

We are people driven and member focused. SHEPP's greatest strength has always been its people. 2020's challenge to the status quo tested our resilience as individuals and as an organisation in ways we could never have imagined. Despite the fear and uncertainty, SHEPP employees quickly adapted (many to a remote work environment) and continued to deliver the same level of service our members have come to know and expect.

We are passionate about pensions. Amid incredible market volatility and economic uncertainty, we remained steadfast in our focus on the long-term, confident our funding and investment strategies over the past decade had positioned the Plan on solid footing. By year-end the market had rebounded, and the Plan posted investment returns of 10.5% for 2020, bringing total assets to $8.9 billion (up from $8.0 billion in 2019). A valuation was filed in 2020, which showed a further reduction to the unfunded liability, and SHEPP continued efforts to implement its long-term asset mix. The SHEPP Board and Administration continue to focus on Plan sustainability so our 60,000 members can rest easy knowing their pension will be there tomorrow and in the future.

We embrace quality and innovation. 2020 was year four of our five-year strategic plan, and we remain on track to achieve the objectives identified. Many initiatives to support business continuity and disaster recovery were completed and implementation of the security roadmap continued. We expanded our office space to meet the needs of our growing team and refreshed the look of our existing space. The SHEPP logo and website also received an update with a more modern feel and warm, welcoming colours. Preparations began, for a member survey in 2021, which will guide future engagement and communication efforts – we're excited to hear what members expect from their pension plan.

As we navigate through the continued uncertainty, I am grateful for our incredible team – your flexibility, focus and support for one another gives me great pride. Thank you as well to our Board of Trustees, for your continued guidance and support, and to our members and employers who continue to fight the battle. Together, we will get through this.

Alison McKay

Alison McKay
Chief Executive Officer

Plan **Overview**

About SHEPP

The Saskatchewan Healthcare Employees' Pension Plan (SHEPP) serves one of the province's most valuable resources – healthcare workers. Since 1962, the pension plan has been providing secure, predictable pensions to those who have retired from a career caring for the province's most vulnerable citizens. And, to those who continue to serve – which today equates to one in every fifteen people employed in Saskatchewan – the assurance of lifetime income when they are ready for retirement.

SHEPP is a multi-employer defined benefit pension plan – the largest of its kind in Saskatchewan. Once vested, members are entitled to a monthly pension, based on their eligible service and earnings at retirement, which is payable for the rest of their life and in some cases may continue to be paid to their surviving spouse for the rest of their life. Other provisions include early retirement, disability, death and termination benefits.

The Plan is funded by contributions from active Plan members and participating employers, and by the investment earnings of the Plan's assets.

In 2002, SHEPP became jointly trusteed, establishing a governance structure whereby Plan obligations are shared equally between employees and employers and both are accountable for the long-term sustainability of the Plan. Two Partner Committees (Partners) – Union and Employer – are collectively responsible for Plan design, and a Board of Trustees (Board) administers the Plan and funds held in trust, guided by the fiduciary duty to act in the best interests of the Plan and its members. SHEPP's CEO and employees are responsible for day-to-day operations and most importantly, serving members.

A Registered Pension Plan, SHEPP is administered in compliance with The Pension Benefits Act, 1992 (Saskatchewan) and the Income Tax Act (Canada), as well as the Plan's own governing documents – the Trust Agreement and Plan Text.

SHEPP's office is in Regina, situated on Treaty 4 Territory and the Homeland of the Métis Nation.

The SHEPP Promise

Mission

To serve the best interests of our members.

Vision

Excellence in pension plan administration, governance and the provision of benefits.

We are people driven and member focused.

People.

We are passionate about pensions.

Pensions.

We embrace quality and innovation.

Results.

Plan **Funding**

Best Estimate Year-end Results

The onset of the coronavirus early in 2020, and the financial market's very swift and severe reaction, resulted in significant losses in the first quarter of the year. However, the market rebounded relatively quickly and the Plan experienced considerable gains, particularly in the second and fourth quarters, ending the year significantly ahead of where it began. Year-over-year, net assets increased by $854.8 million and pension liabilities by $575.1 million, bringing the total net assets to $8.9 billion at the end of 2020 and resulting in a surplus of $1.0 billion on a best-estimate basis.

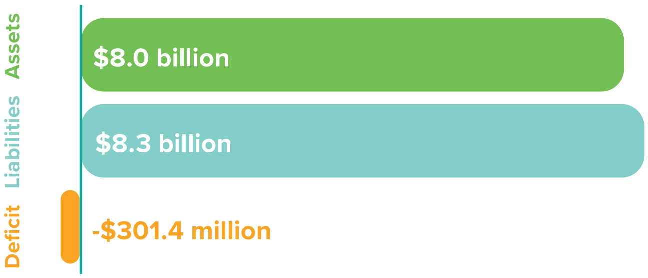
While best-estimate year-end results are an important measure of financial health, the Plan is funded on a going-concern basis, which assumes the Plan continues indefinitely. Therefore, it is important that the emphasis remain on the long-term financial health and sustainability of the Plan.

Going-concern Funded Status

Funded status is one of the key metrics of any defined benefit pension plan, and one the Board closely monitors. The Pension Benefits Act, 1992 (Saskatchewan) requires the Plan to file an actuarial valuation at least once every three years but also provides the flexibility to file more often if they choose to. In support of its long-term funding strategy, the Board has filed valuations more frequently in recent years, when it has been advantageous to do so. This strategy has helped the Board proactively position the Plan to ride out the short-term effects of market volatility, thus stabilising funding, and alleviating pressure on contribution rates.

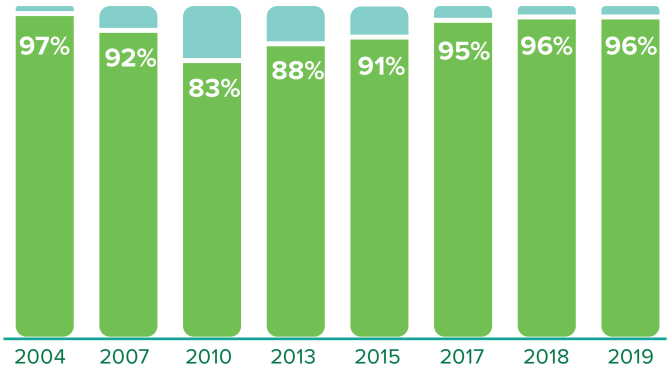
In 2020, SHEPP filed an actuarial valuation as at December 31, 2019, which showed the current required contribution rate is sufficient to meet funding requirements in the immediate future, and the Plan's funded status, on a going-concern basis, has improved. Though the funded ratio remained the same as the last valuation, at 96% funded, the unfunded liability was further reduced by $35 million (from $336 million in 2018 to $301 million in 2019).

Financial Position (Going-Concern)
(as at December 31, 2019)



SHEPP has progressively improved its going-concern funded status since 2010 when the current unfunded liability was incurred as a direct result of the 2008 global financial crisis. Although volatile markets, prolonged low interest rates and longer life expectancies have posed challenges, the Board's funding and investment policies, among other factors, have enabled the Plan to make significant strides toward eliminating the funding deficit, which must be fully amortised by 2025.

Going Concern Funded Ratio
(as at December 31)



Long-term Sustainability

Funding a defined benefit pension plan requires long-term focus and diligent oversight to ensure pension obligations are fulfilled present day and for decades to come. The multi-employer defined benefit model continues to be an effective and efficient model for delivering secure predictable retirement income for Canadians, but it is imperative that financial and demographic risks are carefully monitored and managed.

The Plan is maturing and member demographics are changing. In 2002, active members outnumbered pensioners more than four to one and now the ratio has declined to under two to one. Increasing life expectancy means the Plan will be required to pay pensions for a longer period of time. Compounding these issues is the expectation that financial markets will continue to be volatile, investment returns muted and interest rates low.

Active to Retired Member Ratio

4.2 to 1 in 2002 → **1.9 to 1** in 2020

None of these challenges come as a surprise, but they certainly underscore the importance of pursuing investment strategies that can generate a level of return to fund benefits long-term. The Board has been very proactive and deliberate in its approach to Plan sustainability, and the resiliency the Plan demonstrated in 2020, amid the pandemic, reinforced confidence in this approach to risk management and Plan sustainability.

To effectively navigate economic cycles, investment market realities and shifting demographics, while maintaining the financial integrity of the Plan over the long-term, the Board relies on its Funding Policy. Within the Policy, the Board has established priorities, the first of which is to secure members' benefits and the second is to stabilise contribution rates.

SHEPP Contribution Rate
(as a percentage of payroll)

Current service cost	15.36%
Temporary contribution to amortise the unfunded liability	2.94%
Total Combined Contribution Rate	**18.3%**

SHEPP Contribution Rates
(as a percentage of pensionable earnings)

Member Contribution Rates	**8.1%** up to the YMPE*	**10.7%** above the YMPE*
Employer Contribution Rates	**9.07%** up to the YMPE*	**11.98%** above the YMPE*

*The YMPE is the Year's Maximum Pensionable Earnings which was $58,700 in 2020 and is $61,100 in 2021.

The Board of Trustees is responsible for administering the Plan and funding the prescribed benefits from contributions and investment earnings. The responsibility for Plan design lies with the Partner Committees – only they have the authority to make fundamental changes to Plan design. This means, the only option available to the Board when a deficit occurs, is to raise contribution rates to ensure the deficit is funded within the legislated timeframe. To mitigate the need for contribution rate changes, the Fund must provide a certain level of investment returns, and that means the Plan must take on some risk.

SHEPP's Board and Administration work closely with the Plan actuary and investment consultant to design and implement investment and risk management strategies that address the financial and demographic challenges and opportunities facing the Plan. In recent years, several steps helped position the Plan to withstand the turbulent times experienced in 2020, including:

- Ongoing diversification, guided by periodic asset-liability studies to examine expected portfolio risk and return relative to the Plan's funding priorities of benefit security and contribution stability;
- Maintaining a long-term view with regard to investing and funding the Plan, providing time to respond to market trends, look for opportunities and recalibrate when needed; and
- Taking advantage of strong investment returns over the past decade, which resulted in consistent improvements to the Plan's funded position, to build margin to help cushion the Plan in volatile markets.

The Board regularly monitors the funded status of the Plan, as well as investment performance, and will continue to employ strategies focused on long-term sustainability in the best interests of Plan members.

Diversified **Investments**

Investment Overview

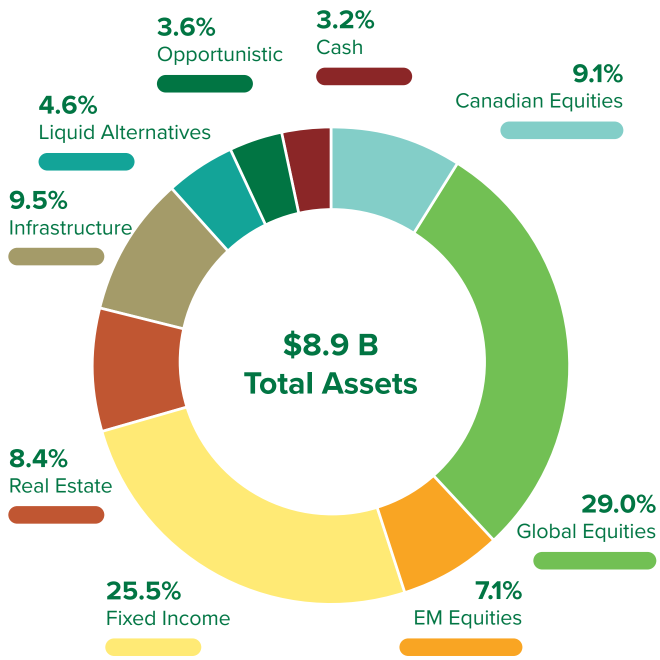
We look back on 2020 through the lens of a pension plan serving healthcare members who were directly challenged by the human health impact of COVID-19. Resilience is a word that comes to mind in reflecting on our members during the past year. The economic and market environment were also challenged by the pandemic, particularly in the first quarter as public equity markets declined with record breaking speed. The subsequent rebound in the markets, fuelled by fiscal and monetary policy and the vaccine promise, was as extraordinary as the initial drop. Through this unprecedented year, our diversified portfolio showed resilience in the downturn and participated in the recovery, providing a 10.5% net return.

While the pandemic was not predicted, 2020 reinforced the need for diversification, which has been a focus of SHEPP's portfolio evolution over the past several years. SHEPP's investment strategy is driven by Plan sustainability objectives. We seek to generate long-term returns sufficient to improve and maintain the Plan's funded position, securing members' benefits and stabilising contributions. As equity markets reached all time highs and interest rates tested new lows, we have continued to allocate to alternative asset classes intended to augment returns and manage against downside events.

Strategic Initiatives and Accomplishments

- The Fund performance exceeded objectives as de-risking and diversification strategies provided a buffer during the market downturn, while active management and rebalancing added value during the market recovery.
- Business continuity was maintained during the pandemic allowing for ongoing management of the portfolio without interruption and continued progress on strategic initiatives, including implementing a new private equity allocation and further diversifying the real estate portfolio through the funding of an Asian real estate allocation.
- A review of evolving best practices in responsible investing resulted in an updated policy that expands and clarifies the Board's expectations regarding environmental, social and governance integration in the selection and oversight of managers and advisors.

2020 Asset Mix

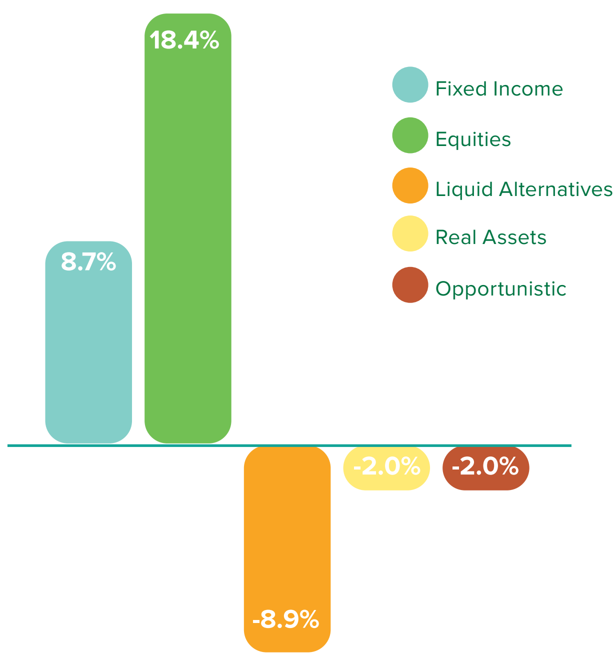


2020 Performance

For the second consecutive year, the Fund has generated a double-digit return. The 10.5% result (net of investment management fees) tracked ahead of the 9.1% benchmark return. The benchmark return reflects SHEPP's target asset mix implemented using passive, index strategies and absolute return targets.

Portfolio diversification moves in prior years and de-risking in 2019 left the fund less exposed to the equity markets as those markets declined sharply in early 2020. Private assets such as infrastructure and opportunistic investments initially performed well as equity markets declined. These assets are not subject to public market daily price moves, therefore the less dramatic reactions to the pandemic early on could be expected. As the year progressed, the impact of the dramatic disruption in economic activity was reflected in some of these assets, resulting in negative returns. Equity markets bounced back from double-digit negative returns in the first quarter, providing double-digit positive returns by year-end. Declining interest rates year-over-year drove strong bond returns. The Plan was able to participate in the rebound having rebalanced into equities after the sharp decline, and through added value from several equity and bond mandates. Detracting over the year was the performance of liquid alternatives, opportunistic strategies and real assets.

2020 Total Fund Returns
(net of investment management fees)



Fixed Income

The fixed income portfolio provides stable investment income, supplies liquidity and is designed to hedge against equity risk. There is also a return-seeking element within the portfolio, through mandates that provide exposure to global fixed income and a range of credit markets. Interest rates declined over the year, driving positive returns across all broad sectors and maturities. During the market downturn in March, credit exposure concerns and demand for liquidity pushed yields up temporarily, providing SHEPP's active managers the opportunity to reposition portfolios and add value relative to overall benchmark indices. SHEPP's overall fixed income allocation generated an 8.7% net return in the year.

Equities

Equities anchor the growth-oriented portion of the portfolio and are expected to deliver dividend income and long-term growth in excess of inflation. The tech-heavy U.S. equity market led the way, up over 19% (in Canadian dollars). Emerging markets were close behind, up over 16%. The Canadian equity market lagged with a 5.6% return, held back by its greater energy exposure. Within markets, growth names continued their multi-year dominance relative to value oriented stocks. Indeed, the technologies that had such a large impact on our lives during the pandemic in terms of work-from-home and online shopping, also provided a big boost to our portfolio performance. The growth managers in our portfolio drove value add for the year, while strategies with a value or low volatilty bias lagged. SHEPP's total equity portfolio posted a 18.4% net return in 2020.

Liquid Alternatives

Liquid alternatives employ strategies that seek to provide attractive risk-adjusted returns across various market environments by being less reliant on positive market direction to generate returns. Designed to have relatively low correlation with traditional equity and fixed income markets, and a risk profile lower than equities, these absolute return strategies are intended to provide diversification at the total Fund level. Implementation of these mandates occurred during 2019 and, in the first full year, the strategies lagged with a -8.9% result. These strategies showed less downside than equities during the initial market declines, but trailed the dramatic market rebounds and, similar to many liquid alternative strategies, suffered losses in 2020.

Real Assets

Real assets include real estate and infrastructure investments. Their role in the portfolio is to provide additional diversification and potential for inflation sensitive income and/or longer-term growth opportunities, depending on the investment. SHEPP's real asset return for the year was -2.0%. The pandemic's impact on sectors within both real estate and infrastructure portfolios showed wide ranges, as some showed losses during the year driven by shutdowns, while other sectors benefited. Real estate assets provided a -3.3% return in 2020. Within the Canadian and US real estate portfolios, retail assets were hardest hit, while office assets also saw some impact. Apartments were resilient and logistics (warehouses) showed gains. By region, the US portfolio was further muted by a rising Canadian dollar relative to the US dollar.

Infrastructure returned -0.7% net of fees in 2020. While the infrastructure is generally expected to have relatively low economic sensitivity, there is a range within the portfolios. Exposure to transportation assets (airports and ports) was a negative as they were impacted by the pandemic, as was some energy related infrastructure. Other areas proved to be quite resilient based on long term contracts or exposure to communications and other utilities-based infrastructure.

Real assets are targeted to be 20% of the Fund, split approximately equally between real estate and infrastructure. In 2020, a strategy to diversify the real estate portfolio outside of North America was partially implemented, with a new Asian real estate mandate funded in the fourth quarter. An allocation to European real estate was also made, but was yet to be funded in 2020.

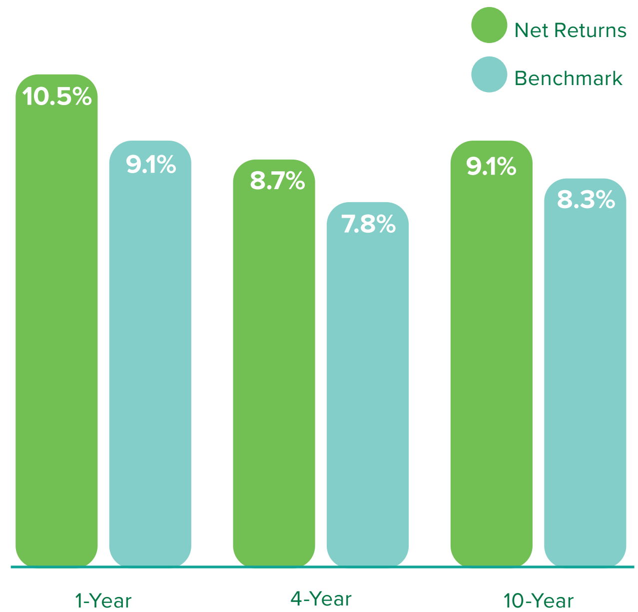
Opportunistic Investments

The opportunistic investment category within the portfolio is intended to capture potential opportunities that may come out of market dislocations and/or emerging asset strategies. Potential opportunistic investments for SHEPP are those that are expected to add to the Fund from a return and diversification perspective. Insurance-linked securities, first added in 2018, saw losses in 2020 due to a very active storm season. In 2019, a bank capital relief strategy was added. These strategies provide diversifying income-oriented returns from insurers and banks managing against post financial crisis capital requirements. This provided positive returns in the year. Opportunistic investments returned -2.0% in the year.

Currency

SHEPP uses a currency overlay program to partially hedge currency exposures that come with a globally diversified portfolio. Since currency acts as a source of diversification during certain market environments, only part of the exposure is hedged and the hedging level is dynamic. In 2020, SHEPP's total Fund return was reduced by currency exposure as the Canadian dollar appreciated against a basket of currencies. The currency overlay program partially mitigated these losses and slightly added to the total Fund performance.

Total Fund Rate of Return
(annualised, net of investment management fees)



Longer-term Results

SHEPP's investment strategy is a long-term one, and as such, its success must be examined under a lens spanning more than any one year. On a longer-term basis, SHEPP assesses the effectiveness of investment strategies and activities relative to absolute return targets used in funding calculations, as well as a benchmark portfolio return calculated using passive index and absolute returns. The primary and secondary objectives, respectively, are to meet or exceed a real return of 4.0% (inflation plus 4.0%) over the very long term (10+ years) and to meet or exceed the return of the benchmark portfolio approved by the Board (over rolling four-year periods).

The 2020 return contributed to strong longer-term absolute returns. The Fund exceeded performance targets with a four-year annualised return of 8.7% (net of investment management fees) exceeding the benchmark of 7.8%. Over 10 years, the 9.1% return (net of investment management fees) also exceeded the 8.3% benchmark portfolio return and provided a strong rate of return net of inflation of approximately 7.4%.

Plan **Administration**

Operating Expenses

As the Fund continues to grow, there is an expectation that operating expenses too will increase, particularly related to investments where fees are often a percentage of assets invested. However, these expenses have an impact on the Plan's liabilities and therefore we must thoroughly understand and carefully manage these costs.

Benchmarking Costs

Pension plan administration requires an important balance be struck between quality service delivery and cost efficiency. SHEPP regularly participates in benchmarking exercises to examine administrative costs relative to service delivery. In 2020, SHEPP participated in the CEM Pension Administration Benchmarking Survey which provides insight into administrative costs and service levels, relative to industry peers. According to the report, SHEPP continues to provide an effective level of service at a reasonable cost when compared to similar plans across Canada. SHEPP also regularly performs its own internal analysis of operating expenses comparing them on both a cost-to-assets and cost-to-liabilities basis and, compared to its Canadian peers, the Plan remains comparable.

Strategic Plan

As we enter the final year of SHEPP's five-year strategic plan, the majority of projects and initiatives have now been completed and Administration expects to celebrate the achievement of its strategic goals at the end of 2021.

Major initiatives supporting these strategic objectives that were underway in 2020 include:

Employee Health & Safety

Over the last year, COVID-19 has highlighted the importance of the continued health and safety of our employees. Throughout the pandemic, SHEPP implemented several best practices to ensure the safety of both the public and our team, including closing our office to the public and transitioning the majority of our employees to work from home. Within the office, we also implemented additional cleaning measures and protocols. As an organisation, we continue to prioritise mental health and support employees with regular check-ins and reminders of the online resources available to them through our EFAP provider.

Disaster Recovery and Business Continuity

In recent years, SHEPP has completed several initiatives in the area of business continuity and these efforts were rewarded in 2020 when the majority of our workforce transitioned smoothly to a work-from-home environment. We continue to migrate critical infrastructure to the cloud and utilise software as a service where it makes sense. Most recently, SHEPP's accounting system was migrated to the cloud along with several other applications and services that we rely on to remain operational. Also, in 2020, Microsoft Teams was rolled out to the organisation to ensure employees working from home could remain connected to one another and meetings could continue virtually.

Talent Management

SHEPP's recruiting and onboarding activities were adapted in 2020 to facilitate virtual interviews by video conference and online orientations and training delivery. While the search for talent has transitioned online, we continue to invest in recruiting top talent that complements our culture and values.

Brand Refresh

SHEPP took on a new, more modern look, in the fall of 2020. In addition to a brighter colour palette and new font scheme, the brand refresh included the unveiling of a new logo. We're proud of our new look and feel it more strongly aligns with our purpose and provides a better visual representation of our organisational values: people, pensions, results.

AIMS

SHEPP continues to support the Administrative Information Management System (AIMS) project being led by the province's key healthcare organisation. The AIMS project will see 82 non-integrated systems replaced with a single software solution. SHEPP receives important payroll information from healthcare employers, and the majority of this data will come from this new source, so it is imperative that our systems are ready.

Member Engagement

In 2020, SHEPP engaged a consulting firm to help conduct research in the area of member engagement. In an effort to move from a service delivery model which has traditionally been very transactional in nature, to one more relationship-focused, we want to learn more about our members' current views and expectations of SHEPP as well as what other pension plans are doing to engage their members. The research project, which includes an environmental scan and a member survey, will be concluded in 2021.

Security Roadmap

Since 2018, SHEPP has been strengthening its security posture, guided by a three-year security roadmap. In the final year, several projects were completed including the development of policies to address the new threat landscape, implementation of multi-factor authentication for Office365 and VPN access, SHEPP's server room security systems were upgraded and monitoring of our network and systems was enhanced. Also, employees continue to receive cybersecurity awareness training to help identify and prevent potential cyber threats.

SHEPP's Senior Leadership Team

Left to Right:

Janet Julé,
Chief Investment Officer

Cheldon Angus,
Chief Technology Officer

Alison McKay,
Chief Executive Officer

Dale Markewich,
Chief Financial Officer

Paula Potter,
Chief Operating Officer

Kelley Orban,
Chief People Officer

SHEPP's 2017 - 2021 Strategic Plan

Enhance the long-term viability of the Plan by executing innovative strategies that protect the interests of the Plan and its members.

Strengthen the relationship with the Partner Committees by enhancing communications, striving to educate and inform while encouraging effectiveness that benefits all Plan members.

Maintain and enhance SHEPP's position as an industry leader by driving a culture of excellence and resilience.

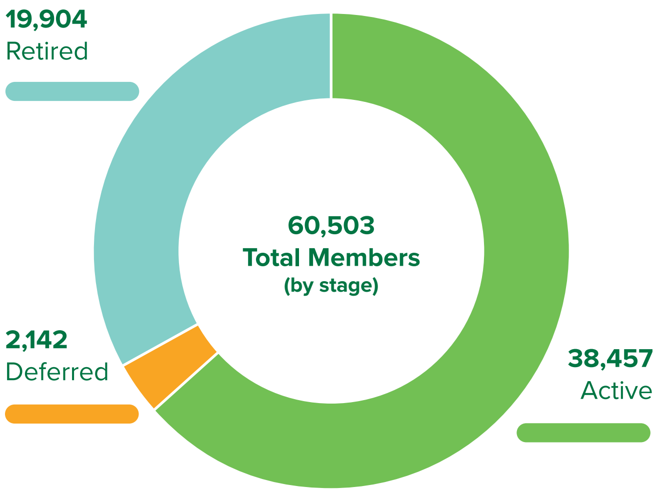
Industry Influence

SHEPP's senior leaders also participate in several industry and advocacy organisations whose purpose aligns with SHEPP's vision, mission and values. These organisations include Canadian Public Pension Leadership Council (CPPLC), the Association of Canadian Pension Management (ACPM), Pension Investment Association of Canada (PIAC), and Canadian Pension & Benefits Institute (CPBI).

Exceptional **Service**

Serving the best interests of our members is our mission as an organisation, so it will come as no surprise that we place incredible emphasis on delivering exceptional customer service, especially to our members. The relationship we have with our members often spans decades – sometimes as long as seventy or eighty years – so building and maintaining a strong connection is paramount. Driven by our service strategy, we strive to be accurate, timely, helpful and approachable in every interaction we have to ensure our members feel important and appreciated.

Plan Membership Profile
(as at December 31, 2020)



Accurate

Decisions about retirement can be difficult and the consequences are often significant, so it is critical that the information those decisions are based on is correct. For this reason, at the top of our list of service standards is accuracy.

We have 51 knowledgeable employees, including 11 in frontline positions, who are educated and trained to provide information that is complete and accurate. Since 2019, SHEPP has been building out its knowledge-base tool to ensure documentation (including policies, practices, and legislated rules) is correct, consistent, and current. Having this information at the fingertips of SHEPP employees, especially those in conversations with members and employers, is a significant factor in achieving this service standard.

51
Knowledgeable employees

In March, when SHEPP closed its office to the public and the majority of its employees moved to a work from home environment, the transition was relatively seamless from a service perspective. Digital records and centralised systems on secure servers helped facilitate remote access and ensure business continuity. Though members no longer had the option to meet with a member services representative in person, SHEPP continued to deliver the same level of service by email and phone, which has always been the primary mode of contact. Our member services team processed approximately 7,882 pension projections, service purchase estimates, termination and death benefits, and spousal relationship breakdown calculations in 2020.

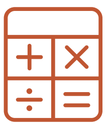
7,882
Calculations mailed by SHEPP

Timely

Delivering information, to our members and employers, in a timely manner for critical decision making is also extremely important. Deadlines are a reality (and often a legislated necessity) in the pension world, so we strive to not only meet those deadlines but also exceed expectations when it comes to turnaround times. But we won't sacrifice accuracy in the process, so providing timely information often begins with a mutual understanding of requirements and clear communication throughout the process.

In 2020, several regulatory changes required considerable effort to manage and implement successfully, the most significant being a temporary suspension of commuted value lump sum transfers from the Plan. Though SHEPP quickly applied for and was granted exemption by the regulator, the freeze had already created a sizable backlog that took approximately three weeks to process. In addition, a new transfer deficiency holdback had to be implemented and communicated in a very short timeframe.

18,159
Calculations online by members



In addition to the information regularly posted to www.shepp.ca and circulated in newsletters to members, pensioners and participating employers, SHEPP provides 24/7 access to SHEPPweb, a secure online portal with tools and resources that allow members and employers to self-serve at their convenience.

Helpful

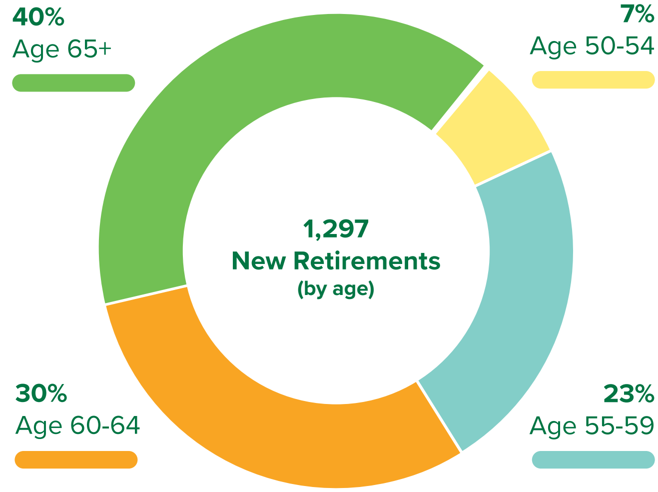
For SHEPP, being helpful isn't just about answering questions or providing the information requested. Pensions are complicated – so we don't expect our members or employers will always know what to ask for. We are active listeners. We draw on our expertise and experience to do some exploring in our conversations to gain a better understanding of each member's unique circumstance and ensure we are providing all of the details, figures, options and timelines they need to make truly informed decisions.

15,306
Phone conversations with members

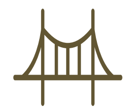
We also strive to provide helpful information with the tools and resources available to members. Annual statements are personalised to each member, and active member statements include not only the amount of pension accrued to date, but also their projected early and normal retirement dates (and estimated pension on those dates) because we know these are key pieces of information in their retirement planning. Members can also run their own pension projections for other retirement scenarios, or estimate the cost to purchase service, using the SHEPPweb online calculators.

When the Roy Romanow Provincial Lab was recently brought under the Saskatchewan Health Authority

New Retirements
(in 2020)



$1,716.36
per month was the average new lifetime pension



$554.22
per month was the average new bridge benefit

(SHA), its approximately 180 employees were given the opportunity to join SHEPP and transfer their service into the Plan. We rolled up our sleeves and sharpened our pencils to perform hundreds of calculations. It was extremely important to us that we not only educate them about SHEPP but provide them with the personalised information, estimates and projections they would need to understand the impact of their decision in relation to their retirement goals.

Approachable

To be approachable, we make every person a welcome priority. We appreciate that each person and every situation is unique, so we approach all questions with patience and understanding. In 2020, our member services team fielded approximately 15,300 phone calls – each interaction an opportunity to strengthen the relationship and ensure our members continue to reach out in the future.

Website traffic indicates SHEPP's online tools and resources also continue to be a trusted source of information, with approximately 48,500 visitors in 2020. Due to COVID-19 restrictions, SHEPP suspended its in-person Retirement Ahead presentations. Soon after, we posted a recorded version online which was viewed approximately 800 times.

48,448
Visitors to www.shepp.ca

Strong **Governance**

Structure and Authority

On December 31, 2002 the Plan's settlors signed the Declaration and Agreement of Trust (Trust Agreement) establishing SHEPP's current joint-trustee governance structure whereby Plan obligations are shared between employers and employees. The Trust Agreement assigns authority to two appointed bodies: the Partner Committees, responsible for Plan design; and the Board of Trustees, responsible for Plan administration.

An Employer Partner Committee appointed by 3sHealth and a Union Partner Committee appointed by SEIU-West, CUPE, SUN, HSAS, SGEU and RWDSU are collectively responsible for the pension benefit – any fundamental change must be negotiated and agreed to by the Partners.

Strengthening the relationship with the Partners was an objective identified within the 2017-2021 Strategic Plan, and significant progress has been in made in this regard. The Partners are meeting approximately twice each year for education purposes and to remain informed of the Plan's funded status and funding challenges. Ensuring this governing body has the Plan knowledge to effectively execute their role remains a priority for the Board and Administration.

The Board consists of four Employee Trustees appointed by SEIU-West, CUPE, SUN and HSAS, and four Employer Trustees appointed by 3sHealth. Unlike the Partners who represent the interests of their appointing bodies, the Trustees are fiduciaries and obligated to act in the best interests of the Plan and its members. As Plan administrator, it is the Board's responsibility to invest the Plan's assets to adequately cover pension obligations and implement contribution rates to meet the funding requirements established by the Plan actuary. It is the Board's role to set the strategic direction of the Plan and effect investment and administrative policies in accordance with the Plan Text, Trust Agreement and governing legislation.

2020 Highlights

Perhaps the Board's most important resource in funding oversight is the actuarial valuation. Though only required to perform a valuation once every three years, the Board often performs and files a valuation more frequently, when it is in the best interest of the Plan to do so. In 2020, an actuarial valuation as at December 31, 2019 was filed with the regulator, reporting an improvement in funded status and no change to required contribution rates.

Karen Aulie (1963 - 2021)

It is with great sadness that we acknowledge the passing of Employer Trustee, Karen Aulie in February 2021. Karen was appointed to the SHEPP Board of Trustees in November 2019, and in her short time on the Board had a very positive impact. She will be remembered for her dedication to family, passion for living life to the fullest and for the numerous contributions she made in her 35 years of public service.

Building on a Responsible Investing workshop held in 2019, the Board continued its discussion and consideration of policy revisions to better articulate its belief and strengthen the integration of Environmental, Social and Governance (ESG) considerations in the Plan's investment activities. In 2020, the Board approved an updated Responsible Investment Policy and received the annual Responsible Investment Report. The Report summarises the actions taken by the Plan's investment managers to integrate ESG factors into their investment processes along with industry engagement that occurred at the Plan level.

Strong governance remains paramount to the Board, and one of the most relevant documents guiding the Board in its role is the Funding Policy. To ensure this policy continues to reflect best practice, the Board engaged a third-party consultant to review the policy and provide recommendations to strengthen it. The results of the review indicated the policy remains robust, compliant with all legislated requirements and well-aligned with the Plan's other relevant policies and investment activities. Several minor recommendations were integrated into the revised Funding Policy that was approved in December.

The current strategic plan will be completed at the end of 2021, at which time a new five-year rolling strategic plan will be implemented. Development of the new strategic plan is underway, and was kicked off with a one-day meeting in the fall of 2020 when the Board participated in an exercise to identify and discuss the political, economic, social and technological factors that could potentially impact the Plan. The resulting framework of macro-environmental factors will help inform the strategic planning process and focus future objectives and initiatives on the long-term sustainability of the Plan.

Meeting Activities

Each year the Board approves a work plan to guide its regular activities, ensuring legal obligations are met and governance best practice is followed. In 2020, the Board held six meetings (five of which were virtual). In addition to the activities highlighted in the previous section, the Board:

- Met with two investment managers;
- Reviewed 16 policies;
- Received reports confirming compliance with legislation and policy, including code of conduct, conflict of interest, and the Funding Policy;
- Completed a mortality study to inform actuarial valuations;
- Identified key organisational risks as part of the enterprise risk management program;
- Completed the Canadian Association of Pension Supervisory Authorities (CAPSA) Pension Plan Governance (Guideline 4) and Prudent Investment Practices (Guideline 6) Self-Assessments;
- Received the CEM Pension Administration and Investments Benchmarking reports; and
- Met with Partner Committees during its annual meeting.

SHEPP's Board of Trustees

Left to Right:

Ted Warawa

Marg Romanow

Jim Tomkins

Jeff Stepan, Chair

Andrew Huculak, Vice Chair

Natalie Horejda

Russell Doell

Five-Year Financial **Highlights**

AS OF DECEMBER 31	2020 (000's)	2019 (000's)	2018 (000's)	2017 (000's)	2016 (000's)
NET ASSETS AVAILABLE FOR BENEFITS	$ 8,885,516	$ 8,030,768	$ 7,214,270	$ 7,223,728	$ 6,369,159
ACCRUED PENSION OBLIGATIONS	7,867,300	7,292,200	6,843,700	6,683,200	6,367,000
CONTRIBUTIONS					
Member	164,053	161,184	158,177	155,200	152,160
Employer	183,739	180,526	177,158	173,824	170,419
Other	14,880	5,922	3,466	4,964	5,127
TOTAL CONTRIBUTIONS	362,672	347,632	338,801	333,988	327,706
BENEFIT PAYMENTS					
Pensions	336,903	314,516	293,236	269,005	243,299
Terminations, Death Benefits and Holdbacks	52,412	48,020	46,561	56,141	50,987
TOTAL BENEFIT PAYMENTS	389,315	362,536	339,797	325,146	294,286
PLAN EXPENSES					
Administrative	11,269	10,485	9,730	9,042	8,264
Investment	48,183	44,390	33,097	28,770	26,365
TOTAL PLAN EXPENSES	$ 59,452	$ 54,875	$ 42,827	$ 37,812	$ 34,629

KPMG LLP
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Canada
Telephone (306) 791-1200
Fax (306) 757-4703

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Saskatchewan Healthcare Employees' Pension Plan

Opinion

We have audited the financial statements of the Saskatchewan Healthcare Employees' Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saskatchewan Healthcare Employees' Pension Plan as at December 31, 2020, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the 2020 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2020 Annual Report document as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

KPMG

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Regina, Canada

May 20, 2021

Statement of
Financial Position

FOR THE PERIOD ENDING DECEMBER 31

	2020 (000's)	2019 (000's)
ASSETS		
Investments (Note 5)	$ 8,559,909	$ 7,698,700
Investments under security lending program (Note 5)	333,816	342,821
Members' contributions receivable	13,705	13,481
Employers' contributions receivable	15,350	15,098
Dividends receivable	10,597	5,477
Property and equipment	5,844	5,255
Intangible assets	3,133	3,689
Other receivables	620	718
Prepaid expenses	222	186
	8,943,196	8,085,425
LIABILITIES		
Securities transactions payable	-	363
Accounts payable	11,436	12,475
Transfer deficiency holdbacks	46,244	41,819
	57,680	54,657
NET ASSETS AVAILABLE FOR BENEFITS	8,885,516	8,030,768
PENSION OBLIGATIONS (Note 7)	7,867,300	7,292,200
SURPLUS	$ 1,018,216	$ 738,568

The accompanying notes to the financial statements are an integral part of this financial statement.

Approved by the Board of Trustees and signed on their behalf on May 20, 2021.

Jeff Stepan, Chair

Andrew Huculak, Vice Chair

Statement of
Changes in Net Assets Available for Benefits

FOR THE PERIOD ENDING DECEMBER 31

	2020 (000's)	2019 (000's)
INCREASE IN NET ASSETS		
Contributions - Members	$ 164,053	$ 161,184
Contributions - Employers	183,739	180,526
Contributions - Other	14,880	5,922
Investment income (Note 6)	141,178	111,620
Net realised gain on investments	396,759	198,448
Realised gain on foreign exchange	41,521	-
	942,130	657,700
DECREASE IN NET ASSETS		
Pension benefits	336,903	314,516
Realised loss on foreign exchange	-	7,414
Terminations and death benefits	47,987	44,824
Transfer deficiency holdback	4,425	3,196
	389,315	369,950
EXPENSES		
Administrative expenses	9,265	8,758
Custodian fees	720	634
Investment fees (Note 10)	47,463	43,756
Professional fees	2,004	1,727
	59,452	54,875
	448,767	424,825
UNREALISED GAINS/(LOSSES)		
Unrealised market value gain	386,568	586,319
Unrealised loss on foreign exchange	(25,183)	(2,696)
	361,385	583,623
NET INCREASE FOR THE YEAR	854,748	816,498
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	8,030,768	7,214,270
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 8,885,516	$ 8,030,768

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of **Changes in Pension Obligations**

FOR THE PERIOD ENDING DECEMBER 31

	2020 (000's)	2019 (000's)
PENSION OBLIGATIONS, BEGINNING OF YEAR	$ 7,292,200	$ 6,843,700
Current service costs	270,000	256,000
Benefits paid by the plan	(389,300)	(362,500)
Interest expense	452,100	435,100
Change in actuarial assumptions	295,600	191,400
Experience losses	(53,300)	(71,500)
PENSION OBLIGATIONS, END OF YEAR (NOTE 7)	$ 7,867,300	$ 7,292,200

The accompanying notes to the financial statements are an integral part of this financial statement.

DECEMBER 31, 2020

NOTE 1 - SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

The Saskatchewan Healthcare Employees' Pension Plan (the Plan) is a multi-employer defined benefit pension plan registered under The Pension Benefits Act, 1992 (Saskatchewan) and the Income Tax Act (Canada). The Plan is governed by a Board of Trustees pursuant to an Agreement and Declaration of Trust dated December 31, 2002. Four Trustees are appointed by Health Shared Services Saskatchewan (3sHealth) and four healthcare unions each appoint one Trustee. The Chief Executive Officer and the Plan's employees are responsible for the administration of the Plan, subject to Board monitoring and review.

NOTE 2 - BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

The financial statements for the year ended December 31, 2020 have been prepared in accordance with Canadian Accounting Standards for Pension Plans (CPA Handbook Section 4600). For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented.

B. BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for financial instruments which have been measured at fair value.

C. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian Dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

D. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the valuation of investments (note 5) and actuarial determination of pension obligations (note 7).

NOTE 3 - DESCRIPTION OF PLAN

The following description of the Plan is a summary only. For more complete information reference should be made to the Plan Text.

A. EFFECTIVE DATE

The effective date of the Plan was March 1, 1962.

B. ELIGIBILITY

Eligible permanent full-time and permanent part-time employees of the Plan employers must participate.

Membership is optional for eligible casual and temporary employees who work at least 780 hours

NOTE 3 - DESCRIPTION OF PLAN (CONTINUED)

in the immediately preceding calendar year or at least 700 hours in each of the two immediately preceding calendar years.

C. MEMBER CONTRIBUTIONS

The Plan employers are responsible for the accuracy and completeness of the payroll information on which contributions are remitted and benefits determined under the Plan. Contributions are made by both members and the Plan employers in accordance with the provisions of the Plan.

For the year ending December 31, 2020 members are required to contribute 8.1 percent of their pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 10.7 percent of pensionable earnings above the YMPE.

Plan members may purchase eligible service provided they satisfy the full purchase cost. These contributions are referred to as additional purchased service contributions and may be purchased on a current service or prior service basis.

Plan members may transfer in service and contributions from the pension plan of a prior employer. These contributions are referred to as portability transfer contributions.

D. EMPLOYER CONTRIBUTIONS

Employers contribute 112 percent of a member's required contributions.

E. AMOUNT OF PENSION

Subject to the maximum pension limits set out in the Plan Text the basic lifetime pension is equal to the sum of:

i. 2 percent of highest average contributory earnings[1] multiplied by years of credited service up to December 31, 1989, plus

ii. 1.65 percent of highest average base contributory earnings[2] plus two percent of highest average excess contributory earnings[3] multiplied by years of credited service between January 1, 1990 and December 31, 2000, plus

iii. 1.4 percent of highest average base contributory earnings plus two percent of highest average excess contributory earnings multiplied by years of credited service after January 1, 2001.

F. RETIREMENT DATES

The normal retirement date of a member is the first day of the month coincident with or next following the member's 65th birthday.

Members can retire early with an unreduced pension as soon as their age and years of credited service add up to 80 years.

Members can retire with a reduced pension any time after age 55 with at least two years of service. The reduction applied to the member's pension depends on how long the member has worked for their employer. If the member has worked for at least 10 years, the pension is reduced by the lesser of:

i. Three percent multiplied by the number of years, and portions thereof, that the member is short of age 65, and

ii. Three percent multiplied by the number of years, and portions thereof, that the member's age plus credited service is short of 80 years, and

iii. The greater of:

  a. Three percent multiplied by the number of years, and portions thereof, that the member is short of age 62, and

  b. Three percent multiplied by the number of years, and portions thereof, that the member's credited service is short of 20 years.

A member may delay receipt of pension payments until December 1 of the year in which they attain age 71. In this event, pension accruals will continue in the normal manner.

G. TRANSFER DEFICIENCY HOLDBACKS

On April 16 due to COVID-19, the Financial Consumer Affairs Authority (FCAA) issued a freeze on transfers or payments out of defined benefit plans. The Plan applied for and was granted an exemption from the freeze on the condition that we apply a current transfer deficiency holdback to all applicable payments made from the Plan. On that basis the Plan withheld 36% from applicable benefits paid to reflect the Plan's solvency ratio at April 30, 2020 of 64%. Effective March 24, 2021 FCAA lifted the freeze and required Plans

[1]The average of a member's four highest years of contributory earnings.
[2]The average of a member's contributory earnings up to the Year's Maximum Pensionable Earnings during the five highest calendar years of contributory earnings.
[3]The difference between a member's highest average contributory earnings and highest average base contributory earnings.

NOTE 3 - DESCRIPTION OF PLAN (CONTINUED)

to revert back to applying the transfer deficiency holdback based on the solvency ratio of the Plan in the most recently filed actuarial valuation report. The valuation performed at December 31, 2019 revealed a solvency deficit of 29 percent. This was effective September 30, 2020. The previous transfer deficiency holdbacks were 35 percent, 28 percent and 29 percent, based on the valuations performed at December 31, 2015, December 31, 2017 and December 31, 2019 respectively. Transfer deficiency holdbacks plus applicable interest is paid within five years of the initial payment or when the Plan becomes fully funded on a solvency basis (whichever occurs first). Transfer deficiency holdbacks began to be repaid in 2016.

H. DEATH IN SERVICE

On the death of a member before retirement, the member's surviving spouse receives the greater of:

i. the sum of:

   a. the commuted value of the member's pension earned to the date of death in respect of all core credited service, plus excess contributions, if any, and

   b. the member's accumulated additional purchased service and portability transfer contributions, plus interest, and

ii. the sum of:

   a. the commuted value of the member's core credited service pension earned from January 1, 1992 to the date of the member's death, plus excess contributions, if any, and

   b. twice the member's required contributions, with respect to pre-1992 core credited service, plus interest, plus the member's additional purchased service contributions and portability transfer contributions, plus interest.

If the member is not survived by a spouse, or the spouse has completed and submitted the pre-retirement death benefit waiver form prescribed under The Pension Benefits Act, 1992 (Saskatchewan), the death benefit is payable in a lump sum to the member's designated beneficiary or estate.

I. NORMAL FORM OF PENSION

The normal form of pension provides for monthly payments for life, with a minimum of 60 monthly payments being guaranteed in any event. Optional forms of pension are available on an actuarial equivalent basis. If the retiring member has a spouse, a joint life optional pension reduced by not more than 40 percent on the member's death must be elected unless the spouse has waived this option.

J. TERMINATION OF EMPLOYMENT

Benefit entitlement to members who are terminated depends upon whether or not the member is vested.

A member is vested if on termination, the member has:

- more than two years of credited service in which case the benefit is not locked in, or
- more than two years of continuous service in which case the benefit is locked in.

A non-vested member is entitled to a refund of their own required and additional purchased service contributions, plus interest as either:

- a taxable payment issued directly to the member, or
- a tax-exempt transfer directly to the member's personal registered retirement savings plan (RRSP) or other qualifying vehicle.

A vested member may discharge their non-locked-in deferred pension and receive a refund of their own required and additional purchased service contribution as either:

- a taxable payment issued to the member, or
- a tax-exempt transfer directly to the member's personal RRSP or other qualifying vehicle.

A vested member is entitled to a deferred pension payable at age 65. The member's deferred pension is calculated based on the member's credited service and contributory earnings at the date of termination.

A vested member may discharge their locked-in deferred pension and transfer the present value of the deferred pension to a personal registered retirement savings plan or another registered pension plan, providing the funds transferred are administered on a locked-in basis.

K. DISABILITY BENEFIT

Members who become disabled under the terms of the Plan will continue to earn credited service under the Plan. Their pension at retirement is based on all years of credited service including those on approved disability, and their highest average contributory earnings are calculated assuming they had made contributions during disability based on their salary when the disability commenced.

L. MAXIMUM EMPLOYEE COST

At least 50 percent of the cost of the benefit payable at retirement or termination of employment to a member who is vested and locked-in must be provided by employer contributions. Any “excess” contributions on termination or retirement are refundable to the member.

M. INTEREST

For the purpose of calculating accumulated member contributions, interest rates are applied in respect of required contributions at the rates of interest determined by the Plan from time to time, but in no event are lower than the minimum rate required by The Pension Benefits Act, 1992 (Saskatchewan).

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian Accounting Standards for Pension Plans (ASPP). These standards provide guidance in the measurement of the Plan’s pension obligations and any investments held by the Plan. ASPP also provides the Plan with the ability to select and follow International Financial Reporting Standards (IFRS) or Accounting Standards for Private Enterprises for all other accounting policies. The Plan has chosen to adopt the relevant sections in IFRS.

The following policies are considered to be significant:

A. REVENUE RECOGNITION

Interest on bonds and short-term investments is recognised as it accrues. Income from real estate equity investments is recognised on the accrual basis as earned. Dividend income and pooled fund distributions are recognised as of the date of record.

Investment transactions are accounted for on the trade date. Realised gains and losses on currency forward contracts are recognised on the settlement date and unrealised gains and losses are recognised with reference to the fair value determined using appropriate valuation techniques. The Plan follows the accrual method for the recording of income and expenses.

B. FINANCIAL INSTRUMENTS

All financial instruments are carried at fair value. The fair value of cash and short-term investments is based on cost, which approximates fair value due to the immediate or short-term nature of these financial instruments. The fair value of equities is based on year-end market quotations. The fair value of bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality and liquidity. The fair value of bond, mortgage, liquid alternatives, opportunistic investments and equity pooled funds is based on the market values of the underlying investments. Unlisted bonds are valued at fair value reflecting current market yields of similar debt obligations. The fair value of currency forward contracts is determined using appropriate valuation techniques. The fair value of real estate pooled funds is based on the most recent appraisal and earnings results. The fair value of real estate equity investments is based on the most recent appraisal. Infrastructure investments are valued by using market comparable and discounted cash flow valuation models.

C. INVESTMENTS UNDER SECURITIES LENDING PROGRAM

Securities lending transactions are entered into on a collateralised basis. The securities lent are not derecognised on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Plan to the counterparties in the course of such transactions. The securities are reported separately on the Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities and cash received from counterparties as collateral are not recorded on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Plan in the course of such transactions.

D. PROPERTY AND EQUIPMENT

Items of property and equipment are measured at cost less accumulated amortisation and

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accumulated impairment losses. The amortisation method, the useful lives and the residual value of the assets are reviewed at each reporting date. Repairs and maintenance are recorded as administrative expenses in the period in which they have been incurred.

Amortisation is recognised in the Statement of Changes in Net Assets Available for Benefits on a straight-line basis, commencing in the year the asset is available to be placed in service, over the estimated useful lives as follows:

Leasehold improvements	15 years
Furniture and equipment	4 - 10 years
Computer equipment	2 - 4 years

Cost includes expenditures that are directly attributable to the acquisition of the asset. The Plan has not incurred borrowing costs attributable to property and equipment and therefore no borrowing costs have been capitalised.

E. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Plan has elected to apply practical expedients to not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months of less, and leases of low-value assets. At inception of a contract, the Plan assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Plan recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those in capital assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is included in property and equipment on the Statement of Financial Position. The lease liability is subsequently measured at the present value of future lease payments discounted at the Plan's incremental borrowing rate, adjusted as appropriate. The lease liability is included in accounts payable on the Statement of Financial Position.

F. INTANGIBLE ASSETS

Intangible assets that are acquired by the Plan and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the Statement of Changes in Net Assets Available for Benefits on a straight-line basis over the estimated useful lives of intangible assets of between 5 and 10 years.

G. PROVISION FOR ACCRUED PENSION BENEFITS

The provision for accrued pension benefits represents the most recent actuarial present value of accrued pension benefits extrapolated to the year-end reporting date. Any resulting change in this provision is recognised as a revenue or expense in the Statement of Changes in Net Assets Available for Benefits.

H. FOREIGN CURRENCIES

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sales of investments are included in the Statement of Changes in Net Assets in the year incurred. Future changes in the fair value of foreign currency derivative financial instruments are recognised as gains or losses in the period of change.

I. INCOME TAXES

The Plan is not subject to income tax since it is a Registered Pension Plan as defined by the Income Tax Act (Canada).

NOTE 5 - INVESTMENTS

The objective of the Plan is to maintain sufficient assets to discharge future pension obligations and to generate cash flow required for pension plan payments. The Plan's investment portfolio (the Fund) has the following holdings:

SUMMARY OF INVESTMENT HOLDINGS:	2020		2019	
	FAIR VALUE	YIELD	FAIR VALUE	YIELD
TYPE	(000's)	(%)	(000's)	(%)
BOND POOLED FUNDS	$ 1,829,133	2.0 – 2.4	$ 1,738,549	2.6 – 3.2
MORTGAGE POOLED FUND	438,863	3.7	411,579	4.3
EQUITIES AND EQUITY POOLED FUNDS				
Canadian	526,399		351,839	
Global	978,958		868,364	
Emerging markets	631,196		441,478	
Global pooled funds	1,546,805		1,398,428	
TOTAL EQUITIES AND EQUITY POOLED FUNDS	3,683,358		3,060,109	
OTHER				
Short-term investments	16,075		10,151	
Real estate pooled funds	632,652		646,607	
Real estate equity investments	116,860		284,459	
Infrastructure	847,006		758,835	
Liquid Alternatives	404,922		376,378	
Opportunistic Investments	324,202		290,791	
Cash	250,326		107,287	
Currency forward contracts	16,512		13,955	
TOTAL OTHER	2,608,555		2,488,463	
TOTAL INVESTMENTS	$ 8,559,909		$ 7,698,700	

	2020	2019
	FAIR VALUE	FAIR VALUE
TYPE	(000's)	(000's)
INVESTMENTS UNDER SECURITIES LENDING PROGRAM		
Canadian equities	$ 278,237	$ 289,637
Global equities	55,579	53,184
TOTAL INVESTMENTS UNDER SECURITIES LENDING PROGRAM	$ 333,816	$ 342,821

NOTE 5 - INVESTMENTS (CONTINUED)

BOND POOLED FUNDS AND MORTGAGE POOLED FUND

Bonds are subject to a minimum quality standard of BBB or equivalent unless otherwise specified in an investment manager's mandate. In the active bond mandate, BBB bonds or lower may not be purchased if they comprise more than 15 percent of the book value of the total portfolio of any individual manager. No single issuer is to exceed 10 percent of the carrying value of the Plan except for securities issued or guaranteed by the provincial or federal governments.

No more than 20 percent of the carrying value of the bond portfolio may be held in foreign issuer bonds. Pooled funds have no fixed distribution rate and returns are based on the success of the investment managers.

Financial derivative instruments including futures, options and swap contracts are permitted to both increase returns and reduce currency, credit and interest rate risks. These instruments are allowed to be used by one investment manager and the use of these instruments is restricted by the investment mandate.

EQUITIES AND EQUITY POOLED FUNDS

Pooled funds have no fixed distribution rates and returns are based on capital market trends and the success of the investment managers. No one holding of an individual stock may represent more than 10 percent of the market value of the specific equity mandate.

SHORT-TERM INVESTMENTS

Short-term investments are comprised of investments with less than one year to maturity. The Plan requires a minimum R-1 or equivalent rating.

INFRASTRUCTURE

The Plan invests in infrastructure investments within SHEPP as well as through its 100 percent owned subsidiary, Horizon Alternative Investments SHEPP Holdings Ltd. (Horizon). The fair value of these investments is shown as an infrastructure investment.

MORTGAGE POOLED FUND

The mortgage pooled fund portfolio is owned within SHEPP and diversified by property type and geographic location throughout Canada.

REAL ESTATE POOLED FUNDS

The real estate pooled funds portfolio is owned within SHEPP and diversified by property type and geographic location globally.

REAL ESTATE EQUITY INVESTMENTS

The Plan invests in real estate equity investments through its 100 percent owned subsidiary, Sunrise Properties Ltd. (Sunrise). These properties are located in Ontario, Quebec, Alberta, and British Columbia. The fair value of this investment is shown as a real estate equity investment.

LIQUID ALTERNATIVES

Liquid alternative investments include strategies designed to provide diverse exposure across multiple asset classes and employ a range of global macro and relative value trading strategies. These mandates invest in liquid financial instruments within various markets such as fixed income, foreign currency, commodities, and equities. The Plan holds investments in liquid alternatives through pooled funds.

OPPORTUNISTIC INVESTMENTS

Opportunistic investments include insurance-linked securities and bank capital relief. An insurance-linked security is a financial instrument whose value is mainly driven by insurance and/or reinsurance loss events. This security is based on the cash flows that arise from the transfer of insurable risks. These cash flows are similar to premium and loss payments under an insurance policy. Bank capital relief is a strategy whereby an investor can earn a premium by providing credit protection on a portion of a bank's loan portfolio. This allows banks to achieve their regulatory capital requirements. The Plan holds investments in opportunistic investments through pooled funds.

DERIVATIVE FINANCIAL INSTRUMENTS – CURRENCY FORWARD CONTRACTS

Currency forward contracts are financial contracts, the value of which is derived from underlying assets or indices. Derivative transactions are conducted in the over-the-counter market directly between two counterparties or on regulated exchanges. Derivatives are permitted in the Statement of Investment Policy & Procedures (SIP&P). However, unless permission is specifically granted, managers are prohibited from using derivatives.

FAIR VALUE HIERARCHY

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorised into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

NOTE 5 - INVESTMENTS (CONTINUED)

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs such as interest rates.

Level 3 – Models using inputs that are not based on observable market data.

	2020 (000's)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and short-term investments	$ 250,326	$ 16,075	$ -	$ 266,401
Bond pooled funds and mortgage pooled fund	-	2,267,996	-	2,267,996
Canadian equities	804,636	-	-	804,636
Global equities	1,034,537	-	-	1,034,537
Global pooled funds	-	1,546,805	-	1,546,805
Emerging market equities	-	631,196	-	631,196
Infrastructure	-	-	847,006	847,006
Real estate pooled funds	-	-	632,652	632,652
Real estate equity investments	-	-	116,860	116,860
Liquid alternatives		404,922	-	404,922
Opportunistic investments	-	-	324,202	324,202
Currency forward contracts	-	16,512	-	16,512
	$ 2,089,499	$ 4,883,506	$ 1,920,720	$ 8,893,725

	2019 (000's)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and short-term investments	$ 107,287	$ 10,151	$ -	$ 117,438
Bond pooled funds and mortgage pooled fund	-	2,150,128	-	2,150,128
Canadian equities	641,476	-	-	641,476
Global equities	921,548	-	-	921,548
Global pooled funds	-	1,398,428	-	1,398,428
Emerging market equities	-	441,478	-	441,478
Infrastructure	-	-	758,835	758,835
Real estate pooled funds	-	-	646,607	646,607
Real estate equity investments	-	-	284,459	284,459
Liquid alternatives	-	376,378	-	376,378
Opportunistic investments	-	-	290,791	290,791
Currency forward contracts	-	13,955	-	13,955
	$ 1,670,311	$ 4,390,518	$ 1,980,692	$ 8,041,521

NOTE 5 - INVESTMENTS (CONTINUED)

LEVEL 3 RECONCILIATION	2020 (000's) REAL ESTATE/ POOLED REAL ESTATE AND INFRASTRUCTURE	2019 (000's) REAL ESTATE/ POOLED REAL ESTATE AND INFRASTRUCTURE
Opening balance	$ 1,980,692	$ 1,785,184
Acquisitions	275,763	240,407
Dispositions	(336,214)	(108,114)
Realised gain	102,634	41,431
Change in unrealised gain	(102,155)	21,784
	$ 1,920,720	$ 1,980,692

During the current year no investments were transferred between levels.

NOTE 6 - INVESTMENT INCOME

	2020 (000's)	2019 (000's)
Bond interest	$ 29,161	$ 24,056
Dividends	75,199	69,192
Interest on short-term investments and cash balances	1,461	2,344
Other income	35,357	16,028
	$ 141,178	$ 111,620

NOTE 7 - PENSION OBLIGATIONS

The pension obligations are the actuarial present value of the future expected pension benefit obligation to members as determined by the actuarial valuation done by Aon, an independent actuarial consulting firm, at least every three years. The last actuarial valuation was performed as of December 31, 2019. The present value of accrued pension benefits was then extrapolated to December 31, 2020 using the funding valuation cost method with the expectation that the Plan will continue on an ongoing basis.

The assumptions used in determining the provision for accrued pension benefits may change from year to year depending upon current and long-term market conditions. The following is a summary of the significant actuarial assumptions:

ASSUMPTIONS	2020	2019
Discount rate	6.00%	6.30%
Inflation rate	2.00%	2.00%
Mortality table	SHEPP Mortality Table projected generationally with scale MI-2017	SHEPP Mortality Table projected generationally with scale MI-2017
Remaining service life	12.8 years	12.8 years
Salary projection	2.75% per year	2.75% per year

The following illustrates the effect of changes in the interest rate and the salary and pensionable earnings assumptions:

- A one percent change in the discount rate results in approximately a 13 percent change in the pension obligations;
- A one percent change in the salary scale and the pensionable earnings levels results in approximately a 3 percent change in the pension obligations.

NOTE 8 - FINANCIAL RISK MANAGEMENT

The nature of the Plan's operations results in a Statement of Financial Position that consists primarily of financial instruments. The key risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed through policies within the SIP&P, which is subject to review and approval by the Board not less than annually.

Permitted investments under the SIP&P include equities; fixed income; cash and short-term investments; mortgages; derivatives; real estate; infrastructure; pooled funds and opportunistic investments. By investing in a well-diversified portfolio of asset classes and further diversifying within each asset class, risk is reduced. The SIP&P sets out the asset mix to achieve sufficient asset growth on a risk-controlled basis. The minimum, maximum and target weightings for each asset class, and sub-class, are clearly established within the total Fund policy asset mix.

The SIP&P sets out a minimum quality requirement of "BBB" for bonds and debentures at the time of purchase unless otherwise specified in an investment manager's mandate; a minimum rating of "R-1" for short-term investments at the time of purchase and a minimum quality standard of "A" at the time of transaction for counterparties in a derivative transaction. Downgrades in qualities of an asset below the established purchased standards require immediate disclosure to the Board and require the affected investment manager to set out a course of action to resolve the deviation.

In addition, the SIP&P includes maximum quantity restrictions. With limited specific exceptions, debt and equity holdings in a single company are limited to 10 percent of the carrying value of the total Fund. The Plan may not invest directly or indirectly in the securities of a corporation representing more than 30 percent of the votes that may be cast to elect the directors of the corporation.

Maximum quantity restrictions are also applied at the investment manager level. Each investment manager engaged by the Plan is responsible for investing the assets of the Plan in accordance with the SIP&P, the mandate prescribed by the Plan for the manager or the agreement under which the Plan has contracted the manager's services.

CREDIT RISK

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which the Plan is exposed at December 31, 2020 is limited to the carrying value of the financial assets summarised as follows:

	2020 (000's)	2019 (000's)
Cash	$ 250,326	$ 107,287
Accrued interest receivable	-	2
Employers' contributions receivable	15,350	15,098
Members' contributions receivable	13,705	13,481
Dividends receivable	10,597	5,477
Other receivables	445	716
Short-term investments	16,075	10,151
Fixed income *	2,267,996	2,150,128
	$ 2,574,494	$ 2,302,340

*Fixed income is comprised of bond pooled funds and mortgage pooled fund.

NOTE 8 - FINANCIAL RISK MANAGEMENT (CONTINUED)

Members' and employers' contributions receivable and dividends receivable are generally received in less than 30 days. Accrued interest receivable is received on the next scheduled payment date, generally either annually or semi-annually.

Credit risk within short-term and fixed income investments is managed through the investment policy that establishes a minimum credit quality for issuers and spreads the risk amongst several issuers. The investment policy requires a minimum credit quality for individual bonds of BBB for issuers at the time of issue unless otherwise specified in an investment manager's mandate and R-1 for short-term investments.

Credit ratings for fixed income investments are as follows:

		2020		2019
CREDIT RATING	FAIR VALUE (000's)	MAKEUP OF PORTFOLIO	FAIR VALUE (000's)	MAKEUP OF PORTFOLIO
AAA	$ 438,991	19.4%	$ 541,220	25.2%
AA	439,568	19.4%	408,799	19.0%
A	270,029	11.9%	244,918	11.4%
BBB	320,374	14.1%	283,658	13.2%
Less than BBB	280,412	12.4%	176,635	8.2%
Other*	518,622	22.8%	494,898	23%
	$ 2,267,996	100%	$ 2,150,128	100%

*Other includes: mortgages, unrated fixed income securities, and net fixed income derivative exposure.

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The credit risk is mitigated by limiting counterparties to specific entities approved by the Board.

As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At December 31, 2020, the Plan's investments included loaned securities with a market value of $333,816,000 (2019 - $342,821,000) and the fair value of securities and cash collateral received in respect of these loans was $349,641,270 (2019 - $359,300,158).

MARKET RISK

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

INTEREST RATE RISK

The Plan is exposed to changes in interest rates in its cash, short-term investments, bond pooled funds and mortgage pooled funds. Duration is a measure used to estimate the extent market values of these investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase net assets by $158,576,000 at December 31, 2020 (2019 - $149,103,000); representing 6.3 percent (2019 – 6.6 percent) of the $2,534,397,000 (2019 - $2,267,566,000) fair value of these investments.

FOREIGN EXCHANGE RISK

The Plan is subject to changes in the United States/ Canadian dollar exchange rate on its United States denominated investments. Also, the Plan is exposed to other non-North American currencies through its investment in non-Canadian equities, foreign infrastructure and foreign real estate. At December 31, 2020, the Plan's exposure to United States equities was 30.4 percent (2019 – 28.9 percent) and its exposure to non-North American equities was 20.2 percent (2019 – 18.6 percent).

The Plan manages this risk through the use of currency futures or forwards. At December 31, 2020 the fair value of currency forward contracts payable

NOTE 8 - FINANCIAL RISK MANAGEMENT (CONTINUED)

was $2,921,567,000 (2019 - $5,819,686,000) and the fair value of currency fund contracts receivable was $2,938,120,000 (2019 - $5,833,661,000).

EQUITY PRICE RISK

The Plan is exposed to changes in equity prices in Canadian, United States and other markets. Equities comprise 45 percent (2019 – 42 percent) of the market value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. A 10 percent change in equity prices would result in a $401,717,000 (2019 - $340,293,000) change in the Plan's net assets.

REAL ESTATE AND INFRASTRUCTURE RISK

Real estate and infrastructure assets are valued based on estimated fair values determined by using appropriate techniques and best estimates. An independent auditor performs an annual assessment on these estimated fair values to ensure the assets are fairly stated in all material aspects. Risk in the real estate portfolio is further managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimised by having holdings diversified across property type, geographic location and investment size.

LIQUIDITY RISK

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The following summarises the contractual cash flows of the Plan's financial liabilities:

		CONTRACTUAL CASH FLOWS (000's)			
AS AT DECEMBER 31, 2020	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	2 - 4 YEARS	5 YEARS
Transfer deficency holdbacks	$ 46,244	$ 48,741	$ 8,532	$ 29,458	$ 10,751
Accounts payable	11,436	11,436	-	-	-
	$ 57,680	$ 60,177	$ 8,532	$ 29,458	$ 10,751
AS AT DECEMBER 31, 2019					
Transfter deficiency holdbacks	$ 41,819	$ 44,308	$ 5,934	$ 29,968	$ 8,407
Accounts payable	12,838	12,838	-	-	-
	$ 54,657	$ 57,146	$ 5,934	$ 29,968	$ 8,407

NOTE 9 - RELATED PARTY TRANSACTIONS

These financial statements include transactions for the Plan's administrative expenses paid to 3sHealth. All transactions are recorded at the exchange amounts agreed by the two parties.

	2020 (000's)	2019 (000's)
EXPENSES	$ 84	$ 84

NOTE 9 - RELATED PARTY TRANSACTIONS (CONTINUED)

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority over the planning, directing, and controlling activities of the Plan, which include directors and executive officers.

Key management personnel compensation is comprised of:

	2020 (000's)	2019 (000's)
Short-term employee benefits	$ 1,521	$ 1,437
Post-employment benefits		
Defined benefit retirement allowance	114	111
TOTAL BENEFITS	$ 1,635	$ 1,548

NOTE 10 - INVESTMENT FEES

Investment fees incurred by the Plan and reported in the Statement of Changes in Net Assets Available for Benefits are:

	2020 (000's)	2019 (000's)
Investment management fees	$ 43,225	$ 34,294
Investment performance fees	1,912	7,641
Investment consulting fees	822	887
Investment transaction fees	1,504	934
TOTAL INVESTMENT FEES	$ 47,463	$ 43,756

The Plan incurs Management fees which are base fees incurred for investment managers to manage the Plan's investments. Performance fees are incurred when certain returns are exceeded.

In addition to the fund management fees and performance fees incurred directly by the Plan, and reported separately on the Statement of Changes in Net Assets Available for Benefits, the Plan also incurs fund management and performance fees in Horizon and Sunrise. The fund management and performance fees recorded in Horizon and Sunrise are included within the unrealised market value gain on the Statement of Changes in Net Assets Available for Benefits. During the year two investments were moved from the Horizon subsidiary to SHEPP.

Total investment management fees incurred by the Plan are:

	2020 (000's)	2019 (000's)
Incurred directly by the Plan	$ 43,225	$ 34,294
Incurred through Sunrise	604	735
Incurred through Horizon	4,523	10,364
TOTAL INVESTMENT MANAGEMENT FEES	$ 48,352	$ 45,393

NOTE 10 - INVESTMENT FEES (CONTINUED)

Total performance fees incurred by the Plan are:

	2020 (000's)	2019 (000's)
Incurred directly by the Plan	$ 1,912	$ 7,641
Incurred through Sunrise	(118)	723
Incurred through Horizon	(1,310)	6,808
TOTAL PERFORMANCE FEES	$ 484	$ 15,172

NOTE 11 - IMPACT OF COVID-19

The COVID-19 pandemic has caused material disruption to organisations and has resulted in significant economic uncertainty as the Plan has been subject to market fluctuations and may continue to experience significant volatility as the situation evolves. The duration and impact of this pandemic is unknown at this time and as such, an estimate cannot be made of the potential impact on the Plan's future operating results.

NOTE 12 - COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the current year's presentation.






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