

Strong Returns in 2019 and Long-Term Strategy Positions Plan to Tackle Market Uncertainty

While SHEPP benefited from strong investment returns in 2019, events early this year have underscored the importance of focusing on a long-term strategy.

Investment Performance

Following what was a relatively flat year, markets finished strong in 2019, resulting in very favourable investment returns. While the year-end rate of return fell short of the benchmark (13.5%), the Fund still experienced a very healthy return of 11.7% (net of investment manager fees). As of December 31, 2019, net assets totaled \$8.0 billion (up from \$7.2 billion in 2018).

SHEPP's investment strategy is driven by Plan sustainability objectives. We seek to generate sufficient long-term returns to improve and maintain the Plan's funded position, secure members' benefits and stabilise contributions. We're focused on achieving the right balance between risk and return over the long term while managing through changing market environments.

This was particularly apparent in 2019. Coming out of a weak 2018 financial market, pension plans like SHEPP faced reduced return expectations based on lower expected economic growth, a drop-in interest rates and relatively high asset prices. We continued to focus on asset diversification while seeking out opportunities to protect the Plan from potential weaker returns in traditional asset classes. As 2019 evolved, traditional equity and bond markets contributed to strong positive returns. This enabled SHEPP to continue focusing on diversification and rebalancing the risks within the portfolio.

2020: Prepared to Weather an Uncertain Market

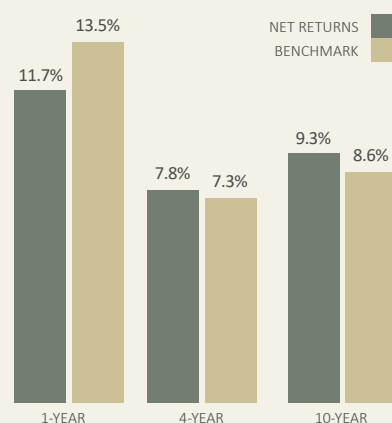
The Plan has faced several challenges in its 58-year existence. While 2019 was a strong year in terms of investment returns, there's no doubt 2020 will be a

challenging one. However, we came into this global pandemic crisis well-prepared, having laid the groundwork to persevere amid instability.

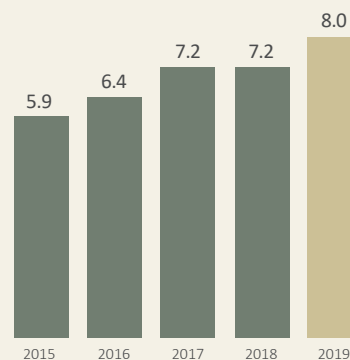
Specifically, both the Board and SHEPP's Administration have worked hard to ensure the Fund's investments are well-diversified and have taken steps over



TOTAL FUND RATE OF RETURN
(annualised, net of investment management fees)



NET ASSETS
(\$ billions)



TO ALL THE
HEALTHCARE
HEROES
THANK
YOU

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SHEPP
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the past few years to reduce exposure to equity markets – helping to reduce the impact in an economic downturn. In addition, the extended investment horizon of defined benefit pension plans, like SHEPP, will allow us to seek opportunities as the market stabilises and rebounds.

As we continue to navigate through this unprecedented time, SHEPP's Board and Administration remain focused on the Plan's long-term sustainability so that you and your employees can remain focused on supporting the health and wellness of the Saskatchewan communities you serve.

SHEPP's Service Strategy: Continually Aiming to Deliver Great Service

SHEPP's mission statement, *serving the best interests of our members*, is at the very core of our operations. Recently, we formalised a service strategy focused on delivering accurate, timely, helpful and approachable service. Here's a snapshot of how we're putting our strategy into action for you and your team.

Accurate

Accuracy is key when it comes to pensions. This hits home when one considers the thousands of transactions occurring annually with Plan administration, including the processing of enrolments, terminations and leaves of absence – to name a few. To ensure accuracy in our service delivery, SHEPP has implemented an automated nightly data feed for 3sHealth payroll subscribers, replacing a once manual process and eliminating potential keying errors. SHEPP also provides employers with a variety of reports, including the Monthly Data Reconciliation (MDR), to ensure any data discrepancies are identified and resolved.

Timely

To facilitate decision-making, we strive to deliver information to you and your team in a timely manner. SHEPP's semi-annual *Employer News* provides you with a high-level overview of the Plan, while the SHEPP *eBlasts* are shared with your payroll and benefits team to provide time-sensitive information and procedural updates. The **SHEPPWeb** Employer portal provides your benefits administrators with 24/7 access to online tools including the secure mailbox, forms and report generator.

Helpful

Pensions are complex and we understand that pension benefits administration may be a small part of your operations and the role of your administrators. In supporting your employees, we provide a variety of easily accessible online resources – including the Employer Administration Manual, quick reference Employer Guides, and pension administration policies. We also provide one-on-one training virtually to new benefits administrators or those needing a refresher. Lastly, we accommodate requests to deliver our Retirement Ahead member presentations, whenever employers reach out to us.

Approachable

We're not just a pension plan, we are people – individuals who have chosen a career dedicated to serving others. Collectively, we strive to ensure that this greater purpose is evident in every interaction we have with you and your team. Being approachable provides you and your team a level of comfort to seek out the answers you need. SHEPP has two dedicated and outstanding Employer Services Officers to serve your organisation. They're available to support and educate your team whenever required and, from the feedback we receive regularly, their friendly and calm approach is welcomed.



EMPLOYER SERVICE HIGHLIGHTS IN 2019



24/7 SECURE ONLINE
ACCESS TO FORMS,
MAILBOX AND
REPORTING TOOLS



2
DEDICATED EMPLOYER
SERVICES OFFICERS



32
ONE-ON-ONE
VIRTUAL TRAINING
SESSIONS



5
EBLASTS AND
NEWSLETTERS



26
RETIREMENT
PRESENTATIONS

