



APRIL 30, 2020

A MESSAGE FROM THE CEO OF SHEPP

Dear SHEPP stakeholder,

Things have certainly changed over the past few months and as the coronavirus situation continues to unfold, we find ourselves in a time of rapid change and uncertainty. While no one could have predicted the far-reaching consequences of this global health crisis, I want to reassure you the Board of Trustees (Board) and SHEPP Administration has been working to position the Plan to withstand turbulent times like the one we find ourselves in today.

While it will be some time before the full impact of the recent market volatility is realised, as a defined benefit pension plan, SHEPP has a time horizon of 50 plus years. As a result, we take a long-term view in investing and funding the Plan. While the Plan's assets will decline with a significant market downturn, we are positioned to maintain our long-term strategy and look for opportunities as the market stabilises and rebounds.

The fundamental objectives of our Funding Policy are to secure benefits and stabilise contributions. Fortunately, SHEPP came into this volatile period on solid footing in terms of meeting these objectives. Over the past 10 years, we have experienced strong investment returns, over 9% per year, and have built a margin to help cushion the Plan in volatile markets. The Board and Administration continue to carefully monitor the Plan's funded status, as well as investment performance, and work closely with our professional investment advisors in order to manage through this turbulent time.

Funding is truly a long-term and ongoing consideration. While recent market declines have no immediate impact on pension benefits, there is potential a continued decline could impact the Plan's funding. The Fund remains well diversified with an investment portfolio that is comprised of a variety of asset classes that are expected to respond differently to changes in markets. Over the past few years SHEPP has taken steps to reduce the Fund's exposure to equity markets, which will help reduce the impact of any economic downturn.

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

Take care and stay safe.

Alison McKay
Chief Executive Officer