

NOVA SCOTIA DEPARTMENT OF FINANCE  
PENSION SERVICES GROUP

# INVESTMENT REPORT

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NOVA SCOTIA PUBLIC SERVICE  
SUPERANNUATION PLAN

**YEAR-END SUMMARY**  
**MARCH 31, 2005**



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This report may also be found  
online at:  
[www.gov.ns.ca/finance/pension](http://www.gov.ns.ca/finance/pension).  
Click on Public Service  
Superannuation Plan and  
Investment Division & Reports.

## Investment Division

The Minister of Finance is trustee of the Fund and is responsible for the day-to-day administration of the plan. These functions are carried out through the Pensions and Investments Branch of the Department of Finance. The Investment Division of the Department of Finance is comprised of six investment professionals. This group is responsible for the day-to-day monitoring of asset mix for compliance with asset mix guidelines and recommending asset mix changes. In addition, this group is responsible for selecting external fund managers and managing fixed income portfolios. Support staff are responsible for accounting for all investment transactions.

# INVESTMENT REPORT YEAR-END SUMMARY

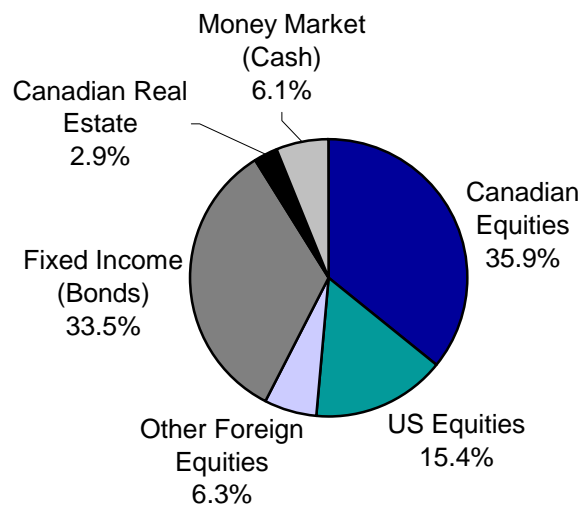
NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION PLAN

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## ASSET MIX

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**March 31, 2005**



Asset	3-Month Quarters Ended			
	1 <sup>st</sup> June 30/04	2 <sup>nd</sup> Sept 30/04	3 <sup>rd</sup> Dec 31/04	4 <sup>th</sup> Mar 31/05
Canadian Equities	36.1%	36.1%	36.1%	35.9%
US Equities	16.4%	15.2%	15.9%	15.4%
Other Foreign Equities	7.9%	7.3%	6.4%	6.3%
Fixed Income (Bonds)	33.0%	34.3%	33.8%	33.5%
Canadian Real Estate	2.6%	2.8%	2.7%	2.9%
Money Market (Cash)	4.0%	4.3%	5.1%	6.1%

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**TOP 20 HOLDINGS**

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<b>Stock</b>	<b>Value March 31, 2005 (descending value)</b>
Royal Bank of Canada	\$58,835,038
Manulife Financial Corp	\$55,020,952
Bank of Nova Scotia	\$50,460,022
Toronto Dominion Bank	\$49,143,510
Encana Corporation	\$39,087,389
Talisman Energy Inc	\$32,141,164
Nexen Inc	\$27,154,986
Canadian National Railway	\$23,241,381
Transcanada Corp	\$21,488,372
BCE Inc	\$21,487,757
Sun Life Financial Inc	\$21,131,504
Canadian Imperial Bank of Commerce	\$18,373,942
Thomson Corporation	\$18,023,815
Great West Lifeco Inc	\$17,737,899
Bank of Montreal	\$17,648,481
Canadian Tire Ltd.	\$16,610,491
SNC-Lavalin Group Inc.	\$16,488,005
Imperial Oil Ltd.	\$16,249,387
Enbridge Inc	\$16,086,822
Petro Canada	\$15,446,642

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## FUND PERFORMANCE

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### PERFORMANCE UPDATE

Performance for the March 2005 quarter showed a positive return of 2.64% versus the Fund's benchmark of 1.59%. Once again Canadian equities were the best performing asset class, as was the case for the year as a whole. The performance of U.S. and International was disappointing even though our managers did reasonably well when measured against their benchmarks.

For the one year period ended March 2005 the fund showed a return of 7.87% versus its benchmark of 6.53% and the target investment return of 7.38%.

	1 year	3 years	5 years	10 years
Fund Return	7.87%	5.89%	3.75%	10.02%
Benchmark	6.53%	5.28%	2.77%	8.70%

### RECENT DEVELOPMENTS

The fund's exposure to real estate was increased over the past year through direct investments in a number of income producing properties. These properties included multi-family housing, office and industrial properties in Alberta, Nova Scotia and Ontario. It is our intention to continue to increase our exposure to this asset class from its current level of 2.86% to 7.0% in the future.

During the past year Mercer Investment Consulting were retained to conduct an asset/liability study for the fund for the purpose of ensuring that the fund's asset mix was compatible with its liabilities and appropriate for future funding requirements. This study recommended a heavier emphasis be placed on real estate and International equities. We are currently reviewing the study recommendations and will implement any resulting changes in 2005.

### MARKET COMMENTARY

While the year ended March 2005 proved to be a very good year for Canadian investors the year ahead could prove to be more difficult. The US Federal Reserve has raised short-term interest rates eight times and it appears this will continue until there is a slowdown in economic growth. This will negatively impact Canada as it relies heavily on exports to the United States. In this rising interest rate environment bond returns will be negatively impacted while the strong upward momentum we have seen in Canadian equity returns will be hard to sustain.

NOVA SCOTIA DEPARTMENT OF FINANCE

PENSION SERVICES GROUP

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