



CSS Pension Plan

A balanced and planned approach to successful retirement for co-operative and credit union employees

**Fourth Quarter
December 31, 2009
Volume 12, Issue 4**

Inside this Issue

- 1 Unit Prices
- 1 Balanced Fund
- 1 Money Market Fund
- 1 2009 Fund Returns
- 2 Equity Returns
- 2 Bond Returns
- 2 Annual Statements

Co-operative Superannuation
Society Pension Plan
PO Box 1850
Saskatoon, SK S7K 3S2
Phone: (306)244-1539
Fax: (306)244-1088
Internet: www.csspen.com
e-mail: csspen@csspen.com

UNIT PRICES

In the 4th Quarter of 2009 the unit price of the Balanced Fund rose from \$12.1321 to \$12.3245 or 1.58%. Over the same period, the unit price of the Money Market Fund rose from \$11.5454 to \$11.5545 or 0.079%. Component returns for the Balanced Fund and Money Market Fund for the 4th Quarter and for the 2009 year appear below.

BALANCED FUND

Investment Managers	4 th Quarter Returns (%)		2009 Returns (%)	
	CSS	Index	CSS	Index
Addenda: Canadian Bonds	0.52%	-0.16%	8.65%	5.41%
TD Asset Mgmt: Canadian Bonds	-0.17%	-0.16%	5.28%	5.41%
Addenda: Canadian Equities	2.84%	3.86%	28.75%	35.05%
Scheer Rowlett : Canadian Equities	3.95%	3.86%	38.17%	35.05%
Northwater: U.S. Mid Cap Equities	4.49%	5.17%	34.52%	34.24%
Northwater: U.S. Lg Cap Equities	4.09%	5.68%	23.19%	23.71%
Brandes: Global Equities	-0.55%	1.65%	5.60%	10.39%
Sprucegrove: Non-NA Equities	-0.49%	-0.20%	17.03%	11.91%
Thornburg: World Equities	1.99%	1.33%	15.76%	20.12%
Total Return	1.58%	1.83%	17.34%	16.77%

Asset Mix (Weightings)

	Dec 31, 2008	Dec 31, 2009
Equities:		
Canadian equities	20.5%	
Foreign equities	38.9%	
Total Equities:		59.4%
Fixed Income:		
Bonds	35.1%	
Max II Notes	2.4%	
Short term	3.1%	
Total Fixed Income:		49.5%
		100.0%

MONEY MARKET FUND

Investment Manager	4 th Quarter Return (%)		2009 Return (%)	
	CSS	Index	CSS	Index
TD Asst Mgmt: Short Term Inv.	0.14%	0.08%	0.96%	0.62%

* Return before expenses.

Asset Mix (Weightings)

	Dec 31, 2009	Dec 31, 2008
Fixed Income:		
Short Term:	100.0%	100.0%

2009 FUND RETURNS

The Plan offers members two unitized funds for the investment of their contributions and accumulated benefits – a Balanced Fund and a Money Market Fund. Realized and unrealized gains, losses, dividends, interest and expenses relating to the investment and administration of these funds are allocated to members through daily changes in each fund's unit price. A fund unit price allocates true market returns in real time. A fund unit price also serves as an index, so that the percentage change in the unit price over time is the fund's rate of return. For example, if a fund unit price at the start of the year is \$10 and at the end of the year is \$10.50, the fund has earned a 5% return (e.g. (\$10.50 - \$10.00) / \$10.00). Using the actual 2009 opening and closing unit prices for the Balanced Fund and Money Market Fund produced the following **2009 fund rates of return:**

Balanced Fund: 17.34%
Money Market Fund: 0.71%

The Balanced Fund's 10-year annualized return, as shown in members' 2009 Annual Statements, is 5.49%. This compares favorably with the Fund's benchmark, which earned an annualized return of 4.12% over the same period. For more information on the Plan's Balanced Fund or the Money Market Fund, please visit the Plan's website or contact our office.

EQUITY RETURNS

A strong recovery in equity markets in 2009 was driven by mounting optimism that measures taken by governments and central bankers would stabilize the global financial system. Corporate earnings continued to improve in the fourth quarter, although as the New Year begins, investors are looking for earnings growth from revenue gains rather than just lay offs and cost cutting.

Canadian equities, represented by the S&P TSX Composite Index, posted a gain of 3.86% over the quarter as the index posted its best one-year result since 1979. Eight of ten sectors rose, lead by utilities, industrials and consumer staples. Addenda Capital, one of the Plan's active Canadian equity managers, under performed its benchmark, earning a return of 2.84%. The Plan's other active Canadian equity manager, Scheer Rowlett, was able to add value, posting a return of 3.95%.

U.S. Large Cap equities, hedged to Canadian dollars, rose by 5.88% during the quarter, although a rising Canadian dollar reduced this gain to 3.57% for unhedged Canadian investors. EAFE equities posted a small gain but this became a small loss when measured in Canadian dollars. The Plan's Global equity manager, Brandes Investment Partners, was not able to add value to its benchmark (the MSCI World Index), losing 0.55%. Our active EAFE equity manager, Sprucegrove Investment Management Ltd., also under performed its benchmark (the MSCI EAFE Index), posting a return of -0.49%, while the Plan's All Countries World Equities manager, Thornburg Investment Management, out performed its benchmark posting a gain of 1.99% during the final quarter. The Plan's passive U.S. equity mandates under performed their benchmarks, in part due to the transition to a new manager.

BOND RETURNS

The Canadian bond market produced a slightly negative return of 0.16% in the fourth quarter, with the Dex Universe Bond Index showing a total return of 5.41% for the year. Corporate bonds performed best, as spreads narrowed in response to a more stable financial system. Short maturities were the best-performing sector of the market while long-term bonds lagged. Our active bond manager, Addenda Capital, out performed the index, generating a return of 0.52% while the passive bond manager, TD Asset Management, closely tracked the index over the quarter.

ANNUAL STATEMENTS

2009 Annual Statements for active contributors will be delivered to employers for distribution in early February 2010. When the statements are received they should be distributed **immediately** to member employees. Employers receiving statements for employees who have recently terminated employment, should: (i) forward those statements to their former employees **AND** (ii) immediately notify the Pension Plan of the termination date and home address for each former employee. Occasionally, members may notice a difference in the pension contribution amount shown on their Annual Statement and the pension contribution amount on their T4 slip from their employer. If this occurs, it is because the member's final 2009 contributions arrived at the Pension Plan's office after December 31. Due to unit pricing, contributions must be recorded in the same year that they are received at the Plan's office. Any 2009 contributions received after December 31 will therefore be included on the member's 2010 Annual Statement, although they may be recorded on the member's T4 slip for 2009.

Member's Annual Statements include information on the Money Market Fund for members who have elected to hold part of their accumulated benefits in this fund. The 2009 Annual Statements also include estimated personal rates of return for most members. Members should note that depending on the length and particulars of their account transaction history, their personal rate of return might be different from the returns earned by the Plan's investment funds. **Personal rates of return are not estimated for members with less than two years in the Plan.** We encourage these members to use fund returns when projecting future balances for purposes of retirement planning.

Because the Plan offers more than one investment fund, not all members will earn the same investment return. The 2009 Annual Statements therefore include pension projections at four different potential rates of return. **Remember that these projections are only estimates!** Members' pension projections are re-calculated every year, based on the *actual* contributions received and the *actual* returns for the year. However, the calculations are also based upon economic assumptions that change from year to year with current economic conditions. Therefore, your projected pension may vary from that shown on past Annual Statements.

Members should keep their 2009 Annual Statements in a safe place. If you have any questions about your pension account and wish to contact the Plan by telephone, please have your 2009 Annual Statement ready for reference purposes.

CSS asks all employers to make a special effort to bring the information contained in this newsletter to the attention of their employees prior to the receipt of their 2009 Annual Statements. Your co-operation in this regard is appreciated.