CSS Pension Plan

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

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Attention General Manager

CSS Quarterly Update

UNIT PRICES

Over the 2nd Quarter of 2011 the unit price of the Balanced Fund decreased from $13.942280 to $13.917917 for a loss of 0.18%. Over the same period, the Bond Fund gained 2.28%, the Equity Fund declined 1.54%, while the Money Market Fund rose 0.30%.

BALANCED FUND

Investment Managers	2nd Quarter Returns (%)		Year to Date Returns (%)	
	CSS	Index	CSS	Index
Addenda: Canadian Bonds	2.29%	2.48%	2.30%	2.20%
TD Asset Mgmt: Canadian Bonds	2.47%	2.48%	2.18%	2.20%
QV Investors: Can. Equities	-0.64%	-5.15%	5.34%	0.16%
Scheer Rowlett: Can. Equities	-6.84%	-5.15%	-0.51%	0.16%
SSgA: U.S. Mid Cap Equities	-1.53%	-1.51%	5.41%	5.44%
SSgA: U.S. Lg Cap Equities	-0.69%	-0.69%	2.98%	2.98%
Brandes: Global Equities	-0.54%	-0.32%	2.65%	2.26%
Sprucegrove: Non-NA Equities	1.64%	0.76%	0.27%	1.96%
Thornburg: World (ex U.S.) Equities	0.76%	-0.41%	2.68%	0.82%
Total Return	-0.18%	-0.30%	2.50%	2.15%

** Returns in Canadian dollars net of fees*

BOND FUND

Investment Managers	2nd Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
Same as Bond Managers above	2.28%	2.48%	2.22%	2.20%

** Returns in Canadian dollars net of fees*

EQUITY FUND

Investment Managers	2nd Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
Same as Equity Managers above	-1.54%	-2.10%	2.85%	2.11%

** Returns in Canadian dollars net of fees*

MONEY MARKET FUND

Investment Managers	2nd Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
TD Asset Mgmt.	0.30%	0.24%	0.62%	0.52%

** Returns in Canadian dollars net of fees*

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COMMENTARY

Equity markets typically lost ground in the 2nd quarter as a weak U.S. recovery, the Japanese earthquake and Eurozone sovereign debt concerns weighed. The S&P/TSX suffered a loss, with four sectors declining: IT, energy, materials and financials. The Canadian bond market posted a positive return over the quarter with long-term bonds performing best.

Canadian bonds, as represented by the DEX Universe Bond Index rose 2.48% for the 2nd Quarter, while the S&P/TSX lost 5.15%. The S&P 500 Index (U.S. Large Cap Equities) fell when measured in Canadian dollars, posting a loss of 0.69%, while the S&P 400 Index (U.S. Mid Cap Equities) declined 1.51%. The MSCI EAFE Index (Non-North American Equities) rose 0.76%. The MSCI World Index (Global Equities) lost 0.32%, while the ACWI (ex US) index was off by 0.41%.

The Canadian dollar gained 0.54% against the U.S. dollar over the first quarter, finishing at $1.037. For Canadian investors, a stronger Canadian dollar reduces the returns on unhedged foreign investments. To reduce the impact of currency fluctuations on Balanced Fund and Equity Fund returns the Plan hedges one half of its currency exposure on foreign equities. The Bond Fund and Money Market Fund do not hold foreign investments and therefore are not exposed to currency risk.

Equities: Equities trended downward over the 2nd quarter in response to considerable negative news. The Plan's active Canadian equity managers, QV Investors and Scheer Rowlett (SRA) both produced losses in the quarter with QV out performing (-0.64%) and SRA underperforming (-6.84%) their benchmark. The active Non-North American equity manager, Sprucegrove, was able to add value over the quarter, gaining 1.64%. The active Global equity manager slightly underperformed its benchmark, losing 0.54%. The active ACWI equity manager also outperformed, posting a gain of 0.76%, while the passive U.S. equity manager, SSgA, closely tracked the S&P 400 and S&P 500.

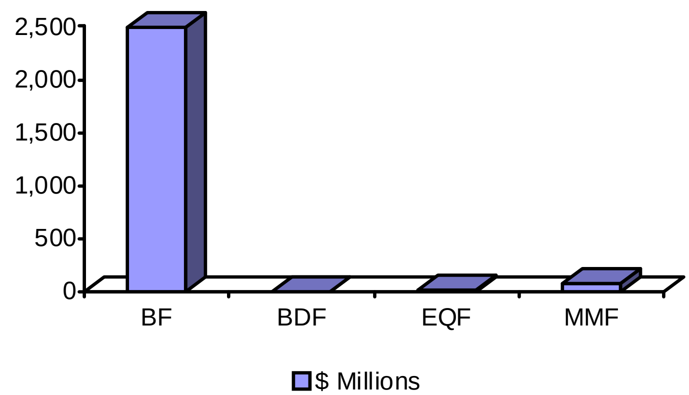
Fixed Income: Bond prices rose during the 2nd quarter as yields declined. Longer maturities performed best, while short-term bonds were the weakest segment of the market. The Plan's active bond manager, Addenda Capital, underperformed its benchmark, producing a return of 2.29%. The passive bond manager, TD Asset Management posted a gain of 2.47%, closely tracking its benchmark.

NEW INVESTMENT FUNDS

By the end of the 2nd quarter, more than two hundred fifty members were using the Plan's Equity Fund and Bond Fund. These new funds became available in January of 2011. The Equity Fund is a more aggressive option for members wishing to add risk in the hope of earning higher average returns, while the Bond Fund has a lower risk/return profile than the Balanced Fund. The table and chart below show the number of members and dollars invested in each of the Plan's four funds.

MEMBERS BY INVESTMENT FUND

Fund	Members	$ Millions
Balanced (BF)	35,101	2,486
Bond (BDF)	58	9
Equity (EQF)	188	19.3
Money Market (MMF)	481	88.5



It is generally recommended that investors reduce risk as they age and as approach retirement. Risk reduction is recommended for two reasons:

- an older investor has less time to make up short-term losses;
- withdrawing retirement income during periods of market weakness can compound losses.

SEMINARS & WORKSHOPS

Retirement Income Options (RIO) Workshops for the remainder of 2011 are TENTATIVELY scheduled as follows:

Edmonton AB	September 10, 2011
Saskatoon SK	October 1, 2011
Brandon MB	October 29, 2011

All Retirement Income Options (RIO) workshops are scheduled for Saturday mornings from 8:30am to 12:00 noon (local times). Members (and their spouses) receiving an invitation to a RIO are encouraged to attend.

Retirement Planning Seminars (RPS) for the remainder of 2011 are TENTATIVELY scheduled as follows:

Swift Current SK	November 2, 2011

The RPS is designed for employees aged 50 and over and their spouses. Through group discussion, various exercises, presentations, and with the help of visiting resource authorities participants examine various retirement-related topics, including health, wills and estates, housing, the psychology of aging, sources of income and financial planning.