CSS Pension Plan

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

Second Quarter
June 30, 2012
Volume 15, Issue 2

Inside this Issue

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
email: css@csspen.com

Quarterly Update

UNIT PRICES

Over the 2nd Quarter of 2012 the unit price of the Balanced Fund decreased from $14.319697 to $14.062471 for a loss of 1.80%. Over the same period, the Bond Fund gained 2.02%, the Equity Fund declined 4.10%, while the Money Market Fund rose 0.28%.

BALANCED FUND

Investment Managers	2nd Quarter Returns (%)		Year to Date Returns (%)	
	CSS	Index	CSS	Index
Addenda: Canadian Bonds	1.94%	2.25%	2.22%	2.03%
TD Asset Mgmt: Canadian Bonds	2.24%	2.25%	2.04%	2.03%
QV Investors: Can. Equities	-3.27%	-5.67%	2.49%	-1.53%
Scheer Rowlett: Can. Equities	-6.18%	-5.67%	0.51%	-1.53%
SSgA: U.S. Mid Cap Equities	-2.98%	-3.03%	8.05%	8.03%
SSgA: U.S. Lg Cap Equities	-0.82%	-0.81%	9.59%	9.62%
Brandes: Global Equities	-3.15%	-3.17%	4.80%	6.04%
Sprucegrove: Non-NA Equities	-3.56%	-5.27%	4.88%	3.08%
Thornburg: World (ex U.S.) Equities	-4.79%	-5.75%	4.51%	2.90%
Total Return	-1.80%	-1.87%	3.69%	3.06%

** 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	2.02%	2.25%	2.08%	2.03%

** 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	-4.10%	-4.61%	4.67%	3.54%

** 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.	0.28%	0.27%	0.55%	0.48%

** Returns in Canadian dollars net of fees*

See page 2 over . . .

COMMENTARY

Most equity markets lost ground in the 2nd quarter as economic growth slowed and Eurozone sovereign debt concerns weighted. The S&P/TSX suffered a loss, with seven sectors declining lead by IT, materials and energy. 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 2.25% for the 2nd Quarter, while the S&P/TSX lost 5.67%. The S&P 500 Index (U.S. Large Cap Equities) fell 0.81% when measured in Canadian dollars, while the S&P 400 Index (U.S. Mid Cap Equities) declined 3.03%. The MSCI EAFE Index (Non-North American Equities) was lower by 5.27%. The MSCI World Index (Global Equities) lost 3.17%, while the ACWI (ex US) index was off by 5.75%.

The Canadian dollar lost about 2 cents against the U.S. dollar over the 2nd quarter, finishing at 98.13 cents U.S. For Canadian investors, a weaker Canadian dollar improves 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 weakening economic data. The Plan's active Canadian equity managers, QV Investors and Scheer Rowlett (SRA) both produced losses in the quarter with QV out performing (-3.27%) and SRA underperforming (-6.18%) their benchmark. The active Non-North American equity manager, Sprucegrove, was able to add value over the quarter, while losing 3.56%. The active Global equity manager slightly outperformed its benchmark, losing 3.15%. The active ACWI equity manager also outperformed, posting a loss of 4.79%, while the passive U.S. equity manager, SSgA, closely tracked the S&P 400 and S&P 500.

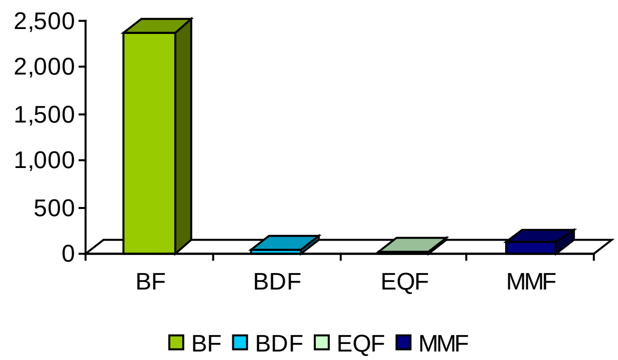
Fixed Income: Bond prices rose during the quarter as yields continued to fall. Longer maturities performed best, although short and mid-term bonds also gained. Wellington Management was hired to replace Addenda Capital as the Plan's active bond manager near the end of the 2nd quarter. Most of the underperformance in the active bond mandate was caused by this transition from Addenda to Wellington. The passive bond manager, TD Asset Management posted a gain of 2.24%, closely tracking its benchmark.

INVESTMENT FUNDS

By the end of the 2nd quarter, users of the Bond and Equity Funds doubled to 512 members. These 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 long-term 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.

INVESTMENT FUNDS

Fund	Members	$ Millions
Balanced (BF)	34,976	$2,365
Bond (BDF)	282	$52
Equity (EQF)	230	$23.5
Money Market (MMF)	616	$121



Investors generally tend to reduce risk as they age and approach retirement for two reasons:

- older investors have less time to make up market losses;
- retirees need steadier returns to provide regular retirement income.

SEMINARS & WORKSHOPS

Retirement Income Options (RIO) Workshops for the remainder of 2012 are TENTATIVELY scheduled as follows:

Winnipeg MB	October 27, 2012
Prince Albert SK	November 17, 2012
North Battleford SK	November 24, 2012

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 2012 are TENTATIVELY scheduled as follows:

Regina SK	November 6, 2012
Calgary AB	November 14, 2012

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.