

# CSS Pension Plan

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

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# Quarterly Update

## UNIT PRICES

Over the 1<sup>st</sup> Quarter of 2013 the unit price of the Balanced Fund increased from \$14.871932 to \$15.688340 for a gain of 5.49%. Over the same period, the Bond Fund gained 0.45%, the Equity Fund advanced 8.54% and the Money Market Fund rose 0.24%.

## BALANCED FUND

Investment Managers	1 <sup>st</sup> Quarter Returns (%)		Year to Date Returns (%)	
	CSS	Index	CSS	Index
Wellington: Canadian Bonds	0.38%	0.69%	0.38%	0.69%
TD Asset Mgmt: Canadian Bonds	0.69%	0.69%	0.69%	0.69%
QV Investors: Can. Equities	9.08%	3.34%	9.08%	3.34%
Scheer Rowlett: Can. Equities	2.61%	3.34%	2.61%	3.34%
SSgA: U.S. Mid Cap Equities	15.76%	15.76%	15.76%	15.76%
SSgA: U.S. Lg Cap Equities	12.84%	12.85%	12.84%	12.85%
SSgA: Global Equities	10.37%	9.92%	10.37%	9.92%
Sprucegrove: Non-NA Equities	6.48%	7.27%	6.48%	7.27%
Thornburg: World (ex U.S.) Equities	4.29%	5.27%	4.29%	5.27%
<b>Total Return</b>	<b>5.49%</b>	<b>4.97%</b>	<b>5.49%</b>	<b>4.97%</b>

\* Returns in Canadian dollars net of fees

## BOND FUND

Investment Managers	1 <sup>st</sup> Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
Same as Bond Managers above	0.45%	0.69%	0.45%	0.69%

\* Returns in Canadian dollars net of fees

## EQUITY FUND

Investment Managers	1 <sup>st</sup> Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
Same as Equity Managers above	8.54%	7.82%	8.54%	7.82%

\* Returns in Canadian dollars net of fees

## MONEY MARKET FUND

Investment Managers	1 <sup>st</sup> Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
TD Asset Mgmt.	0.24%	0.23%	0.24%	0.23%

\* Returns in Canadian dollars net of fees

## **COMMENTARY**

For the third year in a row equity markets posted strong gains in the 1<sup>st</sup> quarter as investors' sentiment turned broadly positive. The S&P/TSX rose 3.34% as 9 of 10 sectors advanced, led by Healthcare, Information Technology and Industrials. The Canadian bond market posted a smaller gain of 0.69% over the quarter, with mid-term bonds performing best.

The S&P 500 Index (U.S. Large Cap Equities) gained 12.85%, while the S&P 400 Index (U.S. Mid Cap Equities) advanced 15.76%. The MSCI EAFE Index (Non-North American Equities) rose 7.27%. The MSCI World Index (Global Equities) gained 9.92%, while the ACWI (ex US) index increased by 5.27%.

The Canadian dollar fell 2.04% against the U.S. dollar over the first quarter, finishing below parity at \$0.9846. For Canadian investors, a weaker Canadian dollar increases the returns on unhedged foreign investments. To reduce the impact of currency fluctuations on Balanced Fund and Equity Fund returns, the Plan hedges approximately one half of its foreign currency exposure. The Bond Fund has minimal foreign currency exposure and the Money Market Fund is not exposed to currency risk.

**Equities:** Continued monetary easing and improving house prices in the U.S. produced strong equity returns, while returns in Europe were more subdued due to anti-austerity sentiment and political uncertainty. One of the Plan's active Canadian equity managers, QV Investors was able to add value while the other, Scheer Rowlett, underperformed, producing returns of 9.08% and 2.61% respectively. The active Non-North American equity manager, Sprucegrove, was unable to add value over the quarter, earning 6.48%. The Global equity manager outperformed its benchmark, earning 10.37%, while the active ACWI equity manager underperformed, posting a gain of 4.29%. The passive U.S. equity mandates managed by SSgA, closely tracked the S&P 400 and S&P 500 as expected.

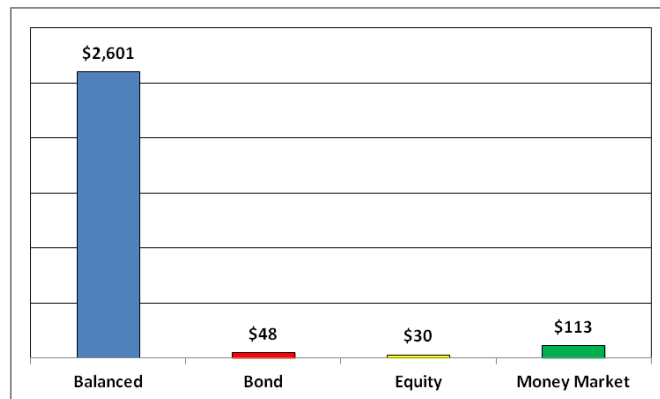
**Fixed Income:** Bond prices rose modestly during the first quarter as yields declined. Medium maturities performed best, while long-term bonds posted small losses. Investment grade corporate bonds continued to outperform government issues as they have over the past year. The Plan's active bond manager, Wellington Management, underperformed its benchmark, producing a return of 0.38%. The passive bond manager, TD Asset Management posted a gain of 0.69%, closely tracking its benchmark.

## **FOUR FUNDS**

The Plan offers four funds to members for the investment of their pension savings. These include a Balanced Fund, a Money Market Fund which was added in 2005 and a Bond Fund and Equity Fund, both of which became available in 2011. Details on the members using and dollars invested in each fund as of April 15th, 2013, appear above.

Fund	Members
Balanced	35,246
Bond	286
Equity	293
Money Market	597

\* Some members are invested in more than one fund



\$ Million

Typically, younger members will add risk in the hope of earning higher average returns by shifting part of their pension savings to the Equity Fund, while older members will reduce risk as they approach retirement by using the Bond or Money Market Funds.

## **SEMINARS & WORKSHOPS**

Retirement Income Options (RIO) Workshops for the remainder of 2013 are TENTATIVELY scheduled as follows:

Calgary, AB	May 11, 2013
Medicine Hat, AB	October 5, 2013
Brandon, MB	October 26, 2013
Saskatoon, SK	November 23, 2013

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 2013 are TENTATIVELY scheduled as follows:

Saskatoon, SK	May 15, 2013
Winnipeg, MB	June 5, 2013
Edmonton, AB	October 9, 2013
Yorkton, SK	November 6, 2013

The RPS is designed for employees aged 50 and over and their spouses. Through group discussion, various exercises, and presentations, participants examine various retirement-related topics with the help of visiting experts.