

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 1st Quarter of 2012 the unit price of the Balanced Fund increased from \$13.561983 to \$14.319697 for a gain of 5.59%. Over the same period, the Bond Fund gained 0.06%, the Equity Fund advanced 9.18% and the Money Market Fund rose 0.26%.

BALANCED FUND

Investment Managers	1 st Quarter Returns (%)		Year to Date Returns (%)	
	CSS	Index	CSS	Index
Addenda: Canadian Bonds	0.28%	-0.21%	0.28%	-0.21%
TD Asset Mgmt: Canadian Bonds	-0.20%	-0.21%	-0.20%	-0.21%
QV Investors: Can. Equities	5.95%	4.39%	5.95%	4.39%
Scheer Rowlett: Can. Equities	7.14%	4.39%	7.14%	4.39%
SSgA: U.S. Mid Cap Equities	11.37%	11.40%	11.37%	11.40%
SSgA: U.S. Lg Cap Equities	10.49%	10.51%	10.49%	10.51%
Brandes: Global Equities	8.20%	9.50%	8.20%	9.50%
Sprucegrove: Non-NA Equities	8.75%	8.81%	8.75%	8.81%
Thornburg: World (ex U.S.) Equities	9.77%	9.18%	9.77%	9.18%
Total Return	5.59%	5.02%	5.59%	5.02%

* Returns in Canadian dollars net of fees

BOND FUND

Investment Managers	1 st Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
Same as Bond Managers above	0.06%	-0.21%	0.06%	-0.21%

* Returns in Canadian dollars net of fees

EQUITY FUND

Investment Managers	1 st Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
Same as Equity Managers above	9.14%	8.54%	9.14%	8.54%

* Returns in Canadian dollars net of fees

MONEY MARKET FUND

Investment Managers	1 st Quarter Return (%)		Year to Date Return (%)	
	CSS	Index	CSS	Index
TD Asset Mgmt.	0.26%	0.22%	0.26%	0.22%

* Returns in Canadian dollars net of fees

COMMENTARY

Equity markets posted strong gains in the 1st quarter as investors focused on what they hoped were signs of an improving economy. The S&P/TSX rose 4.39% as 8 of 10 sectors advanced, led by healthcare, consumer discretionary and financials. The Canadian bond market posted a small loss of -0.21% over the quarter, with short and mid-term bonds performing best.

The S&P 500 Index (U.S. Large Cap Equities) gained 10.51%, while the S&P 400 Index (U.S. Mid Cap Equities) advanced 11.40%. The MSCI EAFE Index (Non-North American Equities) rose 8.81%. The MSCI World Index (Global Equities) gained 9.50%, while the ACWI (ex US) index increased by 9.18%.

The Canadian dollar rose 2.3% against the U.S. dollar over the first quarter, finishing at \$1.0013. 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 now hedges one half of its foreign currency exposure on all foreign equity mandates. The Bond Fund and Money Market Fund do not hold foreign investments and therefore are not exposed to currency risk.

Equities: Equities trended upward over the first quarter as the U.S. economy showed modest signs of improvement while strong action by the European Central Bank appeared to stabilize the sovereign debt crisis. Both of the Plan’s active Canadian equity managers, QV Investors and Scheer Rowlett, outperformed their benchmarks, producing returns of 5.95% and 7.14% respectively. The active Non-North American equity manager, Sprucegrove, was unable to add value over the quarter, earning 8.75%. The active Global equity manager also underperformed its benchmark, earning 8.20%, while the active ACWI equity manager outperformed, posting a gain of 9.77%. 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 fell during the first quarter as the yield curve for Canadian Bonds shifted slightly higher. Longer maturities performed worst, while short and mid-term bonds were the best performing segments of the market. The Plan’s active bond manager, Addenda Capital, outperformed its benchmark slightly, producing a return of 0.28%. The passive bond manager, TD Asset Management posted a loss of -0.20%, closely tracking its benchmark.

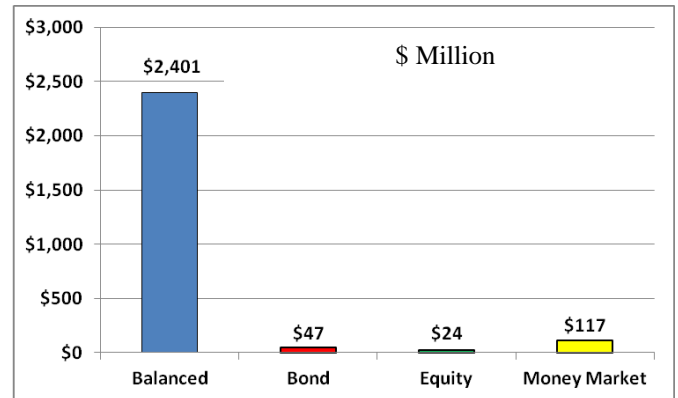
FOUR FUNDS

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 appear in the table and chart below.

Fund	Members
Balanced	35,052
Bond	253
Equity	228
Money Market	595

* Some members are invested in more than one fund



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 2012 are TENTATIVELY scheduled as follows:

Red Deer AB	May 12, 2012
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:

Saskatoon SK	May 30, 2012
Brandon MB	June 5, 2012
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 experts participants examine various retirement-related topics.