



Quarterly Update



CSS investment funds

▼ Third quarter returns

Over the third quarter of 2018, the unit price of the Balanced Fund decreased from \$23.552262 to \$23.548743 for a loss of -0.01%. Over the same period, the Money Market Fund gained 0.43%, the Equity Fund earned 0.52% and the Bond Fund fell -0.93%.

▼ Investment performance

Balanced Fund

3rd quarter returns (%)*		One-year returns (%)*	
CSS	Index	CSS	Index
-0.01%	0.77%	5.08%	6.58%

Money Market Fund

3rd quarter returns (%)*		One-year returns (%)*	
CSS	Index	CSS	Index
0.43%	0.31%	1.64%	1.15%

Equity Fund

3rd quarter returns (%)*		One-year returns (%)*	
CSS	Index	CSS	Index
0.52%	1.38%	7.37%	9.23%

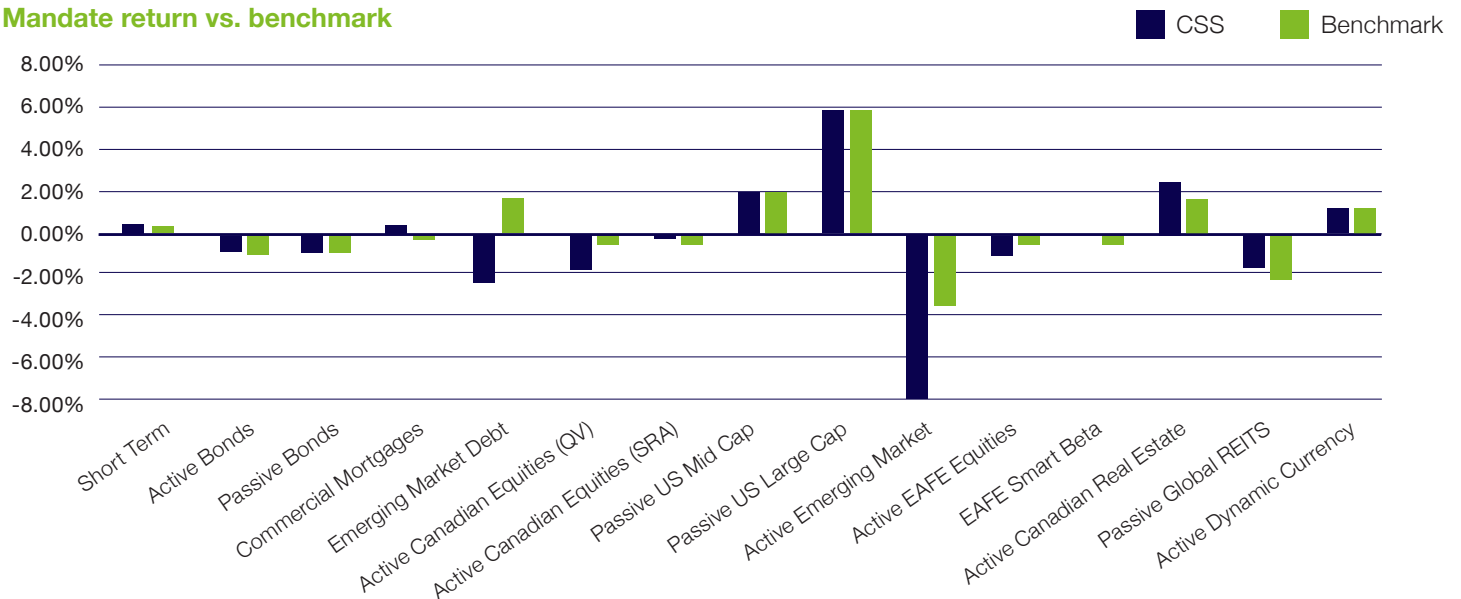
Bond Fund

3rd quarter returns (%)*		One-year returns (%)*	
CSS	Index	CSS	Index
-0.93%	-0.94%	2.19%	1.66%

*Returns in Canadian dollars net of fees

▼ Third quarter mandate performance

Mandate return vs. benchmark



Market commentary

Canadian and U.S. fixed income

- The Canadian government bond index fell 1.15% Q/Q, underperforming the U.S. government bond index, which declined 0.60% Q/Q, as measured by the Bloomberg U.S. Treasury Bond Index.
- Canadian and U.S. corporate bond indices registered returns of -0.46% and 0.94%, Q/Q respectively. Underperformance in Canada was largely due to duration as credit markets continued to hold up well. U.S. investment-grade credit spreads narrowed slightly during the quarter as supply-demand imbalances eased.
- High-yield credit spreads remained narrow compared to historical levels, supporting a return of 2.44% Q/Q for the sector in the United States

International equities

- Major developed markets were mixed in Q3/18, with Japanese equities a strong outperformer on the weakening yen. The MSCI Emerging Markets Index rose 0.42%, slightly underperforming developed markets as instability in Turkey, Russia and Argentina dampened sentiment, in addition to rising tariff pressure on China.

U.S. equities

- U.S. equity markets powered ahead on strong economic data. The S&P 500 returned 7.71%, the Dow jumped 9.63% and the NASDAQ returned 7.41%.
- All 11 sectors in the S&P 500 delivered a positive return during the third quarter.
- Large-cap U.S. equities significantly outperformed small-cap and mid-cap stocks, and U.S. growth stocks outperformed their value counterparts.

Canadian equities

- The Canadian equity market edged downward in Q3/18 as the S&P/TSX Composite Index fell 0.57%.
- Six of the 11 sectors posted a positive return. Health care was up 31.38% on the strength of cannabis stocks.
- Mid-cap stocks outperformed large- and small-cap stocks, and growth stocks outperformed their value counterparts.



*Commentary provided by TDAM, manager of the Plan's passive bond and short term mandates. Returns in local currency unless otherwise stated.

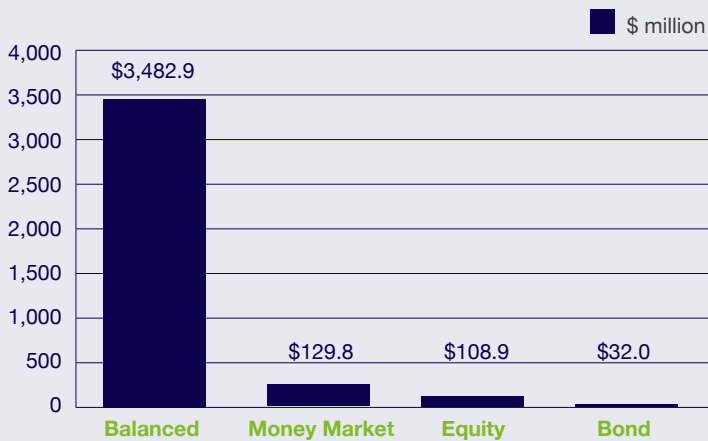
Plan updates

Investment funds

We offer four funds to CSS members for the investment of their pension savings: The Balanced Fund, Money Market Fund, Bond Fund and Equity Fund. Details on the number of members using, and total dollars invested in each fund as of October 16, 2018 appear below.

Fund	Members*	Average age	\$ Millions	MER (2017)
Balanced	39,371	47.12	\$3,482.9	0.34%
Money Market	967	61.31	\$129.8	0.13%
Equity	1,541	42.23	\$108.9	0.37%
Bond	383	52.67	\$32.0	0.22%

*Some members are invested in more than one fund



Investors generally tend to reduce risk by decreasing the percentage of their retirement savings invested in equities 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.

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Stay connected to your future year-round with myCSSPEN online account access for members. With myCSSPEN, you can check the value of your account, project your retirement income, keep track of any contributions made and more.

To register for myCSSPEN, visit www.csspen.com.

Upcoming workshops

Retirement Income Options (RIO) workshops

The RIO workshop is designed for members close to retirement (ages 50 and older) and discusses all of the retirement income options available for your funds in the CSS Pension Plan. It also provides an overview of the monthly pensions available from the Canada Pension Plan (CPP) and the Old Age Security (OAS) program. All RIO workshops are held on a weekday in the evening.

For more information or to register for an upcoming workshop, please visit:

www.csspen.com/forms-and-resources/rio-workshops

RIO workshop schedule

Location	RIO workshop date
Regina, SK	November 6, 2018
Saskatoon, SK	November 20, 2018

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