



CSS Pension Plan

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

**Fourth Quarter
December 31, 2012
Volume 15, Issue 4**

Inside this Issue

- 1 Unit Prices
- 1 Manager Results
- 1 Fund Returns
- 2 Equity Markets
- 2 Bond Market
- 2 Annual Statements

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
e-mail: css@csspen.com

UNIT PRICES

In the 4th Quarter of 2012 the unit price of the Balanced Fund rose from \$14.469140 to \$14.871932 or 2.78%. Over the same period, the Bond Fund gained 0.49%, the Equity Fund gained 4.25%, and the Money Market Fund rose 0.28%. Investment Manager results for the 4th Quarter and for the 2012 calendar year appear below.

BALANCED FUND

Investment Managers	4 th Quarter Return (%)		2012 Return (%)	
	CSS	Index	CSS	Index
Wellington: Canadian Bonds	0.68%	0.30%	N/A	3.60%
TD Asset Mgmt: Canadian Bonds	0.27%	0.30%	3.58%	3.60%
QV Investors: Can. Equities	5.65%	1.72%	12.23%	7.19%
Scheer Rowlett: Can. Equities	3.38%	1.72%	11.79%	7.19%
SSgA: U.S. Mid Cap Equities	4.81%	4.85%	15.23%	15.27%
SSgA: U.S. Lg Cap Equities	0.80%	0.81%	13.43%	13.43%
Global Equities	N/A	3.71%	N/A	13.26%
Sprucegrove: Non-NA Equities	7.34%	7.84%	15.32%	14.72%
Thornburg: World (ex U.S.) Equities	6.90%	7.12%	15.10%	14.26%
Total Return	2.78%	2.23%	9.66%	9.08%

* Returns in Canadian dollars net of fees

BOND FUND

Investment Managers	4 th Quarter Return (%)		2011 Return (%)	
	CSS	Index	CSS	Index
Same Bond Managers as above	0.49%	0.30%	3.96%	3.60%

* Returns in Canadian dollars net of fees

EQUITY FUND

Investment Managers	4 th Quarter Return (%)		2011 Return (%)	
	CSS	Index	CSS	Index
Same Equity Managers as above	4.25%	3.50%	13.44%	12.66%

* Returns in Canadian dollars net of fees

MONEY MARKET FUND

Investment Managers	4 th Quarter Return (%)		2011 Return (%)	
	CSS	Index	CSS	Index
TD Asset Mgmt.	0.28%	0.29%	1.11%	1.01%

* Returns in Canadian dollars net of fees

FUND RETURNS

Realized and unrealized gains, losses, dividends, interest and expenses relating to the Plan's investment funds are allocated through daily changes in each fund's unit price. The percentage change in a fund's daily unit price is the fund's rate of return. For example, if a fund unit price at the start of the year is \$10 and at the end of the year is \$10.50, the fund has earned a 5% return (e.g. (\$10.50 - \$10.00) / \$10.00). Using the actual 2012 opening and closing unit prices for each of the Plan's four investment funds produces the following **2012 fund rates of return**:

Balanced Fund:	9.66%	Money Market Fund:	1.11%
Bond Fund:	3.96%	Equity Fund:	13.44%

The Balanced Fund's 10-year annualized return, as shown in members' 2012 Annual Statements, is 6.58%. This compares favorably with the Fund's benchmark, which earned an annualized return of 6.14% over the same period. For more information on the Plan's investment Funds, including the Money Market Fund, as well as the new Bond and Equity Funds, please visit the Plan's website or contact our office.

EQUITY MARKETS

Equity markets posted positive returns in the fourth quarter of 2012, as modest economic growth and higher than usual unemployment continued. Canadian equities, represented by the S&P TSX Composite Index, posted a gain of 1.72% over the quarter as eight of ten sectors advanced, led by consumer staples, information technology and industrials. Both of the Balanced Fund's active Canadian equity managers added value to the index as QV Investors posted a return of 5.65%, while Scheer Rowlett Associates earned 3.38%.

U.S. Large Cap equities rose by 0.81% during the quarter, while U.S. Mid Cap equities did significantly better at 4.85%. EAFE equities posted a solid gain of 7.84% with the Plan's active EAFE manager earning 7.34%. The Plan's Global Equities mandate was transitioned to new managers in November, and as a result a return is not available for the fourth quarter. The Plan's All Countries World Equities manager, Thornburg Investment Management, underperformed its benchmark posting a gain of 6.90% during the final quarter as compared to its benchmark at 7.12%. The Plan's passive U.S. equity mandates closely tracked their benchmarks while the volatility of currency gains resulting from a weaker Canadian dollar was reduced through the Plan's currency hedging program.

BOND MARKET

The Canadian bond market posted a modest gain of 0.30% in the fourth quarter, with the Dex Universe Bond Index showing a total return of 3.60% for the year. Corporate bonds were the best performing segment of the market, with mid-term bonds producing better returns than long or short-term bonds. Our active bond manager, Wellington, outperformed during the quarter, producing a gain of 0.68% while the passive bond manager, TD Asset Management, closely tracked the index.

ANNUAL STATEMENTS

2012 Annual Statements for active contributors will be delivered to employers for distribution in early February 2013. When the statements are received they should be distributed **immediately** to member employees. Employers receiving statements for employees who have recently terminated employment, should: (i) forward those statements to their former employees **AND** (ii) immediately notify the Pension Plan of the termination date and home address for each former employee. Occasionally, members may notice a difference in the pension contribution amount shown on their Annual Statement and the pension contribution amount on their T4 slip from their employer. If this occurs, it is because the member's final 2012 contributions arrived at the Pension Plan's office after December 31. Due to unit pricing, contributions must be recorded in the same year that they are received at the Plan's office. Any 2012 contributions received after December 31 will therefore be included on the member's 2013 Annual Statement, although they may be recorded on the member's T4 slip for 2012.

In addition to member account information, Annual Statements include information on the Plan's four investment funds. The Statements also continue to estimate personal rates of return for members that have been in the Plan for long enough to allow calculation. Members should note that, depending on the particulars of their account transaction history, their personal rate of return may differ from the returns earned by the Plan's investment funds. **Personal rates of return are not estimated for members with less than two years in the Plan.** We encourage these members to use fund returns when projecting future balances for purposes of retirement planning.

Because members invested in different funds will earn different returns, the 2012 Annual Statements therefore include pension projections at four different return levels. **Remember that these projections are only estimates!** Members' pension projections are re-calculated every year, based on the *actual* contributions received and the *actual* returns for the year. However, the calculations are also based upon economic and actuarial assumptions that change from year to year with economic conditions and the Plan's experience. Therefore, your projected pension amounts will vary from amounts provided in the past.

Members should keep their 2012 Annual Statements in a safe place. If you have any questions about your pension account and wish to contact the Plan by telephone, please have your 2012 Annual Statement ready for reference purposes.

Please note that the Quarterly Update is now only posted on the Plan's website. If you do not have internet access, please contact the CSS Pension Plan to make alternate arrangements to receive Quarterly Updates.

The Plan asks all employers to make a special effort to bring the information contained in this newsletter to the attention of their employees prior to the receipt of their 2012 Annual Statements. Your co-operation in this regard is appreciated.