



intouch

retiree
pension
bulletin



Message from Pension Advisory Council chair Douglas Greaves



I was very pleased to be appointed chair of the Pension Advisory Council (PAC) in 2007 and to have the opportunity to work with the other PAC members in carrying out the PAC's terms of reference mandate, to promote awareness and understanding of the pension plan and its operation among members, both active and retired.

The PAC is comprised of sixteen members represented by eight appointed members from the unions and associations, five appointed members of management and three elected members representing retirees, management and exempt employees and all active employees.

Communicating with plan members is extremely important. The PAC regularly reviews the member information plan being implemented by Pension Services. In 2007, the pension plan website at www.cpcpension.com received over 57,000 visits, while the Pension Centre handled nearly 32,000 calls from members. The diligence of my fellow PAC members is reassuring and I look forward to continuing to work with them to ensure that plan member needs are well represented. Our mutual goal is to improve customer service and introduce new services.

You Asked?

Q. What does the term "benchmark" mean when used to describe investment performance?

A. In simple terms, the actual performance of investment managers, is compared against a known financial market index. Each asset class has a specified benchmark index. For an investment manager responsible to invest in Canadian equities, the benchmark index is the S&P TSX Composite Index. If the S&P TSX Composite Index has risen by 6.5% in the year, but the investment manager for our Canadian equity portfolio has earned 7.0%, it is said they have "exceeded" the benchmark by 0.5%.

Pension Advisory Council (PAC) Election Results

We are pleased to announce that William Price was the successful candidate in the recent election to select the retiree representative to PAC. This will be Mr. Price's second term as the Retired members' representative. He also served two years on the Pension Advisory Council as the elected representative of management and unionized employees, until his retirement in 2005. If you need to contact Mr. Price on general pension issues, please contact him through pension.services@canadapost.postescanada.ca

New look for intouch

In the spirit of reducing costs and helping the environment, we are now publishing **intouch** in black and white.

Market Conditions

Equity markets declined in the first quarter with the Canadian S&P/TSX Composite Index down 2.8%, while in Canadian dollar terms the US S&P 500 was down 5.9%, and the international EAFE index was down 5.3%. The DEX Bond Universe was up 3.0% as the Bank of Canada lowered its interest rate 75 basis points to 3.5% during the quarter as credit concerns continued to trouble markets. The following table depicts the Plan's performance (% return) since inception.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2008 JAN-MAR	2007 ANNUAL	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL
Fixed Income								
Cash & Short Term	\$ 325.7	1.0%	3.2%	4.1%	2.7%	2.4%	2.9%	2.4%
Canadian Bonds	4,603.3	3.4%	3.5%	2.4%	8.6%	9.6%	8.4%	10.2%
Equities								
Canadian Equities	4,091.9	-4.4%	9.0%	18.9%	25.2%	15.6%	25.5%	-11.6%
U.S. Equities	2,360.0	-7.1%	-10.7%	16.9%	3.4%	4.9%	7.5%	-20.9%
International Equities	2,240.3	-6.5%	-5.1%	28.4%	13.2%	13.3%	7.3%	-21.6%
Real Estate	529.1	1.4%	16.8%	24.8%	17.2%	—	—	—
Total Registered Pension Plan—	\$ 14,150.3	-2.75%	2.09%	14.25%	13.73%	11.13%	13.87%	-6.99%
Benchmark—		-2.21%	0.91%	12.98%	11.17%	9.23%	13.48%	-7.42%

Did you know?

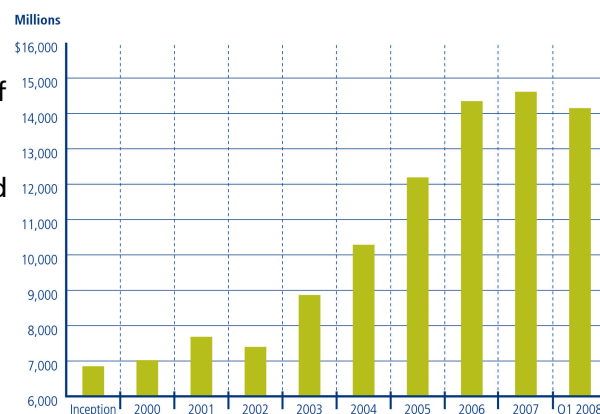
that at the end of 2007 we have 26 pensioners between the ages of 80 and 89.

Employee ID on correspondence

When sending letters, forms or any other type of documents to the Pension Centre you must include your employee ID number.

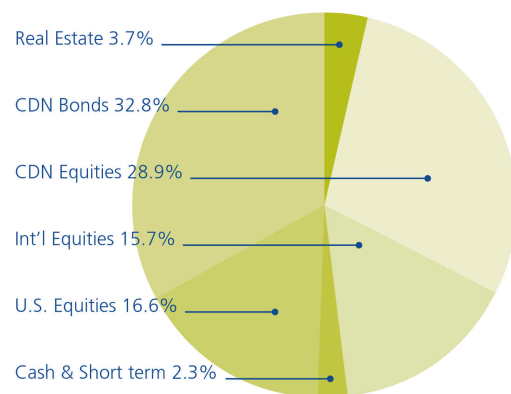
Investment Highlights

- The fund's first quarter return was -2.75% versus our benchmark of -2.21%.
- As at March 31, 2008, the fund held assets of \$14,150.3 million.
- The fund had net outflows of \$49.6 million in the first quarter. We reduced the cash and short-term position by \$237.9 million. We allocated \$138.3 million to real estate, \$35 million to U.S. equities, \$10 million to international equities and \$3.4 million to the currency overlay account.



Asset Mix Highlights

ASSET MIX



- As at March 31, 2008, 64.9% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 28.9%, U.S. equities 16.6%, international equities 15.7% and real estate 3.7%.
- 35.1% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.5% in real return bonds, 25.3% in Canadian nominal bonds and 2.3% in cash and short-term investments.

Do you have a topic in mind for our next "intouch" bulletin?

Please submit any suggestions or comments in writing to:

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