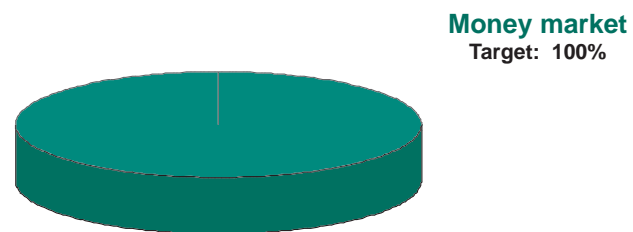


# Capital Pension Plan Pre-Retirement Fund Overview



The Pre-Retirement Fund is a targeted investment fund, available to Plan members who are within 5 years of their earliest possible retirement date (i.e. at age 45 for most) and all Variable Benefit members. The investment objective of the Fund is to preserve capital in the short-term. The Pre-Retirement Fund contains 100% money market investments.

## Asset Mix Ranges and Targets



## Fund Valuation

The Pre-Retirement Fund is administered using a unitized method. The Fund is divided into units and a value is calculated for each unit. The Plan operates on a weekly valuation cycle. New unit values for the Pre-Retirement Fund are calculated at the beginning of each week, based on the value at the close on markets on the previous Friday.

Investment performance for the Pre-Retirement Fund is reflected in the increase or decrease in the Fund's unit value.

When new contributions are received by the Plan and invested in the Pre-Retirement Fund, additional units are acquired based on the next declared unit value.

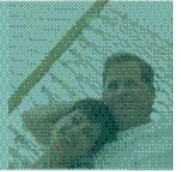
## Transfer Options

The Pre-Retirement is available to members of the Capital Pension Plan that are within 5 years of their earliest possible retirement date (i.e. age 45 for most members) and all Variable Benefit members.

Eligible members participating in the Diversified Fund may transfer all or a portion of their equity to the Pre-Retirement Fund once per quarter free of charge. There is a \$75.00 transfer fee for each additional transfer requested within the same quarter.



www.capitalpension.com  
Phone: 787-5918  
Toll-free: 1-866-961-4377  
Email: info@capitalpension.com



## Investment Managers

**Greystone Capital Management Inc.** manages the entire portfolio of the Pre-Retirement Fund.

## Fees and Expenses

The Capital Pension Plan operates on a cost recovery basis. Actual administrative expenses (including investment management fees) are deducted from earnings prior to the calculation of weekly unit values. Administrative expenses are generally allocated to the investment funds based on the market value of that Fund, although certain costs are fixed and do not vary depending on the Fund's value. Plan members benefit from economies of scale, with the overall management expense ratio that is significantly lower than similar investment funds available in the retail market.

## Management Expense Ratio (MER)

The management expense ratio (MER) for the Pre-Retirement Fund was **0.40% in 2010**.

## Key Risk Factors

The Pre-Retirement Fund is designed to preserve capital in the short-term.

Investing in the Fund is not like a deposit in a bank and is not insured by the Canadian Deposit Insurance Corporation (CDIC) or any other agency.

The Pre-Retirement Fund Fund is invested in money-market investments that may provide returns that are lower than the rate of inflation, thus eroding the purchasing power of the future lump sum (inflation risk).

## Performance Objectives and Evaluation

The Pre-Retirement Fund is designed to preserve capital in the short-term. Performance is reviewed quarterly and evaluated on a quarterly, 1-year and rolling 4-year basis against established benchmarks as outlined below. The following performance objectives have been established for the Pre-Retirement Fund.

- Preserve capital in the short-term;
- Earn a rate of return consistent with money-market investments.

## Description of Benchmarks Indices

### 91-day T-Bills

Canadian Treasury bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The DEX (formerly Scotia Capital) 91-day Treasury Bill Index is calculated and market to market daily.