

NOVEMBER, 2010

BCGEU Pension Plan Board of Trustees

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Economic Commentary

Equity markets have experienced significant growth during the last few months after a particularly difficult May and June. (See the performance numbers on the reverse side of this bulletin). While the increase in markets is welcome, as investors try and restore their portfolios, a certain unease continues to prevail in the opinion of observers of the market. October's market activity appears to re-affirm those views. The concern over global financial challenges, currency disagreements and continuing weaknesses in the US housing market tend to make markets jittery.

Bond yields continue to improve despite the low interest environment. Much of this is attributed to the corporate bond holdings which have proven to be a good choice. The Plan's real estate holding, although modest in size, has yielded returns in line with expectations. Real estate income is strong and capital appreciation of holdings are coming off the negatives experienced in 2009.

Investment Manager Update

The plan has used the services of AllianceBernstein for management of its global equity assets since the summer of 2004. Early in the relationship, the performance of the firm exceeded our objectives. However, since the 2008 investment hurricane, their performance has been lagging. The Board of Trustees have been concerned over this recent performance as well as leadership in the firm. Seeing no turnaround in performance, the Board chose to terminate the relationship with AllianceBernstein at their September meeting. To maintain the Plan's current exposure to both the US and global equity markets, the Board has selected index funds managed by BlackRock Investments until a thorough search for an active global equity manager can transpire.

Recent Developments

The past few bulletins have described the concept of a decision made by the Board of Trustees over the past year. The change will impact most members of the plan at some point and will be of particular interest to those that are approaching retirement age. In effect, the Board decision will institute an Immunization Account for all members who are age 60 or older in 2010. The purpose of this account will be to gradually move a greater percentage of a member's assets to a more conservative investment strategy so as to limit their exposure to fluctuating market returns as retirement gets closer. As this plan design change has widespread implications for plan members, a separate communication to each member's residence is being sent and should have been received by late October. Please contact the Plan Administrator (details at the end of this newsletter) if you do not receive a letter. Letters will be determined based on the age of the plan member so members should not expect to receive the same letter as their co-workers. This change will come into effective as at December 31, 2010.

Pension Plan Performance

At September 30, 2010, the annual return for the Plan was 3.78%. The September 30, 2010 unit value is 428.9316658. To illustrate the return you have earned in the Plan, you may find it interesting that the unit value at commencement of the Plan in March 1989 was 100. Following are the one, three, five, ten, fifteen and twenty year annualized rates of return at September 30, 2010.

Average Annualized Rate of Return (%)					
1 Year	3 Year	5 Year	10 Year	15 Year	20 Year
3.78%	-3.65%	0.74%	2.99%	6.32%	7.63%

Main Fund

The assets of the Main Pension Fund as at September 30, 2010 were approximately \$117.6 million and are comprised of the following asset classes:

Plan Assets at September 30, 2010:	
Cash & Short Term Notes:	2.18%
Bonds and Mortgages:	26.82%
Real Estate	10.59%
Canadian Equities:	27.17%
Global Equities:	33.24%
Total Investments	100.00%

Immunization Fund

The rate of return for the Immunization Fund was 0.56% for the 12-month period ending September 30, 2010 with total assets of \$2.3 million. The Immunization Fund is comprised solely of short-term notes. Members age 60 and older will have a portion of their account transferred to the Immunization Fund as at December 31, 2010.

Important Reminders:

- If you move, please make sure you provide the Plan Administrator and the Union with your change of address. If you know anyone that did not receive an Immunization Fund letter, ask them to make sure that the Plan Administrator and Union have their current address.
- Check that your employer is remitting the correct percentage of employee and employer contributions as prescribed in the Collective Agreement.
- If you are retiring this year, you should be aware that annuities purchased through the Plan are purchased on a "net of commission" basis. This results in annuity payments which are higher compared to annuities purchased after funds have been transferred out of the Plan.
- For more information about your Plan, please refer to the relevant section of your pension booklet before contacting the Union or the Plan Administrator.

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