

Quarterly Investment Report.

Quarter ending March 31, 2022



Strength in Numbers.

QUARTERLY MARKET COMMENTARY

The Russia/Ukraine war has delivered a major blow to globalization: disrupting trade and adding new crimps to recovering supply chains, all while continuing to fuel elevated inflationary pressures. Prior to the invasion, investors were already facing rising bond yields and hotter-than-expected year-on-year inflation readings around the world. Add tight labor markets, decelerating corporate profits and the disruption to financial conditions due to tragic geopolitical events, and the wall of worry now appears very challenging to overcome.

Equities

From a global equity perspective, the current investment climate remains uncertain and recessionary risks are rising in certain regions. A broad economic slowdown driven by a combination of higher interest rates, elevated inflationary levels, and commodity prices, could weigh on investor sentiment and lead to muted returns for riskier assets over the next 12-18 months. We believe that companies that continue to deliver quality earnings growth will provide the best opportunity on a longer-term basis; however, we do recognize the risk of near-term underperformance from growth equities, particularly if interest rates rise further. In the U.S., high inflation readings and strong labour markets are driving expectations for nearly six rate hikes by

the end of 2022.

Despite this, the effects of the war in Ukraine and tighter monetary conditions could dampen S&P 500 Index performance, as the growth outlook may be weaker than previously anticipated.

While Chinese policy makers have appeared relatively accommodative in an attempt to boost economic growth and consumer spending, China's growth rate is still exhibiting signs of weakening. Increased government regulation, slowing consumer spending, continued struggles within the property market sector and geopolitical risks have all weighed on China's recovery. China's zero-COVID-19 policy could also have an impact to its growth outlook.

We have a much more bullish stance on Canadian equities for 2022. With rising yields and commodity prices, companies in Canada's Financial and Energy sectors (the two largest components by weight in the S&P/TSX Composite Index) are expected to outperform other sectors and markets. Investors may also expect dividend increases and share buybacks due to the strong balance sheets of these companies.

Fixed income

We expect the bond market to be subject to heightened

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

CSS FUND FACTS

\$5.3 billion

Approx. assets under management

0.43%

Balanced Fund management expense ratio (MER)

51,700

Approx. employee members

313

Approx. employer members

QUARTERLY MARKET COMMENTARY CONT'D

volatility due to North American central banks transitioning their policy framework from accommodation to stabilization, more persistent inflationary pressures, and the current European geopolitical crisis.

Despite the bond rally triggered by the Russia/Ukraine war, yields are expected to trend higher from current levels over the next twelve months. However, real yields on global sovereign debt are likely to remain negative for an extended period and remain unconvincing from an investment standpoint.

While the Bank of Canada and the U.S. Federal Reserve (the Fed) have signaled that interest rates are expected to increase beginning in March, overall financial conditions should remain relatively supportive to the corporate sector.

However, the uncertainty around the economic impact caused by the European geopolitical crisis combined with interest rates hikes, increases the likelihood of an economic slowdown.

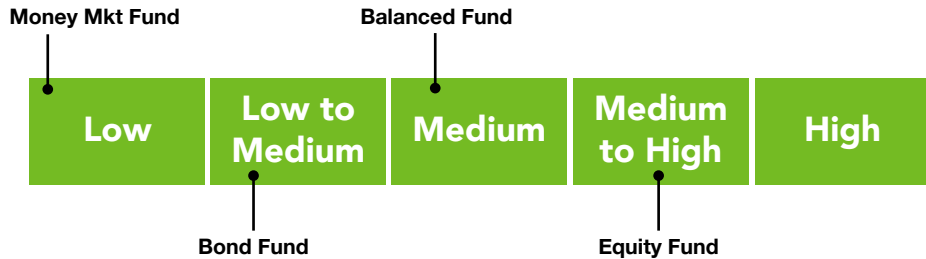
We maintain a neutral outlook for high yield bonds. Spreads remain at relatively compressed levels, which has limited the attractiveness of relative opportunities. We remain selective in high yield.

We see less opportunity in inflation-linked bonds as real yields rise largely due to the rise in nominal yields.

PERFORMANCE AND RISK METRICS | CSS funds

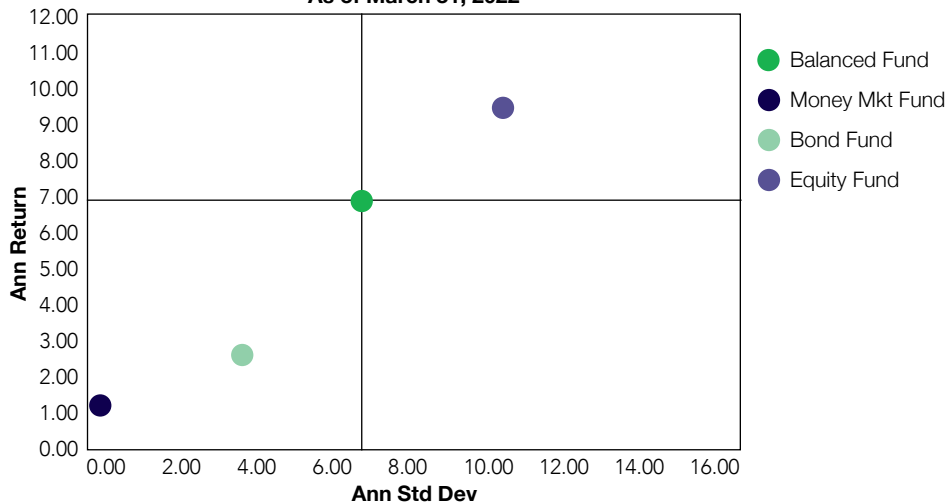
COMPARATIVE RISK

This chart indicates how we expect the annualized volatility of CSS' funds to compare over the long term.



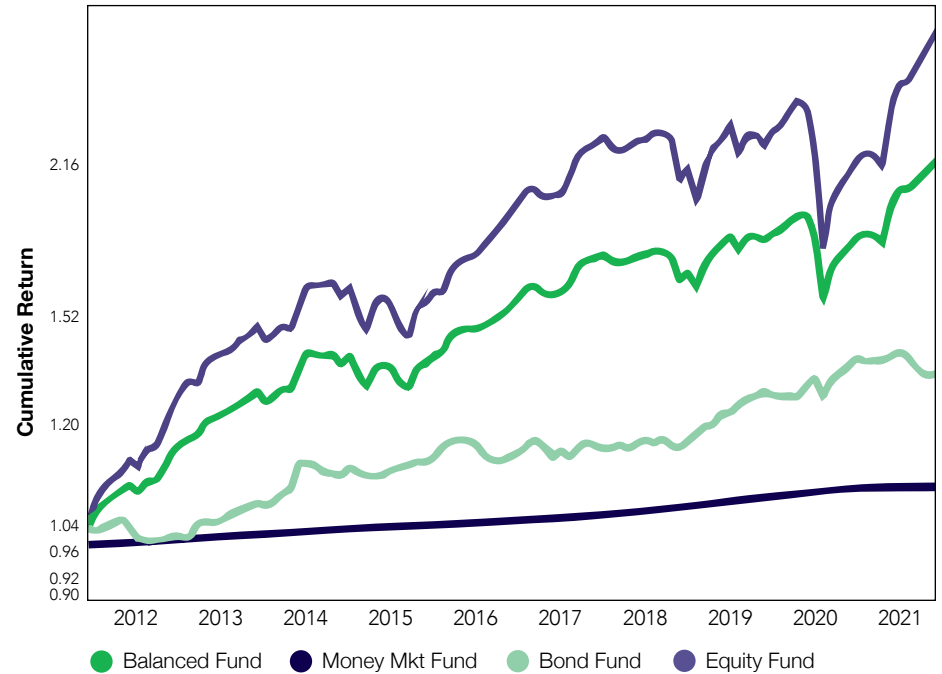
Realized risk and return of CSS funds

As of March 31, 2022



10-YEAR CUMULATIVE PERFORMANCE

10 years ending March 31, 2022 | Growth of a unit value



10-year cumulative performance figures

Balanced Fund	Money Mkt Fund	Bond Fund	Equity Fund
195%	111%	130%	247%

BALANCED FUND | default strategy

MER ▶ 0.43%

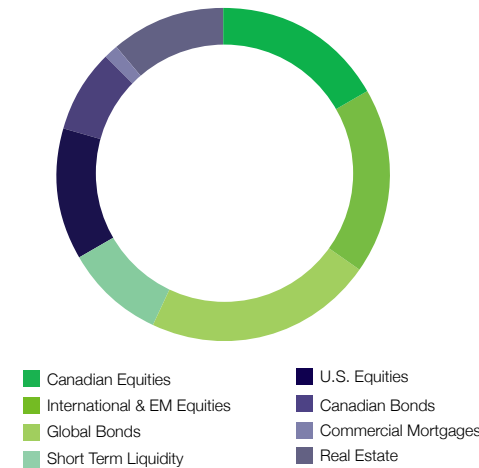
WHO SHOULD INVEST?

- Suitable for members who are seeking growth with moderate volatility/risk
- Those seeking diversified exposure to global equities, fixed income and alternatives
- Medium to long-term investors

FUND OBJECTIVES

- Targeted investment returns of inflation plus four percent
- Moderate long-term volatility
- Periodic annual losses are expected

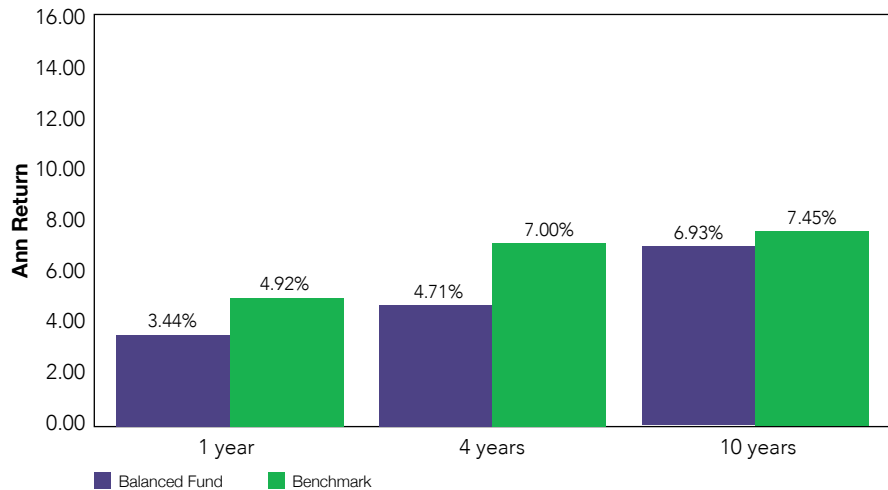
ASSET MIX



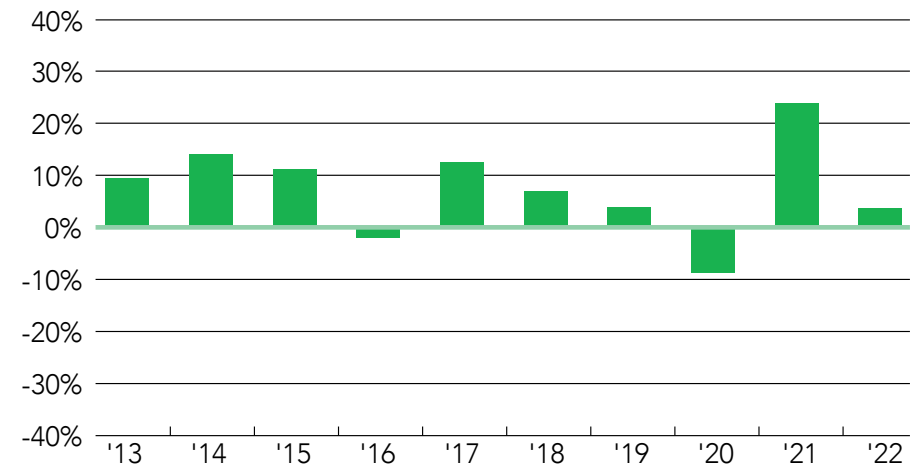
Asset class subgroups	
International Large/Mid Cap Equity	17.00%
Canadian Large Cap Equity	16.89%
U.S. Large Cap Equity	14.13%
Global Bonds	7.44%
Private Canadian Commercial Mortgages	8.05%
Canada Universe Bonds	9.59%
Private Canadian Real Estate	8.10%
Emerging Markets All Cap Equity	5.38%
Emerging Market Debt	5.47%
U.S. Small Cap Equity	3.75%
Global REITS	3.01%
Short Term Liquidity	1.18%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending March 31, 2022 | Comparison



Annual returns history (ending March 31, 2022)



EQUITY FUND

MER ▶ 0.46%

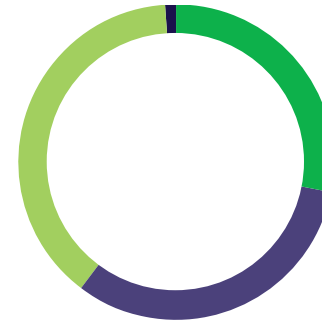
WHO SHOULD INVEST?

- Suitable for members who are looking to improve long-term returns by taking on more investment risk
- Individuals with longer term investment horizons, such as younger members, may find this fund suitable provided they can tolerate the additional volatility
- Medium to high level of investment risk

FUND OBJECTIVES

- Long-term returns consistent with global equity markets
- Annualized volatility expected to average 18 – 20%
- Periodic losses are expected

ASSET MIX

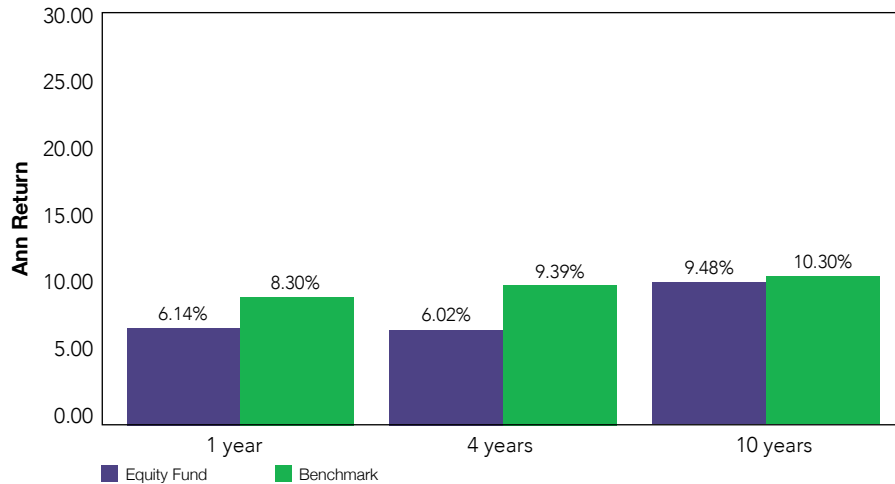


- Canadian Equities
- U.S. Equities
- International & EM Equities
- Short Term Liquidity

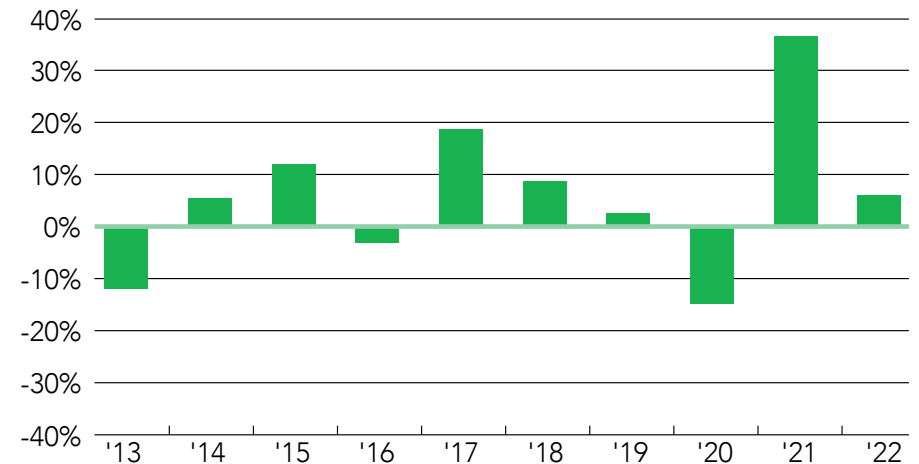
Asset class subgroups	
International Large/Mid-Cap Equity	29.11%
Canadian Large Cap Equity	28.16%
U.S. Large Cap Equity	26.13%
Emerging Markets All Cap Equity	9.24%
U.S. Small Cap Equity	6.23%
Short Term Liquidity	1.11%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending March 31, 2022 | Comparison



Annual returns history (ending March 31, 2022)



BOND FUND

MER ▶ 0.31%

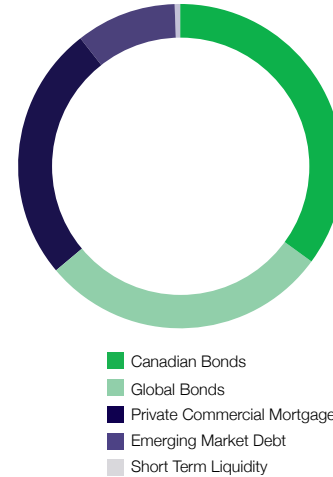
WHO SHOULD INVEST?

- Suitable for members who wish to adjust the amount of their pension funds allocated to fixed income in order to reduce risk
- Members in or approaching retirement can use the Bond Fund to reduce the overall risk of their retirement portfolio where appropriate
- Medium to long-term investors

FUND OBJECTIVES

- The objective of the Bond Fund is to provide a modest long-term return with a risk of occasional short-term losses

ASSET MIX

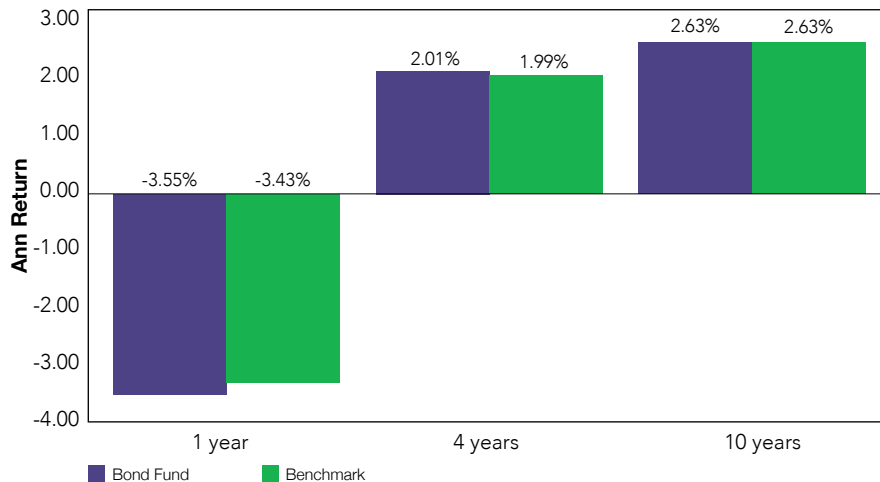


Asset class subgroups

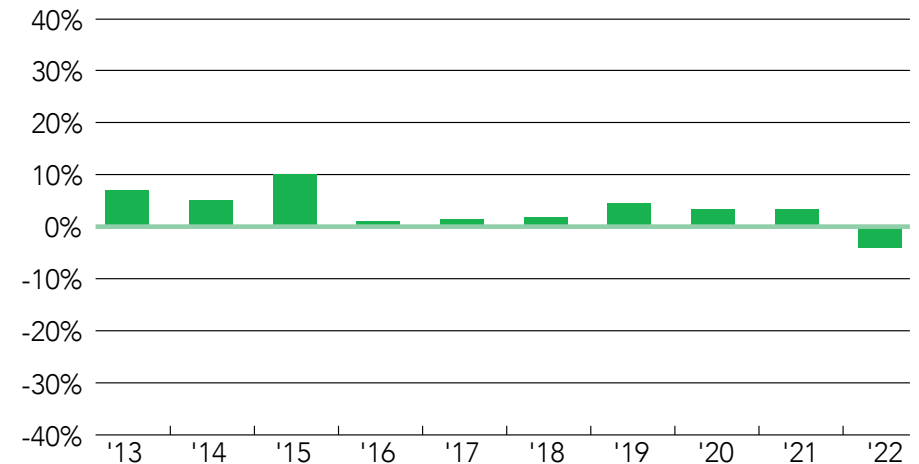
Core Plus Canada Bonds	35.22%
Global Bonds	28.81%
Private Commercial Mortgages	9.94%
Emerging Market Debt	25.52%
Short Term Liquidity	0.51%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending March 31, 2022 | Comparison



Annual returns history (ending March 31, 2022)



MONEY MARKET FUND

MER ▶ 0.13%

WHO SHOULD INVEST?

- Suitable for members in need of liquidity and preservation of capital
- Retirees can use the fund as a liquidity reserve or spending reserve during retirement
- Members can use the fund to reduce risk
- Short-term investors (not recommended as a long-term investment)

FUND OBJECTIVES

- Provide preservation of capital and liquidity while providing a modest rate of return with limited volatility
- The likelihood of losses are limited but not zero
- Returns are expected to be similar to 91-Day Treasury Bills

ASSET MIX*



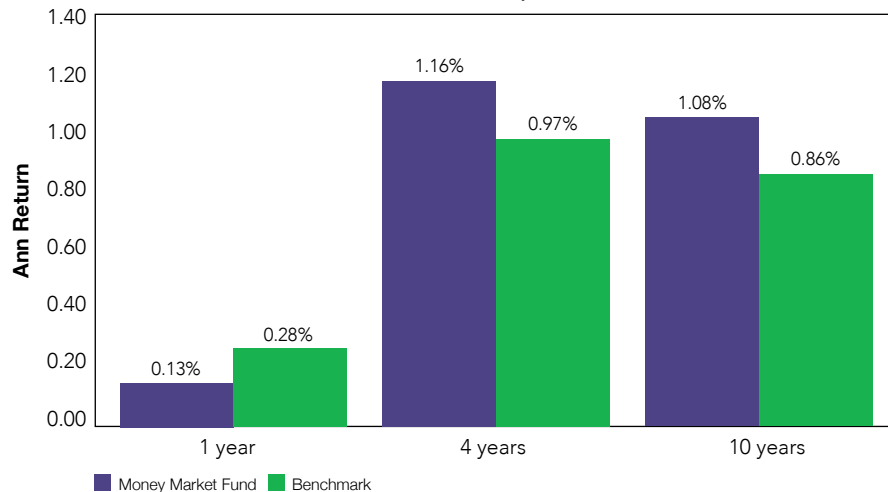
*As of March 31, 2022

Asset class subgroups

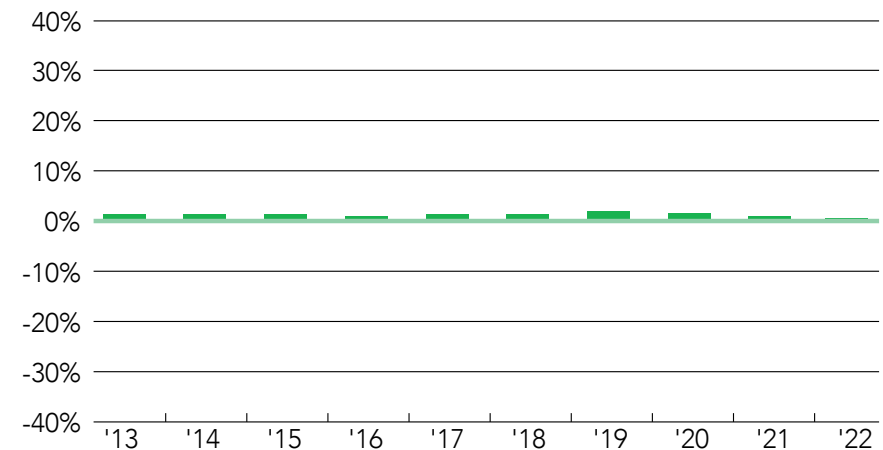
Commercial Paper	47.00%
Corporates	30.40%
Bankers Acceptance	20.00%
Provincials and Guarantees	1.60%
Cash	0.80%
Other	0.20%
TOTAL	100%

Annualized Investment Performance to Benchmark

Ending March 31, 2022 | Comparison



Annual returns history (ending March 31, 2022)



EXPOSURE TO UNDERLYING MANAGERS/FUNDS

ASSET CLASS	INVESTMENT APPROACH	MANAGER/FUND NAME	BENCHMARK	EXPOSURE BALANCED FUND	EXPOSURE EQUITY FUND	EXPOSURE BOND FUND
Canadian Equities	Active	QV Investors	S&P TSX Composite	10.76%	18.28%	
Canadian Equities	Active	Scheer Rowlett & Associates	S&P TSX Composite	6.13%	9.89%	
U.S. Large Cap Equities	Systematic	Scientific Beta Multifactor	S&P 500 Index	14.13%	26.13%	
U.S. Small Cap Equities	Active	Hilldsale Investment Management	Russell 2000 Index	3.75%	6.23%	
International Equities	Active	Sprucegrove Investment Management	MSCI EAFE Index	8.76%	14.65%	
International Equities	Systematic	JP Morgan Diversified Multifactor	MSCI EAFE Index	8.24%	14.46%	
Emerging Equities	Active	Wellington Emerging Market Opportunities	MSCI EM IMI Index	5.38%	9.24%	
Canada Core Plus Bonds	Active	Wellington Canada Universe Bonds Plus	FTSE Canada Universe Bond Index	9.59%		35.22%
Global Bonds	Active	Wellington Opportunistic Fixed Income	Bloomberg Barclay's Global Aggregate Index	7.44%		28.81%
Private Commercial Mortgages	Active	TD Greystone	60% Short Bond + 40% Mid-Bond + 50 bps	8.05%		25.52%
Emerging Market Debt	Active	Blackrock Flexi Dynamic Bond Fund	CDOR + 5%	5.47%		9.94%
Short Term	Active	TDAM Short Term Investments	FTSE Canada 91-Day T-bill Index	1.18%	1.11%	0.51%
Global REITS	Passive	Blackrock Global REIT	FTSE EPRA NAREIT Liquid Index	3.01%		
Canada Direct Real Estate	Active	TD Greystone	CPI + 4%	8.10%		
Dynamic Currency Overlay	Active	Mackenzie Financial	Custom			
				100%	100%	100%

INVESTING RESOURCES

The following online resources can help you make informed investment decisions tailored to your personal retirement goals.



Risk Tolerance Estimator

Determine the investment mix that is right for you based on your willingness vs. ability to take on risk.



Investor stories

These stories profile typical members should give you “food for thought” as you think about your own situation.



Historical unit prices

View historical unit values for the CSS Pension Plan's investment funds.



CSS Pension Plan

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Strength in Numbers.