Public Employees Pension Plan
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Markets and PEPP Performance

We understand your concern about your investments and about markets. We are monitoring global equity markets, and the historic nature of current world events. While past history does not always repeat itself, over the long term markets typically perform well following downturns.

1. Are you scared and don't know what to do with your pension? What if it keeps going down?

We understand this is scary, but let's think about what we can control. Our reaction to this. Let's go back to basics. If you were to look back over the last 70 years of our economy, you would see this has happened before. Maybe not to this degree, but it has happened. So this is normal for markets to react to things, whether its war or a virus, we have been here before. What we do know is that every time this happened the market has recovered. We don't believe this is any different. We don't know when the markets will recover but are confident that the downturn is not permanent.

2. Are you retiring next year? What should you do about your pension?

We would strongly recommend you have a 1 on 1 phone call with one of our Retirement Information Consultants. These sessions are free and can be scheduled at your convenience to talk about your investments and your risk tolerance.

They can help you plan your cash flow in retirement. They will discuss with you the big picture - what other sources of income and what your expenses may be retirement.

3. Do you have some time before you retire?

If you are saving for the long term, one way to look at stock market declines is you are buying units at a discount. Your contributions are purchasing more units now at a lower price, and when the market rises again you will have more units for the rebound.

4. Why is the Bond fund going down in value? I thought bonds were "safe!!"

Although bonds are less volatile than some other types of investments, their value does change on a daily basis in any market condition. Typically, when interest rates go down, bond values go up. However in these uncertain times, even though interest rates have fallen, the added risk associated with current economic outlooks in general have not produced that same reaction of pushing bond values up.

5. Is the Money Market fund really the safest place to be?

The Money Market fund is almost like cash which means you will have very limited growth. It is protected from market volatility, however, the risk of being fully out of the market is very real too. When investments start to recover, it is very difficult to get back into the market at the right time to

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ensure you get to participate in the recovery. Usually the best solution is to manage your account to suit your long-term goals and risk tolerance taking into consideration: when you plan to retire; the rate of return you need to achieve your goals; and any other sources of income you will have in retirement.

6. What is PEPP doing to manage my money during this time?

The Public Employees Pension Board has an excellent and diverse portfolio of investment firms from around the globe to manage the Plan's investments. The Public Employees Benefits Agency (PEBA) as Plan administrator has a team that is regularly talking to the PEPP fund managers all over the world discussing the investments, opportunities, strategies and investment mandates. PEBA monitors PEPP's investments everyday on behalf of PEPP members.

7. Why didn't my account value go up when the TSX and DOW did?? It usually is quite similar.

What is tracked on the indexes around the world does not represent your PEPP account. The indexes (TSX and DOW) are "indicators" of markets that track a select number of publicly traded companies. Your PEPP account will not move 'in sync' with the market indexes.

PEPP investments are valued at the end of each business day. When you "hear" the market went down or up, that fluctuation will be priced into the unit price of each fund at the end of the business day. Again, the exact investments from the TSX and DOW are not held inside your PEPP account so the returns in your PEPP account can be different than the experience in the markets.

8. Is my account diversified? I hear it's good to be diversified.

Yes, if you are invested in a PEPP asset allocation fund (PEPP Steps, Conservative, Moderate, Balanced, Growth and Accelerated Growth) you are well diversified by:

- asset class – equities, alternatives and income portfolios that invest in various asset classes within each portfolio;
- geography - the asset classes held are varied geographically;
- investment manager – PEPP has a number of excellent investment firms investing on behalf of the Plan and its members.

Each one of the asset allocation funds has the same three investment portfolios: equities, alternatives and income. Each fund holds different percentages of each portfolio relative to the amount of risk you want in your PEPP account. For example, the Accelerated Growth fund and the Conservative fund BOTH invest in equities; the Accelerated Growth fund just has a higher percentage of equities.

The Bond and Money Market funds are single investment portfolio funds – income only; however are diversified within that portfolio.

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