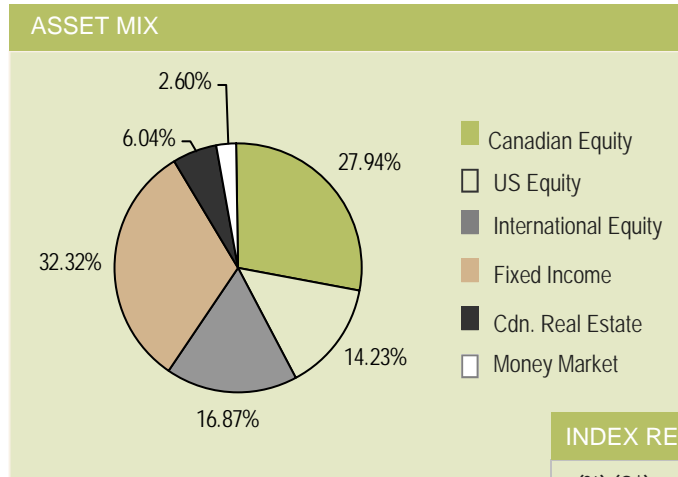


# Public Service Superannuation Plan – Quarter Ended March 31, 2008



## Pension Investment & Administration

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## TOP 20 HOLDINGS

| STOCK                         | VALUE        | % OF PORTFOLIO |
|-------------------------------|--------------|----------------|
| Manulife Financial Corp       | \$46,444,071 | 1.29%          |
| Bank of Nova Scotia           | \$40,866,666 | 1.13%          |
| Encana Group                  | \$37,402,551 | 1.04%          |
| Royal Bank of Canada          | \$35,429,261 | 0.98%          |
| Canadian Natural Resources    | \$33,020,549 | 0.91%          |
| Potash Corp of Saskatchewan   | \$28,051,035 | 0.78%          |
| Talisman Energy Inc.          | \$26,830,134 | 0.74%          |
| Canadian National Railway Co. | \$24,364,894 | 0.67%          |
| Toronto-Dominion Bank         | \$22,325,113 | 0.62%          |
| Petro-Canada                  | \$20,276,736 | 0.56%          |
| Nexen Inc.                    | \$17,887,469 | 0.50%          |
| Imperial Oil Ltd.             | \$17,500,788 | 0.48%          |
| Sun Life Financial Inc.       | \$17,393,491 | 0.48%          |
| Canadian Imperial Bk of Comm  | \$16,972,300 | 0.47%          |
| Teck Cominco Ltd – CL B       | \$16,904,572 | 0.47%          |
| Barrick Gold Corporation      | \$16,784,475 | 0.46%          |
| Suncor Energy Inc.            | \$16,723,016 | 0.46%          |
| BCE Inc.                      | \$15,375,496 | 0.43%          |
| Husky Energy Inc.             | \$14,643,353 | 0.41%          |
| Banco Santander SA            | \$14,382,409 | 0.40%          |

## INDEX RETURNS

| (%) (C\$)             | Qtr Ended<br>Mar 31/08 | 1 Year<br>Mar 31/08 | 4 Year<br>Mar 31/08 | 10 Year<br>Mar 31/08 |
|-----------------------|------------------------|---------------------|---------------------|----------------------|
| S&P TSX Equity        | -3.76%                 | 3.21%               | 14.66%              | 8.01%                |
| S&P TSX 60            | -2.53%                 | 6.40%               | 15.54%              | 8.04%                |
| S&P TSX Mid/Small Cap | -6.88%                 | -5.55%              | 11.29%              | -                    |
| DEX Universe          | 2.95%                  | 5.78%               | 5.28%               | 6.28%                |
| DEX 30 Day T-Bill     | 0.90%                  | 4.11%               | 3.32%               | 3.68%                |
| S&P 500               | -5.86%                 | -15.58%             | -0.31%              | 0.17%                |
| S&P 400               | -5.24%                 | -17.26%             | 1.41%               | 5.52%                |
| Russell 2000          | -6.33%                 | -22.62%             | -1.16%              | 1.59%                |
| MSCI EAFE             | -5.21%                 | -13.08%             | 7.36%               | 3.13%                |



Strength today.  
Growth for tomorrow.

## Investment Commentary

For the quarter ended March 31, 2008, the Public Service Superannuation Pension Plan experienced a loss of 2.64%, still outperforming the Plan's blended benchmark return of negative 2.79%.

Throughout the first quarter of 2008 global equity markets experienced unprecedented levels of volatility. Although the TSX generated a return of negative 3.76%, this performance was linked to a narrow group of companies with a heavy emphasis on the energy sector. The Superannuation Plan is approximately 60% invested in equities. The Plan's allocation to equity focuses on managers that emphasize broad industry diversification and value investing. During the quarter, value investments tended to underperform the TSX which was heavily driven by the energy sector.

In particular, the US equity markets were negatively impacted by the slowing US economy and the credit crisis. The S&P index sustained a negative 5.86% return during the first quarter. US equity portfolios, which represent approximately 15% of the consolidated Superannuation Plan, performed at similar levels, serving to impair overall Plan performance.

## Member Services – Your Pension Activities

Our Member Service division works hard to provide you with prompt, reliable pension information and services. These are a few of the most common transactions for the quarter ended March 31, 2008.

|                        |     |
|------------------------|-----|
| ❖ General inquiries    | 803 |
| ❖ Requests for forms   | 64  |
| ❖ Pension estimates    | 267 |
| ❖ Purchases            | 49  |
| ❖ Terminations         | 141 |
| ❖ Reciprocal transfers | 65  |

### FUND PERFORMANCE

|                                  | Qtr Ended<br>Mar 31/08 | 1 YR<br>Mar 31/08 | 4 YR<br>Mar 31/08  | 10 YR<br>Mar 31/08 |
|----------------------------------|------------------------|-------------------|--------------------|--------------------|
| NS Public Service Fund Return    | -2.66%                 | -3.91%            | 6.77%              | 6.13%              |
| Benchmark Return <sup>1</sup>    | -2.79%                 | -1.96%            | 7.52%              | 5.82%              |
| Actuarial Assumed Rate of Return | -                      | 6.86%             | 7.38% <sup>2</sup> | 7.38% <sup>1</sup> |
| NS Public Service Fund Risk      | -                      | 4.21%             | 4.57%              | 7.32%              |
| Benchmark Risk                   | -                      | 4.82%             | 5.16%              | 8.50%              |

<sup>1</sup> The Benchmark was changed for the month ended Sept 30/07 to reflect a passive 50% hedge on all international equities and a 100% hedge on all international fixed income.

<sup>2</sup> The actuarial assumed discount rate was 7.38% until it changed at year-end March 31, 2007.

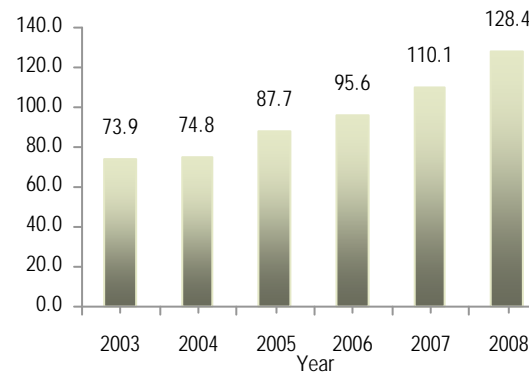
## Plan Governance

The Minister of Finance is Trustee, of the Public Service Superannuation Plan. In his capacity as Trustee he established the Public Service Pension Advisory Committee. The Committee provides a forum where stakeholder representatives can discuss issues related to the administration and investment of the Public Service Superannuation Plan; as well as provide advice and recommendations to the Minister.

## Contributions to Your Pension Plan

In addition to investment income, pension benefits are funded by contributions made to the Plan. Both you and your employer contribute to the pension plan at a rate of 7.4% on your earnings up to and including the YMPE, and 9.6% on earnings in excess of the YMPE. The following bar chart shows employee and employer contributions to the Plan for the year ended December 31, 2008.

\$ Millions as at March 31



## Your Plan's Funded Status

The funded ratio is equal to assets divided by liabilities, expressed as a percentage. A funded ratio of 100% or more means that the Plan is fully funded and assets are sufficient to cover liabilities. The Plan's liabilities are equal to the present value of what the Plan is expected to pay out in future benefits.

% at Dec 31

