PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

PUBLIC EMPLOYEES PENSION PLAN

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This annual report is available in electronic format at **www.peba.gov.sk.ca/pepphome.htm.**

Letters of Transmittal

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Public Employees Pension Board for the fiscal year ending March 31, 2009.

Rod Gantefoer
Minister of Finance

The Honourable Rod Gantefoer
Minister of Finance

Sir:

On behalf of the Public Employees Pension Board, I have the honour of submitting the Annual Report of the Public Employees Pension Board for the fiscal year ending March 31, 2009.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Chair’s Comments

On behalf of the members of the Public Employees Pension Board, I present the 2008–2009 Annual Report of the Public Employees Pension Plan (PEPP). The 2008-2009 Annual Report details activities and accomplishments of our strategic planning as well as the financial and investment information critical to the Plan.

The significant decline of the world financial markets was the single most notable event of 2008 - 2009. PEPP could not escape the impact. The decline of the value in equities within PEPP investment options affected the value of the options. Those options with more equities suffered greater declines than the more conservative options.

There were challenges in this difficult year. The Board monitored the situation and its policies. The Board sought advice from consultants and challenged our administrator and advisors, all with the view to ensuring that the Board is acting in the best interests of members. The Plan’s members continue to be well served by the Board’s policies. Although the Plan did not provide the returns we might wish for, we are confident that the Plan is performing as well as can be reasonably expected under these market conditions.

With the implementation of Investment Choice in 2007, Plan members have a choice as to how aggressive or how conservative they choose to be. The Investment Choice options performed as expected relative to each other. The Board will continue to design asset mix strategies that will provide long term growth. There is wisdom in continuing to look at our strategic objectives for other opportunities to present themselves.

The Board always strives to improve how it operates and administers the Plan. To that end the Board commissioned two independent audits. An audit of the Board’s governance system found the Board to be a high performance Board with strong policies, strategic and management plans. Another independent review, based on the guidelines for the Capital Accumulation Plans and best practices, found extremely favourable results.

PEPP conducted a member survey online and on paper. It was undertaken to measure overall satisfaction, service, communication, information delivery and additional services. It speaks well that in a survey done during a time of such extreme volatility, there was overall member satisfaction for the Plan. The survey highlighted areas members perceive that can be improved; the member feedback assists future strategic planning.

The Board approved a new three year strategic plan that sets out initiatives and activities into 2011. There was considerable progress in meeting strategic initiatives within the previous strategic plan and highlights are included within this annual report. The Board is developing balanced scorecard measures. This is an effort to enhance our reporting of all aspects in the Plan. Those results will be reported in the 2009-2010 Annual Report.

The Board remains focused on acting in the best interests of PEPP members and operating the Plan to the highest pension industry standards.

Kenneth R. Horsman

Kenneth R. Horsman
Board Chair

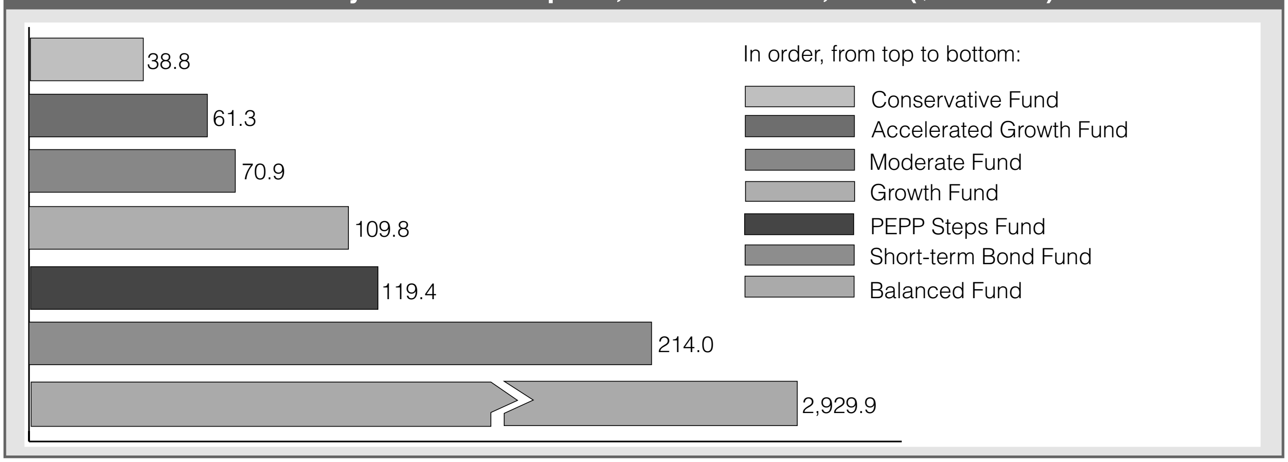
Financial Highlights (as at March 31, 2009)

PEPP - Investment Option Summary

	Investment Option							
	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	Short-term Bond Fund	PEPP Steps Fund	Total
Assets ($ millions)	61.3	109.8	2,929.9	70.9	38.8	214.0	119.4	3,544.2
Gross Rate of Return (%)	(26.4)	(22.1)	(18.3)	(13.2)	(5.7)	7.0	n/a[2]	
Fees - Administration & Board[1] (%)	0.1	0.1	0.1	0.1	0.1	0.1	n/a[2]	
Fees - Investments (%)	0.5	0.5	0.4	0.3	0.1	0.1	n/a[2]	
Net Rate of Return (%)	(27.1)	(22.7)	(18.8)	(13.6)	(6.0)	6.8	n/a[2]	
Benchmark	(25.5)	(21.7)	(18.6)	(14.1)	(7.0)	6.9	n/a[2]	

[1] Of the fees shown, the Board accounts for less than 0.01%.
[2] The rate of return and fee data for the PEPP Steps Fund varies with each step.

Assets by Investment Option, as at March 31, 2009 ($ millions)



Introduction

The Public Employees Pension Plan (PEPP) has 97 participating employers and approximately 48,000 members. Participating employers include the Government of Saskatchewan, Crown corporations, agencies, boards and other public institutions.

PEPP is a defined contribution pension plan, also referred to as a money purchase plan. In PEPP, benefits are based on accumulated employer and employee contributions plus investment earnings. These contributions, plus any return on investment, are used to provide an income to members upon retirement.

Enrolment in the Plan is compulsory for employees who hold a permanent position with an employer participating in the Plan. Unless otherwise specified in an agreement non-permanent employees may choose to join the Plan at any time.

Employee and employer contributions are calculated as a percentage of the employee's total gross regular earnings. Unless otherwise specified in an agreement, the contribution percentage is five per cent. Member contributions are made by payroll deduction.

Contributions to PEPP are tax deductible to a maximum set by the *Income Tax Act* (Canada). The member does not pay taxes on contributions or the accumulated investment income until he or she withdraws an amount from the Plan.

Contributions are forwarded to the Plan and are used to purchase units in the PEPP investment fund of the member's choice.

Unit values are declared daily. Once a new unit value is declared, member accounts are valued using the new unit value and transactions are processed at that value. Return on investment is reflected in the changing unit value.

The amount the member receives at payout or transfer is calculated using the unit value in effect at the date of payment.

Normal retirement for Plan members is age 65. Members may retire early and begin to receive retirement income at age 50 or older.

Members may defer purchasing a retirement income option after retirement. The *Income Tax Act* (Canada) states that a pension must begin by the end of the calendar year a member turns age 71.

PEPP is established and governed by *The Public Employees Pension Plan Act*. It is registered as a pension plan pursuant to *The Pension Benefits Act, 1992* and the *Income Tax Act* (Canada).

Public Employees Pension Board

The Public Employees Pension Board (the Board) administers PEPP. The Board has the fiduciary responsibility for administering PEPP and managing the investment activities in the best interests of all PEPP members.

The Board consists of nine members: four are appointed on behalf of participating employers, four on behalf of employees. The Board conducts an external recruitment process to choose a Chair, who is appointed for a three-year term. At March 31, 2009, the Board was composed with members listed in *Table 1.0*.

Members of the Board receive no compensation for the performance of their roles as Board members. They are remunerated for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.

The Chair is remunerated with a retainer and a per-meeting fee paid in accordance with a fees schedule set by the Board.

Public Employees Pension Board Members at March 31, 2009

Name	Position	Appointing Body
Kenneth R. Horsman	Chair	Public Employees Pension Board
Grant Ring	Vice-Chair	SaskEnergy, SaskPower, SaskTel
Jack Duvall[1]	Member	Saskatchewan Government and General Employees' Union
Sean Engemoen	Member	Saskatchewan Institute of Applied Science and Technology Saskatchewan Liquor and Gaming Authority
Pat Field	Member	Communications, Energy and Paperworkers Union
Michael Friebe	Member	Canadian Union of Public Employees 600
Derrick Goulet	Member	International Brotherhood of Electrical Workers Union Local 2067
Denise Macza	Member	Public Service Commission
Cathy Uhersky	Member	Saskatchewan Crop Insurance Corporation, Workers' Compensation Board, Saskatchewan Cancer Foundation

[1] *Jack Duvall's term of appointment started on September 1, 2008. Dan MacKay served as SGEU's appointee until August 31, 2008.*

Table 1.0

The Board's Purpose

The primary purpose of the Public Employees Pension Plan is to provide lifetime retirement benefits to members.

The Board's Mission

The Public Employees Pension Plan's mission is to provide members with a means of saving for retirement, a flexible way to receive retirement income and pension services.

Public Employees Pension Board

Education

The Board has an education program for Board members. The purpose of the program is to ensure Board members possess a sound knowledge and understanding of pension related issues. The Board budgets $5,000 per year for each Board member for registration fees. Other expenses are reimbursed at rates established by the Saskatchewan Public Service Commission. *Table 1.1.* lists the education events attended by Board members to March 31, 2009.

Seminars, Courses and Other Events Attended by Board Members in 2008-2009

		Expenses		
Board Member	**Education Events Attended**	**Registration Fees**	**Other**	**Total**
Sean Engemoen	• Annual Pension Information Session (PEBA) • Advanced Basic Trustee Development Program • School of Pension Investment Management	$3,850.00	$2,361.79	$6,211.79
Grant Ring	• Franklin Templeton Client Conference	-	-	-
Derrick Goulet	• Annual Pension Information Session (PEBA) • CPBI[1] Western Conference • Advanced Basic Trustee Development Program	$2,345.00	$2,234.90	$4,579.90
Cathy Uhersky	• Annual Pension Information Session (PEBA) • CPBI Western Conference	$795.00	$1,755.74	$2,550.74
Denise Macza	• Annual Pension Information Session (PEBA) • Queen's Fundamentals of Governance • Asset Allocation Summit	$5,375.00	$1,718.47	$7,093.47
Michael Friebe	• CFA[2] Greystone Dinner • CPBI Forum • Annual Pension Information Session (PEBA) • Association of Canadian Pension Management Conference • Franklin Templeton Client Conference • CFA Annual Dinner	$3,095.00	$6,299.51	$9,394.51
Pat Field	• Annual Pension Information Session (PEBA) • Advanced Trustee Level 1 • Advanced Trustee Level 2 • Trustee Development Program Advanced Basic • Franklin Templeton Client Conference	$3,870.00	$6,417.37	$10,287.37
Ken Horsman	• Annual Pension Information Session (PEBA) • Canadian Employee Benefits Conference, and Foundations for Trustees • Advanced Basic Trustee Course	$3,855.00	$2,947.69	$6,802.69

[1] Canadian Pension and Benefits Institute
[2] Chartered Financial Analyst

Table 1.1

Public Employees Pension Board

Meeting Attendance

The Board met nine times in the 2008-2009 fiscal year. *Table 1.2* shows the number of meetings each Board member attended.

Board Member	Number of Meetings Attended
Kenneth R. Horsman	9
Grant Ring	7
Dan MacKay[1]	3
Denise Macza	8
Cathy Uhersky	9
Pat Field	8
Michael Friebe	9
Derrick Goulet	8
Sean Engemeon	8
Jack Duvall[2]	6

[1] Dan MacKay's term of appointment ended August 31, 2008. Mr. MacKay attended all meetings of the Board during the period April 1, 2008 to August 31, 2008.

[2] Jack Duvall's term of appointment started September 1, 2008. Mr. Duvall attended all meetings of the Board during the period September 1, 2008 to March 31, 2009.

Table 1.2

The Board also had two meetings in 2008-2009 which were not scheduled at the beginning of the fiscal year.

Contracted Services

The Board is ultimately responsible for the Plan's administration, communication and investment activities. To discharge these responsibilities, the Board uses the services of various organizations.

The Board contracts with PEBA to provide administrative services for the Plan.

PEBA is responsible for ensuring that all transactions are made in accordance with *The Public Employees Pension Act, The Pension Benefits Act, 1992*, and their related regulations.

The Board retains RBC Dexia Investor Services Trust as the Plan custodian and Hewitt Associates as the investment consultant. The Board also retains the eight investment managers listed in *Table 1.4* on page 27.

Strategic Goals

In April 2008, the Board approved a new three-year strategic plan for the period 2008-2009 to 2010-2011. The strategic plan sets out goals for the planning period in four major categories:

A. Service Delivery, Design and Communications:

Plan members have access to pension services and information which meet their needs.

B. Plan Growth:

Identify and respond to opportunities that could foster the growth of the Plan.

C. Plan Governance:

The Board measures and manages overall plan performance and the performance of key delegates.

D. Accountability:

Performance of the Plan and the Board's service providers is measured, managed, and reported. The strategic plan was developed as part of the Board's comprehensive governance process, which includes regular strategic planning and risk assessment. It was developed within the context of the Plan's purpose, mission and goals. The new strategic plan considers a number of internal and external factors.

This annual report will provide reporting for the activities accomplished in 2008-2009 under the new strategic plan. Activities planned and accomplished under the previous strategic plan are also reported.

Strategic Initiatives

A. Service Delivery, Design and Communications

The Board objectives:

- Maintain an up-to-date suite of products and services that meet evolving member needs;
- Support member understanding of the Plan, including individual member benefits and responsibilities. Provide relevant timely and accurate information which is easy to understand; and
- Allocate resources to maximize effectiveness and efficiency of services provided to Plan members.

The Board has made considerable progress with respect to this goal in past years, including:

- The creation of the Variable Pension Benefit (2006-2007);
- The addition of PEPP *Access* online services and Retire@Ease retirement planning tool (2007-2008);
- The addition of investment fund options through the implementation of Investment Choice (2007-2008); and
- The development and implementation of communications plans.

Activities planned and accomplished in 2008-2009

- *Maintain an up-to-date suite of products and services that meet evolving member needs.*
  - In 2008-2009, work was started to identify and enhance functionality for both online web-based tools, PEPP *Access* and Retire@Ease. The PEPP *Access* functionality enhancement will give members the opportunity to process investment fund changes (inter-fund transfers and investment instructions) online. Security enhancements for member online access were revamped to address auditor recommendations in conjunction with this functionality enhancement.
  - A member profile tool has been developed that will obtain information from members regarding expected retirement date, preference for receiving communications from the Plan and creation of an investor profile to further enhance member self-service.
  - Retire@Ease functionality was enhanced (but not yet implemented) to allow income sharing as well as Tax Free Savings Account (TFSA) projections and display the assumptions used within the tool.
  - Changes to the PEPP section of the PEBA website were made in two phases. In April 2008, the website was refreshed with new banners and images on each homepage meeting new government web standards. There was conversion to website filliable forms to ease accessing and completing forms for members. Phase II was done in November 2008 and included a structural re-organization of information and a move to lifecycle organization for new members, working and contributing members and members nearing or at retirement.
- *Maintain an up-to-date suite of products and services that meet evolving member needs.*
  - With the conversion of the website to a lifecycle format, production of materials suited to the lifecycle design commenced. Information kits for enrolment, welcome to the Plan kits and retirement kits were developed. Development of communications materials to support the lifecycle will continue into 2009-2010.

Strategic Initiatives

Other 2008-2009 activities and accomplishments under previous strategic plan

- *Commence comparisons of developed measures for "take-up" rate of new and existing services being offered under the Plan*.
  - Statistical information is gathered and reported to the Board regarding the "take up" rate and where applicable, comparison measures provided:

    Variable Pension Benefit (2006)

    The *VP Benefit* was implemented in May, 2006. At March 31, 2009, there are 712 members and over $162 million in assets retained in the *VP Benefit*. This compares to 539 members and over $159 million in assets at March 31, 2008.

    PEPP *Access* (2007)

    Average number of monthly hits are 7,733 for the period April 1, 2008 – March 31, 2009. This compares to 6,400 for the period May 2, 2007 - March 31, 2008.

    Retire@Ease (2007)

    Number of users totalled 4,482 for the period of April 1, 2008 – March 31, 2009. This compares to 7,316 from May 2, 2007 - March 31, 2008.

- *Continue to monitor and report attendance at Plan member information sessions and establish benchmarks and goals for future years*.
  - In 2008-2009 PEBA facilitated 51 Retire*With*Ease presentations (one day sessions on retirement planning) to 917 attendees. These presentations were revamped and re-named to replace the previous *Shooting for the Green* retirement presentations, starting April, 2008.

- *Collect Plan member feedback on selected service events and information and decision making tools*.
  - Evaluation feedback was collected from Retire*With*Ease Sessions throughout the year. Evaluation forms were completed by 92 per cent of attendees with an overall 90 per cent satisfaction rating (1-4 rating system regarding understanding of message and presenter skills).

- *Determine Plan member satisfaction with available information and decision-making tools (third-party analysis)*.
  - Retire@Ease online survey results were collected since inception of the tool. The 2008-2009 Retire@Ease survey results:

    23 responded to the survey; 39 per cent understood the results; 65 per cent believe it will help them effectively plan for retirement; 56 per cent felt more confident in planning for retirement after using the tool; and, 61 per cent will use the tool in future retirement planning.

    This compares to 2007-2008 results:

    67 responded to the survey; 73 per cent understood the results; 71 per cent believe it will help them effectively plan for retirement; 60 per cent felt more confident in planning for retirement after using the tool; and, 73 per cent will use the tool in future retirement planning.

- *Conduct member information sessions*.
  - Retire*With*Ease was created as a retirement planning workshop designed to help members make informed decisions. While Retire*With*Ease workshops are typically attended by participants eligible to retire in five to 10 years, members (and their spouses) at any stage in their career may attend. A presentation, workbook posters, and a retirement countdown checklist were all developed to support the presentations. Members can now register online for PEBA hosted Retire*With*Ease presentations. Presentations were provided to members throughout 2008-2009.

  - The PEPP Overview presentation was re-designed to elaborate on Plan provisions, contributions, investments, termination options, and member services.

- Development began on a PEPP Investments Basics presentation to help members have the opportunity to learn more about their investment choices.

- Development commenced on a Retirement Income Options presentation; a booklet was also started to be used with the presentation and in retirement kits.

- *Develop and implement methods of obtaining Plan member feedback on communication activities*.

  - In January 2009, PEPP members had opportunity to participate in the first member survey since 2004. The 34 question survey, was offered online and in print, and was administered by Mercer, an independent consulting firm.

    This survey measured: overall satisfaction, service, communication, information delivery and additional services. 3,227 members responded to the survey online with another 406 members returning paper surveys. That is a response rate of 12.7 per cent (based on 28,624 active members) and a total of 3,633 replies. Member feedback was to assist in future strategic planning.

Activities Planned for 2009-2010

- Define the Plan's role in the provision of financial advice to members. Conduct research regarding the provision of financial advice and develop a recommended service delivery model.

- Update suite of investment products. Review the investment policy regarding alternative asset classes an asset allocation.

- Assess the feasibility of using electronic media in order to enhance efficiency in providing information to members.

Strategic Initiatives

B. Plan Growth

The Board recognizes the importance of responding to opportunities which would foster the growth of the Plan.

As the largest defined contribution pension plan in Canada, the Plan is able to take advantage of economies of scale in effectively providing a wide range of services to its members. In this regard, continued growth of the Plan is in the best interest of all members. While growth from external sources may be beneficial to the Plan, the Board's focus will be on the retention of existing members.

The Board is focused on the following initiatives in support of Plan growth:

- Retain retired and inactive Plan members.
- Explore opportunities for growth beyond the current Plan membership.

Activities planned and accomplished in 2008-2009

- Develop marketing strategies to increase loyalty of existing Plan members.
- Membership in the Variable Pension (VP) Benefit grew by 271 members.
    - Implement new loyalty-focused termination and retirement option letters.
        - The termination and retirement option letters were re-designed and will be implemented in 2009-2010.
    - Finalize and implement enrolment, welcome, and retirement kits to increase level of service provided to members.
        - Enrolment, welcome, and retirement kits were developed to provide members with more information relevant to them at these key decision-making stages of membership in the Plan.
    - Finalize and commence Investment Basics and PEPP Overview presentations to increase level of service provided to new and existing members
        - The PEPP Overview presentation was re-designed to provide more information on Plan provisions, contributions, investments, termination options, and members services.
    - Increase ease of access to presentations by developing web-based registration.
        - Online registration for the PEBA Retire*With*Ease presentation was made available in January 2009.
    - Based on the results of the member survey, develop opportunities for increasing member loyalty through addressing member preferences.
        - The PEPP Member Survey was conducted in January 2009. The results were reported to the Board at its March 2009 meeting.
- Develop marketing strategies to encourage public sector employers to participate in the Plan.
    - Continue on an ad hoc basis to identify opportunities to encourage increased public-sector employee participation in the Plan.
        - During the year, four employers joined the Plan:
            - Saskatchewan Watershed Authority
            - Saskatchewan Canola Development Commission
            - Safe Saskatchewan
            - Communications, Energy and Paperworkers Union, Local 1-S

Strategic Initiatives

Activities planned for 2009-2010

- Develop marketing strategies to increase loyalty of existing Plan members.
  - Implement new loyalty-focused termination and retirement option letters.
  - Commence Investment Basics and PEPP Overview presentations to increase level of service provided to new and existing members
  - Based on the results of the Member Survey, develop opportunities for increasing member loyalty through addressing member preferences.
- Develop marketing strategies to encourage public sector employers to participate in the Plan.

Strategic Initiatives

C. Plan Governance

Pension plan governance refers to the roles and responsibilities of the Board and its delegates in respect of a pension plan to fulfill their fiduciary obligations. The Board strives to demonstrate leading practices of pension plan governance.

The Board recognizes that good governance is crucial to the long-term success of the Plan. Good governance requires appropriate control mechanisms that encourage good decision-making, proper and timely execution, and regular review and assessment. The Board has invested considerable effort in developing its governance practices and policies, and will continue to implement and maintain its governance program.

Several ongoing initiatives have been implemented in this area, including:

- Annual self-assessment based on the Canadian Association of Pension Supervisory Authorities (CAPSA) Pension Plan Governance Guidelines;
- Annual self-assessment and periodic external assessment against the Guidelines for Capital Accumulation Plans (CAP Guidelines) and best practices; and
- The creation of a Board Policy Manual with ongoing policy development.

Activities planned and accomplished in 2008-2009

- *Review Board practices, areas of focus, and Board/Management roles and responsibilities*.
    - Develop knowledge of policy board models and determine the appropriate board model for the Plan.
        - The Board engaged a consultant to conduct an audit of the Board's governance system. The consultant indicated that the Board is a high-performance board. He noted that the Board has strong policies, strategic and management plans, a strong acquisition of services policy, and well focused board meeting minutes. He indicated that the Board should focus on best practices in its determination of the appropriate board model for the plan.
- *Review The Public Employees Pension Plan Act to determine if any changes are required, particularly with respect to the Plan's purpose*.
    - Determine the appropriate changes to the Act based on the needs of the Plan.
        - Upon review, the Plan's stated purpose remains appropriate and does not require legislative amendment.

Other 2008-2009 activities and accomplishments under previous strategic plan

- *Perform the CAPSA self-assessment for the current year*
    - The Board conducted a governance self-assessment in regard to the CAPSA Pension Plan Governance Guidelines. The self-assessment indicated 100 per cent compliance with the guidelines.
- *Perform an annual internal review of the Plan's compliance with the CAP Guidelines*
    - The Board conducted a review of the Plan's compliance with the CAP Guidelines. The Board determined that the Plan was in near-total compliance with the guidelines, with the exception of one guideline. Subsequent review showed that the Board is in total compliance.

Strategic Initiatives

- *Report performance reviews of delegates to the Board*
  - Performance reviews of Hewitt Associates, RBC Dexia Investor Services, and the Plan's auditor, Meyers Norris Penny (MNP) were provided to the Board. The Board also received quarterly reports from PEBA on PEBA's performance with respect to the service standards outlined in the contract between PEBA and the Board.

- *Develop policy and report progress*
  - The following policies were developed and approved:
    - Choosing a Pension Benefit for a Member Who Cannot Be Located
    - Payment from the General Revenue Fund
    - Member Who Cannot Be Located
  - The following policies were amended:
    - Inter-fund Transfers
    - Acquisition of Services
  - The following policies were reviewed for amendment in 2009-2010:
    - Fees for Services Provided by the Board
    - General Valuation of Investment Funds

- *Develop a plan for addressing findings of external assessments of CAP Guidelines compliance*
  - The Board received the results of an independent review of the Board's compliance with the CAP Guidelines in April 2008. The results of the audit were very favourable, but the auditor noted that there were items requiring further development. The Board approved a report on its progress toward complete compliance with the guidelines in March 2009. The Board noted that substantial progress had been made.

Activities Planned for 2009-2010

- Review Board practices, areas of focus, and Board/Management roles and responsibilities.
  - Develop knowledge of policy board models and determine the appropriate board model for the Plan.
    - Review the recommendations of the governance audit, research governance best practices, and develop a plan to address areas for improvement.
- Review the Act to determine if any changes are required.
  - Determine any appropriate changes to the Act based on the needs of the Plan.

Strategic Initiatives

D. Accountability

Performance of the Plan and the Board's service providers is measured, managed and reported.

Effective plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives, the monitoring of progress against these objectives, and the communication of the results to Plan stakeholders.

The Board has made considerable progress with respect to this goal, including:

- The establishment of service standards with the Plan administrator;
- The development and implementation of a strategic plan; and
- Annual Board member self-assessment.

Activities planned and accomplished in 2008-2009

- *Comprehensive review of the Plan's investment policy regarding environmental, social, and governance (ESG) considerations*.
  - Conduct research and educate the Board with respect to ESG investment policies, followed by the development of a policy position.
    - Research into current industry practices regarding ESG considerations has been undertaken. Preparations were made to engage a consultant to conduct an education session for the Board in the fall of 2009. The initiative is expected to be completed in 2010.
- *Implementation of the Balanced Scorecard*.
  - Develop and implement balanced scorecard measures, with ongoing reporting of results.
    - The Board reviewed a draft Balanced Scorecard report in March 2009. Development of the measures included in the report will continue throughout 2009, as will development of measures not currently included. The Board plans to publish the results of the finalized Balanced Scorecard in the 2009-2010 Annual Report.

Other 2008-2009 activities and accomplishments under previous strategic plan

- *Phased-in implementation of framework and reporting mechanism for evaluation of key Plan activities*
  - The phase-in of Balanced Scorecard reporting was continued, and is expected to be completed in 2010-2011. See "Implementation of the Balanced Scorecard" for more information.
- *Report on performance objectives and benchmarks specified in the Statement of Investment Policies and Goals (SIP&G)*
  - Investment performance reporting is provided in the annual report, performance bulletins, and *Pension Perspectives* newsletters, all of which are available on the PEPP website.
  - The Board received quarterly reports from the custodian and investment consultant regarding investment manager compliance with the Board's SIP&G.

- *Facilitate audit reporting*
  - The Plan's auditor, MNP, working with the Provincial Auditor, formed the following audit opinions for the year ended March 31, 2008:
    - The Plan's financial statements are reliable;
    - The Plan had adequate rules and procedures to safeguard public resources and ensure compliance with the authorities except the Board needs to continue to prepare a complete Business Continuity Plan, and also needs to increase documented evidence for the investment reconciliations. In 2008-2009, work continued on the Business Continuity Plan and procedures surrounding investment reconciliations were strengthened; and,
    - PEPP complied with authorities in regard to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investment activities.

Activities Planned for 2009-2010

- Comprehensive review of the Plan's investment policy regarding environmental, social, and governance (ESG) considerations.
  - Conduct research and educate the Board with respect to ESG investment policies, followed by the development of a policy position.
    - Develop a policy position on ESG considerations.
- Implementation of the Balanced Scorecard.
  - Develop and implement Balanced Scorecard measures, with ongoing reporting of results.
    - Continue development of measures included in the draft report, as well as those not currently included, and finalize the Balanced Scorecard report. The Board plans to report the results of the finalized Balanced Scorecard in the 2009-2010 Annual Report.
- Review of relationships with service providers, including respective roles and responsibilities.
  - Review best practices in comparison to current practices, and develop a plan to implement the appropriate changes.
    - Review best practices and develop a plan to implement changes.

Risk Management

The Board is responsible for identifying risks that could negatively affect the operation of the pension plan, Plan members and other stakeholders. The Board evaluates the risks to which the Plan is exposed and ensures appropriate strategies are in place to manage these risks.

The Board annually conducts a risk assessment review that:

- Reviews the risk management performance for the previous year and progress made with respect to annual goals;
- Identifies and assesses the impact and probability of key Plan risks; and
- Establishes risk management strategies for the current year and identifies specific goals for the year.

The outcomes of this review are included as necessary in revisions to the Board's risk management processes.

The Board has identified the following potential risks that could adversely affect the operation of the Plan:

- Inadequate performance of assets and excessive costs and expenses;
- Inadequate performance of service providers and service provider failures;
- Non-compliance with legislative requirements and failure to meet fiduciary obligations;
- A lack of understanding by Plan members about the role of the Plan in attaining their retirement objectives, and a lack of awareness among members and employers of their rights and obligations; and
- Failure to meet the needs of Plan members and participating employers.

The Board has developed and implemented these strategies to manage these risks:

- The Board implemented a SIP&G that outlines the Board's investment beliefs and provides for risk management through diversification of asset classes, capital markets and investment managers.

  The SIP&G defines the benchmark to which investment performance is measured. The Board annually reviews the SIP&G.

  The Board communicates investment performance.

  Independent monitoring is carried out by:

  - Hewitt Associates;
  - RBC Dexia Investor Services; and
  - Custodians of Pooled Funds used by the Board.
- The Board ensures initiatives and Plan-related activities are adequately funded through its budgeting process.
- The Board receives a report comparing the administrative costs for public-sector pension plans, including other public-sector defined contribution pension plans annually.
- The Board reviews the performance standards for the Board's administrator, investment consultant, investment managers, and custodian on a quarterly basis.
- There are two levels of audit:
  - The Board retains Meyers Norris Penny (MNP) to conduct an audit of the Plan.
  - The Provincial Auditor reports to the Legislative Assembly regarding the audit of the Plan.
- The Board has an Acquisition of Services policy that details how the Board is to retain service providers.
- Service providers are to have a disaster recovery plan.

Risk Management

- The Board's administrator reviews and reports compliance with legislative requirements annually.

- The Periodic Checklist is a list of major items identified by the Board that are necessary for the administration of a pension plan. The checklist allows verification that an activity has been carried out. The completed Periodic Checklist is provided to the Board on a semi-annual basis.

- Board members are required to review and sign the Board's Code of Conduct and Conflict of Interest Procedures at least annually.

- The Board has outlined the education required to aid Board members in executing their fiduciary and governance duties.

- The Board formally reviews its Strategic Business Plan on a periodic basis.

- The Board regularly consults with legal counsel and outside advisors regarding issues on which it is deliberating.

- The Board retains service providers who are experts in the responsibilities to which they are assigned with respect to the Plan.

- The Board reviews the Strategic Communications Plan which provides the framework for how the Board will communicate with Plan members and participating employers.

- PEBA's staff provides retirement information seminars and individual information to Plan members.

- Information tools include member and employer seminars, employer bulletins and guides, website information, and written materials.

- The Board consults with Plan members and participating employers on a regular basis to determine their needs.

Activities planned and accomplished in 2008-2009

- *The Board will continue to assess new investment strategies with respect to how these strategies fit with the Plan's investment objectives*.

    - The Board reviewed and confirmed its investment policy in March 2009.

- *Development of a framework and reporting mechanisms for the evaluation of key Plan activities. (Continued development of the Balanced Scorecard.)*

    - The Board reviewed a draft Balanced Scorecard report in March 2009. Development of the measures included in the report will continue throughout 2009, as will development of measures not currently included. The Board plans to publish the results of the finalized Balanced Scorecard in the 2009-2010 Annual Report.

- *Development of a new retirement information seminar, RetireWithEase, for presentation to members*.

    - The seminar, which replaced the *Shooting for the Green* presentation, commenced in June 2008. During the year, there were 42 Retire*With*Ease presentations made to approximately 700 members and their spouses.

- *Periodic evaluation by the Board's administrator of the performance of the investment consultant and custodian*.

    - The Board evaluated the performance of its custodian in September 2008 and January 2009 and its investment consultant in March 2009.

- *The Board will continue to receive quarterly updates comparing actual expenditures versus budgeted amounts*.

Risk Management

- The Board received quarterly updates on its budget for the periods ending June, September, and December 2008, and March 2009.

- *The Board's auditor, MNP, will audit PEBA's reporting of performance measures to the Board*.

  - The Board reviewed the audit of PEBA's reporting for 2007-2008 in September 2008. The audit found errors in the reporting of the provision of termination option letters.
    - PEBA revised its procedure for reporting of service standards to include peer review to reduce the possibility of errors.
  - The audit also found that the statements provided upon termination of membership, retirement, and death did not include two items required by *The Pension Benefits Act, 1992*.
    - PEBA revised the statements and letters provided at termination, retirement, and death and provided them to its system developer for implementation in 2009-2010.

- *The completed Periodic Checklist will be provided to the Board on a semi-annual basis*.

  - PEBA provided the Board with the final Periodic Checklist for 2007-2008 and the interim Periodic Checklist for the first six months of 2008-2009.

- *Communication of results of third-party review of CAP guidelines compliance*.

  - The Board received the audit results in April 2008. The results of the audit were very favourable, but the auditor noted that there were items requiring further development.

    The Board approved a report on its progress toward complete compliance with the guidelines in March 2009. The Board noted that substantial progress had been made. The Board plans to communicate the results of the audit and the progress made since to members in an article on the PEPP website in 2009-2010.

- *The Board is developing new objectives and initiatives as part of the development of a new Strategic Business Plan for the period of 2008-2011*.

  - The Board approved its Strategic Business Plan for the period of 2008-2011 in April 2008.

Activities Planned for 2009-2010

- The Board will continue to assess new investment strategies with respect to how these strategies fit with the Plan's investment objectives.
- Periodic evaluation by the Board's administrator of the performance of the investment consultant and custodian.
- The Board will continue to receive quarterly updates comparing actual expenditures versus budgeted amounts.
- The Board's auditor, MNP, will audit PEBA's reporting of performance measures to the Board.
- The completed Periodic Checklist will be provided to the Board on a semi-annual basis.
- Communication of results of third-party review of CAP guidelines compliance.

Investments

Overview

The Plan offers members the choice of six asset allocation funds:

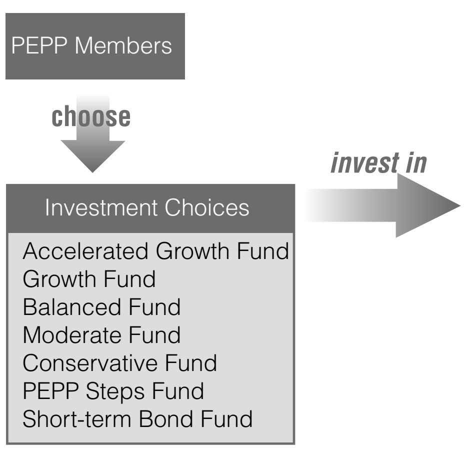
- Accelerated Growth Fund
- Growth Fund
- Balanced Fund
- Moderate Fund
- Conservative Fund
- PEPP Steps Fund

Members may also invest in the Short-term Bond Fund, either in addition to or instead of investing in one of the six asset allocation funds.

Asset allocation funds invest in a mix of asset classes, including equities (Canadian and foreign), real estate, fixed income and cash equivalents. The mix depends on the fund: more conservative funds are weighted more heavily toward fixed-income investments, where more aggressive funds are weighted more heavily toward equities. The Short-term Bond Fund is invested solely in fixed income investments.

Equities offer the greatest potential return, but are exposed to a high level of market volatility, meaning they are susceptible to losses over the short term. As such, equities are best suited for long-term investors who are able to ride out short-term volatility in return for long-term growth potential.

Fixed-income investments, such as bonds and cash equivalents, are low-volatility investments, meaning they are much better suited to capital preservation. For this reason, members nearing retirement may prefer funds with a greater percentage of fixed income.



Asset Class	Investment Managers
Canadian equities	Greystone Managed Investments Inc. TD Asset Management Inc. GlobeFlex Capital, L.P. Hillsdale Investment Management Inc.
Foreign equities	Hansberger Global Investors, Inc. TD Asset Management Inc. Northwater Capital Management Inc. Tweedy, Browne Company LLC Franklin Templeton Investments Corp.
Real estate	Greystone Managed Investments Inc.
Bonds	Greystone Managed Investments Inc. TD Asset Management Inc.
Cash & equivalents	TD Asset Management Inc.
Short-term Bonds	Greystone Managed Investments Inc.

Members will want to make an investment choice that fits their risk tolerance and investment profile. PEPP's seven investment options offer members a range from the Accelerated Growth Fund, an equity-based fund, to the Conservative Fund, invested mainly in fixed-income investments, to the Short-term Bond Fund, invested solely in fixed income investments.

The PEPP Steps Fund, the default investment fund for the Plan, is an asset allocation fund that automatically moves members to more conservative investments every five years. Equity holdings decrease and bond holdings increase by increments of approximately five per cent for each step.

Investments

PEPP Investments – Year in Review

The 2008-2009 fiscal year was the most challenging in PEPP's more than 30 year history. Most financial markets around the globe experienced the worst returns in several decades. The financial crisis that began in 2007 in the United States, as financial instruments backed by sub-prime loans became illiquid, triggered a broader economic downturn around the world.

While April 2008 through August 2008 saw a great deal of volatility in financial markets, it was September 2008 that saw the crisis accelerate as major firms in the investment and insurance industries faced near or actual failure. This led to unprecedented difficulties in credit markets which had an impact on the broader world economies and financial markets.

Global central banks took extensive actions to stimulate their economies and many financial institutions were nationalized or bailed out. Even bond markets, which managed to post positive returns, suffered as corporate bonds became illiquid and difficult to trade. As the 2008-2009 year drew to a close most equity markets showed a positive return for the month of March, but suffered a 12 month return ranging from -30 per cent to -50 per cent.

PEPP's investment fund options were not immune from the impacts of this crisis. While the Short-term Bond Fund returned 6.8% for the 2008-2009 fiscal year, all other investment fund options posted negative one-year returns ranging from -6.0% to -27.1%. The more aggressive investment fund options, which are expected to be the most volatile within the Plan, saw the largest negative returns with the more conservative investment fund options posting smaller negative returns.

The Plan's investment managers are measured on their performance over the longer-term, not on a quarterly or annual basis. Members too are reminded that saving for retirement requires a long-term investing perspective and that takes discipline. Members should consider that these relatively short-term impacts in financial markets should not lead to a decision to change their investment fund choice. Members are encouraged to update their PEPP Member Investor Profile periodically to ensure that their investment choice aligns with their profile, but this is not dependant on short-term market or investment performance.

When global equity markets recover, the more aggressive investment options should demonstrate greater returns based on their higher allocations to equities.

While it is impossible to predict the future, history shows us that equity markets typically recover from downturns. It is important for members to keep a long-term investment perspective to maintain the alignment between their retirement savings goals and their investment options.

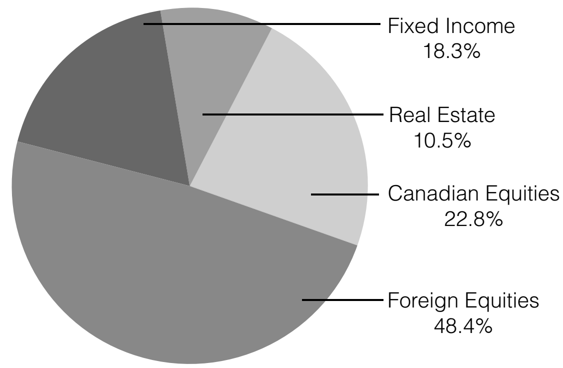
Investments

Investment Options

Accelerated Growth Fund

The Accelerated Growth Fund offers the highest risk and highest potential return. The goal of this fund is to provide capital growth over the long term. It invests primarily in equities.

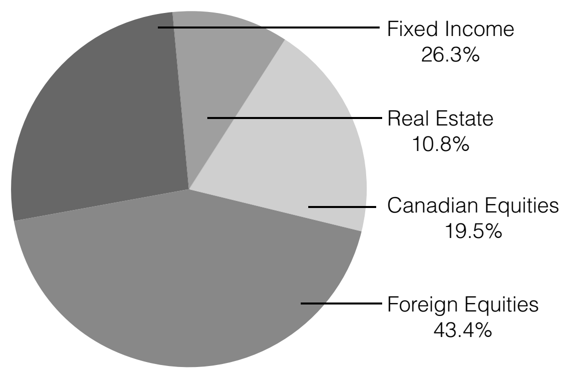
The Accelerated Growth Fund provided a gross annualized return of -26.4%; -27.1% net of fees. Fees for this fund were 0.68% at March 31, 2009. Foreign currency exposure for this fund is 31.6% (foreign exposure of 48.4%, less hedged exposure of 16.8%).



Growth Fund

The Growth Fund is an aggressive fund, offering relatively high risk and relatively high potential return. Its goal is to provide capital growth over the long term by investing largely in equities.

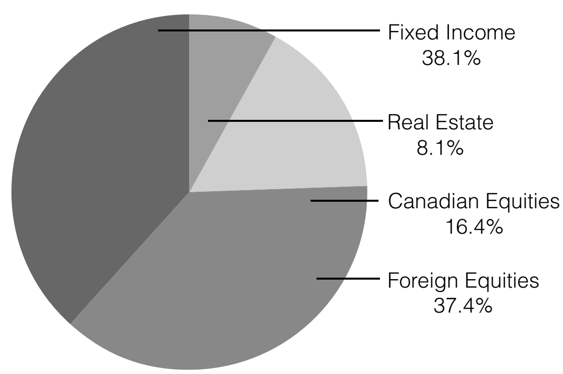
The Growth Fund provided a gross annualized return of -22.1%; -22.7% net of fees. Fees for this fund were 0.61% at March 31, 2009. Foreign currency exposure for this fund is 29.1% (foreign exposure of 43.4%, less hedged exposure of 14.3%).



Balanced Fund

The Balanced Fund offers relatively balanced potential risk and return. Its goal is to provide long-term capital growth. The Balanced Fund provides a target weight of 65 % for equities and real estate.

The Balanced Fund provided a gross annualized return of -18.3%; -18.8% net of fees. Fees for this fund were 0.51% at March 31, 2009. Foreign currency exposure for this fund is 26.8% (foreign exposure of 37.4%, less hedged exposure of 10.6%).

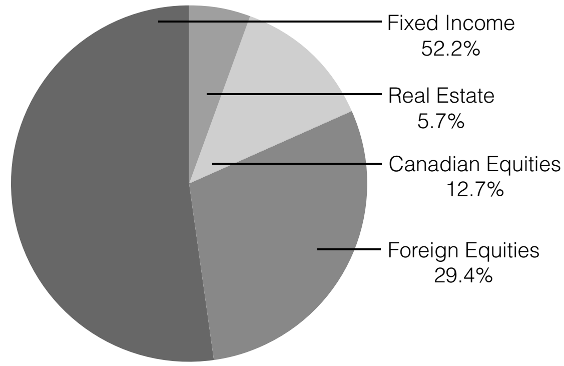


Investments

Moderate Fund

The Moderate Fund is designed to provide a balance of security and long-term growth by balancing the risk and potential returns of the major asset classes. It invests almost equally in fixed income and equities with a small allocation to real estate.

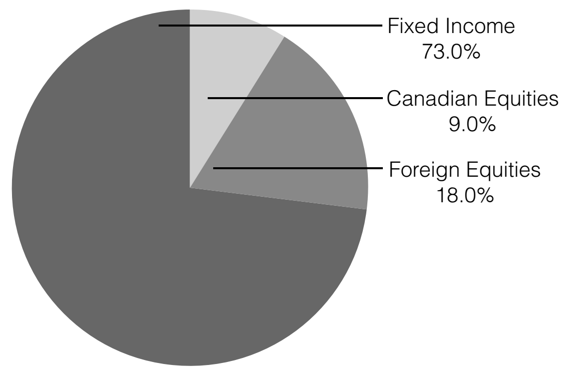
The Moderate Fund provided a gross annualized return of -13.6%; -13.1% net of fees. Fees for this fund were 0.43% at March 31, 2009. Foreign currency exposure for this fund is 20.8% (foreign exposure of 29.4%, less hedged exposure of 8.6%).



Conservative Fund

The Conservative Fund is designed to provide returns with little fluctuation. By focusing mainly on fixed income investments, it offers lower risk and lower potential for return than other PEPP asset allocation funds.

The Conservative Fund provided a gross annualized return of -5.7%; -6.0% net of fees. Fees for this fund were 0.29% at March 31, 2009. Foreign currency exposure for this fund is 16.7% (foreign exposure of 18.0%, less hedged exposure of 1.3%)



PEPP Steps Fund

The PEPP Steps Fund is the default investment option for the Plan. It is made up of a diversified investment portfolio, which automatically moves members to more conservative investments in five-year intervals. Equity holdings decrease and bond holding increase by increments of about five per cent for each step.

Because of its unique structure, the PEPP Steps Fund will not have a single rate of return or fee level. Fees will range from 0.68% for PEPP Step 1 to 0.29% for PEPP Step 12.

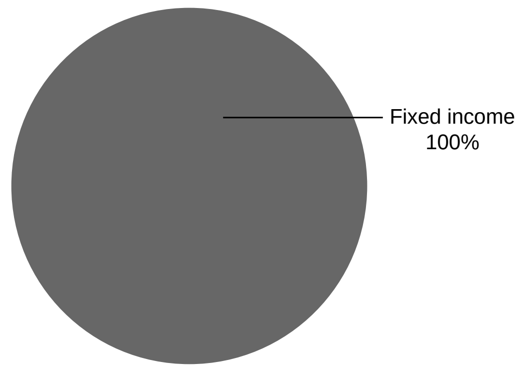
PEPP Step	Canadian equities	Foreign equities	Real estate	Fixed income
1	28.2	48.4	10.5	18.3
2	20.4	44.2	10.3	25.1
3	19.5	43.4	10.8	26.3
4	18.2	40.1	8.0	33.7
5	16.4	37.4	8.1	38.1
6	14.8	33.8	8.0	43.4
7	13.3	30.2	8.0	48.5
8	12.7	29.4	5.7	52.2
9	11.1	25.4	5.5	58.0
10	9.0	22.3	5.5	63.2
11	10.2	20.5	0.0	69.3
12	9.0	18.0	0.0	73.0

Investments

Short-term Bond Fund

The Short-term Bond Fund is the most conservative investment choice within PEPP and offers the lowest risks and potential returns. Because the goal is to preserve capital, it invests strictly in bonds with a maturity of five years or less.

The Short-term Bond Fund provided a gross annualized return of 7.1%; 6.8% net of administration fees. Administration fees for this fund were 0.22% at March 31, 2009. There is no foreign currency exposure for this fund.



Target Asset Mix

The Board has adopted a Statement of Investment Policies and Goals (SIP&G) for the Plan pertaining to the investment of Plan assets.

As indicated in the overview, members of the Plan can choose to invest in any asset allocation fund and/or the Short-term Bond Fund. Each investment option has a target asset mix for the asset classes that it invests in. Each investment option can fluctuate somewhat higher or lower than these target asset mixes, within approved ranges as identified in the SIP&G. *Table 1.3* shows the target asset mix for each investment choice.

Fund Name	Equities			Real Estate	Fixed income (%)	Cash & equivalents (%)	Short-term bonds (%)
	Canadian (%)	U.S. (%)	Non-N. Amercian (%)				
Accelerated Growth	26.0	25.5	26.0	7.5	14.0	1.0	0.0
Growth	22.5	22.5	22.5	7.5	24.0	1.0	0.0
Balanced	20.0	20.0	20.0	5.0	34.0	1.0	0.0
Moderate	16.0	16.0	15.5	2.5	49.0	1.0	0.0
Conservative	10.0	10.0	10.0	0.0	60.0	10.0	0.0
Short-term Bond	0.0	0.0	0.0	0.0	0.0	0.0	100.0
PEPP Steps	10.0 - 26.0	10.0 - 25.5	10.0 - 26.0	10.0 - 26.0	14.0 - 60.0	1.0 - 10.0	0.0

Table 1.3

Investments

Investment Managers

Within each asset class, one or more investment managers are used for each investment option. The use of different managers allows for further diversification of the investments within each investment option. Use of different investment managers allows the Plan to employ different investment styles that can focus on different regions or sectors for investment, reducing the risk that any one region, sector or style may suffer during any economic cycle or event.

Investment Manager Mandates

Investment Manager	Mandate	Description
GlobeFlex Capital, L.P. (GlobeFlex)	Canadian Equities	GlobeFlex actively manages small cap Canadian equities.
Greystone Managed Investments Inc. (Greystone)	Canadian Equities	Greystone actively manages Canadian equities.
	U.S. Equities	Greystone actively manages U.S. equities, without currency hedging.
	Real Estate	Greystone actively manages real estate.
	Fixed Income	Greystone actively manages fixed income.
	Short-term Fixed Income	Greystone actively manages the Short-term Bond Fund.
Hansberger Global Investors, Inc. (Hansberger)	Non-North American Equities	Hansberger actively manages non-North American equities, without currency hedging.
Hillsdale Investment Management Inc. (Hillsdale)	Canadian Equities	Hillsdale actively manages small and mid cap Canadian equities.
Northwater Capital Management Inc. (Northwater)	U.S. Equities	Northwater manages a hedged passive U.S. mid cap equity portfolio with a fund of hedge funds overlay.
TD Asset Management Inc. (TDAM)	Canadian Equities	TDAM passively manages Canadian equities.
	U.S. Equities	TDAM passively manages U.S. equities, without currency hedging.
	Fixed Income	TDAM passively manages fixed income.
Franklin Templeton Investments Corp. (Templeton)	Non-North American Equities	Templeton actively manages non-North American equities, without currency hedging.
Tweedy, Browne Company LLC (Tweedy)	Non-North American Equities	Tweedy actively manages non-North American equities, with currency hedging.

Table 1.4

Investments

Investment Manager Definitions

Term	Definition
Active management	Managers who actively buy or sell securities based on judgment and analysis.
Currency hedging	A strategy that allows investment in foreign securities without being impacted by changes in foreign exchange rates. Without currency hedging, investments whose value in local markets may not change may still increase or decrease in value due to changes in foreign exchange rates.
Hedge funds	Professionally managed portfolios of investments that use advanced investment strategies, and may include derivatives, long and short positions, in order to increase returns and/or decrease risk.
Mid cap equities	Shares of average companies, commonly between $2 billion -10 billion in market value of all shares.
Passive management	Managers who buy or sell securities to match a specific benchmark or index.
Small cap equities	Shares of small companies, commonly under $2 billion in market value of all shares.

Investment Manager Weightings

Canadian equity (%)

Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps Fund	Short-term Bond Fund
GlobeFlex	5.0	4.0	2.5	2.0	0.0	0.0 - 5.0	0.0
Greystone	16.0	11.5	10.0	5.0	3.0	3.0 - 16.0	0.0
Hillsdale	5.0	4.0	2.5	2.0	0.0	0.0 - 5.0	0.0
TDAM	0.0	3.0	5.0	7.0	7.0	0.0 - 7.0	0.0
Sub-total	26.0	22.5	20.0	16.0	10.0	10.0 - 26.0	0.0

U.S. Equity (%)

Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps Fund	Short-term Bond Fund
Greystone	9.5	6.5	5.0	5.0	3.0	3.0 - 9.5	0.0
Northwater	10.0	8.0	5.0	4.0	0.0	0.0 - 10.0	0.0
TDAM	6.0	8.0	10.0	7.0	7.0	6.0 - 10.0	0.0
Sub-total	25.5	22.5	10.0	16.0	10.0	10.0 - 25.5	0.0

Non-North American Equity (%)

Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps Fund	Short-term Bond Fund
Hansberger	6.5	6.0	5.0	4.0	2.5	2.5 - 6.5	0.0
Templeton	13.0	11.0	10.0	7.5	5.0	5.0 - 13.0	0.0
Tweedy	6.5	5.5	5.0	4.0	2.5	2.5 - 6.5	0.0
Sub-total	26.0	22.5	20.0	15.5	10.0	10.0 - 26.0	0.0

Investments

Fixed Income (%)							
Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps Fund	Short-term Bond Fund
Greystone	10.0	10.0	10.0	10.0	10.0	10.0	0.0
TDAM	4.0	14.0	24.0	39.0	50.0	4.0 - 50.0	0.0
Greystone Short-term Bonds	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Sub-total	14.0	24.0	34.0	49.0	60.0	14.0 - 60.0	100.0

Real Estate (%)							
Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps Fund	Short-term Bond Fund
Greystone	7.5	7.5	5.0	2.5	0.0	0.0 - 7.5	0.0
Sub-total	7.5	7.5	5.0	2.5	0.0	0.0-7.5	0.0

Cash & Equivalents (%)							
Investment Manager	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Steps Fund	Short-term Bond Fund
TDAM	1.0	1.0	1.0	1.0	10.0	1.0 - 10.0	0.0
Sub-total	1.0	1.0	1.0	1.0	10.0	1.0-10.0	0.0

Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Investments

Investment Performance

The Board retains eight investment managers to invest the assets of the Plan. Those managers employing an active investment management style are given the objective of "out-performing" the market index or benchmark selected for their mandate on a rolling four-year basis. Managers employing a "passive" investment management style are given the objective of equalling the market index or benchmark selected for their mandate.

Canadian Equities	Net Rate of Return (%)	
	1 Year Return	4 Year Return
Canadian Equity Managers		
Greystone (active manager)	(36.1)	(0.1)
TDAM (passive manager)	(32.1)	0.3
Benchmark (TSX/S&P Capped Composite Index)	*(32.4)*	*0.1*
Canadian Small/Mid Cap Equity Manager*		
Hillsdale (active manager)	(40.1)	n/a
Benchmark (TSX/S&P Completion Index)	(39.0)	n/a
Canadian Small Cap Equity Manager*		
GlobeFlex (active manager)	(48.6)	n/a
Benchmark (BMO Small Cap Index)	*(43.2)*	*n/a*

**New mandate in 2007 - no four year return to report*

U.S. Equities	Net Rate of Return (%)	
	1 Year Return	4 Year Return
U.S. Equity Managers		
Greystone (active manager)	(20.2)	(3.6)
TDAM (passive manager)	(24.0)	(6.5)
Benchmark (S&P500 Index $Cdn)	*(24.1)*	*(6.5)*
Hedged U.S. Mid Cap Equity Manager		
Northwater (fund of hedge funds manager)	(65.9)	(20.9)
Benchmark (S&P400 Mid Cap Index - Hedged)	*(39.7)*	*(8.2)*

Non-North American Equities	Net Rate of Return (%)	
	1 Year Return	4 Year Return
Non-North American Equity Managers		
Hansberger (active manager)	(36.7)	(4.6)
Templeton (active manager)	(34.4)	(5.8)
Benchmark (MSCI EAFE Index - $Cdn)	*(34.4)*	*(5.2)*
Hedged Non-North American Equity Manager		
Tweedy (active manager)	(38.1)	(9.2)
Benchmark (MSCI EAFE Index - Hedged)	*(37.4)*	*(5.0)*

Investments

Fixed Income	Net Rate of Return (%)	
	1 Year Return	**4 Year Return**
Canadian Bond Managers		
Greystone (active manager)	3.8	5.1
TDAM (passive manager)	4.8	5.2
Benchmark (DEX Universe Bond Index)	*4.9*	*5.3*
Short-term Bonds		
Greystone (active manager)	6.8	4.8
Benchmark (DEX Short-term Bond Index)	*6.9*	*5.0*

Real Estate	Net Rate of Return (%)	
	1 Year Return	**4 Year Return**
Real estate manager		
Greystone (active manager)	8.2	17.0
Benchmark (Investment Property Databank)	*3.4*	*13.8*

Cash and Equivalents	Net Rate of Return (%)	
	1 Year Return	**4 Year Return**
Money market manager*		
TDAM (active manager)	3.1	n/a
Benchmark (DEX 91-Day T-Bill Index)	*2.4*	*n/a*

** New Mandate in 2007 - no four year return to report*

NOTE: Net rate of return reported above. Prior annual reports reported gross rates of return.

Investments

Investment Manager Fees

For the year ended March 31, 2009, the fees paid to the investment managers for the Plan are shown in *Table 1.5*.

Investment Manager Fees ($ thousands)	
Greystone Managed Investments Inc.	2,615
Tweedy, Browne Company LLC	2,748
Franklin Templeton Investments Corp.	1,997
Northwater Capital Management Inc.	1,106
Hillsdale Investment Management Inc.	1,036
TD Asset Management Inc.	460
GlobeFlex Capital L.P.	1,002
Total investment manager fees	**10,963**

Table 1.5

NOTE: No fees are shown for Hansberger, the sub-advisor to Greystone for their Non-North American equity mandate. The Board pays all fees for this mandate to Greystone, who in turn compensates Hansberger.

Monitoring Investment Performance

The Board retains Hewitt Associates to assist in the evaluation of the performance of the investment options and the investment managers. Hewitt Associates measures the performance and reports to the Board. In addition to performance measurement, Hewitt Associates provides research and analysis to the Board regarding financial markets, investment managers and market trends. Hewitt Associates was paid $123,000 in fees for the year ended March 31, 2009.

Investment Custody and Valuation

The Board retains RBC Dexia Investor Services Trust as the custodian of the Plan. The custodian is responsible for custody of all financial assets of the Plan (in the name of PEPP), settles all investment transactions and ensures all investment income (dividends, interest) is collected. The custodian also reports all investment transactions and conducts valuation for the Plan. The custodian was paid $1,111,000 for the year ended March 31, 2009.

Investment Administration

The Public Employees Benefits Agency (PEBA) is retained by the Board for administration of the Plan's investment program. This includes declaring unit values for all investment options, managing asset mix and cash flows, and performance reporting.

Plan Administration

The Board has delegated the day-to-day administration of the Plan and management of its assets to PEBA. The cost for this is charged to the fund.

PEBA is a branch of the Ministry of Finance. PEBA administers a wide range of pension and benefit plans.

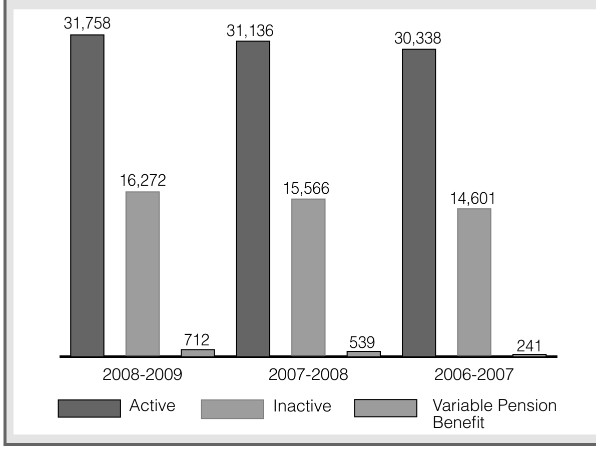
Under contract with the Board, PEBA provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan. To administer the Plan, PEBA:

- maintains all member and accounting records;
- collects and deposits contributions to the Fund;
- transfers contributions to the custodian of the Fund for investment;
- determines all questions of coverage, eligibility and methods of providing or arranging for the provision of benefits;
- calculates and pays all pension benefits;
- communicates with members and participating employers; and
- prepares the annual report.

PEBA also provides Senior Executive Officer services and Executive Secretary services to the Board.

In 2008-2009, the Board paid PEBA $4,894,000 for administrative services.

Membership Distribution

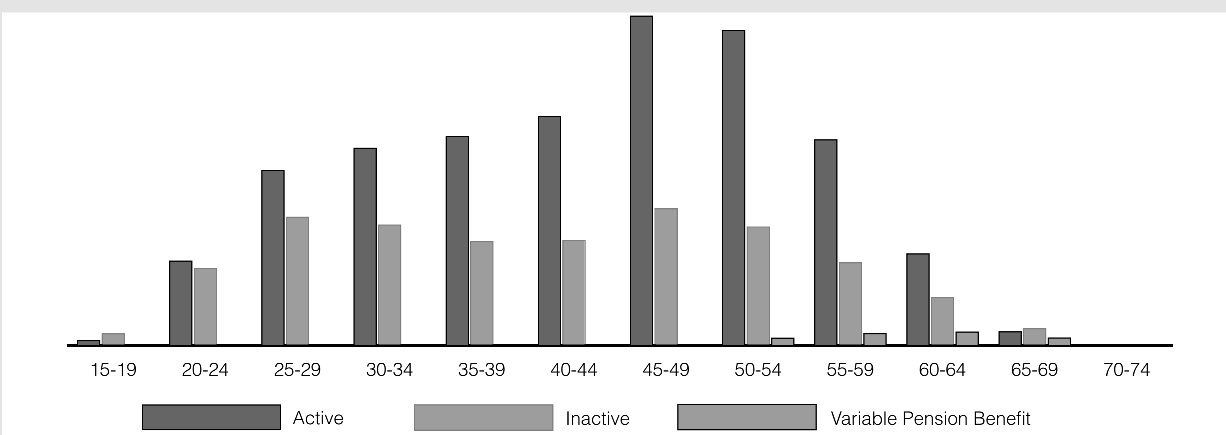


Membership Activity

Membership at March 31, 2008	**47,241**
Add:	
PEPP Enrolment during year	3,000
Variable Pension (VP) Benefit enrolment	271
Less:	
Members exiting	1,770
Membership at March 31, 2009	**48,742**

Table 1.6

Distribution of Membership by Age



Plan Administration

PEBA reports measurement against standards to the Board quarterly. *Table 1.7* and *Table 1.8* provide measurement results for the 2008-2009 year.

PEBA Service Standards April 1, 2008 to March 31, 2009					
Task	**Completed**	**Number that Meet or Exceed Standard**	**% that Meet or Exceed Standard**	***Standard (Days)**	****Statutory Requirement (Days)**
Statement on Termination of Membership (Option Letter)	3,193	3,008	94.2	5	90
Payment of Termination Benefits	1,386	1,336	96.4	5	-
Statement on Retirement (Option Letter)	226	208	92.0	5	90
Retirement Payments	1,550	1,505	97.1	5	-
Statement on Death (Option Letter)	31	27	87.1	5	90
Payment of Death Benefits	75	71	94.7	5	-
Pension Estimates - Variable Pension Benefit	191	189	99.0	5	-
Pension Estimates - Annuity	393	363	92.4	5	-
Spousal Breakdown Estimates	92	76	82.6	5	-
Portability Transfer Values	40	37	92.5	5	-
Written Correspondence	Not Measured	Not Measured	N/A	5	-
Total	7,177	6,820	95.0	5	

Table 1.7

PEBA Periodic Requirements April 1, 2008 to March 31, 2009					
Task	**Completed**	**Number that Meet or Exceed Standard**	**% that Meet or Exceed Standard**	**Standard* (Days)**	**Statutory Requirement** (Days)**
Member Statement	2	2	100	75	180
Reporting of Budget Variance	4	4	100	Quarterly	-
Proposed Annual Budget	1	1	100	By March 31	-
Performance Measurement	4	4	100	Quarterly	-
Boards Decision Affecting Individual Members	N/A	N/A	N/A	1 Month	-
Newsletter (*Pension Perspectives*)	4	4	100	Semi-annually	-
Total	15	15	100		

* Standard is set within the contract between the Board and PEBA.
** Statutory Requirement is a compliance standard within *The Pension Benefits Act, 1992 and Regulations, 1993*.

Table 1.8

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

The Public Employees Pension Board is composed of a Chairperson selected through a formal recruitment process with four members representing employees and four members representing employers. The Board is responsible for financial administration, administration of the funds and management of assets.

The financial statements, which follow, have been prepared by management in conformity with accounting principles generally accepted in Canada and have been approved by the Board. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Plan.

The financial statements were examined by Meyers Norris Penny. Their report follows.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Kathy Deck
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
May 15, 2009

Public Employees Pension Board

Public Employees Pension Plan

Financial Statements

Year ended March 31, 2009

Auditor's Report

MEYERS NORRIS PENNY LLP

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Public Employees Pension Plan as at March 31, 2009 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Public Employees Pension Plan as at March 31, 2009 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants

Regina, Saskatchewan
May 15, 2009

Public Employees Pension Plan **Statement 1**
Statement of Net Assets Available For Benefits

As at March 31

	(thousands of dollars)	
	2009	**2008 (Restated Note 11)**
ASSETS		
Investments (Note 3)		
Short-term	$ 19,966	$ 14,274
Bonds and debentures	566,720	605,468
Equities	933,889	1,396,125
Pooled funds	1,737,570	1,893,846
Real estate	259,413	278,695
	3,517,558	4,188,408
Receivables		
Contributions receivable – employee	2,550	2,364
Contributions receivable – employer	2,616	2,395
Accrued investment income	13,857	15,050
	19,023	19,809
Cash	25,732	40,986
Due from General Revenue Fund (Note 5)	4,509	5,774
Total assets	3,566,822	4,254,977
LIABILITIES		
Administrative expenses payable	6,583	4,071
Refunds, transfers and other payables	3,241	5,794
Total liabilities	9,824	9,865
NET ASSETS AVAILABLE FOR BENEFITS	$3,556,998	$4,245,112

(See accompanying notes to the financial statements)
(See Schedule 1 for Net Assets Available for Benefits by Investment Option)

Public Employees Pension Plan — Statement 2
Statement of Changes in Net Assets Available for Benefits

For the Year Ended March 31

	(thousands of dollars)	
	2009	**2008 (Restated Note 11)**
INCREASE IN ASSETS		
Investment income		
Interest	$ 29,058	$ 25,827
Pooled funds	63,046	121,156
Dividends	53,668	36,298
Real estate	13,735	13,016
Other	228	285
	159,735	196,582
Change in the market value of investments	(902,366)	(276,683)
Contributions		
Employee	98,550	100,651
Employer	106,340	95,239
External transfers in	6,975	13,273
	211,865	209,163
Total (decrease) increase in assets	(530,766)	129,062
DECREASE IN ASSETS		
Transfers, refunds and benefits (Note 4)	134,782	140,558
Transfer to Saskatchewan Pension Annuity Fund	3,656	5,968
Investment transaction costs	1,819	2,273
Administrative expenses (Note 6)	17,091	15,773
Total decrease in assets	157,348	164,572
(Decrease) in net assets	(688,114)	(35,510)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	4,245,112	4,280,622
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$3,556,998	$4,245,112

(See accompanying notes to the financial statements)
(See Schedule 2 for Statement of Changes in Net Assets Available for Benefits by Investment Option)

1. Description of Plan

The following description of the Public Employees Pension Plan is a summary only. For more complete information, reference should be made to the Plan text.

a) General

The *Public Employees Pension Plan Act* (the Act) is the legislative authority for the Public Employees Pension Plan (the Plan), which is a defined contribution plan that covers the employees of a number of government entities. Effective September 1, 2002, the Plan also covers the Members of the Legislative Assembly.

The Act established the Plan to accumulate all contributions and earnings for plan members. The Plan consists of five asset allocation Funds: the Accelerated Growth Fund; the Growth Fund; the Balanced Fund; the Moderate Fund; the Conservative Fund; one lifecycle Fund: the PEPP Steps Fund; and the Short-term Bond Fund.

All Funds receive and hold, in trust for members, contributions from the members and employers (participants) and investment income derived from the Plan's investments.

All Funds hold varying percentages of bonds, equities, real estate, mortgages, pooled funds, short-term investments and derivative financial instruments. The asset mix of each fund is established based on the expected volatility of the underlying securities and assets. The Accelerated Growth Fund is considered the most volatile and contains the highest percentage of equities relative to fixed income investments of all the funds. The Short-term Bond Fund is considered the least volatile and contains the lowest percentage of equities relative to fixed income investments.

Effective November 1, 2007, members of PEPP may choose either one of the five asset allocation funds or the PEPP Steps Fund. In addition, each member may also choose the Short-term Bond Fund.

The Plan uses a unitized method of plan participation whereby each member has a certain number of units of ownership in the net assets of the investment funds. Investment income including changes in the market value of the investments and expenses is reflected in the market value of the net asset value per unit of participation. The total available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

The Plan introduced a Variable Pension Benefit option (VPB) in May 2006 whereby retired members could elect to withdraw all or some of their pension funds either through lump-sum withdrawals or scheduled monthly payments. Members who participate in the VPB may choose to invest in any of the funds which are offered by the Plan.

b) **Administration**

The Act established the Public Employees Pension Board (Pension Board) to administer the Plan. The Pension Board is comprised of nine members: four are appointed on behalf of participating employers, four on behalf of employees. The Board conducts an external recruitment process to choose a Chair, who is appointed for a three-year term. The Public Employees Benefits Agency (PEBA) is under contract with the Board to provide day-to-day administration.

c) **Retirement**

Members may retire as early as age 50.

Upon retirement an employee may purchase an annuity from the Saskatchewan Pension Annuity Fund or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 71, be transferred to a Locked-in Retirement Account or, after age 50, to a Locked-in Retirement Income Fund, Life Income Fund or a Life Annuity from the Saskatchewan Pension Annuity Fund, or be transferred to another pension plan which has a reciprocal agreement with the Plan. Beginning in May 2006, a member may also choose to receive a variable pension benefit from the Public Employees Pension Plan.

Members who purchase their annuities from the Saskatchewan Pension Annuity Fund have their accumulated balance in the Plan at the date of retirement transferred to the Saskatchewan Pension Annuity Fund. Members who elect to receive a variable pension benefit retain their account balances within the Public Employees Pension Plan. A variable pension benefit is a periodic payment made from a registered plan to a member of that plan and which must conform to certain minimum payment requirements but not to any maximum payment requirements.

d) **Completeness of Contributions**

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan. Accordingly, these financial statements presume the accuracy and completeness of the participants' contributions.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) **Change in Accounting Policies**

Effective January 1, 2008, three new presentation and disclosure standards were adopted: Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures* (Section 1535); Handbook Section 3862, *Financial Instruments - Disclosures* (Section 3862); and Handbook Section 3863, *Financial Instruments - Presentation* (Section 3863).

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Plan’s objects, policies and processes for managing capital. As this standard only addressed disclosure requirements, there is no impact on the Plan's operating results.

Section 3862 and 3863 replace Handbook Section 3861, *Financial Instruments - Disclosure and Presentation.* The new disclosure standards increase the disclosures related to financial instruments and the nature, extent and management of the Plan's risks arising from financial instruments. The presentation standards carry forward unchanged from the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Plan's operating results.

b) **Investments**

Investments are stated at fair value. The change in the fair value of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits.

Fair value of investments is determined as follows:

Short term investments are valued at cost which, together with accrued investment income, approximates fair value given the short term nature of these investments.

Bonds and equities are valued at year-end quoted bid prices from recognized security dealers and accredited stock exchanges on which the security is principally traded.

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing bid prices.

Real estate is valued using market values from independent appraisals.

Investments in derivative financial instruments, including futures, forwards and option contracts, are valued at year end quoted market prices where available. Where quoted market prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the position.

c) **Investment Income and Transaction Costs**

Investment income, which is recorded on the accrual basis, includes interest income, dividends and real estate operating income. Investment transactions are recorded on the trade date.

Brokers' commissions and other transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

d) **Foreign Currency Translation**

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end. Investments, revenue and expense items are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation at year-end are included in the change in market value of the investments.

e) **Income Taxes**

The Plan is a registered pension plan, as defined by the *Income Tax Act* (Canada) and, accordingly, is not subject to income taxes.

f) **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments. Actual results could differ from these estimates.

g) **Future Accounting Policy Change**

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has issued an exposure draft proposing to adopt International Financial Reporting Standards (IFRS) effective for fiscal years beginning on or after January 1, 2011. Currently, Pension Plans are not required to convert to IFRS completely, but are to continue to comply with current standards. The Plan is monitoring the transition to IFRS and is assessing the impact that the adoption of IFRS will have on its financial statements when conversion is required.

3. Investments

Short-term Investments

Short-term investments are comprised of treasury bills, notes and commercial paper with effective rates of 0.10% to 0.40% (2008 – 1.90% to 4.80%), and an average remaining term to maturity of 50 days (2008 - 47 days).

The Plan's investment policy states that investments must meet a minimum investment standard of "R1" or equivalent rating by a recognized credit rating service.

Other than the Government of Canada, no single issue represents more than 31.52% (2008 – 32.12%) of the market value of the short-term investment portfolio.

Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the market value of the total bond portfolio may be invested in BBB rated bonds. At March 31, 2009, the Plan held 4.19% (2008 - 0.53%) of its portfolio in BBB bonds.

(in thousands of dollars)

	2009							2008		
Years to Maturity	**Federal**	**Provincial**	**Corporate**	**Municipal**	**Total**	**Yield to Maturity**	**Coupon Rate**	**Total**	**Yield to Maturity**	**Coupon Rate**
Under 5	137,665	38,897	144,625	-	321,187	4.32%	1.69-6.75	305,168	4.40%	3.55-6.79
5 – 10	-	25,310	87,174	9,518	122,002	5.10%	3.75-7.50	119,461	4.57%	3.60-7.50
Over 10	16,791	61,816	43,312	1,612	123,531	5.40%	3.75-11.0	180,839	4.83%	4.45-11.0
Market Value	154,456	126,023	275,111	11,130	566,720			605,468		

Included in the above amounts of corporate bonds are foreign bonds, issued in Canadian currency, with a market value of $7,523,289 (2008 - $8,123,426). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties. As at March 31, 2009, approximately $7.1 million (2008 - $7.5 million) in mortgage backed securities is included in bonds. The Plan has determined that the mortgage backed securities are not impaired.

Equities

The Plan's investment policy allows no one holding to represent more than 10% of the book value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation. As at March 31, 2009, the market value of the Plan's foreign equity investments in Canadian dollars amounted to $553 Million (2008 - $704 Million) and included currencies from regions around the world including Croatia, Europe, Hong Kong, Japan, South Korea, Mexico, New Zealand, Norway, Switzerland, United Kingdom, and United States. Foreign equities represent 59.17% (2008 – 50.42%) of the market value of the directly held equity portfolio.

Dividends are generally declared on an annual basis. The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 3.84% (2008 – 2.38%).

The Plan has entered into foreign exchange forwards contracts to hedge some of its foreign currency exposure in equities. Foreign exchange forwards contracts are obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Contracts are traded over the counter. Counterparties to forward contracts must have credit ratings of 'A' or better.

The Non North American Equity mandate managed by Tweedy Browne Company LLC includes a currency hedging program to reduce the impact of foreign currency changes on the Plan. Forward contracts are used to hedge the foreign currency exposure within the mandate as indicated in the following table.

The following table summarizes the Plan's foreign exchange forwards contracts at March 31, 2009:

FOREIGN EXCHANGE FORWARD CONTRACTS

(in thousands of dollars)

		2009			2008		
# of Contracts	Currency	Market Value	Notional Value*	Gain (Loss)	Market Value	Notional Value*	Gain (Loss)
54	Canadian Dollar	86,717	86,717	-	151,671	151,671	-
18	European Euro	(34,078)	(32,300)	(1,778)	(40,088)	(36,516)	(3,572)
4	Hong Kong Dollar	(1,030)	(1,030)	-	(671)	(670)	(1)
19	Japanese Yen	(19,625)	(15,754)	(3,871)	(29,283)	(26,454)	(2,829)
5	Mexican Nevo Peso	(2,789)	(2,750)	(39)	(7,095)	(6,946)	(149)
2	New Zealand Dollar	(196)	(211)	15	(467)	(440)	(27)
8	Norwegian Kroner	(764)	(732)	(32)	(976)	(866)	(110)
10	Pound Sterling	(9,254)	(10,031)	777	(25,785)	(26,428)	643
4	Singapore Dollar	(309)	(259)	(50)	-	-	-
14	South Korean Won	(10,805)	(10,969)	164	(20,155)	(21,537)	1,382
16	Swiss Franc	(10,425)	(8,958)	(1,467)	(16,910)	(14,710)	(2,200)
7	US Dollar	(4,448)	(3,723)	(725)	(16,999)	(17,104)	105
		(7,006)	**-**	**(7,006)**	**(6,758)**	**-**	**(6,758)**

* Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows, and is therefore not recorded in the financial statements. Maturity dates range from Apr 03 2009 to Apr 09 2010.

Pooled Funds

The Plan limits its investments in synthetic pooled funds to the Newcastle Enhanced Mid Cap Fund. This exposure can reach as much as 12% of the market value of the Accelerated Growth Fund or as little as 0% of the Conservative Fund. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The Plan's pooled funds are comprised of:

	Units Held (in thousands)		% of Total Units Outstanding		Market Value (in thousands)	
	2009	2008	2009	2008	2009	2008
Canadian Equity						
TD Emerald Canadian Market Capped Pooled Fund Trust	146,768	140,101	61.89	52.48	$142,512	$ 209,972
Newcastle Enhanced Mid Cap Fund	9,430	2,702	100.00	100.00	245,683	204,926
Hillsdale US Performance Equity Pooled Fund	124	124	14.33	28.61	6,379	10,579
Global Equity	16,740	16,374	15.21	17.47	114,340	180,036
Greystone EAFE Growth Fund						
Fixed Income Fund						
TD Emerald Canadian Bond Pooled Fund Trust	80,234	91,240	20.86	20.36	841,579	956,414
Other						
TD Emerald Pooled U.S. Fund	21,795	16,206	27.41	21.89	308,077	309,357
TD Emerald Canadian Short Term Investment Fund	7,877	2,139	3.53	1.01	79,000	22,562
					$1,737,570	$1,893,846

The Newcastle Enhanced Mid Cap Fund at March 31, 2009 consists of $149.3 million (2008 - $160.9 million) invested in market neutral hedge funds. The hedge funds use a variety of investment strategies. The Fund also has United States foreign currency contracts with a notional value of $149.6 million (2008 - 132.9 million), and a gain at March 31, 2009 of $0.1 million (2008 – loss of $3.7 million). The United States foreign currency contracts hedge the Plan's exposure to the United States dollar. The Fund has liabilities of $0.1 million (2008 – $32.3 million) and net accounts receivable of $4.8 million (2008 - $0). The Plan holds Canadian money market securities of $91.6 million (2008 - $80.0 million) including long-term notes of $6.5 million (2008 - $0). The money market securities are utilized as margin to obtain derivative exposure to the S&P 400. The exposure resulting from these derivatives as of March 31, 2009 was $245.5 million (2008 - $0). These derivatives are intended to replicate the net asset value of the entire Newcastle Enhanced Mid Cap Fund mandate.

During the fiscal year, the Newcastle Enhanced Mid Cap Fund incurred a one-time loss due to fraud. This loss amounted to approximately $9,000,000 and represented a write-down of the entire market value of one of the underlying hedge funds. As of March 31, 2009, this loss represents 0.25% of Plan assets. The Plan does not anticipate recovering any of this loss.

The TD Emerald Canadian Market Capped Pooled Fund Trust may invest in equity index futures to replicate the return of the S&P/TSX Composite Index components.

The TD Emerald Pooled U.S. Fund may invest in equity index futures to replicate the return of the S&P 500 Composite Index components.

The Newcastle Enhanced Mid Cap Fund may invest in investments such as swaps, futures contracts, forwards contracts, options, money market securities and short-term debt instruments. The TD Emerald Canadian Bond Pooled Fund Trust may not invest in any derivative investments.

The Hillsdale US Performance Equity Pooled Fund may utilize forward contracts, swaps, futures contracts, options and other investments to hedge against currency or to achieve its investment objectives.

The TD Emerald Canadian Short Term Investment Fund may use derivatives such as options, futures, forward contracts and swaps provided the reasons for use are consistent with the Fund's objectives and strategies. The Fund does not use derivatives for speculative trading or to create a portfolio with excess leverage.

The Greystone EAFE Growth Fund, which is a fund of funds, may invest in futures contracts, forward contracts, or other derivatives provided the reasons for doing so are consistent with the investment objectives of the pooled fund.

Real Estate

Investments in real estate consist of Canadian commercial property in different geographical locations across the country.

The Plan holds $30,158,003 (2008 - $16,826,452) in the Greystone Real Estate pooled fund. This represents 3.91% (2008 – 3.37%) of the total outstanding units of this pooled fund.

4. Transfers, Refunds and Benefits

	(in thousands of dollars) 2009	2008
Termination refunds	$ 2,665	$ 3,270
Death and lump sum benefits	7,863	7,936
Variable pension benefits	27,379	20,527
Marital transfers	3,042	3,402
Transfers to registered retirement savings plans and to private companies providing annuities	90,189	100,181
Transfers out	3,644	5,242
	$134,782	$140,558

5. Due from General Revenue Fund

The Plan's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the Government's thirty day borrowing rate and the Plan's average bank account balance. The Government’s average 30 day borrowing rate in 2009 was 1.95% (2008 – 4.08%).

6. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees, which are paid directly.

	(thousands of dollars)			
	2009		**2008 (Restated Note 11)**	
	Budget	**Actual**	**Budget**	**Actual**
	(unaudited)		(unaudited)	
Administration costs	$ 6,166	$ 5,017	$ 5,490	$ 4,687
Custodial fees	884	1,111	559	747
Investment management fees	12,275	10,963	9,810	10,339
	$19,325	$17,091	$15,859	$15,773

7. Financial Risk Management

The nature of the Plan’s operations results in a statement of net assets available for benefits that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the Plan’s investments. These financial risks are managed by having an investment policy, which is approved annually by the Board. The investment policy provides guidelines to the Plan’s investments managers for the asset mix of the portfolio regarding quality and quantity of fixed term investments, real estate and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Derivatives are allowed within the Plan to hedge against losses and substitute for direct investment. The Board’s policy prevents the use of derivatives for speculative trading or to create a portfolio with leverage. The PEBA reviews and reports on regular compliance reports from its investment managers and custodian as to their compliance with the investment policy. The PEBA also reviews and reports on regular compliance reports from its custodian as to the investment managers’ compliance with the investment policy.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which it is exposed at March 31, 2009 is limited to the carrying value of the financial assets summarized as follows:

	(thousands of dollars) 2009 Carrying value	2008 Carrying value
Cash	$ 25,732	$ 40,986
Accounts receivable	19,023	19,809
Fixed income investments[1]	1,507,266	1,598,719
Due from the General Revenue Fund	4,509	5,774

[1] Includes short-term investments, money market fund, bonds and debentures, and the fixed income pooled fund.

Accounts receivable are primarily made up of employee and employer contributions receivable and accrued investment income. Employee and employer contributions receivable are generally received in less than 30 days. Accrued investment income is received on the next scheduled payment date, generally either annually or semi-annually.

Credit risk within investments is primarily related to short-term investments, bonds and debentures, and the fixed income pooled funds. It is managed through the investment policy that limits fixed term investments to those of high credit quality (minimum rating for bonds, BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Credit ratings for bonds and debentures are as follows:

	2009		2008	
Credit Rating	Fair Value (thousands of dollars)	Makeup of Portfolio (%)	Fair Value (thousands of dollars)	Makeup of Portfolio (%)
AAA	$233,396	41.18	$318,589	52.62
AA	168,265	29.70	174,135	28.76
A	141,294	24.93	101,906	16.83
BBB	23,765	4.19	10,838	1.79
Total	$566,720	100.00	$605,468	100.00

Within bonds and debentures, there are no holdings from one issuer, other than the Government of Canada or a Canadian province, over 1.43% (2008 – 1.44%) of the market value of the combined bonds and debentures and short term investment portfolios. No one holding of a province is over 1.30% (2008 – 1.26%) of the market value of the bond and debentures portfolio.

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The credit risk is mitigated by limiting counterparties to specific entities approved by the Board and by settling contracts on a semi-annual basis. The currency manager must receive approval from the Board prior to engaging a new counterparty.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The Plan is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds and debentures and the fixed income pooled funds. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase in interest rates would decrease net assets available for benefits by $81.1 million at March 31, 2009; representing 5.4% of the $1,507 million fair value of fixed income investments. Conversely, a decrease in interest rates of 100 basis points would increase net assets available for benefits by $81.1 million at March 31, 2009; representing 5.4% of the $1,507 million fair value of fixed income investments.

Foreign exchange

The Plan is subject to changes in the U.S./Canadian dollar exchange rate for U.S. denominated investments. Also, the Plan is exposed to EAFE (Europe, Australasia and Far East) currencies through its investment in foreign equity funds. At March 31, 2009, the Plan's exposure to U.S. equities was 20.96% (2008 – 15.53%) and its exposure to non-north American equities was 13.84% (2008 – 17.99%).

At March 31, 2009, a 10% appreciation in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $50.4 million decrease in net assets available for benefits. A 10% weakening in the Canadian dollar versus the EAFE currencies would result in approximately a $37.9 million increase in the net assets available for benefits.

The Plan's exposure to exchange rate risk resulting from the purchase of goods and services are not considered material to the operations of the Plan. The Plan has mitigated its exposure to foreign exchange through the use of derivatives as in Note 3. As at March 31, 2009, the Plan's foreign exchange exposure net of derivatives is $1,235 million. A 10% change in the exchange rate would equate to a net change of $123 million.

Equity prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. Equities comprise 50.12% (2008 – 55.57%) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee represents greater than 10% of the market value of the Plan. As well, no one holding represents more than 30% of the voting shares of any corporation.

The following table indicates the approximate change that could be anticipated to the increase in net assets available for benefits based on changes in the Plan's benchmark indices March 31, 2009:

	(Change in thousands of $)	
	10% increase	10% decrease
S&P/TSX Composite Index	$54,350	$(54,350)
S&P 500 Index	74,381	(74,381)
MSCI EAFE Index	49,111	(49,111)

Securities collateral

At March 31, 2009, no Plan assets have been deposited or pledged as collateral or margin. As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At March 31, 2009, the total amount of collateral pledged to the Plan amounted to $260.5 million (2008 - $517.0 million).
Security lending obtains collateral of at least 105% of the market value of the securities lent. Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and /or letters of credit, discount notes and banker's acceptances of Canadian chartered banks.

Real Estate

Risk in the real estate portfolio is managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Liquidity risk

Liquidity risk is the risk that the Plan's unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows.

8. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since all are controlled by the Government. Also, the Plan is related to non-crown enterprises that the Government jointly owns or significantly influences. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan holds $12,886,338 (2008 - $9,554,478) Province of Saskatchewan Bonds and Debentures with a yield of 4.85% (2008 - 5.09%). Investment income including change in market value of $389,900 (2008 - $646,476) was recorded from the Province of Saskatchewan Bonds and Debentures.

The Plan has an accounts payable balance as at March 31, 2009 of $313,239 (2008 - $737,954) due to the Public Employees Benefits Agency Revolving Fund.

Other related party transactions are disclosed separately in these financial statements.
Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled at agreed upon exchange rates.

9. Fair Value of Financial Assets and Liabilities

For the following financial assets and liabilities the carrying amount approximates fair value due to their immediate or short-term maturity:

a) contributions receivable
b) accrued investment income
c) due from General Revenue Fund
d) administrative expenses payable
e) refunds, transfers and other payables

The fair value of investments is disclosed in Note 3.

10. Value of Members' Accounts

In accordance with Canadian generally accepted accounting principles, various accruals are included in the Statement of Net Assets Available for Benefits. However, only transactions that were processed and unitized during the fiscal year ending March 31, 2009 are reflected in the unitized account balances of members at year-end. The total value of members' unitized accounts at March 31, 2009 was $3,543 Million (2008 – $4,233 Million).

Investment income including changes in the market value of the investments (investment performance) and expenses is reflected in the market value of the net asset value per unit of participation and is determined daily. Investment and administration expenses relating to each Fund are accrued to or paid from the Fund prior to establishing its daily unit price. The Funds' unit price will increase or decrease according to the Funds' investment performance after expenses.

Fund transactions are processed using forward pricing. This means they are processed at the next unit price set after the Plan receives contributions or requests for transfers, refunds and benefits.

Fund transactions may be suspended temporarily at management's discretion where an accurate unit price for a Fund cannot be determined due to the unavailability of reliable market pricing or other asset valuations.

On November 1, 2007, the Plan introduced a new fund structure whereby members may choose either one of the five asset allocation Funds or the PEPP Steps Fund. In addition, each member may also choose the Short-term Bond Fund. The PEPP Steps Fund is comprised of twelve separate Funds, five of which are the asset allocation Funds. In all, there are thirteen separate Funds. The Balanced Fund (PEPP Step 5) and Short-term Bond Fund are the same Funds as in previous years.

The following table shows some selected data for each of the Funds:

	2009				2008			
	Units	Net asset value per unit	Total Net Assets (000's)	Return %	Units	Net asset value per unit	Total Net Assets (000's)	Return % [1]
PEPP Step 1 (Accelerated Growth Fund)	903,692	68.0421	$ 61,489	-27.1%	678,745	93.3608	$ 63,368	-6.6%
PEPP Step 2	22,278	71.0395	1,583	-24.4%	7,657	93.9780	720	-6.0%
PEPP Step 3 (Growth Fund)	1,571,428	73.5421	115,566	-22.7%	1,422,771	95.1061	135,314	-4.9%
PEPP Step 4	105,250	75.3680	7,933	-21.1%	79,226	95.4972	7,566	-4.5%
PEPP Step 5 (Balanced Fund)	30,974,289	94.8850	2,938,995	-18.8%	31,594,619	116.8708	3,692,488	-2.4%
PEPP Step 6	166,437	81.1739	13,511	-16.6%	141,069	97.3822	13,738	-2.6%
PEPP Step 7	272,660	84.2157	22,962	-14.4%	247,204	98.4361	24,334	-1.6%
PEPP Step 8 (Moderate Fund)	1,083,295	85.0963	92,184	-13.6%	1,151,013	98.5277	113,407	-1.5%
PEPP Step 9	239,660	87.5573	20,984	-11.6%	171,072	99.0828	16,950	-0.9%
PEPP Step 10	136,635	91.1858	12,459	-8.9%	144,245	100.1288	14,443	0.1%
PEPP Step 11	40,188	91.6537	3,683	-8.9%	12,743	100.6567	1,283	0.7%
PEPP Step 12 (Conservative Fund)	408,502	95.1010	38,849	-6.0%	412,052	101.1860	41,694	1.2%
Short-term Bond Fund	1,806,493	118.2229	213,569	6.8%	973,416	110.6987	107,756	5.8%
Total Net Assets			$3,543,767				$4,233,061	

1 During 2008, all Funds except PEPP Step 5 (Balanced Fund) and Short-Term Bond Fund show returns for the 5-month period November 1, 2007 to March 31, 2008. PEPP Step 5 (Balanced Fund) and Short-Term Bond Fund show returns for the entire 12-month year.

11. Prior Period Adjustment

During the year it was determined that administrative expenses in 2008 were overstated. Estimated accruals were made based on budgeted expectations; however, they were not adjusted to actual. The 2008 financial statements have been restated as indicated below:

	2008 Increase (Decrease) (thousands of dollars)
Statement of Net Assets Available for Benefits	
Administrative expenses payable	$(636)
Net assets	636
Statement of Changes in Net Assets Available for Benefits	
Administrative expenses	($636)
Total decrease in assets	(636)
Net assets available for benefits, end of year	636

Public Employees Pension Plan

Schedule 1

Investment Options:
Statement of Net Assets Available for Benefits
As at March 31, 2009

Page 1 of 3

(in thousands of dollars)	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Step 1	Subtotal
ASSETS							
Investments							
Short-term	555	775	17,180	333	137	-	18,980
Bonds and debentures	6,558	12,159	315,948	7,828	4,547	2	347,042
Equities	28,673	39,791	824,719	13,766	4,187	16	911,152
Pooled Funds	18,591	47,556	1,526,275	47,192	30,432	7	1,670,053
Real Estate	6,289	11,624	230,273	3,941	-	1	252,128
	60,666	111,905	2,914,395	73,060	39,303	26	3,199,355
Receivables							
Contributions receivable - employee	44	81	2,109	53	28	-	2,315
Contributions receivable - employer	45	83	2,165	54	29	-	2,376
Accrued investment income	201	376	10,149	272	159	-	11,157
	290	540	14,423	379	216	-	15,848
Cash	880	(1,793)	17,826	(2,238)	(874)	147	13,948
Due from General Revenue Fund	78	143	3,732	93	49	-	4,095
Total assets	61,914	110,795	2,950,376	71,294	38,694	173	3,233,246
LIABILITIES							
Liabilities							
Admin expenses payable	154	244	5,717	90	12	-	6,217
Refunds, transfers, other	(96)	(27)	3,011	74	(258)	-	2,704
Total liabilities	58	217	8,728	164	(246)	-	8,921
NET ASSETS AVAILABLE FOR BENEFITS	**61,856**	**110,578**	**2,941,648**	**71,130**	**38,940**	**173**	**3,224,325**

Public Employees Pension Plan **Schedule 1**
Investment Options:
Statement of Net Assets Available for Benefits
As at March 31, 2009

(in thousands of dollars)	PEPP Step 2	PEPP Step 3	PEPP Step 4	PEPP Step 5	PEPP Step 6	PEPP Step 7	Subtotal
ASSETS							
Investments							
Short-term	12	21	50	40	69	109	301
Bonds and debentures	166	307	850	584	1,445	2,460	5,812
Equities	632	1,022	2,541	1,586	3,201	4,668	13,650
Pooled Funds	559	1,099	3,781	3,800	7,453	13,559	30,251
Real Estate	160	328	616	425	1,062	1,801	4,392
	1,529	2,777	7,838	6,435	13,230	22,597	54,406
Receivables							
Contributions receivable - employee	1	2	6	5	10	17	41
Contributions receivable - employer	1	2	6	5	10	17	41
Accrued investment income	5	9	27	21	47	82	191
	7	13	39	31	67	116	273
Cash	120	3,111	178	2,815	355	443	7,022
Due from General Revenue Fund	2	4	10	8	17	29	70
Total assets	1,658	5,905	8,065	9,289	13,669	23,185	61,771
LIABILITIES							
Liabilities							
Admin expenses payable	4	9	17	17	19	24	90
Refunds, transfers, other	(1)	31	1	41	36	68	176
Total liabilities	3	40	18	58	55	92	266
NET ASSETS AVAILABLE FOR BENEFITS	**1,655**	**5,865**	**8,047**	**9,231**	**13,614**	**23,093**	**61,505**

Public Employees Pension Plan **Schedule 1**

Investment Options:

Statement of Net Assets Available for Benefits

As at March 31, 2009

(in thousands of dollars)	PEPP Step 8	PEPP Step 9	PEPP Step 10	PEPP Step 11	PEPP Step 12	Short-term Bond Fund	Subtotal	Total
ASSETS								
Investments								
Short-term	90	84	44	16	-	451	685	19,966
Bonds and debentures	2,075	2,256	1,340	406	-	207,789	213,866	566,720
Equities	3,726	3,286	1,530	545	-	-	9,087	933,889
Pooled Funds	11,643	14,110	8,882	2,631	-	-	37,266	1,737,570
Real Estate	1,078	1,140	675	-	-	-	2,893	259,413
	18,612	20,876	12,471	3,598	-	208,240	263,797	3,517,558
Receivables								
Contributions receivable - employee	13	15	9	3	-	154	194	2,550
Contributions receivable - employer	14	15	9	3	-	158	199	2,616
Accrued investment income	71	79	47	14	-	2,298	2,509	13,857
	98	109	65	20	-	2,610	2,902	19,023
Cash	2,884	95	(73)	50	-	1,806	4,762	25,732
Due from General Revenue Fund	24	27	16	5	-	272	344	4,509
Total assets	21,618	21,107	12,479	3,673	-	212,928	271,805	3,566,822
LIABILITIES								
Liabilities								
Admin expenses payable	30	18	8	4	-	216	276	6,583
Refunds, transfers, other	178	32	(29)	(15)	-	195	361	3,241
Total liabilities	208	50	(21)	(11)	-	411	637	9,824
NET ASSETS AVAILABLE FOR BENEFITS	**21,410**	**21,057**	**12,500**	**3,684**	**-**	**212,517**	**271,168**	**3,556,998**

Public Employees Pension Plan — Schedule 2

Investment Options:

Statement of Changes in Net Assets Available for Benefits

For the Year Ended March 31, 2009

(in thousands of dollars)	Accelerated Growth Fund	Growth Fund	Balanced Fund	Moderate Fund	Conservative Fund	PEPP Step 1	Subtotal
INCREASE IN ASSETS							
Investment income							
Interest	387	763	20,159	541	325	-	22,175
Pooled funds	307	1,331	55,503	2,021	1,224	-	60,386
Dividends	1,462	2,164	47,841	792	197	-	52,456
Real estate	311	600	12,266	203	-	-	13,380
Other	13	(7)	3	2	11	14	36
	2,480	4,851	135,772	3,559	1,757	14	148,433
Change in the market value of investments	(21,483)	(35,202)	(807,217)	(14,588)	(4,190)	(19)	(882,699)
Contributions							
Employee	3,683	4,913	78,536	1,353	819	130	89,434
Employer	3,933	5,297	85,074	1,385	709	140	96,538
External transfers in	323	333	5,216	46	4	-	5,922
Interfund transfers net	10,656	2,851	(128,125)	(4,626)	2,157	(82)	(117,169)
	18,595	13,394	40,701	(1,842)	3,689	188	74,725
Total increase in assets	(408)	(16,957)	(630,744)	(12,871)	1,256	183	(659,541)
DECREASE IN ASSETS							
Transfers, refunds and benefits	823	2,852	102,669	4,166	3,988	30	114,528
Transfer to Saskatchewan Pension	-	-	-	-	-	-	-
Annuity Fund	-	334	2,716	-	-	-	3,050
Investment transaction costs	30	58	1,613	38	20	-	1,759
Administrative expenses	389	649	14,833	309	106	-	16,286
Total decrease in assets	1,242	3,893	121,831	4,513	4,114	30	135,623
(Decrease) increase in net assets	(1,650)	(20,850)	(752,575)	(17,384)	(2,858)	153	(795,164)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	63,506	131,428	3,694,223	88,514	41,798	20	4,019,489
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**61,856**	**110,578**	**2,941,648**	**71,130**	**38,940**	**173**	**3,224,325**

Public Employees Pension Plan **Schedule 2**

Investment Options:
Statement of Changes in Net Assets Available for Benefits
For the Year Ended March 31, 2009

(in thousands of dollars)	PEPP Step 2	PEPP Step 3	PEPP Step 4	PEPP Step 5	PEPP Step 6	PEPP Step 7	Subtotal
INCREASE IN ASSETS							
Investment income							
Interest	7	14	49	34	85	151	340
Pooled funds	10	36	113	151	263	545	1,118
Dividends	24	58	131	91	163	256	723
Real estate	6	17	29	23	50	89	214
Other	24	10	11	6	6	4	61
	71	135	333	305	567	1,045	2,456
Change in the market value of investments	(384)	(812)	(2,165)	(2,228)	(2,961)	(4,822)	(13,372)
Contributions							
Employee	759	1,254	1,040	1,235	740	730	5,758
Employer	827	1,368	1,142	1,349	802	799	6,287
External transfers in	1	42	70	223	108	241	685
Interfund transfers net	(244)	(262)	217	(424)	670	929	886
	1,343	2,402	2,469	2,383	2,320	2,699	13,616
Total increase in assets	1,030	1,725	637	460	(74)	(1,078)	2,700
DECREASE IN ASSETS							
Transfers, refunds and benefits	88	64	119	155	21	119	566
Transfer to Saskatchewan Pension	-	-	-	-	-	-	-
Annuity Fund	-	-	-	-	-	-	-
Investment transaction costs	1	3	4	5	7	11	31
Administrative expenses	7	20	40	36	57	95	255
Total decrease in assets	96	87	163	196	85	225	852
(Decrease) increase in net assets	934	1,638	474	264	(159)	(1,303)	1,848
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	721	4,227	7,573	8,967	13,773	24,396	59,657
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**1,655**	**5,865**	**8,047**	**9,231**	**13,614**	**23,093**	**61,505**

Public Employees Pension Plan **Schedule 2**

Investment Options:

Statement of Changes in Net Assets Available for Benefits

For the Year Ended March 31, 2009

(in thousands of dollars)	PEPP Step 8	PEPP Step 9	PEPP Step 10	PEPP Step 11	PEPP Step 12	Short-term Bond Fund	Subtotal	Total
INCREASE IN ASSETS								
Investment income								
Interest	114	131	100	17	-	6,181	6,543	29,058
Pooled funds	549	535	383	75	-	-	1,542	63,046
Dividends	218	162	92	17	-	-	489	53,668
Real estate	56	50	35	-	-	-	141	13,735
Other	1	-	(1)	-	-	131	131	228
	938	878	609	109	-	6,312	8,846	159,735
Change in the market value of investments	(5,515)	(3,444)	(1,951)	(269)	-	4,884	(6,295)	(902,366)
								-
Contributions								-
Employee	560	343	189	26	-	2,240	3,358	98,550
Employer	591	379	142	27	-	2,376	3,515	106,340
External transfers in	-	10	-	2	-	356	368	6,975
Interfund transfers net	(38)	6,072	(547)	2,689	-	108,107	116,283	-
	1,113	6,804	(216)	2,744	-	113,079	123,524	211,865
Total increase in assets	(3,464)	4,238	(1,558)	2,584	-	124,275	126,075	(530,766)
DECREASE IN ASSETS								
Transfers, refunds and benefits	205	95	372	178	-	18,838	19,688	134,782
Transfer to Saskatchewan Pension	-	-	-	-	-	-	-	-
Annuity Fund	-	-	-	-	-	606	606	3,656
Investment transaction costs	12	9	7	1	-	-	29	1,819
Administrative expenses	88	70	43	7	-	342	550	17,091
Total decrease in assets	305	174	422	186	-	19,786	20,873	157,348
(Decrease) increase in net assets	(3,769)	4,064	(1,980)	2,398	-	104,489	105,202	(688,114)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	25,179	16,993	14,480	1,286	-	108,028	165,966	4,245,112
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**21,410**	**21,057**	**12,500**	**3,684**	**-**	**212,517**	**271,168**	**3,556,998**