

MEMO NOTE DE SERVICE

TO/DESTINATAIRE: Members of the Canadian Blood Services Defined Contribution Pension Plan

FROM/EXPÉDITEUR: Pauline Port, CA
Chair, Canadian Blood Services Defined Contribution Plan Advisory Committee
Vice President, Corporate Services & CFO

DATE: July 29, 2013

SUBJECT/OBJET: Changes to Investment Managers
Canadian Blood Services Defined Contribution Pension Plan

WHAT IS IN THIS MEMO, WHY IS IT IMPORTANT, AND WHAT ACTION DO YOU NEED TO TAKE:

CHANGES:

- Pyramis Focus Canadian Equity will replace Jarislowsky Fraser as one of the Canadian Equity fund managers effective Wednesday, August 28, 2013.
- The Greystone Canadian Equity and Balanced funds will be removed from the list of investment options available to plan members effective Wednesday, August 28, 2013.
- Pyramis Focus Canadian Equity will replace Greystone Canadian Equity.
- Leith Wheeler Balanced fund will replace the Greystone Balanced fund.

As a result, there will be one large cap Canadian Equity fund and one Balanced fund in the list of investment options available to plan members.

ACTION FOR YOU:

- As a plan member, it is important to review how your pension account is invested to ensure it reflects your tolerance for investment risk, your retirement plans, and when you expect to start collecting your pension. See the following pages for more information and what this means to you.

REPLACEMENT OF JARISLOWSKY FRASER WITH PYRAMIS FOCUS CANADIAN EQUITY

On the advice of the Canadian Blood Services Defined Contribution Pension Plan Advisory Committee (Advisory Committee), Canadian Blood Services has decided to terminate Jarislowsky as a Canadian Equity fund manager, effective Wednesday, August 28, 2013 and appoint Pyramis Focus Canadian Equity as the manager of this mandate.

Although Jarislowsky Fraser has delivered good investment returns, Mercer (the Plan's investment advisor) has raised a number of concerns about this manager. There have been key personnel changes at Jarislowsky Fraser. The Jarislowsky Fraser fund is also very large, meaning that it may be less able to buy and sell investments quickly or without affecting market prices. Finally, there are concerns about limited access granted by Jarislowsky Fraser to information typically shared by investment managers.

Pyramis is a value manager with a growth bias that has a solid investment performance history and good fundamentals in terms of investment process and personnel.

WHAT DOES THIS MEAN TO YOU?

On Wednesday, August 28, 2013, your units in the Jarislowsky Fraser Canadian Equity fund will be sold and the same dollar value of units will be purchased in the Pyramis Focus Canadian Equity fund.

The unit value will be different.

The number of units you hold will be different.

The number of dollars you had in the Jarislowsky Fraser Canadian Equity fund will be the same as the number of dollars you will have in the Pyramis Focus Canadian Equity fund.

After Wednesday, August 28, 2013, all contributions to the Canadian Equity investment category will be made to the Pyramis Focus Canadian Equity fund.

WHAT DO YOU NEED TO DO?

If you do nothing, the change will be made automatically and will be shown on your 2013 3rd Quarter Member Statement.

If you wish to transfer your money between your existing investment funds before Monday, August 26, 2013, you can make your changes online at <https://cbs.hroffice.com> or you can complete and submit a current investment direction form, keeping in mind that the fund change indicated above will take place on Wednesday, August 28, 2013.

ELIMINATION OF GREYSTONE

On the advice of the Advisory Committee, Canadian Blood Services has decided to terminate Greystone as manager of the Canadian Equity and Balanced funds, effective Wednesday, August 28, 2013.

Greystone has delivered investment returns below the benchmark (investment return target) and has been in the lowest quartile compared to other investment managers. Greystone uses a growth-oriented style in both the Canadian Equity and Balanced funds. In the current financial market environment, it has tended to hold stocks, which are highly volatile, therefore exposing the fund to greater risk than necessary.

The Advisory Committee has concluded that, given the nature of the Canadian stock market, offering a growth-style fund does not make sense. On the advice of the Advisory Committee, Canadian Blood Services

will not appoint a replacement manager for Greystone. As a result, there will be one large cap Canadian Equity fund (Pyramis) and one Balanced fund (Leith Wheeler) in the list of investment options available to plan members.

WHAT DOES THIS MEAN TO YOU?

On Wednesday, August 28, 2013, your units in the Greystone Canadian Equity fund will be sold and the same dollar value of units will be purchased in the Pyramis Focus Canadian Equity fund

On Wednesday, August 28, 2013, your units in the Greystone Canadian Balanced fund will be sold and the same dollar value of units will be purchased in the Leith Wheeler Balanced fund

The unit value will be different

The number of units you hold will be different

The number of dollars you will have in the Pyramis Focus Canadian Equity fund will be the same as you had in the Greystone Canadian Equity fund, plus any you had in the Jarislowsky Fraser Canadian Equity fund.

The number of dollars you will have in the Leith Wheeler Balanced fund will be the same as you had in the Greystone Balanced fund, plus any you already had in the Leith Wheeler Balanced fund.

After Wednesday, August 28, 2013, all contributions to the Canadian Equity investment category will be made to the Pyramis Focus Canadian Equity fund and all contributions to the Balanced fund will be made to the Leith Wheeler Balanced fund

WHAT DO YOU NEED TO DO?

If you do nothing, the change will be made automatically and will be shown on your 2013 3rd Quarter Member Statement

If you wish to transfer your money between your existing investment funds before Monday, August 26, 2013, you can make your changes online at <https://cbs.hroffice.com> or you can complete and submit a current investment direction form, keeping in mind that the fund change indicated above will take place on Wednesday, August 28, 2013.

Morneau Shepell will make the necessary changes to its systems and to the web site between 8:00 a.m. on Monday, August 26, 2013 and 10:00 a.m. on Friday, August 30, 2013. During this period you will not be able to access your account information or make trades. However, you will still be able to access the web site, including the I-Watch links.

If you need help or more information, please call the Morneau Shepell – Canadian Blood Services Pension Call Centre at 1 877 252 4442.