

# CANADIAN BLOOD SERVICES DEFINED BENEFIT PENSION PLAN

## MESSAGE FROM THE TRUSTEES

### DECEMBER 31, 2013

#### Message from the Trustees

The Board of Trustees is pleased to present highlights of the plan's position and performance at the end of 2013. As member and employer appointees, we are committed to working together to ensure the plan delivers on its promise to you. Simply described, that promise is a pension for life when you retire. Retirement income is provided for as long as you live and may extend to your spouse or beneficiary after your death. In addition, because the plan is a defined benefit pension plan, fluctuations in the financial markets will not affect your pension income.

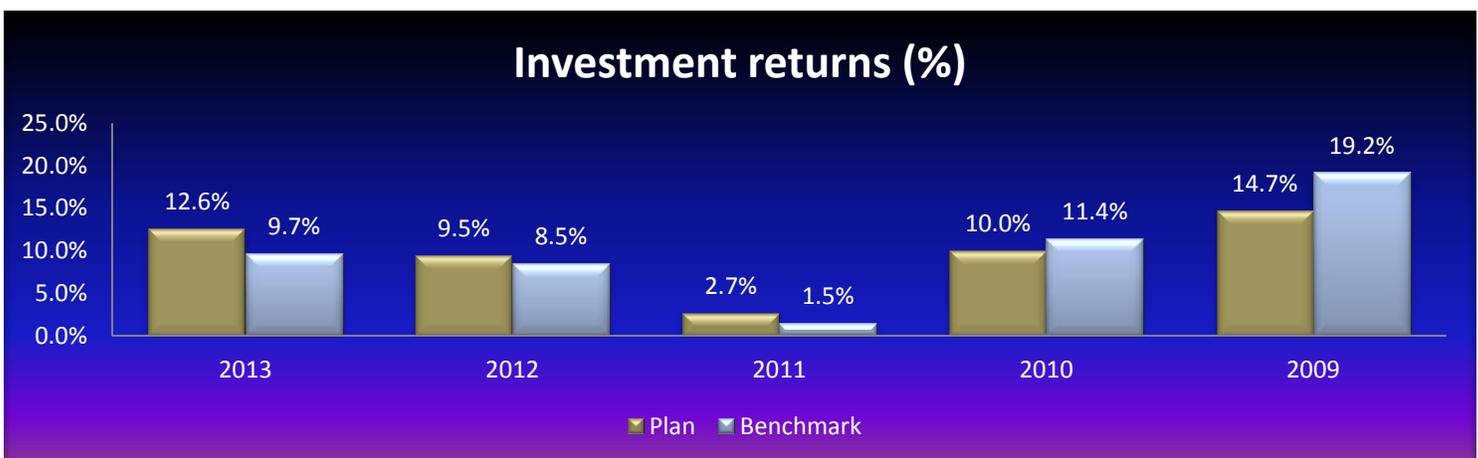
The most recent funding valuation, which was completed as at December 31, 2010, showed a funding deficit of \$18.1 million. The 2013 funding valuation is underway, the results of which will not be known until the latter part of 2014. The accounting surplus of \$5.0 million reported in the 2013 audited financial statements is not prepared for funding purposes and does not drive contribution rates, but does indicate an improvement in the overall health of the plan from 2012 where a deficit of \$16.5 million was reported.

#### Plan Assets Available for Benefits

This graph illustrates the growth in plan assets since 2010. The increase in assets of \$40.2 million in 2013 resulted from employer/member contributions of \$20.4 million and gains in the investment portfolio of \$28.9 million, offset by benefit payments and plan expenses totalling \$9.1 million.



#### Investment Returns



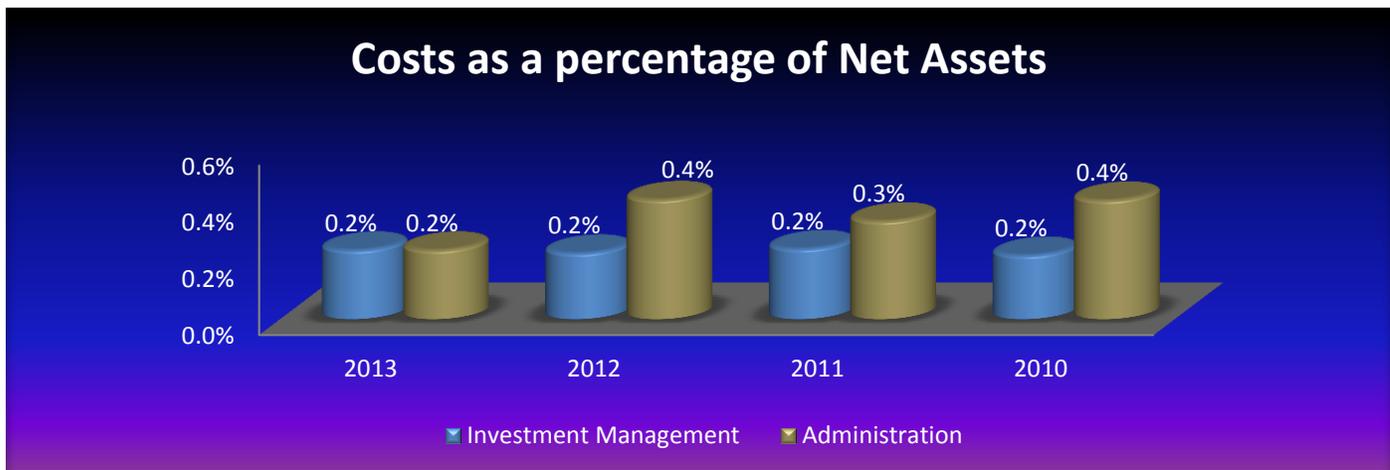
The above chart highlights the returns experienced by the plan on its investments (before investment management fees) and compares it with a set of market indices known as the "benchmark".

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**Investment Returns**

The plan experienced strong returns in 2013 with its net assets available for benefits increasing by \$40.2 million to \$262.7 million. Equity markets produced strong returns, particularly outside of Canada, mostly due to unprecedented monetary easing of many central banks, including the U.S., China, Japan and the U.K. In contrast, the bond market sustained losses as interest rates increased, with the DEX Universe Bond Index and DEX Long Bond Index losing 1.2% and 6.2%, respectively.

The plan returned 12.6% during 2013, outperforming the benchmark return of 9.7% by 2.9%. The main driver of the plan's outperformance was Leith Wheeler's exceptional performance in Canadian equities. Leith Wheeler's 25.0% return exceeded the S&P TSX return of 13.0% by 12.0% and ranked near the top 10% of all Canadian equity managers. Leith Wheeler achieved these returns mainly due to strong stock selection and beneficial sector allocation (underweighting the underperforming materials sector and overweighting the industrials sector). International equities also added value with a return of 32.2% slightly outperforming the benchmark return of 31.0%.



The plan incurs professional management fees to manage the investment portfolio. Fees are charged on a tiered basis based on the value of investments in the plan. As investments grow, the fee as a percentage of net assets decreases. Fees to administer the plan include services such as benefit calculations and payments, actuarial, audit and legal services.

Members can access information regarding the plan via the plan's website - [cbsDBpension.hroffice.com](http://cbsDBpension.hroffice.com). Information on the site includes: pension plan summary, plan member booklet, a copy of your current annual statement, pension forecast tool, trustee talk (actuarial valuation report and audited plan financial statements), FAQs and forms.