pepp

My PEPP investor profile

Regardless of your age or the stage of your career, it's never too early or too late to focus on retirement.

PEPP's goal is to ensure that our members are well informed about the Plan and the choices they can make within the Plan. This profile will help guide you toward the PEPP investment option that may suit you best. Depending on your responses, you may answer as few as three or as many as 13 questions before your result is revealed.

Every investor is unique. Please consider all aspects of your personal circumstances of which PEPP is only a part.

We invite you to evaluate your PEPP investments annually. You may wish to review your member statements and the projections included with your March 31st statement.

If you would like to take your annual evaluation one step further, use PEPP's secure, online Retirement Planner to do your own retirement projections. Within the tool, you can change your investment options, your retirement date, and/or add voluntary contributions to see the impact on your account immediately. You can also include your other sources of income for a more complete picture of your retirement.

What type of investor am I?

PART A – My Investor Characteristics

1. I'm interested in and comfortable with making my own investment decisions for my retirement investments.	☐ Yes	☐ No
2. I feel confident that I have enough investment knowledge to understand the difference between asset classes (for example, stocks vs. bonds).	☐ Yes	☐ No
3. I'm willing to make a time commitment to regularly review my investment strategy to decide if I should change my approach or remain on course. My strategy will be reviewed at least annually, and more frequently if my circumstances change (e.g. marriage, new child, etc.)	☐ Yes	☐ No

! *If you answered "No" to ANY ONE of these questions, go directly to Part D on page 4.*
If you answered "Yes" to ALL of these questions, continue to part B below.

PART B – My Investor Characteristics

1. I expect to retire at some time after age 60.	☐ Yes	☐ No
2. As I grow older, I expect my salary and assets (such as savings, car, house, etc.) to increase, and my debt to decrease. I feel confident that I am currently well positioned to meet my retirement goals.	☐ Yes	☐ No
3. I am fine with taking on more risk in my younger years (to potentially earn a higher return), then gradually shifting to more conservative investments as I get older (so that I am exposed to less risk as I near my retirement date).	☐ Yes	☐ No

! *If you answered "Yes" to ALL of these questions, go directly to Part D on page 4.*
If you answered "No" to ANY ONE of these questions, continue to Part C.

PART C – My Attitudes About Risk and Return

In Part A, you indicated that you are interested in and comfortable with making investment decisions; you know the difference between asset classes; and you will devote the time to a regular review. Part B revealed other aspects of your investor characteristics. This section will measure your point of view about risk and return.

Check the box beside the letter that best identifies you.

1. Everyone wants to retire with sufficient income. How much investment risk are you comfortable with?

☐ a) I'm not comfortable with taking investment risk, and I'm willing to accept a smaller retirement income.

☐ b) I'm willing to accept a low level of investment risk to try to achieve slightly better investment returns and a slightly better retirement income.

☐ c) I'm willing to accept a moderate level of investment risk because I hope to achieve greater returns and, consequently, a better retirement income. I accept that I may need to weather the ups and downs of markets.

☐ d) I'm willing to accept a higher level of investment risk because I hope to achieve even greater returns and a better retirement income. I accept that my investment returns will have more extreme ups and downs as a result.

2. Your annual statement shows that the value of your PEPP account is 20% lower than last year. What is your reaction?

☐ a) Panic! I don't trust investments anymore. I'm going to look for the least risky investment option.

☐ b) I'm a bit concerned. I'll do some research to better understand the reasons for the change before reacting.

☐ c) I'm unconcerned because I understand that markets are volatile and will eventually recover.

☐ d) I see this as a buying opportunity. I'm going to increase my voluntary contributions to PEPP – it's a great time to invest when values are low.

3. Imagine that you inherited $100,000 on the condition that it was only for retirement. What would you do?

☐ a) Put it in lower risk investments. I don't like the idea of losing money at all.

☐ b) Put most of it into lower risk investments and invest a small amount in the stock market. I'm willing to accept some investment risk to achieve a slightly better overall return than lower risk investments would offer.

☐ c) Put half of it into lower risk investments and invest half of it in the stock market – I expect this will result in a diversified portfolio that should grow over the long term, and I am willing to accept a moderate level of investment risk to achieve potentially better investment returns.

☐ d) Put all of it into the stock market – I'm keen to see strong growth and I'm willing to accept higher investment risk and ride out the ups and down in the markets.

4. Is your PEPP pension likely to be your main source of income in retirement?

☐ a) Yes, but I don't want to take much risk. I know this means I cannot expect to have as much at retirement.

☐ b) No. It's a small percentage, but I'd prefer to take less risk. I know this will reduce my expected pension.

☐ c) Yes, it will be most of my income, so I know that I need to take risk to expect a decent income.

☐ d) No. It's a small percentage. I've got plenty of other investments so I can afford to take additional risk with my account.

5. When are you planning on retiring?

☐ a) In 0-5 years

☐ b) In 5-20 years. I'd prefer to take less risk now to ensure that my nest egg is protected.

☐ c) in 5-20 years. I need some continued exposure to equities so my investments have a greater chance of growing.

☐ d) In 20 years or more.

6. **Which of these portfolios would you prefer to invest in?**

- ☐ a) Portfolio A returns 2% in a good year and 0% in a bad year.
- ☐ b) Portfolio B returns 6% in a good year and -2% in a bad year.
- ☐ c) Portfolio C returns 15% in a good year and -8% in a bad year.
- ☐ d) Portfolio D returns 30% in a good year and -20% in a bad year.

7. **How important is capital preservation to you?**

- ☐ a) Capital preservation is extremely important. I want to avoid investment losses and protect my account balance.
- ☐ b) Capital preservation is important, but I want a little exposure to equities so I may have some investment growth.
- ☐ c) Capital preservation is important, but I want a balance between growth and security so my investments may continue to grow.
- ☐ d) Capital preservation isn't that important right now. I want more exposure to equities and I am willing to accept more investment risk so my investments have even more potential to grow.

Your Profile Scoring

Count the quantity of your responses for each letter and calculate your score as follows:

2 Points for every question you answered **(a)**	
4 Points for every question you answered **(b)**	
6 Points for every question you answered **(c)**	
8 Points for every question you answered **(d)**	
Your score for Part C:	
Calculate (age 70 minus your current age):	
Add the points subtotal to your age calculation to result in your Profile Score:	

For example, Jamie answered (b) for questions 1, 3 and 5 and (c) for questions 2, 4 and 6:

Jamie did not answer **(a)** to any of the questions	0
Jamie answered **(b)** to three of the questions	12
Jamie answered **(c)** to three of the questions	18
Jamie did not answer **(d)** to any of the questions	0
Jamie's score for Part C:	30
Jamie's age calculation: Jamie is 32 years of age (age 70 -32):	38
Jamie's Total Profile Score	**68**

The PEPP fund that is likely to suit your Profile Score is:

If your Profile Score is...	PEPP fund to consider...	Ideal for Investors:	Investment Risk	Time Horizon
0 to 40 points	Conservative Fund	Seeking mostly security and some potential for capital growth.	Low	Medium to Short
41 to 55 points	Moderate Fund	Seeking potential for a balance of security and capital growth.	Medium to Low	Medium
56 to 65 points	Balanced Fund	Seeking potential for a balance of security and capital growth.	Medium to Low	Medium to Long
66 to 75 points	Growth Fund	Seeking the potential for capital growth.	Medium	Medium to Long
76 or more points	Accelerated Growth Fund	Seeking the potential for long-term capital growth.	Medium to High	Long

For example, Jamie has a Profile Score of 68, he should consider investing in the Growth Fund.

If you are planning on retiring within the next 5 years, or would like to decrease your portfolio's risk (by increasing your allocation to fixed income), proceed to Part E.

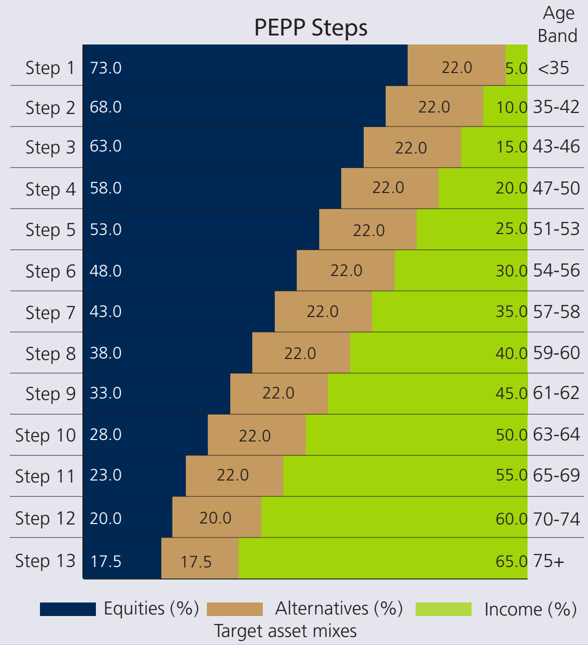
PART D – PEPP Steps

Your responses indicate that the PEPP Steps Fund may suit you well.

The PEPP Steps Fund is a lifecycle investment fund made up of 13 steps. You enter the fund at the step that matches your age. This fund automatically moves you to more conservative asset mixes over time.

The PEPP Steps Fund may be an appropriate investment option for members who prefer a hands-off approach to investing. This fund is intended to provide you with a more aggressive asset mix that provides higher expected returns and volatility in youth, shifting gradually to a more conservative asset mix that provides low expected returns and volatility with age.

For complete information about the PEPP Steps Fund, view or download the Fund Fact Sheets from our website at pepp.plannera.ca.



PART E – Money Market Fund and Bond Fund

If you are approaching retirement or are concerned about protecting your retirement savings, the Money Market Fund and/or the Bond Fund may be suitable for you.

The Money Market Fund is PEPP's specialty fund that offers the lowest risk and lowest return among the PEPP's investment options. The anticipated returns from this fund are low, but it is unlikely that the value of your retirement savings will fall if you are invested in this fund.

The Bond Fund is another low risk, low return investment option but with higher anticipated returns than the Money Market Fund. With these potential higher returns comes more risk, i.e. the value of your retirement savings could fall if you invest in this fund. However, the Bond Fund is still considered a relatively low risk investment option.

The Money Market Fund and/or the Bond Fund can also be combined with one of the asset allocation funds in Part C. Combining an asset allocation fund with the Money Market Fund and/or the Bond Fund will make your total portfolio less risky.

For example the Conservative Fund has a 65% target allocation to income (including money market; the target allocation for each fund can be viewed on our website listed below). To make your portfolio less risky, you could invest half of your portfolio in the Conservative Fund and the other half in the Bond Fund. Your total allocation to income would then be 82.5% (50% x 65% + 50% x 100% = 82.5%).

You may invest in one of the investment funds listed in Part C, the Money Market Fund, and/or the Bond Fund.

If you're thinking about investing in more than one PEPP fund, consider booking a one-on-one meeting with one of our Retirement Information Consultants to discuss your options. You may also wish to view or download the Fund Fact Sheets from our website at pepp.plannera.ca for more information about our investment funds.

My PEPP Investor Profile is designed to assist you in identifying the type of investor you are. It is a tool that can provide general guidance as to how you might consider investing your pension contributions, but it is not intended to take the place of professional investment advice. When choosing a PEPP investment fund you must take into account other subjective factors such as your overall financial situation and your personal circumstances and goals. The PEPP investment fund suggested by your profile was selected using generalized assumptions and may not be right for you.

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