

**To: bcIMC's Pension Clients**

**From: Doug Pearce CEO / Chief Investment Officer  
British Columbia Investment Management Corporation ("bcIMC")**

**Date: October 1, 2008**

**Subject: Financial Market Turmoil**

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The current turmoil in the financial markets has generated concern amongst pension plan members and clients about the impact that this volatility may have on their pension plans' investment portfolios, and in turn, their pensions.

I would like to reassure clients and their members that their pension funds are secure.

It is true that these are challenging times and bcIMC expects this volatility to continue into 2009. However, I believe that bcIMC and our clients are well placed to weather this environment in a number of ways:

- bcIMC had been expecting this market correction for some time and positioned the plans' investments defensively (for example, underweighting equities and increasing cash);
- The plans' investments are well-diversified across a wide range of asset classes including cash, government bonds, stocks, real estate, and infrastructure (e.g., utilities, roads and bridges); and
- bcIMC is not directly exposed to the risky products at the root of the upheaval such as subprime mortgages, non-bank sponsored asset backed commercial paper, credit default swaps, or hedge funds. Furthermore, bcIMC does not use leverage, or borrowing, in the public markets.

Despite our conservative investment approach, bcIMC and the plans' investments are not immune from the broad market impact. Although short-term volatility will impact performance, bcIMC invests for the long-term. The long-term investment returns of the pension plans remain strong and, as long-term investors, the plans are well positioned to weather the recent events of the financial markets. Within this environment, bcIMC will continue to adhere to our disciplined investment philosophy.

On the positive side, bcIMC expects that the recent market correction will eventually restore a more balanced view of risk in the marketplace, and will help purge the excesses from the system. Down markets like these also present opportunities in the form of undervalued investments that large investors, like the pension plans, can take advantage of to enhance future returns. bcIMC is expecting to capitalize on some of these opportunities.

In conclusion I would like to reiterate that bcIMC's clients can rest assured that their pension fund investments are safe and well-positioned for the long term.

Regards,

*Doug Pearce, CEO / CIO*