

**PSSP**  
**2024-2025**  
**Annual Report**



# Proudly Nova Scotian

*Serving Our Members Across the Province*

Acadia University	Atlantic Provinces Special Education Authority	Art Gallery of Nova Scotia	Autism Nova Scotia	Build Nova Scotia	Canada-Nova Scotia Offshore Energy Regulator
Cape Breton Regional Municipality	Cape Breton University	Chignecto Central Regional Centre for Education	Dalhousie University	DirectionS	East Coast Credit Union
Events East Group	Halifax Harbour Bridges	Invest Nova Scotia	Joint Regional Transportation Agency	Municipality of Colchester	Municipality of Digby
Municipality of the County of Annapolis	Municipality of Pictou	Municipality of the District of Chester	Municipality of the District of Lunenburg	Nova Scotia College of Art and Design (NSCAD)	Nova Scotia Community College (NSCC)
Nova Scotia Energy and Regulatory Boards Tribunal	Nova Scotia Government and General Employees Union (NSGEU)	Nova Scotia Legal Aid	Nova Scotia Liquor Corporation (NSLC)	NS Pension	Nova Scotia Provincial Housing Agency
Nova Scotia Public Service Long Term Disability Plan Trust Fund	Pictou County Shared Services Authority	Property Valuation Services Corporation	Province of Nova Scotia	Region of Queens Municipality	Riverview Enhanced Living
Sherbrooke Village Restoration Commission	South Shore Public Libraries	Town of Bridgewater	Town of Stewiacke	Town of Truro	Town of Yarmouth
Université Sainte-Anne College de l'Acadie	University of King's College	Village of Bible Hill	Workers' Compensation Board of Nova Scotia	IWK Addiction Services	Nova Scotia Health Authority

*For greater clarity, please note that not all PSSP employers have all of their employees in the Plan.*

# This Annual Report provides you with an overview of the Nova Scotia Public Service Superannuation Plan's investment performance and financial health at March 31, 2025.

## about

The Nova Scotia Public Service Superannuation Plan (PSSP or Plan) is a registered defined benefit pension plan with a prescribed funding policy that offers you a lifetime pension benefit when you retire.

The PSSP is one of the largest public sector pension plans in Atlantic Canada. It is funded by contributions from you and your employer, along with investment income earned by the Plan's assets.

Public Service Superannuation Plan Trustee Inc. (PSSPTI) is the Trustee of the PSSP and the Public Service Superannuation Fund.

This Report is intended to inform members and stakeholders about how the Plan's investments are managed and to provide transparency around its current financial position.

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*All information presented in this document is premised on the Plan rules and criteria which currently exist under the Public Service Superannuation Act (the "PSSA") and the plan text made thereunder. This document explains in plain language aspects of the rules and criteria of the Plan. Plan members, beneficiaries, and others who wish to determine their legal rights and obligations under the Plan should refer to the PSSA, the plan text, or other legal documents as appropriate. In the event of a discrepancy between the information provided in this document and the legislation and/or legal documents, the latter takes precedence.*

# 2024-2025 PLAN PERFORMANCE

*At a Glance...*

*as at March 31, 2025*

**106.8%** **Funded ratio**

The Plan was 106.8 per cent funded as at March 31, 2025. The funded ratio increased by 3.0 per cent from 103.8 per cent as at March 31, 2024.

**\$8.275 b** **Assets available for benefits**

**\$7.750 b** **Liabilities**

**\$0.525 b** **Funding surplus**

Assets available for benefits were \$8.275 billion as at March 31, 2025. This is an increase of \$369 million from \$7.906 billion as at March 31, 2024.

**7.03%**  
**The Plan**

**9.21%**  
**Benchmark**

**6.50%**  
**Discount Rate**

The Plan's return on investment for fiscal 2024-2025 was 7.03 per cent, net of investment fees (7.19 per cent, gross of investment fees). The Fund outperformed the actuarial assumed rate of return, or discount rate, of 6.50 per cent, but underperformed the policy benchmark of 9.21 per cent.

**\$293 m** **Contributions received\***

Plan member and employer contributions received by the Plan this year.

*\*includes all matched and unmatched current and past service contributions*

**\$460 m** **Benefits paid\***

Benefits paid to retirees and survivors by the Plan this year.\*

*\*includes refunds*

# PLAN MEMBERSHIP *By the Numbers*

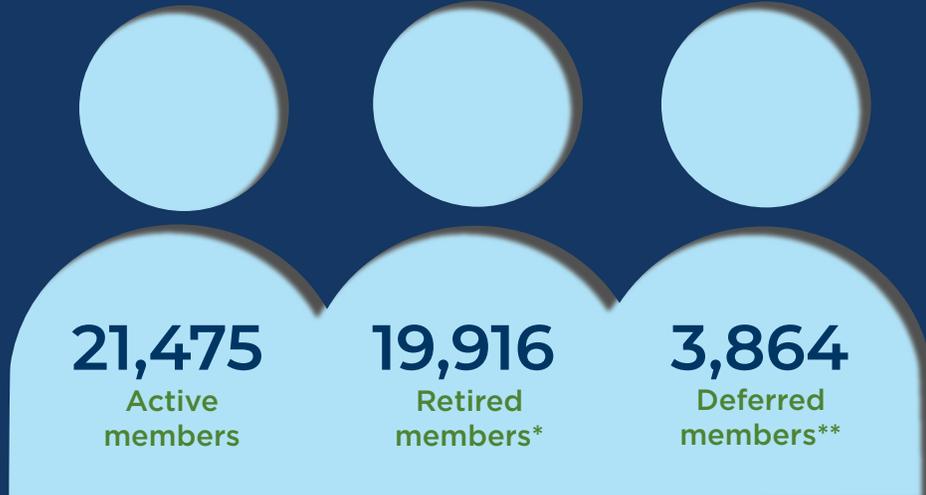
as at December 31, 2024

# 45,255

Total members

**1,533** new members in 2024

- 953 new active members
- 299 new retired members
- 281 new deferred members



\* includes survivors (which encompasses surviving spouses/ex-spouses, children, and dependants)

\*\* Deferred members are Plan members who have terminated employment, but have not yet retired or removed their funds from the Plan.



Average age

**46.8** Active member

**71.9** Retired member

Median age

**47.3** Active member

**71.1** Retired member



Average pensionable earnings

Active members

**\$78,525** average

**\$71,720** median



Average lifetime pension\*

Retired members

**\$22,545** average

**\$18,740** median



Retirees and survivors over 100 years of age

**34** members

\*This does not include any supplementary pension amount. Plan members may also receive income from the Canada Pension Plan, the Old Age Security program, and/or the Guaranteed Income Supplement.

## Projected Retirements

There were approximately **3,990** Plan members eligible to retire from the PSSP with an unreduced pension as at December 31, 2024. The illustration below shows the number of Plan members who will be able to retire with an unreduced pension over the next several years.

**Dec. 31, 2025** **4,834** members

**Dec. 31, 2027** **6,502** members

**Dec. 31, 2029** **8,074** members

*By way of the illustration, at December 31, 2027, 6,502 Plan members would be eligible to retire if none retired in 2025, 2026, or 2027.*

**The Plan has 1.08 active members for every 1 retiree.**

A higher ratio of active members to retirees is a good indicator of a healthier pension plan.



## Message from the Trustee Chair

Leo D. McKenna, FCPA, FCA

On behalf of Public Service Superannuation Plan Trustee Inc. (Trustee), I am pleased to present the annual report of the Public Service Superannuation Plan (PSSP or Plan) for the fiscal year ended March 31, 2025. Over the past year, we continued our journey of strengthening the Plan and enhancing its financial sustainability.

### Plan Performance

In the 2024-2025 fiscal year the PSSP achieved an absolute one-year return of 7.03 per cent, net of investment management fees (7.19 per cent, gross of investment management fees). The Fund outperformed the actuarial assumed rate of return, or discount rate, of 6.50 per cent, but did not reach the policy benchmark of 9.21 per cent. Investment performance benchmarks for some asset classes, particularly real assets (comprised of real estate, infrastructure, and natural resources) and some other alternatives such as private equity, remained historically high. Most of the PSSP's peer plans also continued to deal with the challenge of high benchmarks. While relative returns were therefore below the overall benchmark target, the Plan's absolute return was extremely solid. The PSSP's diversified asset mix continued to serve the Plan well.

Importantly, the Plan reached the key actuarial valuation date of December 31, 2024 in a surplus position.

### 2025 Funded Health Review

The *Public Service Superannuation Act (PSSA)* mandates the PSSPTI Board to complete a funded health review of the Plan every 5 years. The purpose of this regular funded health review is to ascertain the Plan's ability to afford cost-of-living adjustments for the next 5-year cycle and to consider whether changes to Plan benefits and/or contribution rates must or should be implemented.

A review of the Plan was completed in the first half of 2025, using the actuarial valuation for the Plan as at December 31, 2024. **I am very pleased to announce that the Trustee Board has approved annual indexing for pensions in pay, subject to the terms of the *PSSA*, of 2.61% for the period January 1, 2026 to December 31, 2030.** No other changes to the Plan were assessed as being required or advisable at this time.

## Membership Growth

The PSSP's membership growth initiative continued to evolve in 2024-2025.

The *Private Sector Pension Plan Transfer Act (PSPPTA)* was enacted in late 2023 and was proclaimed in force in February of 2025, and *PSPPTA* regulations were also put in place in February. The *PSPPTA* enables the transfer of private sector defined benefit pension plans into the PSSP. Broadening the scope of PSSP membership continues to be a key objective of the Trustee. The larger the membership, the greater the Plan's financial stability. As always, the guiding principle for each membership growth opportunity is that it must be both cost-neutral to existing members and likely to enhance the long-term sustainability of the Plan.

In the 2024-2025 fiscal year the Trustee also introduced new levels of PSSP participation, at 80% and 60% - referred to as 'PSSP VANTAGE'. These participation levels are aimed at industries and sectors in the Province, both public sector and private sector, for whom the traditional PSSP level may be prohibitively expensive. It is anticipated that this expansion of PSSP options will enable many more Nova Scotians to enjoy the benefits of a defined benefit pension plan, thus enhancing their future retirement security. Benefit accrual under PSSP VANTAGE is commensurate with the contribution level, so there is resulting fairness for all Plan members.

## Plan Amendments

The PSSP amendments coming from the 2022 Plan Review and identified by the Trustee as being worthwhile to pursue were largely implemented in fiscal 2024-2025. To bring this about required substantial work in the areas of systems reconfiguration, staff training, and communications to members. The most significant of the amendments was the introduction of new retirement options, enabling a member with a spouse at retirement to choose delivery of retirement benefits better fitting their and their spouse's circumstances, as well as providing for a member who is single at retirement with a guarantee period during which residual pension benefits will be paid over to their estate or designated beneficiary.

## Acknowledgments

In fiscal 2024-2025 the directors serving on the Trustee Board continued to work diligently on behalf of the Plan. They brought a high level of engagement and a commendable collaborative spirit to all their tasks. The 2025 funded health review in particular required substantial director time and effort. It is a privilege to be working with individuals of such dedication and caliber. We see a bright future for the PSSP and all its members.

I also wish to thank the staff of NS Pension for their ongoing professional support of the Board and its committees, and for the unwavering commitment they bring to serving the needs of our Plan members.

- Leo D. McKenna, FCPA, FCA  
PSSPTI, Board Chair

## 2025 Funded Health Review: COLA (indexing) Approved for 2026-2030

COLA  
(indexing)  
approved at  
**2.61%** for  
2026-2030

The Trustee completed its funded-health review (2025 Funded Health Review) of the Plan in early 2025. The review was conducted in accordance with the *Public Service Superannuation Act's* (PSSA) funding policy, which requires the Trustee to assess the Plan's funded health every five years.

The purpose of the funded health review is to evaluate the Plan's ability to provide Cost-of-Living Adjustments (COLA, also referred to as indexing) for the next five-year period, and to review the adequacy of contribution rates and Plan benefits.

### The Results

The 2025 Funded Health Review was based on the Plan's funded status as at December 31, 2024. At that time, the Plan was 114.6% funded, with a funding surplus of \$1.05 billion.

Following the Review, and in accordance with the PSSA's funding policy, the Trustee approved the following actions:

- Granting of COLA at 2.61% per year for the next five-year cycle, from January 1, 2026, to December 31, 2030.
- Allocation of approximately \$525 million of the funding surplus to the Plan's strategic reserve to help protect long-term financial sustainability.
- Determination that contribution rates for members and employers were sufficient to support the Plan and no changes to contribution rates were required at this time.

After these decisions were applied, the Plan's funded status was 106.8%, with a surplus of \$525 million allocated to the strategic reserve as at December 31, 2024.

### What This Means for PSSP Retirees and Beneficiaries

Eligible retirees and beneficiaries will receive an annual COLA of 2.61% on January 1 each year from 2026 through 2030, subject to the terms of the PSSA.

This decision reflects the Plan's current funded position and the Trustee's continued commitment to the Plan's long-term financial sustainability.

The 2025 Funded Health Review was conducted with the advice and guidance of the Plan's actuary.

The next Funded Health Review will take place in 2030, where the PSSP's ability to grant COLA will be based on the Plan's funded status as at December 31, 2029. The outcome will determine if, and how much, COLA can be provided for the next five-year period, from January 1, 2031, to December 31, 2035.

## Membership Expansion through PSSP VANTAGE

As part of its membership growth initiative, PSSPTI launched PSSP VANTAGE in 2024. PSSP VANTAGE is designed to broaden the reach of the PSSP to employers across Nova Scotia by offering flexible participation levels (80% or 60%).

Whether public, private, or non-profit, any qualifying employer in Nova Scotia may now explore joining the Plan through this initiative. By offering these participation levels, PSSP VANTAGE enables a wider range of organizations to provide their employees with the long-term security of a locally managed, defined benefit pension plan.

### About PSSP VANTAGE

- ✓ **As new members join, the Plan's demographic profile becomes more balanced**, supporting its long-term financial health. A broader membership base may strengthen the Plan's capacity to offer improved benefits in the future.
- ✓ **New participants receive the same core benefits as all other Plan members**, including a guaranteed pension based on their highest five-year average salary, early retirement options, and survivor benefits for spouses, children, or estates.
- ✓ **It is structured to ensure fairness**. No member subsidizes or gains at the expense of others. Each member receives value in proportion to their contributions, and growth remains cost-neutral to the Plan overall.

### A Bold Step in Defined Benefit Innovation

The PSSP is the first traditional defined benefit (DB) plan in Canada to offer multiple participation levels to a full spectrum of employer types.

These new options reflect a forward-thinking approach to pension sustainability, designed to accommodate different employer needs while maintaining the strength of the Plan for all members.

#### Phase 1 2015 - 2024

In its first phase, the membership growth initiative brought in:

- **26** new employers
- **3,948** new members
- **\$480** million in pension assets

#### Phase 2 PSSP VANTAGE

With Phase Two now in motion, conversations with new prospective employers are ongoing.

## Public Service Superannuation Plan Trustee Inc.

PSSPTI is composed of an independent Chair and 12 directors. Appointing bodies include the NSGEU, NSGREAA, CUPE Local 1867, and the Nova Scotia Government.

PSSPTI directors are senior representatives from each stakeholder group. They have extensive experience in a wide range of disciplines required to oversee the PSSP.

PSSPTI held 6 board meetings in 2024-2025. Directors also attended committee meetings and various educational training sessions throughout the year.

Director remuneration is payable only to an individual who, while serving on the PSSPTI Board or a committee, is not otherwise employed and paid in a full-time capacity by a third-party employer. In fiscal 2024-2025, PSSPTI directors received remuneration in aggregate of \$71,000, which includes the Chair's remuneration fixed at \$35,000 per annum.

PSSPTI oversees all aspects of the Plan through the four following committees:



### **Audit, Actuarial, and Risk (AAR)**

Oversees the Plan's auditors and actuaries. Conducts a detailed review of the audited financial statements and actuarial valuation reports. Reviews quarterly compliance reports.



### **Governance, Communications, and Member Services (GCMS)**

Supports PSSPTI in fulfilling its obligations to ensure good governance through policy development and best practices. Ensures appropriate governance principles, structures and procedures are in place, as well as communications industry standards are met.



### **Investment (Invest.)**

Monitors investment performance. Reviews and approves all investment management policies.



### **Plan Rules (PR)**

Supports PSSPTI in identifying, proposing, and finalizing amendments to the plan text.

*continues on next page...*

**PSSPTI Board of Directors** (As at March 31, 2025)



**Leo McKenna**  
**PSSPTI Chair**  
 The Chair is an Ex-Officio member on all committees.  
 Meeting Attendance: 6 of 6  
 Appointed: 2013



**Corinne Carey**  
 Pensions and Benefits Officer  
 NSGEU  
**PSSPTI Vice-Chair**  
 Committees: PR (Chair), AAR  
 Employee Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2019



**Claire Sanderson**  
 Benefits Manager  
 Public Service Commission  
 Committees: PR  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2021



**Geoff Gatiem**  
 Associate Deputy Minister  
 Department of Health and Wellness  
**PSSPTI Vice-Chair**  
 Committee: AAR (Chair)  
 Employer Representative  
 Meeting Attendance: 5 of 6  
 Appointed: 2017



**Bruce Thomson**  
 Retiree  
 Committee: Invest. (Chair)  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2020



**Jennifer Sanford**  
 Director of Capital Markets  
 Administration and Compliance  
 Department of Finance and  
 Treasury Board  
 Committees: GCMS (Chair), Invest.  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2022



**Lilani Kumaranayke**  
 Associate Deputy Minister  
 Department of Finance and  
 Treasury Board  
 Committee: AAR, GCMS  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2023



**Nancy Rondeaux**  
 Managing Director, Business  
 Continuity and Corporate Strategy  
 Department of Emergency  
 Management  
 Committee: Invest.  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2023



**Steve Joy**  
 President  
 CUPE, Local 1867 (NS Highway  
 Workers)  
 Committees: GCMS, PR  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2023



**Keiren Tompkins**  
 Retiree  
 Committee: PR, GCMS  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2024



**Ryan Brothers**  
 Director, Solicitor Services,  
 Legal Services Division  
 Department of Justice  
 Committees: GCMS  
 Employer Representative  
 Meeting Attendance: 5 of 6  
 Appointed: 2023



**Jennifer Glennie**  
 Deputy Minister  
 Department of Justice  
 Committees: PR  
 Employer Representative  
 Meeting Attendance: 6 of 6  
 Appointed: 2023



**Hugh Gillis**  
 1<sup>st</sup> Vice President  
 NSGEU  
 Committees: AAR, Invest.  
 Employer Representative  
 Meeting Attendance: 5 of 6  
 Appointed: 2023

For more information on PSSPTI,  
 visit our website at:

[www.nspssp.ca/about](http://www.nspssp.ca/about)



## Plan Governance



The Public Service Superannuation Plan is comprised of the *Public Service Superannuation Act (Act)* and the plan text made pursuant to the *Act*. The *Act* and the plan text are available on our website at:  
[www.nspssp.ca/about/pssa-and-plan-text](http://www.nspssp.ca/about/pssa-and-plan-text)

The roles and responsibilities within the Plan's governance structure are highlighted below:



### **Public Service Superannuation Plan Trustee Inc. (PSSPTI)**

- is the Trustee of the PSSP and the Public Service Superannuation Fund
- has the fiduciary responsibility for the PSSP, manages its investment assets, and is responsible for the Plan's overall operations and investment decisions
- sets policy framework and strategic direction for the investment assets

See pages 9-10 for more information on the PSSPTI Board.



### **Nova Scotia Pension Services Board of Directors**

- oversees the operation of Nova Scotia Pension Services Corporation, the administrator of the PSSP
- sets strategic direction, approves operational budget, and makes key decisions
- is comprised of joint representation from PSSPTI and Teachers' Pension Plan Trustee Inc. (TPPTI)
- is an 8-person board, with alternating co-chairs, comprised of 4 representatives from PSSPTI and 4 representatives from TPPTI

To learn more visit: [www.novascotiapension.ca/about/board](http://www.novascotiapension.ca/about/board)



### **Nova Scotia Pension Services Corporation (NS Pension)**

- under the direction of PSSPTI, manages day-to-day operation of Plan investments and pension administration
- provides Plan member, retiree, and employer services

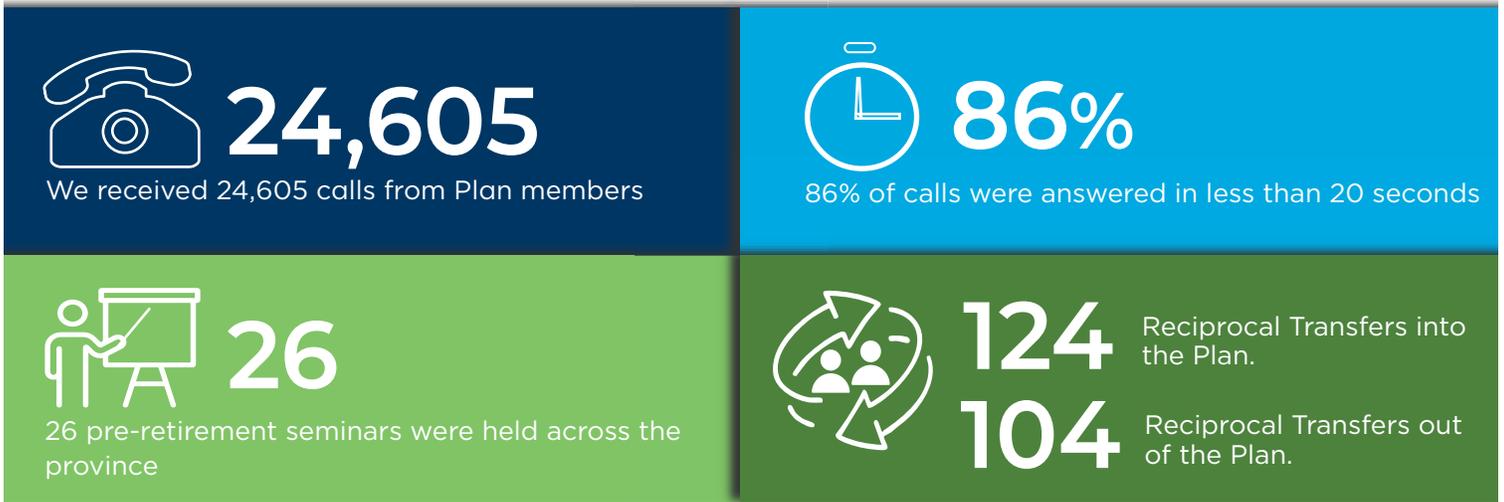
See page 12 for more information.

# Nova Scotia Pension Services Corporation

## Member Services

Nova Scotia Pension Services Corporation's (NS Pension) member and employer services teams are responsible for providing pension services to all Plan members. When a Plan member retires, NS Pension's service teams provide assistance throughout the retirement process and manage pension payments. They also assist Plan members with support in making informed retirement decisions.

### 2024-2025 Service Results



### My Retirement Plan (MRP) website usage

<https://nspensions.hroffice.com>

The MRP website is a secure website that provides active Plan members with access to personalized pension information. Active Plan members can view their annual member statement, use the pension projection tool, and access other retirement planning information.

Once an active Plan member retires, they will no longer have access to the MRP website. Retirees can contact us by phone or email for information relating to their pension.



#### Visit us online:

[www.novascotiapension.ca](http://www.novascotiapension.ca)  
[www.nspssp.ca](http://www.nspssp.ca)

#### Follow us on Social Media:

 @yourNSPSSP  
 [www.facebook.com/yourNSPSSP](https://www.facebook.com/yourNSPSSP)

## Financial Position

As at March 31, 2025, the Plan had assets of \$8.275 billion and liabilities of \$7.750 billion equaling a surplus of \$525 million. The funded ratio increased to 106.8 per cent from 103.8 per cent the previous year.

The funded ratio is equal to the Plan's assets divided by the Plan's liabilities, expressed as a percentage. A funded ratio of 100 per cent or more means that the Plan is fully funded (i.e. there are sufficient assets to cover liabilities, based on current market values and actuarial assumptions).

More details about the assumptions that were used and their impact on the valuation of Plan liabilities, may be found in the Actuarial Valuation Report (December 31, 2024) which is available on our website at:

[www.nspssp.ca/investments/plan-performance](http://www.nspssp.ca/investments/plan-performance)

### Plan Valuation highlights:

While the Actuarial Valuation Report is prepared annually as at December 31, the Plan's fiscal year-end is March 31.

The 2025 Funded Health Review was based on the Plan's funded status as at December 31, 2024, before any strategic decisions were applied. At that time, the Plan was 114.6% funded, with a funding surplus of \$1.05 billion.

Following the review, and in accordance with the PSSA's funding policy, the Trustee:

- Granted COLA of 2.61% per year from January 1, 2026, to December 31, 2030
- Allocated approximately \$525 million of the surplus to the strategic reserve
- Confirmed that no changes to contribution rates were required

After applying these decisions, the Plan's adjusted funded status as at December 31, 2024 was 106.8%, with a funding surplus of \$525 million (allocated to the strategic reserve).

The actuarial assumptions used in the December 31, 2024 valuation, and in the extrapolation to March 31, 2025, remained unchanged from the previous year, except for the discount rate, which was updated to 6.50%, and indexing rate, which was updated to 2.61%.

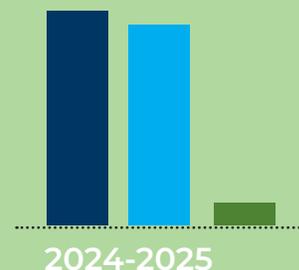
Plan liabilities were extrapolated to March 31, 2025 and measured against the assets at that date, resulting in a fiscal year-end funded ratio of 106.8%.

## A look back...

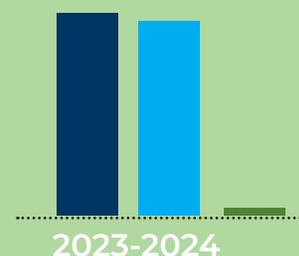
(as at March 31)

**Assets Available for Benefits**  
**Liabilities**  
**Surplus (Unfunded Liability)**

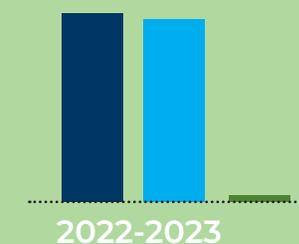
**\$8.275**  
**\$7.750**  
**\$0.525**



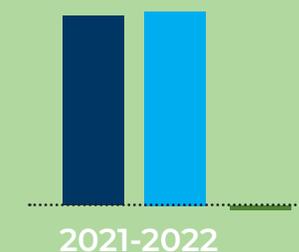
**\$7.906**  
**\$7.619**  
**\$0.287**



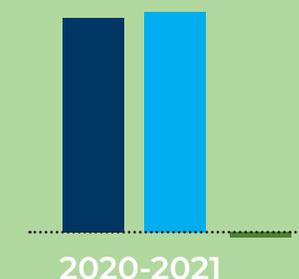
**\$7.513**  
**\$7.299**  
**\$0.214**



**\$7.456**  
**\$7.588**  
**(\$0.132)**



**\$7.240**  
**\$7.415**  
**(\$0.175)**



(in billions)

# Investment Management Discussion and Analysis

This section includes information on the Public Service Superannuation Fund and the factors that influenced its 2024-2025 investment performance.



# INVESTMENT MANAGEMENT

## *Discussion and Analysis*

### Overview

#### The Goal

The primary goal of the Public Service Superannuation Fund (Fund) is to invest pension assets in a manner that maximizes investment returns, within an acceptable level of risk, which enables the Fund to meet the long-term funding requirements of the Plan.

#### The SIP&G

The investment of pension assets is guided by the Fund's Statement of Investment Policies & Goals (SIP&G) as written by PSSPTI. The SIP&G sets out the parameters within which investments may be made.

These parameters include permissible investments and the policy asset mix of the four main asset classes:

- equities,
- fixed income,
- real assets, and
- absolute return strategies.

The Investment Beliefs, also found within the SIP&G, state the general principles upon which investments are made.

The SIP&G is available on our website at:  
***[www.nspssp.ca/investments/investment-policies](http://www.nspssp.ca/investments/investment-policies)***

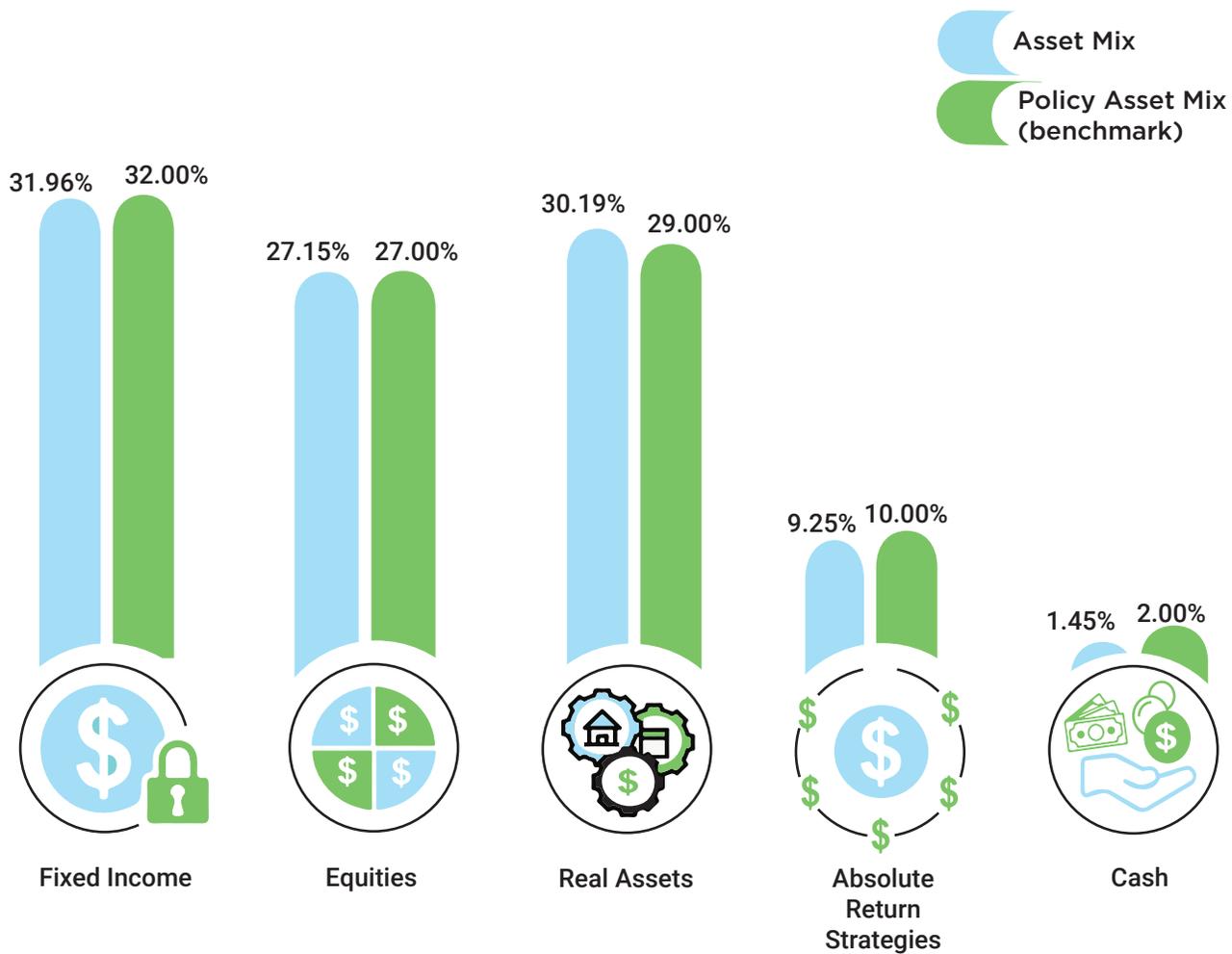
# INVESTMENT MANAGEMENT

## Discussion and Analysis

### Asset Mix

In anticipation of the 2025 asset liability study, positioning of the Fund's asset classes was maintained close to benchmark. The equity market rallied substantially during the year and some relatively expensive markets were pared back to keep exposures in-line. Comparatively, credit fixed income markets seem priced more attractively.

(as at March 31, 2025)



# INVESTMENT MANAGEMENT

## *Discussion and Analysis*

### 2024-2025 Investment Performance

In 2024-2025, the Fund achieved a one-year return of 7.03 per cent, net of investment management fees (7.19 per cent, gross of investment management fees). The Fund underperformed the policy benchmark of 9.21 per cent on a net basis, however it outperformed the actuarial assumed rate of return of 6.50 per cent.

**7.03%**  
The Plan

**9.21%**  
Benchmark

**6.50%**  
Discount Rate

For the fiscal year ending March 31, 2025, global markets delivered positive returns. Equity and fixed income markets benefited from easing headline inflation, a resilient global consumer, and increasing market expectations for monetary easing in the second half of the period. However, a major theme that emerged in early 2025 was the resurgence of U.S.-driven trade tensions, which created headwinds for global trade and business investment.

Global equities, as measured by the MSCI ACWI Index in local currency terms, returned 7.67 per cent over the fiscal year. This performance reflected solid corporate earnings and a stable macroeconomic environment, though returns were moderated by weak developed markets outside North America and growing macroeconomic uncertainty stemming from U.S. trade actions.

The U.S. equity market, as measured by the S&P 500, returned 8.47 per cent. Gains were concentrated in large-cap technology stocks, particularly the “Magnificent 7,” which benefited from enthusiasm around artificial intelligence and strong earnings. Investor sentiment improved with expectations of U.S. Federal Reserve rate cuts. However, market volatility increased late in the fiscal year amid escalating trade tensions introduced by the new U.S. administration, including new tariffs on imports, particularly in strategic sectors like semiconductors, aluminum, and steel. These developments raised concerns over global supply chain disruptions, dented corporate sentiment, and contributed to increased investor caution.

Canadian equities, as measured by the S&P/TSX Composite Total Return Index, rose 15.67 per cent. The market was led by the energy and financial sectors, buoyed by higher commodity prices and continued economic resilience. Canadian technology and industrial firms also posted gains in line with global trends, and the domestic market was comparatively insulated from the direct effects of U.S. trade actions.

# INVESTMENT MANAGEMENT

## Discussion and Analysis

### 2024-2025 Investment Performance continued...

International developed equities, as measured by the MSCI EAFE Index in local currencies, rose 4.55 per cent. European equities were supported by falling inflation and growing expectations of ECB policy easing. Japan showed modest gains on the back of corporate governance reforms and a rebound in tourism. However, export-driven economies in Europe and Asia experienced pressure in Q1 2025 due to rising protectionism and retaliatory trade rhetoric. The announcement of U.S. tariffs dampened manufacturing sentiment and clouded the near-term export outlook for key sectors.

Emerging market equities, as measured by the MSCI EM Index in local currency terms, returned 11.16 per cent. India and Brazil were standout performers, supported by domestic demand and policy easing. Meanwhile, Chinese equities lagged due to structural property issues and heightened trade tensions with the U.S., including new tariffs and technology restrictions. The trade environment further constrained China's economic recovery and investment flows.

Canadian fixed income, measured by the FTSE Canada Universe Bond Index, returned 8.65 per cent. Long-duration government bonds rallied in the final quarter of the fiscal year amid rising expectations for rate cuts. Corporate credit spreads also tightened, contributing to gains.

U.S. fixed income, as measured by the Bloomberg U.S. Credit Index, gained 5.71 per cent. Narrower credit spreads and improved market stability contributed to moderate gains despite limited changes in base rates. Elevated policy uncertainty and geopolitical risks contributed to risk aversion and cautious positioning in early 2025.

For the fiscal year, the Fund underperformed its benchmark by 218 basis points on a net basis. This underperformance was concentrated in the real estate, international equity, and private equity portfolios. International equity portfolios lagged due to a tilt toward higher-quality securities, which underperformed amid a broader rally driven by speculative and lower-quality names. The Fund's significant allocation to real assets (real estate, infrastructure, and natural resources), benchmarked against CPI +4.5 per cent, continued to face valuation pressures in a high interest rate environment. However, these assets are expected to contribute positively as inflation moderates and rates normalize. The private equity portfolio lagged behind its public market benchmark as global equity benchmarks posted strong returns for three quarters of the fiscal year.

#### Fund Investment Returns (net of fees) - annualized as at March 31, 2025

	1 year	3 year	5 year	7 year	10 year
<b>Fund</b>	<b>7.03%</b>	<b>6.12%</b>	<b>7.87%</b>	<b>6.29%</b>	<b>5.96%</b>
<b>Benchmark</b>	<b>9.21%</b>	<b>7.34%</b>	<b>8.01%</b>	<b>6.47%</b>	<b>5.92%</b>



## 2024-2025 Economic Review

**The global economy expanded by 3.3 per cent during the year ending December 31, 2024.** Growth was supported by resilient labour markets in advanced economies, ongoing consumer demand, and the delayed impact of prior monetary tightening. Inflation rates eased broadly, with headline inflation declining across major regions. However, services inflation remained sticky, particularly in housing, healthcare, and hospitality sectors.

One of the most consequential developments in Q1 2025 was the escalation of U.S.-led trade tensions. The Trump administration reintroduced tariffs targeting imports from Canada, Mexico, China, and Europe which reignited global trade tensions. The policy shift led to retaliatory rhetoric from key trading partners and weighed on business confidence. Manufacturing activity in Europe and Asia softened as supply chain uncertainty returned and export orders declined. Capital expenditures were deferred in several sectors globally due to heightened geopolitical risk.

**Canada's economy grew by 1.5 per cent in 2024,** underpinned by a strong labour market and population growth. High interest rates continued to constrain housing and business investment, but inflation moderated steadily throughout the year. By Q1 2025, the Bank of Canada began signaling a policy pivot, laying the groundwork for potential rate cuts in the second half of the year.

**The U.S. economy expanded by 2.8 per cent in 2024** but contracted slightly in Q1 2025. The late-year slowdown reflected softening consumer demand, a deceleration in job creation, and a rise in business uncertainty due to fiscal and trade policy shifts. Labour markets remained tight, although wage growth showed signs of moderation. Services inflation, particularly in rent and healthcare, remained persistent.

### 2024-2025 Economic Review continued...

#### **European economies grew modestly, with the euro area expanding**

**0.9 per cent in 2024.** Inflation declined steadily, supporting expectations for ECB easing later in 2025. However, export activity weakened due to global trade friction and subdued external demand. Japan's economy grew by 0.1 per cent, supported by inbound tourism and private investment, but faced export pressure as new U.S. trade measures targeted key industrial sectors.

#### **Emerging markets grew by 4.3 per cent in calendar year 2024.**

India and Brazil outperformed on the back of strong domestic consumption, monetary easing, and resilient service sectors. China's growth, however, remained below potential at 5.0 per cent, constrained by weak domestic confidence, a prolonged property sector correction, and newly imposed U.S. tariffs. The broader EM landscape benefited from stabilizing inflation and easier monetary conditions, although vulnerability to external shocks remained elevated.

#### Sources:

- IMF World Economic Outlook – April 2025: <https://www.imf.org/en/Publications/WEO>
- OECD Economic Outlook – March 2025: <https://www.oecd.org/economic-outlook/>
- Statistics Canada: <https://www150.statcan.gc.ca>
- U.S. Bureau of Economic Analysis: <https://www.bea.gov/data/gdp/gross-domestic-product>
- Eurostat: <https://ec.europa.eu/eurostat>
- Bank of Japan Outlook: <https://www.boj.or.jp/en/mopo/outlook/index.htm>

### Sustainable Investing

Sustainable investing is an investment approach that, in addition to achieving targeted investment returns, considers long-term investing and environmental, social, and corporate governance factors. A Sustainable Investment Policy was first approved in 2015. Since then, an annual Sustainable Investment Report has become a recurring item on the PSSPTI Board's agenda. A sustainability report is also posted on the PSSP website to provide members with more information on ongoing sustainable investment activities.

A Sustainable Investment Committee has been established within NS Pension. This Committee sets the overall direction for sustainable investment and the integration of sustainable investing into the investment process. Implementation of investment strategies that create long-term sustainable value, as well as the hiring of external service providers that consider the long-term impact of their actions, are key parts of the PSSPTI's sustainable investment approach. PSSPTI continues to engage with its investment managers and monitor their progress on their sustainable investment programs.

Investments in real assets such as real estate, infrastructure and natural resources play an important role in sustainable investment efforts. Real estate holdings continue to be assessed for possible negative effects of climate change and for ways to improve their resiliency against these threats as well as reducing their overall carbon footprint. In 2024, further investment in renewable energy sources was made within the infrastructure asset class. A new investment mandate in Timber was also awarded, increasing exposure to natural capital assets which is seeing increased demand as a result of increased global growth.

PSSPTI continues to work with other Canadian pension plans and global association groups to further integrate industry best practices in the years to come.

You can view the summary of the PSSP Sustainable Investment Report on our website at: [www.nspssp.ca/investments/investment-policies](http://www.nspssp.ca/investments/investment-policies)

# INVESTMENT MANAGEMENT

## Discussion and Analysis

### Our Focus During 2024-2025

During 2024-2025, PSSPTI's new portable alpha program experienced positive results. Discussions continued with larger peer plans in Canada to outline additional potential portfolio optimization tools. Volatility picked up in many markets with the US election capping off a year of elections around the world, while the AI boom and 'Trump trade' pushed some assets to historically high valuations. NS Pension remained focused on maintaining appropriate liquidity during the year given the plan's negative annual cash flow by continuing to rebalance portfolios across both the public and private market asset classes. Preparation began for the regular 2025 asset-liability modeling (ALM) study which will assess the asset mix in the context of current markets as well as through the next decade. The ALM study will be completed by the end of June 2025.

As part of the ALM study, the asset mix is anticipated to adopt and build into a leveraged strategy which allows for funding and derivatives to enhance the asset mix. This enhanced asset mix includes a long-term strategic target of 20% funding which was incorporated by the Plan's actuary as part of setting the discount rate:

	Investment Policy Target	Actual at March 31, 2025
Fixed Income	40.00%	31.96%
Equities	40.00%	27.15%
Real Assets	31.00%	30.19%
Absolute Return Strategies	5.00%	9.25%
Cash	4.00%	1.45%
Funding	-20.00%	0.00%
Total	100.00%	100.00%

Work on individual asset class portfolios continued, with a focus on value-add initiatives, including development of Canadian multi-family housing in real estate and additional co-investments in infrastructure, all while ensuring our exposures are in line with our intended positions. On the risk side, election fallout, moderate but sticky inflation, potential tariff wars, central bank rate developments, supply chain disruptions and geopolitical instability continued to be dominant themes affecting markets. The focus will continue to be on maintaining a well diversified portfolio with ample liquidity mechanisms to take advantage of market dislocations.

NS Pension has structured many asset classes into pooled funds or master trusts such that PSSPTI can purchase units of a well diversified pool. This allows for greater efficiency in how assets are managed and allocated by the team while the Board maintains full transparency into the process and underlying holdings. The first such fund was opened in 2024 and the full suite of funds by asset class will continue to be expanded throughout 2025.

# INVESTMENT MANAGEMENT

## Discussion and Analysis

### Looking Ahead to 2025-2026

While 2024 was a year of elections, the major one being the US federal election, 2025 is already evolving into one of uncertain political alliances, a redefining of trade partners and potentially of energy distribution and security, all of which are geopolitical in nature but will ultimately impact various markets and investment portfolios. US equity markets saw immediate declines from lofty valuations as the US administration announced punitive tariff measures on many countries, disrupting a long-established order of global trade. European and Emerging Markets have moved higher into the new year, reducing some of the valuation disparity with the US. Fixed income markets continue to produce yield as rates remain attractive amid the uncertainty.

PSSPTI will continue evolving individual asset classes for growth including adding development deals to real estate, and additional co-investments for infrastructure and private equity. Research on potential private debt investing has been an additional focus in preparation for any asset mix changes, while discussion on how to manage potential macro allocation changes coming from the ALM study is underway. Equity and fixed income mandates continue to be monitored for effectiveness and portfolio fit.

The 2025 ALM study will see the asset mix refined for the next 5 years. Macro strategies such as the use of leverage and portable alpha are being examined by the Board and any new asset classes examined for benefit of portfolio fit. The Board will complete this project by the end of the first half of the year and planning for any change implementation will occur in the latter half of the year.

You can view the PSSP's Quarterly Investment Reports online at:

[www.nspssp.ca/quarterly-investment-reports](http://www.nspssp.ca/quarterly-investment-reports)

The PSSP's Quarterly Investment Reports are posted online shortly after each quarter end and include detailed information, such as the Fund's investment returns and asset mix.



**Financial Statements of**  
**Public Service Superannuation Plan**  
Year ended March 31, 2025



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## **INDEPENDENT AUDITOR'S REPORT**

To the Public Service Superannuation Plan Trustee Inc. of Public Service Superannuation Plan

### ***Opinion***

We have audited the financial statements of Public Service Superannuation Plan (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligation for the year then ended
- the changes in surplus for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its changes in net assets available for benefits, its changes in pension obligations and its changes in surplus for the year then ended in accordance with Canadian accounting standards for pension plans.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Halifax, Canada

June 27, 2025

# Financial Statements of Public Service Superannuation Plan Year ended March 31, 2025

## Contents

### Financial Statements

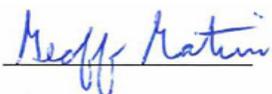
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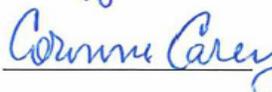
## Statement of Financial Position

March 31, 2025, with comparative information for 2024	2025	2024
(in thousands of dollars)		
<b>Net assets available for benefits</b>		
<b>Assets</b>		
Cash	\$ 315,656	\$ 301,367
Contributions receivable:		
Employers'	8,442	8,907
Employees'	8,370	8,746
Accounts receivable	1,961	2,089
Prepaid expenses	15	8
Receivable from pending trades	88,588	31,111
Accrued investment income	20,674	19,803
Investments (note 5)	7,992,420	7,613,749
<b>Total assets</b>	<b>8,436,126</b>	<b>7,985,780</b>
<b>Liabilities</b>		
Due to administrator (note 13)	2,047	1,788
Accounts payable and accrued liabilities	3,504	3,696
Payable for pending trades	104,324	70,407
Investment-related liabilities (note 5)	51,675	3,621
<b>Total liabilities</b>	<b>161,550</b>	<b>79,512</b>
<b>Net assets available for benefits</b>	<b>\$ 8,274,576</b>	<b>\$ 7,906,268</b>
<b>Accrued pension obligation and surplus</b>		
Accrued pension obligation (note 8)	\$ 7,750,201	\$ 7,619,364
Surplus:		
Funding surplus (note 8)	524,375	286,904
	<b>524,375</b>	<b>286,904</b>
Commitments (note 9)		
<b>Accrued pension obligation and surplus</b>	<b>\$ 8,274,576</b>	<b>\$ 7,906,268</b>

The accompanying notes are an integral part of these financial statements.

On behalf of the board:

 Geoff Gatién, Vice-Chair, Public Service Superannuation Plan Trustee Inc.

 Corinne Carey, Vice-Chair, Public Service Superannuation Plan Trustee Inc.



### Statement of Changes in Net Assets Available for Benefits

Year ended March 31, 2025, with comparative information for 2024	2025	2024
(in thousands of dollars)		
<b>Increase in assets</b>		
Contributions (note 4)	\$ 292,815	\$ 268,906
Transfers from other pension plans:		
Individuals	7,271	5,896
Pension plans (note 7)	-	119
Pension plan transfer-related income (note 7)	150	145
Investment income (note 5)	197,906	229,035
Change in market value of investments (note 5)	363,618	366,396
Total increase in assets	861,760	870,497
<b>Decrease in assets</b>		
Benefits paid (note 10)	459,934	446,574
Transfers to other pension plans	8,647	8,226
Administrative expenses (note 11)	24,871	22,425
Total decrease in assets	493,452	477,225
<b>Increase in net assets available for benefits</b>	<b>368,308</b>	<b>393,272</b>
<b>Net assets available for benefits, beginning of year</b>	<b>7,906,268</b>	<b>7,512,996</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 8,274,576</b>	<b>\$ 7,906,268</b>

The accompanying notes are an integral part of these financial statements.



## Statement of Changes in Pension Obligation

Year ended March 31, 2025, with comparative information for 2024	2025	2024
(in thousands of dollars)		
<b>Accrued pension obligation, beginning of year</b>	\$ 7,619,364	\$ 7,299,181
<b>Increase in accrued pension benefits</b>		
Interest on accrued pension obligation	438,113	427,002
Benefits accrued	207,937	200,929
Benefit improvements	524,623	-
Transfers from other pension plans	7,271	6,015
Purchases of service	10,364	4,400
Changes in actuarial assumptions (note 8)	-	85,492
Net experience losses (note 8)	78,345	51,145
	1,266,653	774,983
<b>Decrease in accrued pension benefits</b>		
Benefits paid	459,934	446,574
Transfers to other pension plans	8,647	8,226
Changes in actuarial assumptions (note 8)	667,235	-
	1,135,816	454,800
<b>Net increase in accrued pension benefits</b>	130,837	320,183
<b>Accrued pension obligation, end of year</b>	\$ 7,750,201	\$ 7,619,364

## Statement of Changes in Surplus (Deficit)

Year ended March 31, 2025, with comparative information for 2024	2025	2024
(in thousands of dollars)		
<b>Surplus, beginning of year</b>	\$ 286,904	\$ 213,815
Increase in net assets available for benefits	368,308	393,272
Net increase in accrued pension obligation	(130,837)	(320,183)
<b>Surplus, end of year</b>	\$ 524,375	\$ 286,904

See accompanying notes to financial statements.

# Notes to Financial Statements

Year ended March 31, 2025  
(in thousands of dollars)



## Authority and description of Plan

The following description of the Public Service Superannuation Plan (the “Plan”) is a summary only. For more complete information, reference should be made to the Plan legislative documents and agreements..

### General

The Plan is governed by the *Public Service Superannuation Act* (the “Act”) as part of the Acts of Nova Scotia. It is a contributory defined benefit pension plan that covers employees of the Province of Nova Scotia (the “Province”) and certain other public sector organizations. The Act established the Public Service Superannuation Fund (the “Fund”) for the purpose of crediting employer and employee contributions, investment earnings and meeting the Plan’s obligations.

The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas, are also contained in the Act and in the Plan text made under the Act.

Effective April 1, 2013, the Plan and the Fund transitioned to a new joint governance structure. The newly created Public Service Superannuation Plan Trustee Inc. (“PSSPTI”) assumed fiduciary responsibility for the Plan and the Fund from the Minister of Finance and Treasury Board. As of April 1, 2013, the Minister of Finance and Treasury Board no longer has further legal liability for the Plan and the Fund. These changes are outlined in the *2012 Public Service Superannuation Act*. That Act repealed the existing *Public Service Superannuation Act* and replaced it with a new *Public Service Superannuation Act*.

The PSSPTI is responsible for the administration of the Plan and the investment management of the Fund assets. The investment of the Fund assets is guided by the Plan’s Statement of Investment Policies & Goals (the “SIP&G”) as written by the PSSPTI. The SIP&G sets out the parameters within which the investments are made. These parameters include permissible investments and the policy asset mix. The Investment Beliefs, also found within the SIP&G, state the general principles upon which the investments are made.

### Funding

The Plan is funded by investment earnings and employee and matching employer contributions. Contribution participation rates are 100%, 80%, and 60% of 8.4% of salary up to the Year’s Maximum Pensionable Earnings (the “YMPE”) and 10.9% of salary above the YMPE. The YMPE is a figure set annually by the Canada Pension Plan (the “CPP”).

## Authority and description of Plan (continued)

### Retirement benefits

Members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus years of pensionable service totaling 80 (Rule of 80);
- age 55 with an age plus years of pensionable service totaling 85 (Rule of 85) for members first hired by a participating employer on or after April 6, 2010;
- age 55 with two years of pensionable service (reduced pension);
- age 60 with two years of pensionable service.

Pension benefits are directly linked to contribution participation rates, and are accrued at 100%, 80%, and 60% of the following two components:

Lifetime pension:

- 1.3% of the members' highest average salary (best five years) up to the YMPE for each year of pensionable service (maximum 35 years), plus
- 2.0% of the member's highest average salary (best five years) above the YMPE for each year of pensionable service (maximum 35 years)

Pension benefits are integrated with CPP benefits at age 65. To supplement members' income until unreduced CPP benefits are payable from CPP at age 65, a bridge benefit is payable until age 65. Members who receive reduced CPP benefits before age 65 will still receive the bridge benefit until age 65.

Bridge benefit payable until age 65:

- 0.7% of the members' highest average salary (best five years) up to the average YMPE (best five years) for each year of pensionable service

### Death benefits

Upon the death of a vested member, the surviving spouse is entitled to receive 66.67% of the member's pension benefit payable for life (60% for the surviving spouse of a member first hired by a participating employer on or after April 6, 2010). Eligible children are entitled to receive 10% of the member's pension benefit, payable until age 18 (or 25 while still in school).

### Termination benefits

Upon termination of employment, a vested member may choose to defer their pension until they satisfy one of the above eligibility criteria, or they may remove their funds from the plan in the form of a commuted value.

### Refunds

The benefit payable upon termination or death of a non-vested member, or upon death prior to retirement of a vested member with no eligible survivors, is a lump sum refund of the member's contributions with interest.

### Indexing

Subject to the conditions specified in the Act, pensions in pay are indexed at a rate of 0.0% from January 1, 2021 through to December 31, 2025, and 2.61% from January 1, 2026 through to December 31, 2030.

## 2.

**Basis of Preparation****a. Basis of presentation**

These financial statements are prepared in Canadian dollars, which is the Plan's functional currency in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants ("CPA") Canada Handbook ("Section 4600 - Pension Plans"). Section 4600 - Pension Plans provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Plan must consistently comply with either IFRS Accounting Standards ("IFRS") in Part I or Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook. The Plan has elected to comply on a consistent basis with IFRS in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

Consistent with Section 4600, investment assets are presented on a non-consolidated basis even when the investment is in an entity over which the Plan has effective control. Earnings of such entities are recognized as income is earned and as dividends are declared. The Plan's total investment income includes valuation adjustments required to bring the investments to their fair value.

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plan as a separate reporting entity.

These financial statements were authorized for issue by the Board of Trustees of the Public Service Superannuation Plan Trustee Inc. on June 24, 2025.

**b. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value through the statement of changes in net assets available for benefits and derivative financial instruments which are measured at fair value. Units of subsidiaries held are measured at the fair value of the underlying assets and liabilities.

**c. Use of estimates and judgments**

The preparation of the financial statements in conformity with Section 4600 and IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position, the reported amounts of changes in net assets available for benefits and accrued pension benefits during the year. Actual results may differ from those estimates. Significant estimates included in the financial statements relate to the valuation of real estate, infrastructure and private equities investments and the determination of the accrued pension obligation.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

## 3.

**Significant accounting policies****a. Investment transactions, income recognition and transaction costs****i. Investment transactions:**

Investment transactions are accounted for on a trade date basis.

**ii. Income recognition:**

Investment income is recorded on an accrual basis and includes interest, dividends, and distributions. Change in market value of investments includes gains and losses that have been realized on disposal of investments and the unrealized appreciation and depreciation in the fair value of investments.

**iii. Transaction costs:**

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

**b. Foreign currency translation**

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on re-translation are recognized in the statement of changes in net assets available for benefits as a change in market value of investments.

**c. Financial assets and liabilities****i. Non-derivative financial assets:**

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument.

The Plan classifies all of its financial assets at fair value through the statement of changes in net assets available for benefits. Financial assets are designated at fair value through the statement of changes in net assets available for benefits if the Plan manages such investment and makes purchase and sale decisions based on their fair value in accordance with the Plan's documented risk management or investment strategy. Upon initial recognition, attributed transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Financial assets at fair value through the statement of changes in net assets available for benefits are measured at fair value and changes therein are recognized in the statement of changes in net assets available for benefits.

**ii. Non-derivative financial liabilities:**

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are presented in the statement of financial position. The net amount is presented in the statement of financial position, when and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Plan considers its amounts payable to be a non-derivative financial liability.

## Significant accounting policies (continued)

### iii. Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and their related transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

Derivative-related assets and liabilities are presented in the statement of financial position. The net amount is presented in the statement of financial position, when and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### d. Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When a transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in market value of investments.

## Significant accounting policies (continued)

### Fair values of investments are determined as follows:

- i. Fixed income securities, equities, and repurchase and resell agreements are valued at year-end quoted closing prices, where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.
- ii. Short-term notes, treasury bills, and term deposits maturing within one year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.
- iii. Pooled fund investments include investments in fixed income, equities, and real estate. Pooled funds are valued at the unit values supplied by the pooled funds' administrators, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices. These net asset values are reviewed by management.
- iv. Master trust pooled fund investments include investments in private equities. Master trust pooled funds are valued at the unit values supplied by the master trust pooled funds' administrator, which represents the Plan's proportionate share of underlying net assets at fair values determined using net asset values obtained from general partners. These net asset values are reviewed by management.
- v. Directly held real estate is valued based on estimated fair values determined by appropriate techniques and best estimates by management, appraisers, or both. Where external appraisers are engaged to perform the valuation, management ensures the appraisers are independent and compares the assumptions used by the appraisers with management's expectations based on current market conditions and industry practice to ensure the valuation captures the business and economic conditions specific to the investment.
- vi. Private fund investments and co-investments include investments in private equities, real estate, infrastructure, and natural resources assets. The fair value of a private fund investment or co-investment where the Plan's ability to access information on underlying individual fund investments or co-investments is restricted, such as under the terms of a limited partnership or co-investment agreement, is equal to the value provided by the general partner unless there is specific and objectively verifiable reason to vary from the value provided by the general partner. These net asset values are reviewed by management.
- vii. Derivatives, including futures, credit default swaps, interest rate swaps, total return swaps, and currency forward contracts, are valued at year-end quoted market prices, interest, spot, and forward rates, where available. Where quoted prices are not available, appropriate alternative valuation techniques are used to determine fair value. The gains or losses from derivative contracts are included in the realized and unrealized gains or losses on investments.
- viii. Absolute return strategy investments, comprised of hedge funds, are recorded at fair value based on net asset values obtained from each of the hedge funds' administrators. These net asset values are reviewed by management.
- ix. Promissory notes issued by subsidiaries are valued at cost, non-interest bearing and mature on-demand.

## Significant accounting policies (continued)

### e. Non-investment assets and liabilities

The fair value of non-investment assets and liabilities are equal to their amortized cost value and are adjusted for foreign exchange where applicable.

### f. Receivable/payable for pending trades

For securities transactions, the fair value of receivable from pending trades and payable for pending trades approximate their carrying amounts due to their short-term nature.

### g. Accrued pension obligation

The value of the accrued pension benefit obligation of the Plan is based on a going concern method actuarial valuation prepared by an independent firm of actuaries using the projected unit credit method as at December 31 and then extrapolated to March 31. The accrued pension benefit obligation and its extrapolation is measured in accordance with accepted actuarial methods using actuarial assumptions and methods adopted by the PSSPTI for the purpose of establishing the long-term funding requirements of the Plan. The actuarial valuation and extrapolated accrued pension benefit obligation included in the financial statements is consistent with the valuation for funding purposes.

### h. Contributions

Basic contributions from employers and members due to the Plan as at the end of the year are recorded on an accrual basis. Service purchases that include but are not limited to leaves of absence and transfers from other pension plans are recorded and service is credited when the purchase amount is received.

### i. Benefits

Benefit payments to retired and surviving members, commuted value payments and refunds to former members, and transfers to other pension plans are recorded in the period in which they are paid. Accrued benefits are recorded as part of the accrued pension benefit obligation.

### j. Administrative expenses

Administrative expenses, incurred for plan administration and direct investment management services, are recorded on an accrual basis. Plan administration expenses represent expenses incurred to provide direct services to the Plan members and employers. Investment management expenses represent expenses incurred to manage the Fund. Base external manager fees for portfolio management are expensed in investment management expenses as incurred.

### k. Actuarial value of net assets and actuarial adjustment

The actuarial value of net assets of the Plan is used in assessing the funding position of the Plan, including the determination of contribution rates. The actuarial value of net assets is determined by smoothing investment returns above or below the actuarial long-term rate of return assumption over a five-year period. The fair value of net assets is adjusted by the unrecognized actuarial value adjustment to arrive at the actuarial value of net assets.

## Significant accounting policies (continued)

### I. Income taxes

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

### m. Future changes to accounting policies

IFRS 18, Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosures in Financial Statements, which will replace IAS 1. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a new defined operating profit sub-total. The Company's net income will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and must be applied retrospectively. The Plan is currently evaluating the impact that this standard will have on its financial statements.

## 4.

### Contributions

	2022	2024
(in thousands of dollars)		
<b>Employer</b>		
Matched current service	\$ 140,922	\$ 131,968
Matched past service	262	276
	<b>141,184</b>	132,244
<b>Employee</b>		
Matched current service	140,877	131,921
Unmatched past service	9,840	3,826
Unmatched current service	652	617
Matched past service	262	298
	<b>151,631</b>	136,662
	<b>\$ 292,815</b>	\$ 268,906

5.

## Investments and investment-related liabilities

- a. The fair value of the Plan's investments and investment-related liabilities along with the related income as at March 31 are summarized in the following tables:

	2025		2024	
(in thousands of dollars)		%		%
<b>Investments</b>				
<b>Fixed income</b>				
Money market	\$ 144,695	1.8	\$ 181,436	2.4
Canadian bonds & debentures	417,284	5.2	388,227	5.1
Non-Canadian bonds & debentures	1,722,679	21.6	1,573,486	20.7
Canadian real return bonds	354,156	4.4	339,892	4.5
<b>Equities</b>				
Canadian	533,423	6.7	513,721	6.7
US	291,520	3.6	308,740	4.1
Global	558,582	7.0	583,800	7.7
Private	565,859	7.1	494,929	6.5
<b>Real assets</b>				
Real estate	1,044,339	13.1	1,085,732	14.2
Infrastructure	1,216,806	15.2	1,106,571	14.5
Natural resources	216,667	2.7	162,466	2.1
<b>Absolute return strategies</b>				
Hedge funds	851,729	10.7	806,331	10.6
<b>Investment-related receivables</b>				
Promissory notes	35,021	0.4	35,021	0.5
Derivative-related, net	39,660	0.5	33,397	0.4
	\$ 7,992,420	100.0	\$ 7,613,749	100.0
<b>Investment-related liabilities</b>				
Derivative-related, net	51,675	100.0	3,621	100.0
	\$ 51,675	100.0	\$ 3,621	100.0
<b>Net investments</b>	\$ 7,940,745		\$ 7,610,128	

## Investments and investment-related liabilities (continued)

2025				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 103,729	\$ 20,110	\$ 149,476	\$ 169,586
Equities	16,600	161,938	(15,453)	146,485
Real assets	67,444	96,577	59,513	156,090
Absolute return strategies	-	52,802	46,621	99,423
Derivatives	5,944	(176,646)	(39,352)	(215,998)
Other	4,190	-	8,031	8,031
	<b>\$ 197,907</b>	<b>\$ 154,781</b>	<b>\$ 208,836</b>	<b>\$ 363,617</b>

2024				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 100,781	\$ (15,960)	\$ 54,820	\$ 38,860
Equities	30,789	290,034	(46,612)	243,422
Real assets	82,837	53,622	(63,516)	(9,894)
Absolute return strategies	20	23,143	47,921	71,064
Derivatives	13,515	(17,225)	41,701	24,476
Other	1,093	(12)	(1,520)	(1,532)
	<b>\$ 229,035</b>	<b>\$ 333,602</b>	<b>\$ 32,794</b>	<b>\$ 366,396</b>

**b. Derivatives**

Derivatives are financial contracts, the value of which is “derived” from the value of underlying assets or interest or exchange rates. The Plan utilizes such contracts to provide flexibility in implementing investment strategies and for managing exposure to interest rate and foreign currency volatility.

Notional amounts of derivative contracts are the contract amounts used to calculate the cash flows to be exchanged. They represent the contractual amount to which a rate or price is applied for computing the cash to be paid or received. Notional amounts are the basis upon which the returns from, and the fair value of, the contracts are determined. They do not necessarily indicate the amounts of future cash flows involved or the current fair value of the derivative contracts. They are a common measure of volume of outstanding transactions but do not represent credit or market risk exposure. The derivative contracts become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in either market rates or prices relative to their terms. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

## Investments and investment-related liabilities (continued)

Derivative contracts transacted either on a regulated exchange market or in the over-the-counter (“OTC”) market, directly between two counterparties include the following:

### Futures

Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margining. The futures contracts that the Plan enters into are as follows:

- Government futures - contractual obligations to either buy or sell at a fixed value (the contracted price) government fixed income financial instruments at a predetermined future date. They are used to adjust interest rate exposure and replicate government bond positions. Long future positions are backed with high grade, liquid debt securities.
- Money market futures - contractual obligations to either buy or sell money market financial instruments at a predetermined future date at a specified price. They are used to manage exposures at the front end of the yield curve. Futures are based on short-term interest rates and do not require delivery of an asset at expiration. Therefore, they do not require cash backing.

### Options

Options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option), a security, exchange rate, interest rate, or other financial instrument or commodity at a predetermined price, at or by a specified future date. The seller (writer) of an option can also settle the contract by paying the cash settlement value of the purchaser’s right. The seller (writer) receives a premium from the purchaser for this right. Purchased options are used to manage interest rate volatility exposures. Written options generate income in expected interest rate scenarios and may generate capital losses if unexpected interest rate environments are realized. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option. In-the-money portion of written options are covered by high grade, liquid debt securities.

Swaptions are contractual agreements that convey to the purchaser the right but not the obligation to enter into or cancel a swap agreement at a fixed future date or at any time within a fixed future period. The seller receives a premium from the purchaser for this right.

## Investments and investment-related liabilities (continued)

### Credit default swaps

Credit default swaps (“CDS”) provide protection against the decline in value of the referenced asset as a result of specified events such as payment default or insolvency. The purchaser pays a premium to the seller of the CDS in return for payment related to the deterioration in the value of the referenced asset. The referenced asset for CDS is a debt instrument. They are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure (selling protection), obligating the Plan to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure (buying protection), providing the right to “put” bonds to the counterparty in the event of a default. Net long exposures are backed with high grade, liquid debt securities. Underlying credit exposures are continuously monitored.

### Interest rate swaps

Interest rate swaps involve contractual agreements between two counterparties to exchange fixed and floating interest payments based on notional amounts. They are used to adjust interest rate yield curve exposures and substitute for physical securities. Long swap positions increase exposure to long-term interest rates and short positions decrease exposure. Long swap positions are backed with high grade, liquid debt securities.

### Total return swaps

Total return swaps are contractual agreements under which the total return receiver assumes market and credit risk on a bond or loan, where the total return payer forfeits risk associated with market performance but takes on the credit exposure that the total return receiver may be subject to. The total return receiver receives income and capital gains generated by an underlying loan or bond. In return, the total return receiver must pay a set rate and any capital losses generated by the underlying loan or bond over the life of the swap.

### Currency forwards

Currency forwards are contractual obligations to exchange one currency for another at a specified price or settlement at a predetermined future date. Forward contracts are used to manage the currency exposure of investments held in foreign currencies. The notional amount of a currency forward represents the contracted amount purchased or sold for settlement at a future date. The fair value is determined by the difference between the market value and the notional value upon settlement.

## Investments and investment-related liabilities (continued)

The following tables set out the notional values of the Plan's derivatives and their related assets and liabilities as at March 31:

2025				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
<b>Derivatives</b>				
Futures	\$ 72,235	\$ 1,210	\$ (860)	\$ 350
Options	11,699	-	(20)	(20)
Credit default swaps	37,629	1,462	(70)	1,392
Interest rate swaps	335,900	1,901	(1,783)	118
Total return swaps	389,627	29,544	(13,056)	16,488
Currency forwards	3,691,845	65	(34,181)	(34,116)
	<b>\$ 4,538,935</b>	<b>\$ 34,182</b>	<b>\$ (49,970)</b>	<b>\$ (15,788)</b>
<b>Cash collateral</b>		<b>5,478</b>	<b>(1,705)</b>	<b>3,773</b>
<b>Notional and fair value</b>	<b>\$ 4,538,935</b>	<b>\$ 39,660</b>	<b>\$ (51,675)</b>	<b>\$ (12,015)</b>

2024				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
<b>Derivatives</b>				
Futures	\$ 61,460	\$ 571	\$ (419)	\$ 152
Options	-	-	-	-
Credit default swaps	18,943	1,355	-	1,355
Interest rate swaps	197,668	627	(749)	(122)
Total return swaps	363,657	26,973	-	26,973
Currency forwards	3,324,008	212	(1,232)	(1,020)
	<b>\$ 3,965,736</b>	<b>\$ 29,738</b>	<b>\$ (2,400)</b>	<b>\$ 27,338</b>
<b>Cash collateral</b>		<b>3,659</b>	<b>(1,221)</b>	<b>2,438</b>
<b>Notional and fair value</b>	<b>\$ 3,965,736</b>	<b>\$ 33,397</b>	<b>\$ (3,621)</b>	<b>\$ 29,776</b>

## Investments and investment-related liabilities (continued)

The following tables set out the contractual maturities of the Plan's derivatives and their net related assets and liabilities as at March 31:

<b>2025</b>				
(in thousands of dollars)	<b>Under 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Derivatives, net</b>				
Futures	\$ 350	\$ -	\$ -	\$ 350
Options	(20)			(20)
Credit default swaps	2	1,079	311	1,392
Interest rate swaps	-	(11)	129	118
Total return swaps	1,689	14,799	-	16,488
Currency forwards	(34,116)	-	-	(34,116)
	\$ (32,095)	\$ 15,867	\$ 440	\$ (15,788)
<b>Cash collateral, net</b>				<b>3,773</b>
<b>Fair value, net</b>	<b>\$ (32,095)</b>	<b>\$ 15,867</b>	<b>\$ 440</b>	<b>\$ (12,015)</b>

<b>2024</b>				
(in thousands of dollars)	<b>Under 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Derivatives, net</b>				
Futures	\$ 152	\$ -	\$ -	\$ 152
Options	-	-	-	-
Credit default swaps	31	1,088	236	1,355
Interest rate swaps	(635)	237	276	(122)
Total return swaps	7,146	19,827	-	26,973
Currency forwards	(1,020)	-	-	(1,020)
	\$ 5,674	\$ 21,152	\$ 512	\$ 27,338
<b>Cash collateral, net</b>				<b>2,438</b>
<b>Fair value, net</b>	<b>\$ 5,674</b>	<b>\$ 21,152</b>	<b>\$ 512</b>	<b>\$ 29,776</b>

Cash is deposited or pledged with various financial institutions as collateral if the Plan was to default on payment obligations on its derivative contracts. On the statement of financial position, collateral is represented as part of the net balance of derivative-related receivables and liabilities.

## 6.

**Financial Instruments****a. Fair values**

The fair values of investments and derivatives are as described in note 3(d). The fair values of other financial assets and liabilities, being cash, contributions receivable, receivable from pending trades, accrued investment income, and payable from pending trades and approximate their carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1: Fair value is based on inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date. Level 1 primarily includes publicly listed investments.
- Level 2: Fair value is based on valuation methods that make use of inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market.
- Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 includes real return bonds, private equities, real estate, infrastructure, and natural resources investments valued based on financial statements and or investor statements. Promissory notes are valued at cost.

## Financial instruments (continued)

2023				
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
<b>Fixed income</b>				
Money market	\$ 18,578	\$ 126,117	\$ -	\$ 144,695
Canadian bonds & debentures	105,328	311,956	-	417,284
Non-Canadian bonds & debentures	66,607	1,656,072	-	1,722,679
Canadian real return bonds	-	294,495	59,661	354,156
<b>Equities</b>				
Canadian	171,416	362,007	-	533,423
US	135,787	155,733	-	291,520
Global	474,148	84,434	-	558,582
Private	-	-	565,859	565,859
<b>Real assets</b>				
Real estate	-	105,798	938,541	1,044,339
Infrastructure	-	-	1,216,806	1,216,806
Natural resources	-	-	216,667	216,667
<b>Absolute return strategies</b>				
Hedge funds	-	851,729	-	851,729
<b>Investment-related receivables</b>				
Promissory notes	-	-	35,021	35,021
Derivative-related, net	6,688	32,972	-	39,660
	\$ 978,552	\$ 3,981,313	\$ 3,032,555	\$ 7,992,420
<b>Investment-related liabilities</b>				
Derivative-related, net	2,585	49,090	-	51,675
	\$ 2,585	\$ 49,090	\$ -	\$ 51,675
<b>Net investments</b>	\$ 975,967	\$ 3,932,223	\$ 3,032,555	\$ 7,940,745

## Financial instruments (continued)

2024				
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
<b>Fixed income</b>				
Money market	\$ 17,495	\$ 163,941	\$ -	\$ 181,436
Canadian bonds & debentures	95,869	292,358	-	388,227
Non-Canadian bonds & debentures	56,616	1,516,870	-	1,573,486
Canadian real return bonds	-	278,833	61,059	339,892
<b>Equities</b>				
Canadian	153,027	360,694	-	513,721
US	152,482	156,258	-	308,740
Global	494,177	89,623	-	583,800
Private	-	-	494,929	494,929
<b>Real assets</b>				
Real estate	-	146,662	939,070	1,085,732
Infrastructure	-	-	1,106,571	1,106,571
Natural resources	-	-	162,466	162,466
<b>Absolute return strategies</b>				
Hedge funds	-	806,331	-	806,331
<b>Investment-related receivables</b>				
Promissory notes	-	-	35,021	35,021
Derivative-related, net	4,230	29,167	-	33,397
	\$ 973,896	\$ 3,840,737	\$ 2,799,116	\$ 7,613,749
<b>Investment-related liabilities</b>				
Derivative-related, net	1,640	1,981	-	3,621
	\$ 1,640	\$ 1,981	\$ -	\$ 3,621
<b>Net investments</b>	\$ 972,256	\$ 3,838,756	\$ 2,799,116	\$ 7,610,128

There were no significant transfers between level 1, level 2, and level 3 financial instruments during the years ended March 31, 2025 and 2024.

## Financial instruments (continued)

The following tables present the changes in the fair value measurement in Level 3 of the fair value hierarchy:

### 2025

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment - related receivables	Total
<b>Balance, beginning of year</b>	\$ 61,059	\$ 494,929	\$ 2,208,107	\$ 35,021	\$ 2,799,116
Purchases, contributed capital	-	190,834	133,098	-	323,932
Sales, capital returned	(1,283)	(182,144)	(124,525)	-	(307,952)
Realized gains	311	51,361	68,025	-	119,697
Unrealized gains (losses)	(426)	10,879	87,309	-	97,762
<b>Balance, end of year</b>	\$ 59,661	\$ 565,859	\$ 2,372,014	\$ 35,021	\$ 3,032,555

### 2024

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment - related receivables	Total
<b>Balance, beginning of year</b>	\$ 61,6642	\$ 403,273	\$ 2,219,603	\$ 35,021	\$ 2,719,561
Purchases, contributed capital	-	55,609	107,822	-	163,431
Sales, capital returned	(1,192)	(9,152)	(114,205)	-	(124,549)
Realized gains	295	24,436	38,561	-	63,292
Unrealized gains (losses)	292	20,763	(43,674)	-	(22,619)
<b>Balance, end of year</b>	\$ 61,059	\$ 494,929	\$ 2,208,107	\$ 35,021	\$ 2,799,116

The total realized and unrealized gains (losses) included in the change in market value of investments from level 3 financial instruments held as at March 31, 2025 and 2024, respectively, was \$217,459 and \$40,673.

#### Fair value assumptions and sensitivity

Level 3 financial instruments are valued using various methods. Listed real return bonds are valued by a third-party using broker prices and comparable securities. Certain unlisted private equities, real estate and infrastructure funds are valued using various methods including overall capitalization method and discount rate method. Real estate subsidiaries are valued using the overall capitalization method and discount rate method and the valuations are significantly affected by non-observable inputs, the most significant of which are the capitalization rate and the discount rate.

## Financial instruments (continued)

Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at March 31, 2025 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

(in thousands of dollars)				
Description	2025 Fair value	2024 Fair value	Valuation technique	Unobservable inputs
Unlisted funds: private equities, real estate, infrastructure, natural resources	\$ 2,132,977	\$ 1,897,699	Net asset value - audited financial statements	Information not available
Unlisted real estate subsidiaries	804,896	805,337	Income approach technique: overall capitalization rate method and discounted cash flow method	Capitalization rates, discount rates
Listed real return bond	59,661	61,059	Vendor supplied price - proprietary price model	Information not available
Unlisted promissory notes	35,021	35,021	Issued by subsidiaries; valued at cost	N/A
	\$ 3,032,555	\$ 2,799,116		

The following analysis illustrates the sensitivity of the Level 3 valuations to reasonably possible capitalization rate and discount rate assumptions for real estate properties where reasonably possible alternative assumptions would change the fair value significantly.

Valuations determined by the direct capitalization method and discounted cash flow method are most sensitive to changes in the capitalization and discount rates.

	2024	2024
(in thousands of dollars)		
<b>Unlisted direct real estate subsidiaries</b>		
<b>Direct capitalization method</b>		
Minimum capitalization rate	3.75	3.50%
Maximum capitalization rate	10.07%	7.50%
Increase of 25 basis points in capitalization rate	\$ (40,682)	\$ (42,804)
Decrease of 25 basis points in capitalization rate	45,438	\$ 50,814
<b>Discounted cash flow method</b>		
Minimum discount rate	4.20%	3.60%
Maximum discount rate	9.25%	9.25%
Increase of 25 basis points in discount rate	\$ (29,829)	\$ (34,303)
Decrease of 25 basis points in discount rate	\$ 32,880	\$ 36,545

**Note: 1 basis point is equal to 0.01%**

## Financial instruments (continued)

The Plan does not have access to underlying information that comprises the fair market value of real return bonds, and certain private equities, real estate and infrastructure fund investments. The fair market value is provided by the general partner or other external managers. In the absence of information supporting the fair market value, no other reasonably possible alternative assumptions could be applied.

### Significant investments

The Plan’s investments, each having a fair value or cost exceeding one per cent of the fair market value or cost of net investment assets and liabilities as follows:

March 31, 2025			
(in thousands of dollars)			
	Number of investments	Fair value	Cost
Private market investments	18	\$ 3,449,342	\$ 2,710,307
	18	\$ 3,449,342	\$ 2,710,307

March 31, 2024			
(in thousands of dollars)			
	Number of investments	Fair value	Cost
Private market investments	19	\$ 3,381,318	\$ 2,691,722
	19	\$ 3,381,318	\$ 2,691,722

The Plan’s significant private market investments consist of fixed income and equity pooled funds, private equities, real estate, infrastructure, and natural resources.

### b. Investment risk management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate volatility, market price fluctuations, credit risk, foreign currency risk and liquidity risk. The Plan has set formal goals, policies, and operating procedures that establish an asset mix among equity, fixed income, real assets, absolute return strategy investments and derivatives that requires diversification of investments within categories and set limits on the size of exposure to individual investments and counterparties. Risk and credit committees have been created to regularly monitor the risks and exposures of the Plan. Trustee oversight, procedures and compliance functions are incorporated into Plan processes to achieve consistent controls and to mitigate operational risk.

## Financial instruments (continued)

### i. Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change with market interest rate changes, as fixed income securities are sensitive to changes in nominal interest rates. Interest rate risk is inherent in the management of a pension plan due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities. To properly manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed income investments are set and monitored.

#### March 31, 2025

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
<b>Fixed income</b>						
Money market	\$ 138,196	\$ -	\$ -	\$ -	\$ 138,196	0.2
Bonds & debentures	27,699	402,052	489,892	392,018	1,311,661	4.1
Real return bonds (2)	-	-	-	59,661	59,661	5.3
	\$ 165,895	\$ 402,052	\$ 489,892	\$ 451,679	\$ 1,509,518	3.8
Pooled funds					1,129,296	
<b>Total fixed income</b>					\$ 2,638,814	

#### March 31, 2024

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
<b>Fixed income</b>						
Money market	\$ 180,170	\$ -	\$ -	\$ -	\$ 180,170	-
Bonds & debentures	56,688	343,380	412,976	382,587	1,195,631	4.0
Real return bonds (2)	-	-	-	61,059	61,059	5.3
	\$ 236,858	\$ 343,380	\$ 412,976	\$ 443,646	\$ 1,436,860	3.5
Pooled funds					1,046,181	
<b>Total fixed income</b>					\$ 2,483,041	

1. The average effective yield reflects the estimated annual income of a security as a percentage of its year-end fair value. The total average yield is the weighted average of the average yields shown.
2. Real return bond yields are based on real interest rates. The ultimate yield will be impacted by inflation as it occurs..

The fair value of the Plan's investments is affected by short-term changes in nominal interest rates. Pension liabilities are exposed to the long-term expectation of rate of return of the Fund as well as expectations of inflation and salary escalation.

## Financial instruments (continued)

### Interest rate sensitivity

The Plan's investments in fixed income and fixed income related derivatives are sensitive to interest rate movements. The following table represents the assets held in the Plan as at March 31, subject to interest rate changes, average duration due to a one percent increase (decrease) in interest rate and the change in fair value of those assets:

	2025	2024
(in thousands of dollars)		
<b>Interest rate sensitive assets</b>	<b>\$ 1,510,437</b>	<b>\$ 1,438,400</b>
Average duration for 1% increase in interest rates	(5.1)	(5.0)
Sensitivity to 1% increase in interest rates	(77,418)	(71,059)
<b>Fair value after 1% increase in rates</b>	<b>\$ 1,433,019</b>	<b>\$ 1,367,341</b>
Average duration for 1% decrease in interest rates	5.1	4.9
Sensitivity to 1% decrease in interest rates	77,418	71,059
<b>Fair value after 1% decrease in rates</b>	<b>\$ 1,587,855</b>	<b>\$ 1,509,459</b>

### ii. Market price risk

Market price risk is the risk of fluctuation in market values of investments from influences specific to a particular investment or from influences on the market, including geopolitical risk. Market price risk does not include interest rate risk and foreign currency risk which are also discussed in this note. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in financial position, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Plan through the construction of a diversified portfolio of instruments traded on various markets and across various industries.

### Market sensitivity

The Plan's investments in equities are sensitive to market fluctuations. The following table represents the change in fair value of the Plan's investment in public and private equities due to a ten percent increase (decrease) in fair market values as at March 31:

	2025	2024
(in thousands of dollars)		
<b>Total equity</b>	<b>\$ 1,949,384</b>	<b>\$ 1,901,190</b>
10% increase in market values	194,938	190,119
<b>Fair value after 10% increase in market values</b>	<b>\$ 2,144,322</b>	<b>\$ 2,091,309</b>
10% decrease in market values	(194,938)	(190,119)
<b>Fair value after 10% decrease in market values</b>	<b>\$ 1,754,446</b>	<b>\$ 1,711,071</b>

## Financial Instruments (continued)

### iii. Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for the traded financial instrument is not backed by an exchange clearing house. Credit risk associated with the Plan is regularly monitored and analyzed through risk and credit committees.

### Fixed income

The Plan's Fixed Income Program includes two main sectors: the Government Sector and the Corporate Sector. One benefit to managing these two pieces separately is to provide the opportunity to access physical government bonds when required. When markets are at their utmost distress these may be the only securities available for liquidation. Managing the Corporate Sector and the Government Sector separately allows for the adjustment of credit risk within the Fixed Income Program by changing the allocation between these two sectors - increasing the Government Sector through periods of market duress and increasing the Corporate Sector through periods of stability. This approach also allows the active management of the Corporate Sector and taking active decisions where returns can be maximized. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolio in 2024.

The fair values of the Plan's fixed income investments exposed to credit risk are categorized in the following table as at March 31:

	2025	2024
(in thousands of dollars)		
<b>Fixed income</b>		
<b>Canadian</b>		
Governments	\$ 267,336	\$ 282,655
Corporate	151,464	157,483
<b>Non-Canadian</b>		
Governments	66,607	56,616
Corporate	1,024,111	940,106
	\$ 1,509,518	\$ 1,436,860
<b>Pooled funds</b>	1,129,296	1,046,181
<b>Total fixed income</b>	\$ 2,638,814	\$ 2,483,041

## Financial instruments (continued)

### Derivatives

The Plan is exposed to credit-related losses in the event counterparties fail to meet their payment obligations upon maturity of derivative contracts. The Plan limits derivative contract risk by dealing with counterparties that have a minimum “A” credit rating. In order to mitigate this risk, the Fund:

- i. Deals only with highly rated counterparties, with whom International Swap and Derivative Association agreements have been executed, normally major financial institutions with a minimum credit standard of “A” rating, as supported by a recognized credit rating agency; and
- ii. Credit risk represents the maximum amount that would be at risk as at the reporting date if the counterparties failed completely to perform under the contracts, and if the right of offset proved to be non-enforceable. Credit risk exposure on derivative contracts is represented by the receivable replacement cost of contracts with counterparties, less any prepayment collateral or margin received, as at the reporting date.

### Securities lending

The Plan engages in securities lending to enhance portfolio returns (see note 12). Through a securities lending program at the Plan’s custodian, the Plan lends securities for a fee to approved borrowers. Credit risk associated with securities lending is mitigated by requiring the borrowers to provide high quality collateral. In the event that a borrower defaults completely or in part, the custodian will replace the security at its expense. Regular reporting of the securities lending program ensures that its various components are continuously being monitored.

#### iv. Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan primarily invests in financial instruments and enters into transactions denominated in various foreign currencies, other than its measurement currency. Consequently, the Plan is exposed to risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan’s investment and non-investment assets or liabilities denominated in currencies other than the Canadian dollar. Foreign currency risk is hedged by using foreign exchange forward contracts. A policy of hedging up to 100% of the currency exposure helps to mitigate this risk.

The Plan’s currency policy allows for the management of risk of investment and non-investment assets and liabilities held in the Fund through hedging strategies that are implemented through the purchase of forward currency contracts. The forward currency contracts offset the Plan’s foreign currency exposure, hence reducing the Plan’s foreign currency risk.

## Financial Instruments (continued)

The Plan's investment and non-investment assets and liabilities that are held in the Fund are represented as unhedged and hedged currency exposures as at March 31 in the following table:

<b>March 31, 2025</b>		
(in thousands of dollars)	<b>Unhedged</b>	<b>Hedged</b>
<b>Summary FX exposure</b>		
Canadian dollar	\$ 2,973,349	\$ 6,438,131
United States dollar	4,630,613	1,912,884
Euro	319,955	(159,921)
British pound sterling	153,060	10,034
Japanese yen	105,650	105,596
Other	111,010	(47,204)
	<b>\$ 8,293,637</b>	<b>\$ 8,259,520</b>

<b>March 31, 2024</b>		
(in thousands of dollars)	<b>Unhedged</b>	<b>Hedged</b>
<b>Summary FX exposure</b>		
Canadian dollar	\$ 2,754,002	\$ 5,974,288
United States dollar	4,452,847	1,965,829
Euro	304,433	(129,661)
British pound sterling	160,169	11,628
Japanese yen	96,808	96,830
Other	124,548	(27,127)
	<b>\$ 7,892,807</b>	<b>\$ 7,891,787</b>

After the effect of hedging, and without change in all other variables, a ten percent increase (decrease) in the Canadian dollar against all other currencies would (decrease) increase the fair value of the Plan's investment and non-investment assets and liabilities held in the Fund, respectively.

## Financial instruments (continued)

The following table below represents these changes in the Plan's investment and non-investment assets and liabilities held in the Fund as at March 31:

	2025	2024
(in thousands of dollars)		
<b>Fund assets and liabilities</b>	<b>\$ 8,259,520</b>	<b>\$ 7,891,787</b>
10% increase in Canadian dollar	(165,581)	(174,318)
<b>Fund assets and liabilities after increase</b>	<b>\$ 8,093,939</b>	<b>\$ 7,717,469</b>
10% decrease in Canadian dollar	202,377	213,055
<b>Fund assets and liabilities after decrease</b>	<b>\$ 8,461,897</b>	<b>\$ 8,104,842</b>

### v. Liquidity risk

Liquidity risk is the risk that the Plan does not have sufficient cash to meet its current payment liabilities and acquire investments in a timely and cost-effective manner. Liquidity risk is inherent in the Plan's operations and can be impacted by a range of situation specific and market-wide events including, but not limited to, credit events and significant movements in the market. Cash obligations are fulfilled from contributions to the Plan, cash income of the Plan and planned dispositions of Plan assets as required. Cash requirements of the Plan are reviewed on an ongoing basis to provide for the orderly availability of resources to meet the financial obligations of the Plan. The Plan's cash management policy ensures that the quality and liquidity of the investment vehicles within the cash portfolios are consistent with the needs of the Plan.

Approximately 25.8% (2024 - 26.7%) of the Plan's investments are in liquid securities traded in public markets, consisting of fixed income and equities. Pooled funds consisting of exchange traded equities are approximately 22.2% (2024 - 22.8%) of the Plan's investments and are liquid within 30 days or less. Although market events could lead to some investments becoming illiquid, the diversity of the Plan's portfolio should ensure that liquidity is available for benefit payments. The Plan also maintains cash on hand for liquidity purposes and for payment of Plan liabilities. At March 31, 2025, the Plan had cash in the amount of \$315,656 (2024 - \$301,367).

# 7.

## Membership growth

The following Acts were introduced to allow the Plan to expand its membership:

- *University Pension Plan Transfer Act (Bill No. 102), May 4, 2015*
- *Municipalities and Other Authorities Pension Plan Transfer Act (Bill No. 55), November 9, 2016*
- *Private Sector Pension Plan Transfer Act (Bill No. 339), February 4, 2025*

These Acts allow the Trustee to enter into an agreement with a university, municipality, other authority, or private sector employer to join the Plan, and transfer, in whole or in part, assets and liabilities of a designated plan to the Plan and to allow the members, the survivors of the members, the post-transfer employees of the transferring party and the survivors of the post-transfer employees to participate in the Plan.

The Trustee's guiding principle throughout this transfer process is that it must be beneficial to the long-term sustainability of the Plan and cost-neutral to the Plan and Plan members. A transfer to the Plan resulting in a surplus or deficit to the associated liability is paid or recovered with interest owing from the transfer date.

## 8.

**Accrued pension obligation****a. Actuarial assumptions**

The actuarial present value of the accrued pension obligation is an estimate of the value of pension obligations of the Plan in respect of benefits accrued to date for all active and inactive members including pensioners and survivors. As the experience of the Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different than the actuarial present value.

Actuarial valuations of the Plan are conducted annually and provide an estimate of the accrued pension obligation (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Mercer, performed a valuation as at December 31, 2024 and issued their report in June 2025. The report indicated that the Plan had a funding excess of \$525,072 (December 31, 2023 - \$111,394).

The actuarial valuation calculates liabilities for each member based on service earned to date and the employee's projected five-year highest average salary at the expected date of retirement or on the pension in pay, for retired members and survivors. The projected unit credit method was adopted for the actuarial valuation to determine the current service cost and actuarial liability. Under this method, the cost of providing benefits to an individual member will increase as the individual member ages and gets closer to retirement.

The assumed increases in the real rate of pensionable earnings (i.e. increase in excess of the assumed inflation rate) are dependent on the attained age of the members. These rates are based on recent experience of the Plan and current expectations for future years. Demographic assumptions are used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates, and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Plan and on the expectations for future trends.

## Accrued pension obligation (continued)

The major economic and demographic assumptions used in the December 31 valuation were as follows:

	2025	2024
Discount rate	6.50% per annum	5.75% per annum
Inflation	2.00% per annum	2.00% per annum
Salary	2.50% per annum plus merit ranging from 0.00% to 2.50%	2.50% per annum plus merit ranging from 0.00% to 2.50%
YMPE	2.50% per annum	2.50% per annum
Indexing	2.61% per annum January 1, 2026 through December 31, 2030; none thereafter	none
Retirement age	10% at age 59; 20% at age 60; 10% at each age 61-64; 50% at each age 65-69; 100% at age 70  However, 20% each year after EURD, if it is greater	10% at age 59; 20% at age 60; 10% at each age 61-64; 50% at each age 65-69; 100% at age 70  However, 20% each year after EURD, if it is greater
Mortality	40% at 35 years of service  120% of CPM 2014 Publ with generational mortality using 100% of CPM-B	40% at 35 years of service  120% of CPM 2014 Publ with generational mortality using 100% of CPM-B

The accrued pension obligation as at March 31 is determined by an extrapolation performed by the Plan's actuary of the Plan's liabilities from December 31 of the immediately preceding calendar year, as reflected in the actuarial valuation. The following table reflects the extrapolated liability and funding surplus as at March 31:

	2025	2024
(in thousands of dollars)		Extrapolated
Actuarial value of net assets	\$ 8,274,576	\$ 7,906,268
Accrued pension obligation	(7,750,201)	(7,619,364)
<b>Funding surplus</b>	<b>\$ 524,375</b>	<b>\$ 286,904</b>

## 9.

**Commitments**

The Plan has committed capital to investment in real estate and infrastructure over a definitive period of time. The future commitments are generally payable on demand based on the capital needs of the related investment. The table below indicates the capital amount committed and outstanding as at March 31, 2025.

<b>March 31, 2025</b>				
(in thousands of dollars)				
	<b>Committed</b>		<b>Outstanding</b>	
<b>Canadian dollar</b>				
Private equities	CAD	17,717	CAD	12,579
Infrastructure		15,000		75
	CAD	32,717	CAD	12,654
<b>United States dollar</b>				
Infrastructure	USD	757,922	USD	74,614
Private equities		551,391		182,013
Natural resources		30,000		2,851
Real estate		25,000		4,329
	USD	1,364,313	USD	263,807
<b>Euro</b>				
Infrastructure	EUR	75,000	EUR	15,879
	EUR	75,000	EUR	15,879
<b>British pound sterling</b>				
Infrastructure	GBP	15,000	GBP	323
	GBP	15,000	GBP	323

## 10.

**Benefits**

	<b>2025</b>		<b>2024</b>	
(in thousands of dollars)				
Benefits paid to retired members	\$	392,878	\$	387,265
Benefits paid to surviving members		44,574		41,777
Refunds paid to terminated members		22,482		17,532
	\$	459,934	\$	446,574

## 11.

**Administrative Expenses**

The plan is charged by its service providers, including NS Pension, a related entity, for professional and administrative services. The following is a summary of these administrative expenses.

	2025	2024
(in thousands of dollars)		
<b>Plan administration</b>		
Office and administration services	\$ 9,235	\$ 8,158
Legal services	192	200
Actuarial & consulting services	151	146
Audit services	68	64
Other professional services	72	60
	<b>9,718</b>	<b>8,586</b>
<b>Pension plan transfer-related costs</b>		
Professional services	4	7
Recovery (note 7)	(4)	(7)
	-	-
<b>Investment expenses</b>		
Investment management services	11,131	10,313
Transaction costs	638	504
Custody services	589	507
Advisory & consulting services	375	308
Information services	244	229
	<b>12,977</b>	<b>11,861</b>
<b>Bad debt</b>	<b>2</b>	<b>5</b>
<b>HST</b>	<b>2,174</b>	<b>1,973</b>
	<b>\$ 24,871</b>	<b>\$ 22,425</b>

Investment management and performance fees included in the unrealized gains/(losses) on investment vehicles consisting of pooled funds, limited partnerships and holding companies are estimated at \$43,638 (2024 - \$42,391) using financial statements and or investor statements where available, and when not available, estimates based on investment management contracts. These fees are not direct expenses of the Plan and therefore are not included in administrative expenses. .

## 12.

**Securities lending**

The Plan participates in a securities lending program where it lends securities that it owns to third parties for a fee. For securities lent, the Plan receives a fee, and the borrower provides readily marketable securities of higher value as collateral which mitigates the credit risk associated with the program. When the Plan lends securities, the risk of failure by the borrower to return the loaned securities is alleviated by such loans being continually collateralized. The securities lending agent also provides indemnification if there is a shortfall between collateral and the lent security that cannot be recovered. The securities lending contracts are collateralized by securities issued by, or guaranteed without any limitation or qualification by, the Government of Canada or the governments of other countries.

The following table represents the estimated fair value of securities that were loaned out and the related collateral as at March 31:

	2025	2024
(in thousands of dollars)		
Securities on loan	\$ 315,751	\$ 227,948
Collateral held	\$ 334,267	\$ 245,649

## 13.

**Related party transactions**

Investments held by the Plan include debentures of the Province of Nova Scotia. The total fair value of these investments is \$9,267 (0.11% of total investment assets and liabilities) as at March 31, 2025 (2024 - \$1,512 (0.02% of total investment assets and liabilities)).

The Plan's administrator, NS Pension, an entity co-owned by Teachers' Pension Plan Trustee Inc. and Public Service Superannuation Plan Trustee Inc. for the purpose of providing pension plan administration and investment services, charges the Plan, at cost, an amount equal to the expenses incurred in order to service the Plan. The administration expense charged to the Plan before HST for the year ending March 31, 2025, was \$9,546 (2024 - \$8,387). The amount due to the administrator as at March 31, 2025 was \$2,047 (2024 - \$1,788).

## 14.

## Interest in subsidiaries

The Plan's subsidiaries were created for the purposes of providing investment earnings from US equities, private equities, hedge funds, real estate, and infrastructure. The Plan's subsidiaries are presented on a non-consolidated basis. The following table shows the fair values of the Plan's subsidiaries as at March 31:

			2025	2024
(in thousands of dollars)				
Subsidiary	Purpose	Ownership %		Fair value
PSS Investments RE Inc.	Real estate	100	\$ 663,844	\$ 635,058
PSS Investments AI Inc.	Private equities	100	385,941	481,959
PSS Investments CS Inc.	Infrastructure	100	327,190	318,102
PSS Investments II Inc.	Real estate	100	244,388	271,504
PSS Investments BR Inc.	Infrastructure	100	159,758	156,002
PSS Investments MU Inc.	Infrastructure	100	77,536	62,024
HV Combined Investments Inc.	Hedge funds	63	71,284	62,764
NT Combined Investments Inc.	US equities	36	66,503	77,222
PSS Investments AX Inc.	Infrastructure	100	63,639	61,148
PSS Investments ES Inc.	Real estate	100	30,308	32,508
PSS Investments KA Inc.	Infrastructure	100	28,776	29,760
PSS Investments III Inc.	Infrastructure	100	26,304	26,067
NS Pension Investments QP Inc.	Infrastructure	50	23,886	-
PSS Investments IV Inc.	Infrastructure	100	22,378	24,081
PSS Investments CP Inc.	Real estate	100	20,783	-
PSS Investments AC Inc.	Infrastructure	100	20,146	18,180
PSS Investments HY Inc.	Infrastructure	100	1,449	10,489
PSS Investments AR Inc.	Private equities	100	-	10,297
PSS Investments CS II Inc.	Infrastructure	100	-	4
			\$ 2,234,113	\$ 2,277,169

The Plan either has 100% controlling interest or significant influence over its subsidiaries' cash flows. Funding is made via capital investment from the Plan. Certain subsidiaries have commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan's commitments (note 9). Financing is provided as required via shareholder loan and is payable on demand to the Plan.

15.

Master trust funds

The PSSPTI has entered a master trust agreement with the Teachers’ Pension Plan Trustee Inc. as participants, NS Pension as investment manager, and the custodian as trustee and administrator, to create unitized pooled master trust funds to pool assets and provide investment income to the participants. Investment income is allocated pro-rata to each participant at each valuation date. The following table shows the fair values of the Plan’s investment in master trust funds as at March 31:

		2025	2024
(in thousands of dollars)			
Master trust funds	Purpose	Ownership %	Fair Value
NS Pension Private Equity Fund	Private equities	89	\$ 179,919
			\$ -
			\$ -

The Plan has significant influence over the master trust fund’s cash flow. Funding is made via capital investment from the Plan. The master trust fund has commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan’s commitments (note 9).

16.

Capital management

The main objective of the Plan is to sustain a certain level of net assets in order to meet the Plan’s pension obligations. The PSSPTI (note 1) manages the contributions and benefits as required by the Act and its related Regulations. The PSSPTI approves and incurs expenses to administer the commerce of the Plan in accordance with the Act.

Under the direction of the PSSPTI, the Plan provides for the short-term financial needs of current benefit payments while investing members’ contributions for the longer-term security of pensioner payments. The PSSPTI exercises duly diligent practices and has established written investment policies and procedures, and approval processes. Operating budgets, audited financial statements, yearly actuarial valuations and reports, and as required, the retention of supplementary professional, technical and other advisors, are part of the Plan’s governance structure.

The Plan fulfils its primary objective by adhering to specific investment policies outlined in its SIP&G, which is reviewed annually by PSSPTI. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year’s employee and employer contributions) in accordance with the SIP&G. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and participating employers. The main use of net assets is for benefit payments to eligible Plan members.

# Glossary

**Absolute Return Strategies:** An investment strategy focused on generating positive returns in both rising and falling market conditions.

**Actuarial assumed rate of return:** The long-term rate of return assumed by the Plan's external actuary when determining the value of the Plan's liabilities. Also referred to as the discount rate.

**Asset(s):** Financial and real items owned by the Plan that have monetary value, including cash, stocks, bonds, real estate, and other assets.

**Asset mix:** The allocation of investment funds among different asset types, such as cash, stocks, bonds, and real estate.

**Benchmark:** A standard used to measure the performance of the Plan's investment returns.

**Commodities:** Basic goods used in commerce that are interchangeable with others of the same type. Commodities are typically used as inputs in the production of goods and services and are generally uniform in quality across producers.

**Equity(ies):** Common or preferred shares representing ownership in a company.

**Fixed Income:** Investments that generate a predictable stream of income, such as bonds and debentures.

**Funded ratio:** The ratio of the Plan's assets to its liabilities, expressed as a percentage. A ratio above 100 per cent indicates that the Plan has more assets than required to meet its future estimated obligations.

**Gross of investment management fees:** Indicates that investment returns are reported before deducting management fees.

**Liabilities:** The estimated present value of the Plan's future obligations resulting from retirement commitments made to past, current, and future employees.

**Net of investment management fees:** Indicates that investment returns are reported after deducting investment management fees.

**Portable alpha:** a structure whereby passive market exposures are enhanced with active strategies to produce additional returns or alpha.

**Real Assets:** Physical real estate, infrastructure and commodity assets such as apartments, bridges, tolls, gold and farmland that are invested in either directly or through pooled vehicles.

**Return on investment(s):** A performance measure used to evaluate the efficiency of the Plan's investments, expressed as a percentage gain or loss on the initial investment at the beginning of the period.



We welcome your comments and feedback to help us better understand what information about your pension you would like to receive. Please email your comments to: [PSSPTI@nspension.ca](mailto:PSSPTI@nspension.ca).

For individual pension questions, please refer to our contact information below.

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*All information presented in this document is premised on the Plan rules and criteria which currently exist under the Public Service Superannuation Act (the "PSSA") and the plan text made thereunder. This document explains in plain language aspects of the rules and criteria of the Plan. Plan members, beneficiaries, and others who wish to determine their legal rights and obligations under the Plan should refer to the PSSA, the plan text, or other legal documents as appropriate. In the event of a discrepancy between the information provided in this document and the legislation and/or legal documents, the latter takes precedence.*