CAAT PENSION PLAN

Annual Report 2024

Leading with Purpose

Delivering secure lifetime pensions to our members

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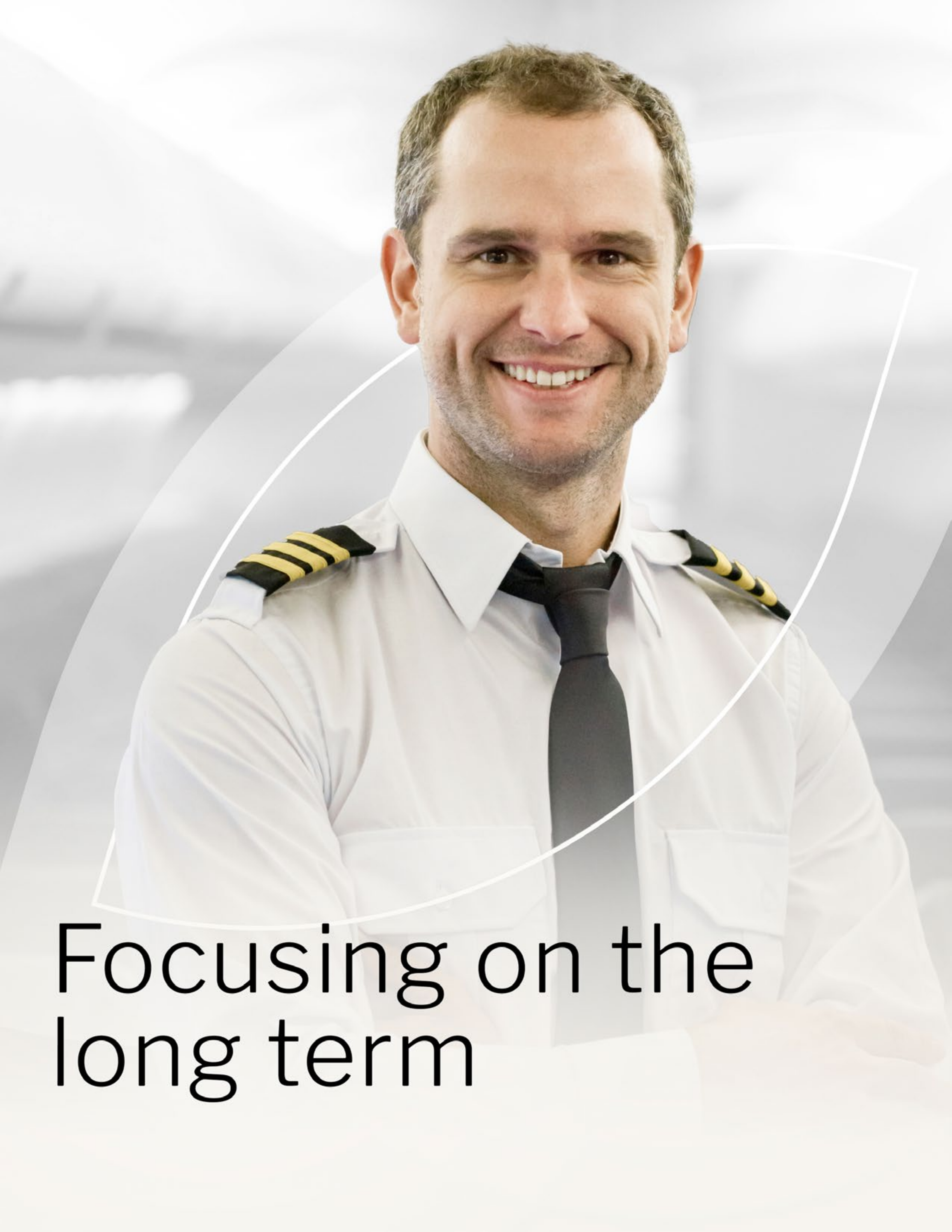


Focusing on the long term

A legacy of stability and growth

Ms. Kareen Stangherlin, Chair

Ms. Virginia Di Monte, Vice-Chair

As representatives of the Plan's participants, the Plan governors are squarely focused on ensuring the pension fund remains sustainable and member benefits remain secure. CAAT's successful attainment of key milestones in 2024 further reinforces confidence in the Plan's ability to drive growth that supports and aligns with these priorities.

In 2024, the Plan maintained a healthy funded ratio of 124% and built reserves to a total of $6.1 billion, which serve to cushion against potential changes in investment markets or unexpected liability growth. This funding strength, along with CAAT's leadership expertise, has helped Plan governors make decisions that will benefit members and employers in 2025 and beyond, including, as previously announced, reducing contribution rates for DBprime benefits and increasing the DBplus benefit factor on contributions starting January 1, 2025.

After growing to over 100,000 total members last year, CAAT launched an innovative workplace retirement solution, GROWTHplus Investment Account, allowing members the option to save more by investing with the pension plan they know and trust. At its core, the design delivers on a vision that has catapulted CAAT since it opened membership to its defined benefit (DB) plan: to offer members efficient ways to save towards a more secure retirement, while keeping costs and risks low for employers.

The Board of Trustees continues to refine governance practices to keep pace with CAAT's growth, ensuring these practices remain scalable, effective, and aligned with strategic objectives. By adapting to the organization's evolving needs, the Board aims to enhance oversight and provide effective guidance to support growth and long-term success. Notably, in 2024, the Trustees evolved the role of the Investment Committee to focus more on oversight, enabling the committee to provide thoughtful stewardship, balancing risk and return to support the long-term sustainability of the pension plan.

This year, we will be celebrating our 30th anniversary as a jointly sponsored pension plan – another important milestone for the Plan. Joint governance is a globally recognized model for DB pension plans, one that supports fiduciary duty and risk management by ensuring employers and members share responsibility in the decision-making process. The Plan's results demonstrate the model's effectiveness in managing sustainable, secure pensions while evolving with the needs of the market and members, even in the face of significant market volatility.

We warmly congratulate CEO and Plan Manager Derek Dobson, who celebrated his 15th year at CAAT in 2024. We also celebrate the management team and staff on their achievements as they continue to drive thoughtful innovation in the retirement industry. Sound governance and strong leadership are essential to long term success, as is a clear vision to see through periods of volatility, towards a better future. The Board remains committed to CAAT's strategy and vision to become Canada's workplace retirement solution of choice.

Ms. Kareen Stangherlin, Chair

Ms. Virginia Di Monte, Vice-Chair

> "The Plan maintained a healthy funded ratio of **124%** and built reserves to a total of **$6.1 billion**"

Innovating to provide predictability in retirement

Predictability is the hallmark of a secure pension promise, one that guides our decisions every day. At CAAT Pension Plan, our team is committed to ensuring every member enjoys a predictable monthly paycheque for life in retirement.

Our secure pension promise is built on a solid financial foundation. I am pleased to share the Plan remains 124% funded, holding $23.3 billion in total assets under management and $6.1 billion in funding reserves. The fund's diversified investment portfolio recorded an annual net rate of return of 15.2%, contributing to a 10-year annualized net rate of return of 9.6%. The Plan extended conditional inflation protection enhancements to 2028, an enhancement that has been granted every year since its introduction in 2007.

These strong results are more assuring when you consider that they include the previously announced improved DBplus benefits and reduced DBprime contributions. On top of this, Plan governors reduced the discount rate by 15 basis points to 4.75%. A lower rate reflects a measured risk tolerance and prudent assumptions of expected returns to manage liabilities in the long run. This approach puts our commitment to benefit security at the centre of management and funding decisions.

As we continue to manage long term risks, we do so in an increasingly challenging market environment. These conditions underscore the importance of the Plan's robust approach to safeguarding benefits and building reserves. With a diversified portfolio and robust reserves set aside to protect the Plan against economic shocks, our members and employers can be confident in the resilience and sustainability of their pension plan.

Derek W. Dobson,
CEO and Plan Manager

We know that a secure retiree is also a more confident consumer and contributor to Canada's economy and society.

While members already benefit from a secure lifetime pension, many have been asking for more ways to save with a pension plan they trust. We answered with our latest innovation: GROWTHplus, an optional feature that allows members to transfer in additional tax-sheltered funds and benefit from the Plan's investment returns without needing additional employer contributions.

By enabling members to grow their savings together with the secure lifetime pension they have with CAAT, GROWTHplus provides members a flexible add-on account to save towards their retirement goals without the stress of having to make investment decisions. Plan employers seamlessly receive added value to their workplace pension plan and total rewards at no additional cost, which can help organizations better attract and retain the talent they need for the future.

Remaining financially independent in retirement is a top priority for most Canadians, yet far too many do not have access to a pension plan that can help them reach their goals more efficiently. CAAT is working to improve that reality. We continue to add flexibility to adapt to changing needs, yet remain focused on our core goal of providing secure and valuable lifetime retirement income at stable contribution rates that members and employers need.

"The fund's diversified investment portfolio recorded an **annual net rate of return of 15.2%**, contributing to a **10-year annualized net rate of return of 9.6%**"

I would like to thank the Plan governors for their support and direction as we continue to innovate in the Canadian retirement industry. Thank you to our staff for their determination and hard work during this milestone year which saw the Plan reach 100,000 members. This represents a doubling in membership size since the launch of DBplus, our defined benefit pension solution open to the private, non-profit and broader public sectors. Momentum to join the Plan continues to build. Today, more than 700 workplaces offer a gold-standard pension plan through CAAT, an achievement we can all take pride in.

As we look ahead, our prudent funding strategy will continue to focus on building reserves – the foundation of a secure pension promise – to ensure we deliver the predictable, unparalleled value that defines DBprime and DBplus.

Derek W. Dobson,
CEO and Plan Manager

2024 Highlights

111,100
members

16,500
net increase in members

80,900
active

25,400
retired

4,800
deferred

710
total employers

20
industries

25
unions and member associations

Numbers are rounded.

124%
funded

$6.1 billion
funding reserves

$23.3 billion
net assets

9.6%
10-year annualized net investment return

15.2%
net investment return in 2024

$724 million

in pension payouts in 2024

Serving a diverse range

of public, private and not for profit organizations across Canada

2024 Top Employer

(Benefits and Pensions Monitor)

2024 Best Place to Work

(Benefits and Pensions Monitor)

Recognized for sustaining

outstanding workplace culture by Kudos®

Management's Commentary

Plan Funding

Funded status is a key measure of CAAT's financial health, highlighting the Plan's benefit security. The Plan's focus on longer-term stability and strength is supported by the use of reasonable underlying assumptions in its actuarial valuation, maintaining funding reserves and healthy Plan demographics.

As at January 1, 2025, Plan reserves have grown to $6.1 billion. In addition, there are $1.9 billion in asset smoothing reserves that reflect deferred investment gains to be gradually recognized in future actuarial valuations.

Reserves are available as a cushion against negative investment experience in the future, or larger-than-expected liability growth. Reserves are an important tool to fund future conditional benefit enhancements, maintain the enhanced DBplus pension benefit factor and DBprime contribution rates stable.

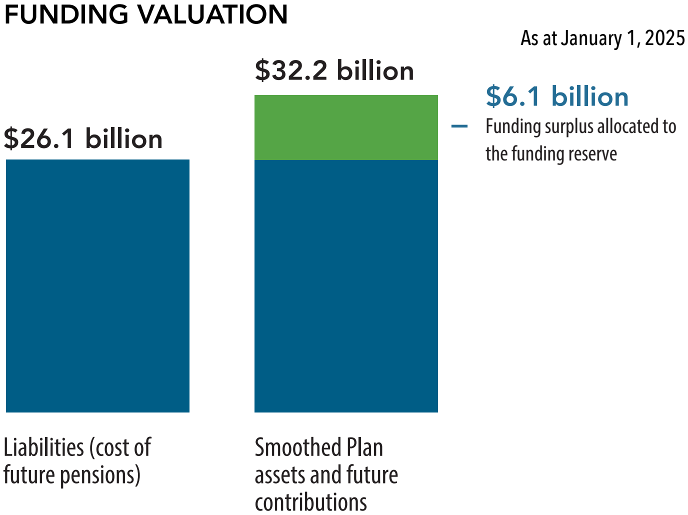
VALUATION SUMMARY

($ millions)

Going-concern funding results (Modified aggregate basis)	January 1, 2025 Filed valuation
Asset Values:	
Market value of net assets	23,296
Smoothing adjustment	(1,860)
Present value of future contributions	
DBprime – basic contributions	5,309
DBprime – stability contributions	659
DBplus	4,798
Total actuarial value of assets	**32,202**
Liabilities for accrued benefits	16,511
Present value of future benefits for active members	
DBprime	5,550
DBplus	4,000
Total actuarial liabilities	**26,061**
Funding reserve – with smoothing	6,141

(The market value of net assets differs from the financial statements due to the timing of the preparation of the regulatory funding valuation.)

FUNDING VALUATION



The Plan's regulatory funding valuation is:

- A point-in-time determination of the Plan's financial health
- Comparing the cost of future pensions to Plan assets, including future contributions and smoothed investment returns over five years
- Performed on a going-concern basis (assumes the Plan will operate indefinitely)
- Prepared by an independent actuary
- Based on assumptions about member life expectancy, future earnings, economic conditions and future investment returns
- Filed with provincial and federal regulators at least every three years. Plan governors may choose to file a valuation on a more frequent basis. The Plan has filed its valuation as at January 1, 2025.

To find out more about CAAT's regulatory funding valuation, go to: caatpension.ca/about-us/valuation

Strategic Priorities

In 2024, CAAT Pension Plan continued to build on its strategic priorities, achieving significant milestones that mark our ongoing commitment to long-term sustainability of the Plan and benefit security for members.

One of the major accomplishments was the successful implementation of Plan changes previously approved by Plan governors. The Plan delivered on its promise to increase the DBplus pension benefit factor to 9.5% and reduce DBprime contributions by a net of 1%, as of January 1, 2025, providing more pension benefits per dollar contributed for all active members.

In October 2024, CAAT launched its latest innovation: GROWTHplus, an optional savings account for Plan members to grow their tax-sheltered savings and benefit from CAAT's investment returns. Available at no additional cost to employers, the account provides added value to members' lifetime pension with CAAT through both its investment scale and expert management.

Through sound funding management and investment decisions, CAAT continues to deliver on its mission to provide secure, valuable and sustainable workplace retirement solutions to Canadians. The Plan will continue to engage our participating employers, members and unions to ensure that the Plan remains relevant and responsive to their needs.

"CAAT launched its latest innovation: GROWTHplus, an optional savings account for Plan members to **grow their tax-sheltered savings and benefit from CAAT's investment returns**."

Professional Investment Management

The Plan's investment program is designed to generate sufficient long-term returns to keep benefits secure and grant conditional enhancements, with an appropriate level of risk.

The Plan conducts periodic asset-liability modeling (ALM) studies to recommend an appropriate strategic asset mix to the Board of Trustees. In implementing the approved asset mix, Plan staff manage the investment portfolio actively, with the goal of adding value above market benchmarks over the long term.

The investment portfolio is implemented through a mix of external investment manager relationships, as well as private market fund investments and co-investments (direct investments in private market transactions alongside lead investors).

Diversified Portfolio Fundamental to Managing Risk

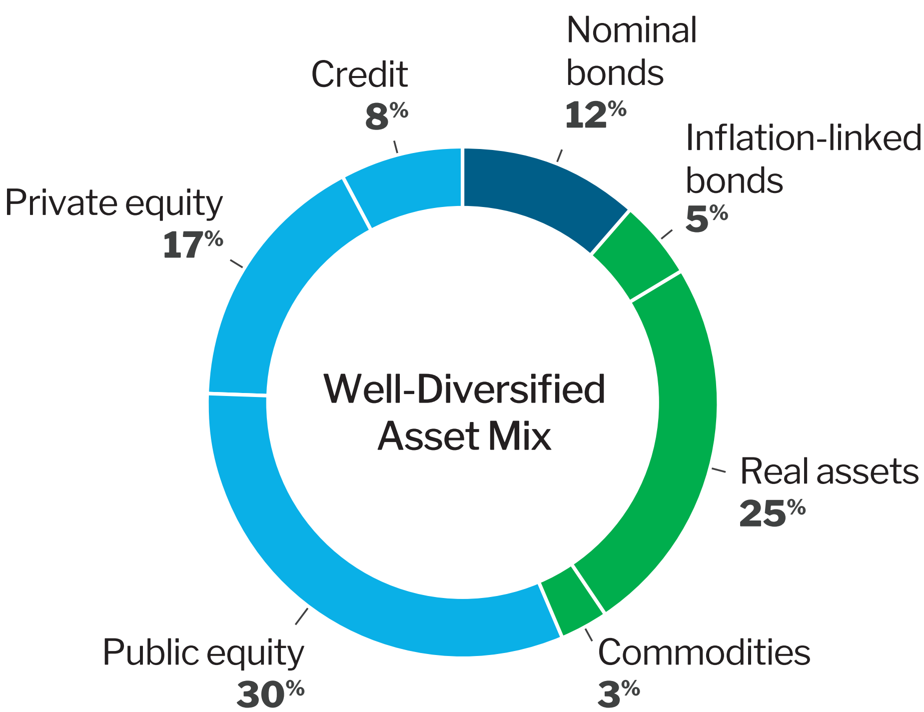
The Plan's asset mix is well diversified. Asset classes are categorized into three broad groupings: interest-rate-sensitive, inflation-sensitive and return-enhancing.

Interest-rate-sensitive and inflation-sensitive asset categories help to offset the effects of changing interest rates and inflation on the valuation of the Plan's pension obligations. The interest-rate-sensitive asset category is comprised of nominal Canadian bonds, while the inflation-sensitive asset category is comprised of real assets (real estate and infrastructure), inflation-linked bonds and commodities.

The return-enhancing category, including public equities, private equities and credit, helps the Plan achieve its targeted rate of return. These assets also keep DBprime contribution rates stable and allow for the continued granting of conditional benefits for all members.

Following an ALM study in 2024, the Board of Trustees approved changes to the strategic asset mix, with the goal of further enhancing Plan health in the long term.

Long-term Asset Mix Target



Interest-rate-sensitive: **12%**

Inflation-sensitive: **33%**

Return-enhancing: **55%**

Point-in-time allocations may differ from the long-term targets shown here.

Investment Results

2024 Market Overview

2024 was a strong year for Canadian investors, despite geopolitical uncertainties and headwinds from China's sluggish economy. Inflation eased in Canada, the U.S. and Europe, prompting central banks to pivot toward rate cuts after years of aggressive tightening. The U.S. economy showed notable strength, supported by a resilient labor market and AI-driven investment.

Against this backdrop, global equities delivered solid returns, with U.S. technology and AI-driven stocks leading the way. Other major equity markets posted strong gains but lagged the U.S. In Canada, the S&P/TSX Composite Index surged nearly 22%, driven by strength in the energy, financials and industrials sectors. Canadian bond markets also delivered positive returns, as falling inflation led the Bank of Canada to begin cutting interest rates.

The Canadian dollar weakened against most major currencies in 2024, declining nearly 8% against the U.S. dollar, pressured by rate differentials and slower domestic growth. Notably, 5% of this depreciation occurred after the U.S. election, as proposed tariffs weighed on investor sentiment.

At the end of 2024, the Plan's Canadian holdings made up over

25%

of its assets. This includes investments in equities, bonds, real estate and infrastructure.

Strong Long-Term Investment Performance

The investment program has met its key objective: to deliver long-term returns sufficient to promote Plan health. Over the past 10 years, the Plan has delivered an annualized return of 9.6%, net of fees, significantly outperforming the Plan's discount rate. All asset classes in the portfolio contributed positively to performance over the period. The active management program contributed to portfolio performance, outperforming its policy benchmark by 1.5% annually, net of fees.

NET FUND RETURNS VS POLICY BENCHMARK

(Annualized)

	1 YEAR	5 YEARS	10 YEARS
CAAT	15.2%	9.7%	9.6%
Policy Benchmark	18.0%	8.5%	8.1%
Added Value	-2.8%	1.2%	1.5%

"The Plan's assets totaled **$23.3 billion** at the end of 2024 (up from $20.1 billion in 2023)."

The Plan's assets totaled $23.3 billion at the end of 2024 (up from $20.1 billion in 2023). The investment portfolio returned 15.2% in 2024, net of fees. All asset classes contributed positively to returns during the year, led by Public and Private Equity. The portfolio underperformed its policy benchmark in 2024, due to the Private Equity asset class lagging its benchmark. Over the past 10 years, Private Equity has outperformed its benchmark significantly.

The one-year performance of each asset class is measured in comparison to a relevant benchmark return, as listed in the table below.

2024 NET INVESTMENT RETURN BY ASSET CLASS RELATIVE TO BENCHMARK

As at December 31, 2024 (net of expenses)

Asset Class	CAAT Plan Investments ($ millions)	CAAT 2024 Return	Benchmark	Benchmark Return	Value Added
Interest-rate sensitive					
Nominal bonds	$2,882	4.2%	FTSE Canada Mid-Term Bond Index	4.0%	0.2%
Inflation-sensitive					
Inflation-linked bonds	$1,409	4.0%	Custom Benchmark	3.9%	0.1%
Real assets	$3,989	4.6%	CPI + 4%	5.9%	(1.3%)
Commodities	$1,023	16.9%	S&P GSCI	19.2%	(2.3%)
Return-enhancing					
Public equity	$7,448	28.9%	MSCI ACWI	28.2%	0.7%
Private equity	$4,894	16.0%	MSCI ACWI + 3%	31.1%	(15.1%)
Credit	$1,611	11.3%	Transition Credit Custom Benchmark	10.1%	1.2%

Responsible Investing

The principal investment goal of the Plan – and our fiduciary responsibility – is to generate long-term, risk-adjusted returns sufficient to secure lifetime pensions for members.

Part of CAAT’s long-term approach includes a focus on Responsible Investing, which incorporates environmental, social and governance (ESG) factors into investment decisions. Considering these factors helps guide which assets to invest in, as well as the stewardship of those assets.

The Plan’s Responsible Investing Policy is available in the Investments section of the Plan’s website. Investment decisions are guided by the three core principles of the Responsible Investing Policy:

1. Governance

Responsible Investing requires consistent oversight with an eye toward continuous improvement. The Board of Trustees review and update the Responsible Investing Policy at least every three years. The Board also reviews reporting from Plan staff concerning the Plan’s Responsible Investing activities.

2. Integrating ESG factors

CAAT actively collaborates with its external investment partners to ensure that the consideration of ESG factors is built into their investment processes. ESG factors are key considerations in the Plan’s due diligence process for working with existing and potential managers.

3. Stewardship

CAAT maintains diligent stewardship practices within its approach to Responsible Investing, and examines shareholder proposals on ESG issues, considering the possible effects on the long-term shareholder value. This includes using the Plan’s proxy voting rights in a manner consistent with the Plan’s Responsible Investing Policy.

Managing Operational Risk

Enterprise Risk Management

CAAT recognizes that risk is an inherent part of our operating environment and a conscious effort is made to incorporate it into strategic planning, governance, operations and reporting.

To enhance risk management effectiveness, in 2024, CAAT created the Aligned Assurance function to support the design, implementation and maturation of its Enterprise Risk Management (ERM) function. Plan staff have developed a risk management framework, related procedures and a policy that helps support the identification, assessment and treatment of the top risks impacting the Plan. The ERM framework and supporting methodology are aligned to international standards and guidelines and are operationalized via a robust risk governance structure.

CAAT's risk governance structure is comprised of the following assurance lines:

- The first line: individual teams manage primary operational processes and are responsible for maintaining effective internal controls.
- The second line: provides risk oversight and facilitates the monitoring and implementation of risk management and compliance activities by the first line. These comprise functions such as: ERM, Privacy, Business Continuity Management and Compliance.
- The third line: CAAT's internal audit function provides independent, objective assurance and consulting to the Board of Trustees on the status and effectiveness of the Plan's ERM framework, processes and reports.

Every quarter, Plan staff review the top risks and mitigation plans and identify any emerging risks, which are shared with the Board of Trustees. Collectively, this approach helps establish a risk-conscious culture that is aligned to the Plan's mission and vision.

Cyber Security Risk

CAAT’s preparedness to fend off cyber threats is informed by its Cyber Security Policy and risk management approach, both of which receive Board of Trustees’ oversight.

In addition to maintaining programs and policies that support its ISO 27001 accreditation, CAAT upholds a wide-ranging cyber security program that includes continuous monitoring, testing and benchmarking, and carries out this program in collaboration with external partners and experts. We strive to protect our information and that of our members, from unauthorized risks to their confidentiality, integrity, or availability. Our program encompasses various policies, platforms, procedures and processes for assessing, identifying and managing risks from cyber security threats, including third-party risk from vendors and suppliers.

CAAT also maintains continuous and near-real-time security monitoring of our network for investigation, action and response to security events. Additionally, we identify, assess and manage risks from cyber security threats through various mechanisms, which from time to time may include tabletop exercises to test our preparedness and incident response process, control gap analyses, threat modeling, internal audits, external audits, penetration tests and engaging third parties to conduct comprehensive analyses of our information security program.

Given the dynamic, increasingly complex and always-evolving threat posed by cyber-attacks, all employees are required to take regular cyber security training. It is part of CAAT’s work to continuously invest in cyber security protection resources and expertise, implement best practices and standards, and advance our overall cyber security management capabilities.

Plan Text Amendments

In 2024, amendments were made to the Plan Text to add new employers or expand the participation of employees of certain employers. In some instances these amendments also enabled the Plan to accept the assets and liabilities associated with other plans merging into the Plan.

The Plan Text was also amended in 2024 to permit the participation of eligible active, deferred and retired Plan members in GROWTHplus, an Additional Voluntary Contribution (“AVC”) provision that also provides for variable benefit payments.

Consistent with the Plan’s Funding Policy and the Plan’s funding position, as shown in its January 1, 2025 actuarial valuation, the Plan Text was revised to grant additional annual Average Industrial Wage increases for active DBplus members until 2028 and to extend the current DBplus early retirement adjustment factor for retiring DBplus members until 2028. Additional conditional inflation protection enhancements will be granted to 2028.

None of the amendments negatively altered benefit entitlements.

As part of the Plan’s commitment to transparency, the most recent version of the Plan Text is available on the CAAT Pension Plan website alongside a blacklined version of the prior Plan Text showing recent changes.

Awards And Recognition

A Reflection of CAAT's Strategy

CAAT ranked **#1 highest performing Canadian pension plan** in the BNY Mellon Canadian Master Trust Universe, based on 10-year returns at the end of 2024 for plans with a market value above $1 billion.

Chief Financial Officer Michael Dawson received the **Leader of the Year Award** from Institutional Connect for his outstanding leadership and vision to achieve strategic goals.

CAAT was named a **GTA Top Employer** by Greater Toronto's Top 2025 Employers and one of Kudos **Culture Leaders** in 2024. Canadian HR Reporter recognized CAAT with the **2024 Best Place to Work** award.

In a release announcing the participation of Ontario Native Women's Association (ONWA) employees, Cora McGuire-Cyrette, Chief Executive Officer of ONWA said:

> "We are delighted to offer our employees across Ontario access to DBplus pension, **providing them with secure lifetime retirement income throughout their retirement years**. This reflects our commitment to Indigenous women and their families to have access to financial stability and well-being, and demonstrates our continued support for our workforce as they transition into a new stage of their life as Grandmothers, Elders and Knowledge Holders. This is an investment in their retirement, peace of mind and happiness and reflective of the teaching of reciprocity as we are thankful for their gifts, wisdom, and knowledge they have shared with us during their employment with ONWA."

Governance

CAAT's Joint Governance Model

Joint governance is a key element of the world-renowned Canadian model for pension organizations. Through the Sponsors' Committee and the Board of Trustees, members and employers have shared responsibility for decisions about Plan benefits and funding.

The Plan governors are appointed by the Plan sponsors: the College Employer Council (CEC), the Ontario Public Service Employees Union/Syndicat des employés de la fonction publique de l'Ontario (OPSEU/SEFPO) and the Ontario College Administrative Staff Association (OCASA).

Board of Trustees

As fiduciaries, the Trustees are legally bound to act in the interest of the Plan and its members. The Board sets the investment policy and policies for administering benefits. In addition, they work collaboratively with the Sponsors' Committee to establish the funding risk appetite that is appropriate for the Plan.

The Board has 12 Trustees: six appointed by employee groups (four by OPSEU/SEFPO, one by OCASA and one by OPSEU/SEFPO and OCASA on a rotating basis) and six appointed by CEC.

Members of the Board of Trustees (as at December 31, 2024)

Kareen Stangherlin **Chair, Employer-appointed Trustee**	Virginia Di Monte **Vice-Chair, Employee-appointed Trustee**
Dr. Scott Blakey **Employer-appointed Trustee**	Riley Burton **Employee-appointed Trustee**
Janet Greenwood **Employer-appointed Trustee**	Paul LaHaise **Employee-appointed Trustee**
Karen McRae **Employer-appointed Trustee**	Donald Wright **Employee-appointed Trustee**
Alnasir Samji **Employer-appointed Trustee**	Don Smith **Employee-appointed Trustee**
Dianne Salt **Employer-appointed Trustee**	Audrey Wubbenhorst **Employee-appointed Trustee**

Sponsors' Committee

The focus of the Sponsors' Committee is to determine how best to balance contribution rates and benefit design. The Committee also reviews and approves new employer applications to join the Plan and establishes delegated authority for Plan staff to approve applications that meet specified conditions.

The Sponsors' Committee has eight members: four representing employees (three appointed by OPSEU/SEFPO and one by OCASA) and four representing employers, who are appointed by CEC.

Members of the Sponsors' Committee (as at December 31, 2024)

Dr. Janet Morrison **Employer Co-Chair, CEC-appointed**	Shawn Pentecost **Employee Co-Chair, OPSEU/SEFPO-appointed**
Dr. Gervan Fearon **CEC-appointed**	Ross Gascho **CEC-appointed**
Cheri Hearty **OPSEU/SEFPO-appointed**	Alim Remtulla **OCASA-appointed**
Jamie Savoie **OPSEU/SEFPO-appointed**	Glenn Vollebregt **CEC-appointed**

The Board and Sponsors' Committee are grateful to Trustees Rasho Donchev, Alnasir Samji, Donald Wright and Kim Watkins for their service to the Plan. Further, the Board and Sponsors' Committee are grateful to Riley Burton and Veneise Samuels, members of the Sponsors' Committee, for their service to the Plan.

The Board and the Sponsors' Committee welcome Laura Lynch and Ernest Parsons, whose appointments to the Board of Trustees will take effect in 2025.

Subcommittees and Stakeholder Committees

The principle of joint representation extends to committees of the Board of Trustees, which make recommendations to the Board in their respective areas of focus:

- **Audit Committee** – reviews the effectiveness of the organization in controlling and managing operational risks, including cyber risk. The committee ensures the reliability of financial reporting and reviews the annual financial statements.
- **Finance and Administration Committee** – focuses on funding, administration, legislation and the appointment and evaluation of actuarial and legal advisors. The committee also oversees information systems and reviews spending and budgets for the Plan.
- **Governance Committee** – assists the Board of Trustees in ensuring effective Board functioning and decision making and effective human resource functions related to the CEO & Plan Manager.
- **Investment Committee** – focuses on total portfolio oversight, and develops and recommends the Statement of Investment Policies and Procedures and related policies.
- **Appeals Committee** – hears member appeals of Plan staff's interpretation of Plan rules.

The Plan has also introduced Stakeholder Committees that provide a forum for participating employers and unions not directly represented on the Board of Trustees to engage with the Plan and provide input and perspectives on matters of Plan governance.

Funding Policy

The Funding Policy guides the Plan's long-term focus on benefit security and DBprime contribution stability, while balancing the desire for value and equity among members. The Policy helps the Plan deliver on these long-term goals, while managing short-term volatility.

The Policy defines six levels of Plan financial health and sets guidelines within each level. It is designed to build reserves in the Plan and determine when additional benefit enhancements can be granted or when DBprime contribution rates may change. Within the Policy, Plan governors have three funding controls: reserves, DBprime stability contributions and conditional benefit enhancements.

Each Funding Level spans a broad band that allows Plan governors to determine how to best use reserves based on the Plan's funding position. The options available can apply to DBprime, DBplus, or both, as described in the following table:

GOVERNANCE

	LEVERS OF CONTROL	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6
DB*prime*	Stability contributions	3% or more	3%	3%	Consider 1% to 3%	Consider 0% to 1%	0% (Consider reducing basic contributions)
Common	Discount rate reserves	Fully used	Consider up to 1%	Consider up to 1.5%	Consider up to 2%	2% plus up to 7.5% increase in liabilities	Further build, up to tax limit
Common	Future benefits	Consider temporary reductions	Consider restoration of any temporary reductions				Consider improving benefits (e.g., ad hoc increases)
Common	Post-retirement conditional inflation protection increases (75% of CPI)	None	Applied	Applied plus consider-catch-up	Applied plus reserves	Applied plus reserves	Consider increases above 75% of CPI
DB*plus*	Pre-retirement benefit increase (100% of AIW)	None	None	Applied	Applied plus consider catch-up	Applied	Applied
DB*plus*	Lifetime annual pension factor (PF)	Consider reduction below 8.5%	8.5% plus consider catch-up	8.5%	8.5%	Consider 8.5% to 9.5%	9.5% (Consider an increase beyond 9.5%)
DB*plus*	Early retirement factor (ERF) (from age 65)	5% or higher	5%	5%	Consider 3%, 4% or 5%	3%	3%

The Plan is in funding Level 5.

Related Parties

CAAT Pension Plan is an independent entity providing retirement benefits to individuals across Canada. It is related to its three sponsors, which are not related to each other: the CEC, OPSEU/SEFPO and OCASA. As the CEC is governed by representatives from Ontario's public colleges, each college is also considered to be a related party.

The Province of Ontario is not a related party. The Province has no control over the Plan and has no obligation to provide support for the Plan's liabilities in any way.

Financial Statements

Management's Responsibility for Financial Reporting

The financial statements of the Colleges of Applied Arts and Technology Pension Plan (the "Plan" or "CAAT Pension Plan") have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements are in accordance with Canadian accounting standards for pension plans. Many amounts are based on the best estimates and judgements of management with appropriate consideration as to materiality. The Board of Trustees retained Mercer (Canada) Limited as external actuaries to provide an actuarial valuation of the assets and the going-concern liabilities of the Plan for inclusion in the financial statements. The financial statements have been approved by the Board of Trustees.

CAAT Pension Plan maintains books of account, systems of information and systems of financial and management control which provide reasonable assurance that accurate financial statement information is available, that assets are protected and that resources are managed efficiently. These systems include careful hiring and training of staff, a code of conduct, the establishment of an organizational structure that provides a well-defined division of responsibilities and the communication of policies and guidelines through the organization.

The Board of Trustees is ultimately responsible for the financial statements of the CAAT Pension Plan. The Board of Trustees oversees financial reporting through its Audit Committee. The Committee reviews matters of accounting, auditing, internal control systems, the financial statements and reports of the external auditors.

The Plan's external auditors, Deloitte LLP, are directly accountable to the Audit Committee and have full and unrestricted access to the Committee. They discuss with the Committee their audit and related findings as to the integrity of the Plan's financial reporting and adequacy of internal control systems in the context of their financial statement audit. Deloitte LLP have conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they considered necessary to express their opinion on the annual financial statements.

Derek W. Dobson,
CEO and Plan Manager

Michael Dawson,
Chief Financial Officer

April 21, 2025

Independent Auditor's Report

To the Administrator of the Colleges of Applied Arts and Technology Pension Plan (the "Plan")

Opinion

We have audited the financial statements of the Plan, which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits, changes in pension obligations and changes in surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024, and the changes in its net assets available for benefits, changes in its pension obligations and changes in its surplus for the year then ended in accordance with Canadian accounting standards for pension plans ("ASPP").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Plan 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. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do 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, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to 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 this 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 ASPP, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan'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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Plan'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 Plan'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 Plan 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

April 21, 2025

CAAT Pension Plan Actuaries' Opinion

Mercer (Canada) Limited was retained by the Colleges of Applied Arts and Technology Pension Plan Board of Trustees (the "Board") to perform an actuarial valuation of the going-concern liabilities of the Colleges of Applied Arts and Technology Pension Plan (the "Plan") as at December 31, 2024, for inclusion in the Plan's financial statements.

The valuation of the Plan's actuarial liabilities was based on:

- Plan provisions in effect as December 31, 2024;
- membership data provided by the Board as at December 31, 2023;
- methods prescribed by Section 4600 of the Chartered Professional Accountants of Canada Handbook – Accounting for pension plan financial statements; and
- assumptions about future events (for example, returns on assets, inflation levels, future retirement rates) which have been communicated to us as the Board's best estimate of these events.

The objective of the financial statements is to fairly present the financial position of the Plan on December 31, 2024 as a going-concern. This is different from the regulatory valuation (the actuarial valuation required by the *Pension Benefits Act (Ontario))*, which establishes a prudent level for future contributions.

While the actuarial assumptions used to estimate liabilities for the Plan's financial statements represent the Board's best estimate of future events based on market conditions at the end of 2024 and while in our opinion these assumptions are reasonable, the Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations, and will affect the financial position of the Plan, and the contributions required to fund it, at that time.

We have tested the data for reasonableness and consistency and we believe it to be sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation are appropriate for the purposes of the valuation, and that the assumptions used in the valuation are in accordance with accepted actuarial practice. Our opinions have been given, and our valuation has been performed, in accordance with accepted actuarial practice in Canada.

Luc Girard, F.C.I.A.

Joseph Fung, F.C.I.A.

April 21, 2025
Mercer (Canada) Limited
A business of Marsh McLennan

Statement of Financial Position

December 31
($ millions)

	2024	2023
Assets		
Investments (Note 3a)	$ 24,056	$ 20,324
Investment-related assets (Note 3a)	210	691
Employer contributions receivable	33	36
Member contributions receivable	31	35
Other assets (Note 7)	26	31
	24,356	21,117
Liabilities		
Investment-related liabilities (Note 3a)	1,005	968
Accounts payable and accrued liabilities (Note 8)	50	45
	1,055	1,013
Net assets available for benefits	$ 23,301	$ 20,104
Defined benefit accrued pension obligations (Note 9)	$ 16,610	$ 15,396
Additional voluntary contributions obligations (Note 9)	5	–
Regulatory surplus (Note 10)	6,141	5,263
Measurement differences between regulatory and accounting surplus (Note 10)	545	(555)
Surplus	$ 6,686	$ 4,708

The accompanying notes to the financial statements are an integral part of this financial statement.

Approved by the Board of Trustees
Colleges of Applied Arts and Technology Pension Plan

Kareen Stangherlin, Chair

Virginia Di Monte, Vice-Chair

Statement of Changes in Net Assets Available for Benefits

Year ended December 31
($ millions)

	2024	2023
Increase in net assets available for benefits		
Contributions (Note 11)	**$ 989**	$ 888
Investment income (loss) (Note 12)	**3,070**	1,751
Non-investment related income (Note 13)	**3**	3
Transfer of pension plan assets (Note 19)	**61**	124
	4,123	2,766
Decrease in net assets available for benefits		
Benefits (Note 14)	**798**	747
Investment administration expenditures (Note 15)	**22**	19
Pension administration expenditures (Note 15)	**84**	70
Membership expansion expenditures (Note 15)	**22**	18
	926	854
Net increase (decrease) in net assets available for benefits	**3,197**	1,912
Net assets available for benefits, beginning of year	**20,104**	18,192
Net assets available for benefits, end of year	**$ 23,301**	$ 20,104

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of Changes in Pension Obligations

Year ended December 31
($ millions)

	2024	2023
DEFINED BENEFIT COMPONENT		
Accrued pension obligations, beginning of year	**$ 15,396**	$ 14,101
Increase in accrued pension obligations		
Interest on accrued benefits	**766**	727
Benefits accrued	**606**	498
Changes in actuarial assumptions (Note 9)	**306**	249
Assumption of pension plan liabilities (Note 19)	**48**	108
Experience losses (Note 9)	**286**	460
	2,012	2,042
Decrease in accrued pension obligations		
Benefits paid (Note 14)	**798**	747
Changes in actuarial assumptions (Note 9)	**–**	-
	798	747
Net increase in accrued pension obligations	**1,214**	1,295
Defined benefit accrued pension obligations, end of year	**$ 16,610**	$ 15,396
ADDITIONAL VOLUNTARY CONTRIBUTIONS COMPONENT		
Additional voluntary contributions obligations, beginning of year	**$ –**	$ –
Contributions (Note 11)	**5**	–
Withdrawals (Note 14)	**-**	–
Attributed net investment income (loss)	**–**	–
Net increase in additional voluntary contributions obligations	**5**	–
Additional voluntary contributions obligations, end of year	**$ 5**	$ –

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of Changes in Surplus

Year ended December 31
($ millions)

	2024	2023
Surplus, beginning of year	**$ 4,708**	$ 4,091
Net increase (decrease) in net assets available for benefits	**3,197**	1,912
Net (increase) decrease in defined benefit accrued pension obligations	**(1,214)**	(1,295)
Net (increase) decrease in additional voluntary contributions obligations	**(5)**	–
Surplus, end of year	**$ 6,686**	**$ 4,708**

The accompanying notes to the financial statements are an integral part of this financial statement.

Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE PLAN

The Colleges of Applied Arts and Technology Pension Plan (the “Plan” or “CAAT Pension Plan”) is a multi-employer jointly sponsored pension plan covering employees of the 24 Colleges of Applied Arts and Technology in Ontario and other participating employers with employees working across Canada. The following description of the Plan is a summary only. Some provisions are different for prior plan past service being replicated in the Plan as a result of a merger. A complete description of Plan provisions can be found in the Colleges of Applied Arts and Technology Pension Plan Text, the official Plan document.

The Plan has three sponsors: The College Employer Council, acting on behalf of the Boards of Governors of the colleges, the Ontario College Administrative Staff Association (“OCASA”) and the Ontario Public Service Employees Union/Syndicat des employés de la fonction publique de l’Ontario (“OPSEU/SEFPO”) (together, “the Sponsors”). The Plan is registered under the Pension Benefits Act (Ontario) with the Financial Services Regulatory Authority of Ontario (“FSRA”) and the Canada Revenue Agency (Registration Number 0589895) as a registered pension plan not subject to income taxes.

The Plan consists of two defined benefit components and an Additional Voluntary Contribution (“AVC”) component. While the AVCs are part of the Plan, they are separate from a member's defined benefit pension.

Defined Benefit Provisions

The Plan has two contributory defined benefit plan designs (“DBprime” and “DBplus”). DBprime offers benefits based on earnings and service, while DBplus offers benefits based on total contributions received by the Plan. Both designs are financed by contributions from participating employees and employers and by investment earnings.

Defined Benefit Funding
Plan pension benefits are funded by contributions and investment earnings. The Plan allocates surplus to reserves, determines DBprime stability contribution rates, DBplus benefit accrual rates, and grants conditional benefit enhancements in accordance with its Funding Policy. Actuarial funding valuations are conducted to determine pension liabilities and the funded position of the Plan, based on assumptions approved by the Board of Trustees, and contribution and benefit levels approved by the Sponsors’ Committee.

Retirement Pensions

DBprime

A retirement pension is available based on the number of years of credited service, the average of the best 60 consecutive months of pensionable earnings and the age of the member at retirement. A member is eligible for an unreduced pension at the earlier of i) age 65, ii) when the sum of their age plus pensionable service totals at least 85, or iii) at least age 60 with at least 20 years of pensionable service. Members may retire before this date with a reduced pension, subject to eligibility requirements.

DBplus

A retirement pension is available based on total contributions received by the Plan (member plus employer contributions) annually multiplied by an annual pension factor which can adjust based on the Plan's funding surplus in accordance with the Plan's Funding Policy. A member is eligible for an unreduced pension at the age of 65. Members may retire before this date with a reduced pension, subject to eligibility requirements.

Death Benefits

Upon the death of an active, former or retired member, benefits may be payable to a surviving eligible spouse, eligible children, a designated beneficiary, or the active, former or retired member's estate.

Portability

Members vest immediately upon joining the Plan and are entitled to a deferred pension if they terminate employment with their employer prior to retirement. Members not eligible for an immediate pension may opt to transfer the commuted value of their benefit to another pension plan if that plan permits, or to a registered retirement vehicle after two years from the date of their last contribution during a 6-month window, subject to locking-in provisions and certain age restrictions.

Escalation of Pension Benefits

Certain eligible pension benefits in pay earned during a specific period are increased in January each year for inflation at 75% of the increase in the average Consumer Price Index as at September 30th of the prior year, subject to a maximum pension increase of 8% in any one year with any excess carried forward. Other eligible pension benefits in pay may receive inflation adjustments conditional on the Plan's funding position.

DBplus active member pension benefits earned are increased in January of each year for wage growth (prior to retirement) by the increase in the Average Industrial Wage (“AIW”) index, conditional on the Plan’s funding position.

Replicated prior plan benefits eligible for inflation protection adjustments are subject to the provisions of their participation agreements.

Funding Policy

The Plan’s Funding Policy determines the use of any funding surplus as determined by the last filed actuarial valuation. In the event of a going-concern funding surplus, the policy provides for the build-up of reserves and/or specified changes to DBprime contribution rates and/or specified conditional increases to benefits. In the event a funding deficit is determined, additional conditional inflation protection enhancements would not be granted. For DBprime, a decrease in future benefit accruals and/or an increase in contribution rates may also be required. For DBplus, additional benefit increases based on AIW would not be made and a reduction in future benefit accruals may also be required.

AVC Component

The AVC component of the Plan, GROWTHplus, is an optional savings account that permits members to make additional voluntary contributions on which the member earns a rate of return that can reasonably be attributed to the Plan’s net investment return, less an administration fee.

Separate Supplementary Plan

A separate supplementary plan exists to provide benefits to the Plan's DBprime members impacted by benefit restrictions under the Income Tax Act (Canada) who are employed by certain participating employers of the Plan. Because the supplementary plan is a separate trust, the net assets of the supplementary plan are not included in the financial statements of the Plan. The Plan has no liabilities with respect to insufficient funding (if any) of the supplementary plan.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements present the information of the Plan, as a separate financial reporting entity independent of the Sponsors and Plan members, in Canadian dollars.

These financial statements have been prepared in accordance with Canadian Accounting Standards for Pension Plans (Section 4600 – Pension Plans of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting Section 4600). As required under Section 4600, the Plan has valued and made certain disclosures on financial instruments in accordance with International Financial Reporting Standards (see below and Note 6). Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook – Accounting are used for accounting policies that do not relate to the Plan's investment portfolio or pension obligations, to the extent that those standards do not conflict with the requirements of Section 4600.

Investments

Purchases and sales of investments are recorded as at the trade date and are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investments is determined as follows:

- Short-term investments are valued at-cost, adjusted for foreign exchange, which in conjunction with accrued interest receivable, approximates fair value.
- Publicly traded equity securities are valued at the closing market price. Where a market price is not available, fair value is determined by reference to current market information.
- Fixed income securities are valued using an average of closing bids from market participants.
- Securities sold under agreements to repurchase and securities purchased under agreements to resell are valued at amortized cost, which approximates market value
- Investments in underlying funds are valued using net asset values obtained from fund managers which are determined with reference to the fair value of the underlying investments of the fund.
- Infrastructure, private credit and private equity investments are held through ownership in limited partnership arrangements. Fair value is determined by the limited partnership's managers, using the most recent financial information obtained from underlying investments and/or forecasts of future financial performance and then applying appropriate

valuation techniques such as market comparable and/or discounted cash flows. Underlying infrastructure investments are often valued using estimated future cash flows to the investor which are then discounted, reflecting an extended cash flow forecasting period and a higher predictability of cash flows. Underlying private credit investments are valued using discounted cash flows based on current market yields on comparable securities.

- Real estate investments are held through ownership in limited partnership arrangements. The fair value of real estate investments is determined by the external manager using the most recent financial information obtained from the individual property managers. Underlying valuations are based primarily on the discounted cash flow and income capitalization methods.
- Derivative financial instruments are valued using pricing models generally used by market participants. The fair value is provided by established pricing vendors and is determined using valuation models requiring the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices as well as the impact of counterparty credit risk where applicable.

Investment Income

Realized gains and losses on the sale of investments are determined using the average cost of securities sold. The change in the difference between fair value and the cost of investments at the beginning and end of each year is recorded as change in unrealized appreciation (depreciation) of investments. Interest, dividends and distributions from pooled funds are recorded on the accrual basis. Dividend income is accrued as at the ex-dividend date.

Transaction costs are incremental costs directly attributable to the purchase or sale of investments. Transaction costs incurred are expenses and are presented separately as a deduction from Investment Income.

Foreign Exchange

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange in effect on the dates of the transactions. The market value of foreign currency denominated assets and liabilities is translated using the year-end rates of exchange. The resulting gains and losses from changes in these rates are recorded as part of the realized gain (loss) for investments sold and as part of the change in unrealized appreciation (depreciation) of investments held at year end.

Contributions

Contributions due to the Plan are recorded on an accrual basis.

Benefits

Payments of pensions, refunds and transfers out of the Plan are recorded in the period in which they are paid. Any benefit payments not made are accrued and reflected in the pension obligations.

Pension and AVC Obligations

The value of accrued pension benefits payable in the future to members and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. The valuation is made as at the beginning of the year and then extrapolated to year end. It uses the projected benefit method pro-rated on service and best-estimate assumptions, as at the valuation date, of various economic and non-economic future events.

The AVC obligation represents the Plan's liability in respect of the AVC component of the Plan and equals members' AVC contributions plus (if positive) or minus (if negative) the full-year net investment rate of return that can reasonably be attributed to the net rate of return earned by the defined benefit component of the Plan over the period of time that the AVC contributions have been invested, less an administration fee.

Use of Estimates

Preparation of the financial statements requires management to make estimates and assumptions based on the information available as at the date of the financial statements that affect the reported values of assets and liabilities and related income and expenses. Such estimates and assumptions affect primarily the value of recorded pension obligations and the fair value of investments and investment-related receivables and liabilities. Actual results could differ from those presented.

Income Taxes

The Plan is exempt from Part 1 tax under paragraph 149(1)(o) of the *Income Tax Act* (Canada).

NOTE 3: INVESTMENTS

3(a) – Summary of Investments

($ millions)

	2024		2023	
	Fair Value	**Cost**	Fair Value	Cost
Investments				
Short-term investments	**$ 2,102**	**$ 2,064**	$ 1,863	$ 1,898
Fixed income (Note 3b)	**5,199**	**5,103**	4,671	4,717
Equities (Note 3c)	**7,241**	**5,333**	5,694	4,554
Infrastructure	**3,017**	**2,234**	2,637	2,027
Real estate	**1,078**	**892**	1,041	772
Private equity	**4,894**	**2,937**	4,154	2,709
Private credit	**525**	**447**	264	247
Investments	**$ 24,056**	**$ 19,010**	$ 20,324	$ 16,924
Investment-related assets				
Accrued income	**53**	**52**	48	48
Securities purchased under agreement to resell	**90**	**85**	284	284
Unsettled trades receivable	**10**	**9**	166	167
Derivative-related assets (Note 5)	**57**	**4**	193	2
Investment-related assets	**$ 210**	**$ 150**	$ 691	$ 501
Investment-related liabilities				
Securities sold under agreement to repurchase	**(755)**	**(755)**	(779)	(779)
Unsettled trades payable	**(33)**	**(32)**	(145)	(145)
Derivative-related liabilities (Note 5)	**(217)**	**(6)**	(44)	(2)
Investment-related liabilities	**$ (1,005)**	**$ (793)**	$ (968)	$ (926)
Net investments	**$ 23,261**	**$ 18,367**	$ 20,047	$ 16,499

3(b) – Fixed income

Investments in fixed income include the following issuers:

($ millions)

	2024		2023	
	Fair Value	**Cost**	Fair Value	Cost
Government of Canada	**$ 2,327**	**$ 2,297**	$ 2,399	$ 2,372
Provincial Governments	**1,293**	**1,289**	1,073	1,086
Municipal Governments	**71**	**72**	48	52
Canadian Corporate	**612**	**622**	681	737
Foreign	**896**	**823**	470	470
Total fixed income	**$ 5,199**	**$ 5,103**	$ 4,671	$ 4,717

3(b) cont'd

The maturity of investments in fixed income as at December 31 is as follows:

($ millions)

	2024	2023
	Fair Value	Fair Value
1 – 5 years	**$ 921**	$ 912
6 – 10 years	**2,947**	2,425
11 – 20 years	**678**	614
Greater than 20 years	**653**	720
Total fixed income	**$ 5,199**	$ 4,671

3(c) – Equity Investments

Equities include securities issued and traded in the following geographical regions:

($ millions)

	2024		2023	
	Fair Value	**%**	Fair Value	%
United States	**$ 3,910**	**54**	$ 2,820	50
Asia Pacific (excluding Japan)	**1,068**	**15**	942	16
Europe (excluding United Kingdom)	**1,013**	**14**	783	14
Canada	**435**	**6**	347	6
Japan	**330**	**5**	264	5
United Kingdom	**281**	**4**	228	4
Other	**112**	**1**	167	3
Latin America	**92**	**1**	143	2
Total equity	**$ 7,241**	**100%**	$ 5,694	100%

3(d) – Summary of Significant Investments

As at December 31, 2024, the Plan held the following investments, each having a fair value or cost exceeding 1% of the fair value or cost of total investments:

($ millions)

	Fair Value	Cost
Short-term investments		
United States Treasury Bills	$ 822	$ 796
Fixed income		
Canada Housing Trust No. 1	336	325
Government of Canada Bonds	2,262	2,244
Province of Ontario Bonds	522	523
Province of Quebec Bonds	465	460
Equities		
Arrowstreet Global World Alpha Extension Fund	1,936	1,452
Bridgewater Pure Alpha Fund II	498	348
iShares Core S&P 500 ETF	525	353
Symmetry International Fund Limited	311	192
Millennium International Fund	263	203
Rokos Global Macro Fund	272	159
Private equity		
BlackRock Long Term Private Capital Fund	270	95
Real estate		
Carlyle Property Investors, L.P	420	308

3(e) – Securities Lending

The Plan engages in securities lending to enhance portfolio returns. Credit risk associated with securities lending is mitigated by requiring the borrower to provide daily collateral in the form of cash and readily marketable investments of greater market value than the securities loaned. As at December 31, 2024, the Plan's investments included loaned securities with a fair value of $1,247 million (2023 - $1,296 million). The fair value of collateral received in respect of these loans was $1,307 million (2023 - $1,356 million). Net income earned from securities lending for the year was $2.4 million (2023 - $3.1 million) and is included in Other Income in Note 12.

NOTE 4: CAPITAL AND INVESTMENT RISK MANAGEMENT

The Plan defines its capital as the excess or deficiency of net assets available for benefits over pension obligations. Net assets available for benefits, consisting of investments and other assets, are managed to fund future pension obligations. The extent that net assets available for benefits are greater than or less than pension obligations is reflected respectively as surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded on a going-concern basis to pay the Plan's benefits over the long term.

The primary risks associated with the measurement of pension obligations are changes in the key assumptions used. The investment return assumption reflects estimated future investment returns and is sensitive to long-term interest rates. The salary escalation rate is subject to future wage settlements and inflation. Longevity and retirement assumptions are important as they impact the number of expected pension payments to members. The Board of Trustees monitors the reasonableness of such assumptions and adjusts them as required.

The objective of investment risk management is to achieve a diversifying of risks and returns in a fashion that minimizes the likelihood of an overall reduction in total funded ratio and maximizes the opportunity for gains over the entire portfolio. This is achieved through asset diversification to limit exposure to any single issuer or component in the capital markets.

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to currency, interest rate, market, credit and liquidity risk. The Plan first established a Statement of Investment Policies and Goals (now named Statement of Investment Policies and Procedures - the "Statement") in July 1996 that addresses the manner in which funds can be invested. The Statement requires diversification of investments within asset classes and sets limits on the exposure to individual investments. Investments are selected and held in accordance with the criteria and limitations set forth within the Statement and in accordance with relevant legislation. The Board of Trustees approves the policies in the Statement and reviews them at least annually. The Statement was last reviewed on November 26, 2024.

The Statement designates seven broad classes of assets. A set of benchmarks has been identified to measure performance against each class's annual rate of investment return. The total investments annual rate of return is measured against a composite index made up of the weighted average of each class's benchmark return using the actual allocation of assets to weight the various classes. The Fund is expected to, at minimum, earn a long-term rate of return sufficient to maintain the Plan's long-term sustainability, based on current contribution rates from members and employers.

The asset allocation, including the effect of derivatives and the associated benchmark index as at December 31, 2024, is as follows:

		2024		2023	
Asset Category/Class	**Benchmark (Index)**	**Allocation Range/Target**	**Actual Allocation**	Allocation Range/Target	Actual Allocation
Interest-rate-sensitive:					
Nominal bonds	FTSE Mid-Term Government Bond	12%	13%	12%	13%
Total interest-rate-sensitive		**8-20%**	**13%**	**8-20%**	**13%**
Inflation-sensitive:					
Inflation-linked bonds[1]	Custom Benchmark[2]	5%	6%	5%	6%
Real assets	CPI + 4%	25%	17%	23%	19%
Commodities	S&P GSCI	3%	4%	5%	5%
Total inflation-sensitive		**27-45%**	**27%**	**27-45%**	**30%**
Return-enhancing:					
Public equity	MSCI ACWI	30%	32%	32%	30%
Private equity	MSCI ACWI + 3%	17%	21%	15%	21%
Credit	1/3 Bloomberg Global High Yield Index, 1/3 Bloomberg Global Aggregate Corporate Index,1/3 Morningstar LSTA Leveraged Loan Index	8%	7%	8%	6%
Total return-enhancing		**35-65%**	**60%**	**35-65%**	**57%**
Cash, cash equivalents, and other	Not applicable	Not applicable	0%	Not applicable	0%
Total		**100%**	**100%**	**100%**	**100%**

[1] Previously classified as real return bonds

[2] The benchmark index for inflation-linked bonds shall be a combination of the FTSE Real Return Bond Index (for Canadian bonds) and the Bloomberg U.S Treasury Inflation-Linked Bond Index (for U.S. bonds). The weights of each index in the benchmark shall reflect the actual weights of Canadian and U.S. bonds in the Plan.

Currency Risk

Currency risk exposure arises from the Plan's holdings of foreign currency denominated investments where investment values fluctuate due to changes in foreign exchange rates. To manage this risk, the Plan has instituted currency hedging strategies as explained in Note 5. Currency exposures as at December 31 are as follows:

	2024	($ millions) 2023
	Net exposure	Net exposure
United States Dollar	$ 10,028	$ 8,168
Euro	1,093	918
Other currencies	870	852
British Pound Sterling	319	165
Total foreign	12,310	10,103
Canadian Dollar	10,951	9,944
Net investments	$ 23,261	$ 20,047

A 5% increase/decrease in exchange rate between the Canadian dollar and a foreign currency would result in a corresponding gain (loss) of 5% of the net exposure to that currency. A 5% increase/decrease in exchange rate between the Canadian dollar and all foreign currencies as at December 31, 2024 would result in a gain (loss) of $616 million (2023 - $505 million).

Interest Rate Risk

Interest rate risk refers to the potential adverse effect on the fair value of the Plan's assets or liabilities due to fluctuations in interest rates. The values of the Plan's assets, liabilities and funded status are all affected by changes in both nominal and real interest rates.

Interest rate risk depends mainly on the timing and size of cash flows and one measure of this risk is duration. Duration relates to the impact of changing interest rates on assets and liabilities and is measured by calculating the average timing of cash flows. More distant cash flows (longer duration) are more sensitive to changes in interest rates than cash flows in the shorter term.

As at December 31, 2024, the duration of the fixed income portfolio was 7.5 years (2023 – 8.3 years). If interest rates were to rise by 2%, the fair value of the fixed income portfolio would decline by approximately $785 million (2023 - $710 million). Conversely, if interest rates were to fall by 2%, the fair value of the fixed income portfolio would increase by approximately $785 million (2023 - $710 million). In addition to the fixed income portfolio, there are other investment mandates which may have interest rate components making them subject to interest rate exposures.

Equity Market Risk

Equity market risk is the risk that the value of the public equity asset class performs differently than its benchmark. As at December 31, 2024, based on the historical relationship of performance between the individual stocks in the portfolio and the benchmark, a 10% benchmark change would result in a gain (loss) of $763 million (2023 - $626 million).

Credit Risk

Credit risk refers to the risk of financial loss due to a counterparty failing to meet its contractual obligations. The Plan limits credit risk by investing in short-term debt that has a minimum credit rating of R-1 as determined by a recognized credit rating agency.

In addition, the Plan has credit risk associated with the positive fair values of derivative instruments, where the counterparty owes the Plan. The Plan manages this risk with its Portfolio Implementation Policies and Procedures, which limits investments in derivative instruments involving counterparties with a minimum credit rating of A from at least two recognized credit agencies. The Plan also indirectly guarantees the underlying reference obligations when writing credit derivatives. The maximum potential exposure is the notional amount of the written credit derivatives.

The following table presents the maximum exposure as at December 31 to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of any collateral held. The table includes financial assets subject to credit risk only; other financial assets, mainly equity securities, as well as non-financial assets are excluded.

($ millions)

	2024	2023
Short-term investments	$ 2,102	$ 1,863
Fixed income	5,199	4,671
Private credit	525	264
Derivative-related assets	57	193
Interest receivable	40	37
Other assets	17	18
Loaned securities	1,247	1,296
Total maximum exposure	$ 9,187	$ 8,342

The credit quality of the Plan's fixed income portfolio as at December 31 was as follows:

($ millions)

	2024	2023
AAA	$ 2,501	$ 2,605
AA	1,592	672
A	369	874
BBB or lower	513	473
Unrated	224	47
	$ 5,199	$ 4,671

Liquidity Risk

Liquidity risk refers to the risk that the Plan does not have sufficient cash to meet its current liabilities, including benefit payments and to acquire investments in a timely and cost-effective manner.

The Plan maintains a portfolio of highly marketable assets, specifically Canadian federal and provincial government bonds, that can be sold or funded on a secured basis as protection against any unforeseen interruption to cash flow. As at December 31, 2024, the fair value of such bonds held by the Plan was $3,620 million (2023 - $3,472 million). In addition, the Plan's portfolio of short-term investments of $2,102 million (2023 - $1,863 million) represents cash or near cash assets that are available to meet payment obligations.

NOTE 5: DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is a financial contract, the value of which is derived from changes in the value of underlying assets, indexes, interest rates, or currency exchange rates. The use of derivatives as a substitute for direct market transactions entails risks similar to the actual purchase and sale of the security upon which the derivative is based. Derivative contracts are transacted either in the over-the-counter market or on regulated exchanges.

Notional amounts of derivative contracts represent the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows. It does not represent the potential gain, loss, or net exposure associated with the market or credit risk of such transactions. Rather, it serves as the basis upon which the returns form and the fair value of the contracts are determined.

The Plan utilizes derivatives in the form of futures, foreign exchange forward contracts, swaps, options and credit derivatives as part of its investment strategy. The Plan uses derivatives to increase or decrease exposure to a market.

Derivative financial instruments are specifically used for:

- Reducing the cash exposure in the equity manager and operating accounts through the use of futures contracts. This is accomplished by converting cash exposure to capital markets exposure as per the Plan's long-term asset mix policy.
- Rebalancing of the actual asset class positions to the asset mix policy, within tolerance ranges, through the use of futures contracts and delayed settlement instruments. This strategy adjusts the weighting of asset classes using synthetic long and short positions.
- Foreign exchange forward contracts are used for short-term currency purchases or sales related to the execution of foreign currency denominated transactions. Foreign exchange forward contracts were also used for active currency strategies that increase or decrease the hedge ratio (within defined limits) in order to generate additional return.
- Derivative instruments such as interest rate swaps, credit default swaps, options and futures are used to gain exposure in markets where no physical securities are available or as risk-neutral substitutes for physical securities. Options are utilized to gain exposure to the price volatility of an underlying security or index.

The table below lists the types of derivative financial instruments employed by the Plan, together with the corresponding notional and fair values as at December 31.

($ millions)

	2024			2023		
	Notional Value[3]	Fair Value		Notional Value	Fair Value	
		Positive	Negative		Positive	Negative
Equity						
Futures	$ 2,640	$ 8	$ (76)	$ 2,444	$ 71	$ (11)
Fixed income						
Futures	992	4	(3)	477	15	(3)
Options	-	-	-	33	–	–
Currency derivatives						
Forwards	5,017	-	(110)	4,422	95	–
Interest rate derivatives						
Swaps	757	4	(13)	903	2	(4)
Options	-	-	-	73	–	–
Credit default swaps						
Purchased	31	1	-	7	1	–
Commodity						
Futures	1,014	40	(15)	939	9	(26)
	$ 10,451	$ 57	$ (217)	$ 9,298	$ 193	$ (44)

[3] Notional value represents the absolute value of all derivative positions.

NOTE 6: INVESTMENT VALUATION

International Financial Reporting Standards establish a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs are inputs that reflect the Plan's own assumptions about the assumptions market participants would use in pricing an investment, developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is as follows:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – inputs for the investment that are not based on observable market data (unobservable inputs)

The following is a summary of the fair value classification levels for investment assets and investment-related assets and liabilities as at December 31:

($ millions)

2024	Level 1	Level 2	Level 3	Total
Short-term investments	$ 1,352	$ 750	$ –	$ 2,102
Fixed income	2,050	3,024	125	5,199
Equities	3,045	4,191	5	7,241
Infrastructure	–	–	3,017	3,017
Real estate	–	–	1,078	1,078
Private equity	–	–	4,894	4,894
Private credit	–	–	525	525
Investment-related assets	105	105	–	210
Investment-related liabilities	(94)	(911)	–	(1,005)
	$ 6,458	$ 7,159	$ 9,644	$ 23,261

($ millions)

2023	Level 1	Level 2	Level 3	Total
Short-term investments	$ 1,335	$ 528	$ –	$ 1,863
Fixed income	2,090	2,530	51	4,671
Equities	2,439	3,255	–	5,694
Infrastructure	–	–	2,637	2,637
Real estate	–	–	1,041	1,041
Private equity	–	–	4,154	4,154
Private credit	–	–	264	264
Investment-related assets	143	548	–	691
Investment-related liabilities	(39)	(929)	–	(968)
	$ 5,968	$ 5,932	$ 8,147	$ 20,047

Below is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value for the year ended December 31:

($ millions)

2024

	Equities	Fixed income	Infrastructure	Real estate	Private equity	Private credit	Total
Opening balance	$ 0	$ 51	$ 2,637	$ 1,041	$ 4,154	$ 264	$ 8,147
Acquisitions	4	54	335	170	476	243	1,282
Dispositions	(1)	(5)	(434)	(153)	(477)	(58)	(1,128)
Realized gains	0	1	307	103	229	15	655
Unrealized gains	2	24	172	(83)	512	61	688
Closing balance	$ 5	$ 125	$ 3,017	$ 1,078	$ 4,894	$ 525	$ 9,644

($ millions)

2023

	Fixed income	Infrastructure	Real estate	Private equity	Private credit	Total
Opening balance	$ –	$ 2,256	$ 1,237	$ 3,682	$ 214	$ 7,389
Acquisitions	48	221	121	622	36	1,048
Dispositions	–	(67)	(274)	(398)	(58)	(797)
Realized gains	–	90	181	199	55	525
Unrealized gains	3	137	(224)	49	17	(18)
Closing balance	$ 51	$ 2,637	$ 1,041	$ 4,154	$ 264	$ 8,147

NOTE 7: OTHER ASSETS

Other assets consist of fixed assets with a net book value of $2 million (2023 - $2 million), miscellaneous receivables and prepaid expenses in the amount of $6 million (2023 - $11 million), long-term notes receivable with a fair value of $17 million (2023 - $17 million) and an annuity with a fair value of $1 million (2023 - $1 million). Fixed assets are stated at cost and are depreciated or amortized on a straight-line basis over their useful lives.

($ millions)

			2024	2023
Fixed Assets	**Cost**	**Accumulated Depreciation & Amortization**	**Net Book Value**	Net Book Value
Systems software	$ 8	$ 8	$ –	$ 1
Other[4]	3	1	2	1
	$ 11	$ 9	$ 2	$ 2

[4] Includes leasehold Improvements, Computer Equipment and Furniture, Fixtures & Equipment.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are $3 million from prepayments resulting from mergers (2023 - $3 million) and an accrual of $20 million (2023 - $18 million) for supplemental employment retirement benefits for staff employed by the Plan based on pension entitlements that are in excess of registered pension plan maximums under the *Income Tax Act* (Canada).

NOTE 9: PENSION AND AVC OBLIGATIONS

Defined benefit pension obligations represent the value of accrued pension benefits payable in the future to members and are based on an actuarial valuation prepared by the Plan's Actuary. The valuation data used is as at the beginning of the year and then extrapolated to year end. It uses the projected benefit method pro-rated on service and management's best estimate of various economic and non-economic future events, as at the valuation date. Defined benefit pension obligations include the value of conditional benefits to January 1, 2028 and exclude further conditional benefits thereafter. Defined benefit pension obligations and the resulting surplus for financial statement purposes are different than for regulatory purposes (refer to Note 10). Subsequent to year end, a regulatory valuation was filed as at January 1, 2025. The next regulatory valuation is required to be filed no later than as at January 1, 2028.

Defined benefit accrued pension obligations as at December 31, 2024 were $16,610 million (2023 – $15,396 million).

Additional voluntary contributions obligations as at December 31, 2024 were $5 million (2023 – nil).

Actuarial Assumptions

The actuarial assumptions used in determining the accounting value of defined benefit pension obligations reflect management's best estimate of future economic events and non-economic assumptions. The non-economic assumptions include considerations such as mortality and withdrawal and retirement rates. The primary economic assumptions include the discount rate, salary escalation rate and inflation rate. The discount rate is based on the long-term estimated net rate of return on investments, reflects the Plan's asset mix and is based on current market expectations.

The salary escalation rate incorporates the inflation rate assumptions and long-term expectation of growth in real wages. A summary of the primary economic assumptions, as at December 31, is as follows:

	2024	2023
Discount rate	**4.75%**	4.90%
Salary escalation rate	**3.75%**	3.80%
Inflation rate	**2.00%**	2.05%
Real discount rate	**2.75%**	2.85%

Changes in actuarial assumptions between 2023 and 2024 resulted in an increase in the defined benefit pension obligations of $306 million due to changes in economic assumptions (between 2022 and 2023, an increase in the pension obligations of $249 million was due to changes in economic assumptions).

Experience Gains and Losses

Experience losses represent the change in defined benefit pension obligations due to the difference between actual economic and demographic experience and expected experience. During 2024, experience losses were $286 million (2023 – losses of $460 million). Experience losses in 2024 stemmed from higher than assumed inflation, higher than assumed salary escalation, the extension of conditional benefits and demographic experience losses (experience losses in 2023 stemmed from higher than assumed inflation, higher than assumed salary escalation, the extension of conditional benefits and demographic experience losses).

Plan Provisions

Under DBprime, the contribution rate and contributory earnings (as defined in the Plan Text) by both employers and members are 11.2% up to the Year's Maximum Pensionable Earnings ("YMPE") of $68,500 in 2024 (and $66,600 in 2023) as determined by the federal government to determine Canada Pension Plan contributions and 14.8% of contributory earnings in excess of the YMPE.

Under DBplus, both the contribution rate and contributory earnings are defined in the Plan Text by employer and in certain cases, employee groups. For certain employers who have opted to offer Contribution Choice, the member can elect a higher contribution rate which is at least matched by the employer. The member contribution rate may not exceed 9% of contributory earnings.

GROWTHplus is an optional savings account and provides for variable benefit payments. It is separate from the defined benefit pension provisions of the Plan.

NOTE 10: SURPLUS

The excess of net assets available for benefits against pension obligations results in the Plan being in a surplus of $6,686 million as at December 31, 2024 (2023 – $4,708 million). The surplus for financial statement purposes differs from the regulatory surplus. The regulatory surplus, which is calculated in accordance with actuarial standards on a going-concern basis, is used to determine changes to contribution rates and/or benefits for future service in order to maintain the Plan in a regulatory surplus. The Plan is not required to fund solvency deficits. The regulatory surplus of the Plan as at December 31, 2024, which has been filed with FSRA subsequent to year end is $6,141 million (2023 – $5,263 million). A 25 basis-point decrease in the discount rate assumption at December 31, 2024 would result in a decrease in the regulatory surplus of approximately $1,034 million (2023 - $790 million).

Measurement differences between the regulatory surplus and accounting surplus in 2024 of $545 million (2023 – $(555) million) are due to the difference in pension obligations between calculations based on the projected benefit method pro-rated on service valuation method used for financial statement purposes (where pension obligations are based on accrued service to the financial statement date), and the modified aggregate valuation method used for regulatory purposes, where the present value of future contributions and future service benefits are also included. Because the present value of future contributions exceeds the present value of future service benefits, the regulatory surplus is increased. Also included in the difference in 2024 is a $1,860 million (2023 - $671 million) deferred gain actuarial asset value adjustment, whereby a portion of the gains resulting from the difference between the actual and management's best estimate of the expected return of those investments over the long term are deferred and recognized over five years in determining the regulatory surplus.

NOTE 11: CONTRIBUTIONS

($ millions)

	2024	2023
Members		
Current year earnings and service	**$ 447**	$ 390
Purchases of past benefits	**63**	77
Employers		
Current year earnings and service	**457**	398
Purchases of past benefits	**4**	5
Transfers from other pension plans	**13**	18
AVC account	**5**	–
Total contributions	**$ 989**	$ 888

NOTE 12: INVESTMENT INCOME

Investment income after the allocation of the net realized and unrealized gains is as follows:

($ millions)

	2024	2023
Interest income	**$ 216**	$ 185
Dividend income	**299**	229
Other income	**2**	5
	517	419
Investment gains Realized gain	**1,337**	464
Change in unrealized appreciation (depreciation)	**1,473**	1,069
	2,810	1,533
Investment income (loss) prior to investment expenses	**3,327**	1,952
Investment management fees	**(251)**	(198)
Transaction costs	**(6)**	(3)
	$ 3,070	$ 1,751

Investment income (loss) by asset class after the allocation of derivative investments and prior to investment expenses is as follows:

($ millions)

	2024	2023
Short term investments[5]	**$ (74)**	$ 4
Fixed income	**236**	265
Equities	**1,873**	1,191
Infrastructure	**468**	218
Private equity	**727**	239
Private credit	**82**	76
Real estate	**15**	(41)
	$ 3,327	$ 1,952

[5] Includes currency forwards and options and commodity futures losses of $144 million (2023 - losses of $12 million).

NOTE 13: Non-investment Related Income

Non-investment related income consists of interest recognized on long-term notes receivable using the effective interest method for $3 million (2023 - $3 million).

NOTE 14: Benefits

($ millions)

	2024	2023
Pensions	**$ 724**	$ 683
Payments on termination of membership	**74**	64
AVC account withdrawals	**-**	–
Total benefit	**$ 798**	$ 747

NOTE 15: EXPENDITURES

Investment Administration Expenditures

($ millions)

	2024	2023
Salaries and benefits	$ 13	$ 11
Premises and equipment	3	2
Professional services[6]	3	3
Custodial fees	2	2
Communications and travel	1	1
	$ 22	$ 19

Membership Expansion Expenditures

($ millions)

	2024	2023
Salaries and benefits	$ 16	$ 14
Premises and equipment	4	3
Professional services[6]	1	1
Custodial fees	1	–
	$ 22	$ 18

[6] Includes Actuarial fees, Audit fees and other professional services.

Pension Administration Expenditures

($ millions)

	2024	2023
Salaries and benefits	$ 61	$ 49
Premises and equipment	13	13
Professional services[6]	8	6
Custodial fees	1	1
Communications and travel	1	1
	$ 84	$ 70

NOTE 16: COMMITMENTS

The Plan has committed to invest in certain investments, which may be funded in accordance with agreed-upon conditions over the next several years. As at December 31, 2024, these unfunded commitments totaled $4,090 million (2023 - $3,268 million).

The Plan leases its office premises under a lease agreement expiring on November 30, 2027, with a five-year extension term following the expiration date. In addition, there are various equipment leases in place with expiry dates between 2025 and 2029. Future lease payments over the remaining life of the leases total $14 million, with the following amounts payable over the next five years: 2025-2027 - $2.6 million in each year, 2028-2029 - $1.3 million in each year.

NOTE 17: RELATED-PARTY TRANSACTIONS

Related parties to the Plan include the Plan sponsors and the 24 Colleges of Applied Arts and Technology in Ontario.

The Plan does not have any investments in any securities issued by related parties.

The Plan, in the regular course of its business, reimburses participating employers for the time and expenses their employees spend attending Plan governance and related meetings as well as other services provided in the regular course of business. The total of such reimbursements to participating employers in 2024 was $45 thousand (2023 - $204 thousand).

NOTE 18: GUARANTEES AND INDEMNIFICATIONS

The Plan provides indemnifications to its Trustees, Sponsors' Committee members and officers for various items including, but not limited to, all costs to settle suits or actions due to services provided by the Plan, subject to certain restrictions. The Plan maintains Fiduciary and Directors & Officers insurance to mitigate the cost of any potential suits or actions. The contingent nature of the indemnification agreements prevents the Plan from making a reasonable estimate of the maximum potential payment that the Plan could be required to make. The Plan did not receive any claims nor make any payments pursuant to such indemnifications in 2024 or 2023.

NOTE 19: TRANSFER OF PENSION PLAN ASSETS AND LIABILITIES

The Plan routinely enters into agreements with the sponsors of various single-employer pension plans to assume the assets and obligations of their pension plans ("pension plans"). Upon approval by FSRA and after the transfer of pension plan assets, the CAAT Pension Plan becomes responsible for current and future benefit payments to the members of the pension plans.

In 2024, $48 million of pension obligations ($108 million in 2023) were assumed by the Plan (and included in the Plan's pension obligations) and $60 million of pension plan assets ($124 million in 2023) were transferred to the Plan, becoming part of the Plan's investment assets. The Plan received $1 million in residual transfers resulting from past asset mergers during the year (2023 - nil).

Ten-Year Review

TEN-YEAR REVIEW

Unaudited
($ millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Financial										
Short-term investments	2,102	1,863	1,708	1,653	1,382	1,269	1,161	987	1,028	808
Fixed income	5,199	4,671	4,247	5,020	4,874	4,287	3,351	3,145	2,543	2,459
Equities	7,241	5,694	5,535	6,085	6,018	5,495	4,279	5,047	4,452	4,267
Infrastructure	3,017	2,637	2,256	1,729	1,389	1,118	1,107	844	745	600
Real estate	1,078	1,041	1,237	1,174	935	825	720	558	469	419
Private equity	4,894	4,154	3,682	3,211	1,903	1,223	905	643	516	471
Private credit	525	264	214	190	178	32	23	6	–	–
Derivatives (net)	(160)	149	(57)	67	120	118	(206)	62	33	(181)
Total investments	23,896	20,473	18,822	19,129	16,799	14,367	11,340	11,292	9,786	8,843
Other assets (liabilities) (net)	(595)	(369)	(630)	(909)	(953)	(825)	(524)	(506)	(398)	(251)
Net assets available for benefits	23,301	20,104	18,192	18,220	15,846	13,542	10,816	10,786	9,388	8,592
Contributions	989	888	704	634	588	539	495	444	443	432
Investment income (loss)	3,070	1,751	(388)	2,464	1,575	1,731	40	1,432	700	621
Non-investment related income	3	3	3	5	4	–	–	–	–	–
Transfer of pension plan assets	61	124	436	3	788	1,006	–	–	106	–
Benefit payments	(798)	(747)	(700)	(668)	(601)	(515)	(479)	(457)	(431)	(406)
Administrative expenses	(128)	(107)	(83)	(64)	(50)	(36)	(25)	(21)	(22)	(20)
Net change in net assets available for benefits	3,197	1,912	(28)	2,374	2,304	2,725	31	1,398	796	627
Returns										
Annual return, net of fees	15.2%	9.5%	(2.3)%	15.8%	11.1%	16.0%	0.5%	15.8%	8.1%	8.1%
Membership										
Active members	80,900	64,900	55,400	49,700	43,700	39,900	32,200	29,400	28,400	26,500
Deferred members	4,800	5,000	4,100	3,400	3,400	2,200	1,600	1,400	1,400	1,400
Retired members	25,400	24,600	23,400	22,500	21,800	19,300	16,100	15,500	14,900	14,000
Total members	111,100	94,500	82,900	75,600	68,900	61,400	49,900	46,300	44,700	41,900
Going-concern funding status as at December 31										
Funded status	123.6%	123.9%	124.0%	124.2%	118.8%	117.9%	119.9%	118.1%	113.3%	110.4%
Funding reserves (deficit)	6,141	5,263	4,713	4,369	3,270	2,858	2,618	2,269	1,601	1,179
Discount rate	4.75%	4.90%	5.10%	4.95%	4.95%	5.15%	5.50%	5.60%	5.60%	5.70%

Numbers are rounded.

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Ce document est aussi disponible en français