



# Information Summary

Investment Options in the Public Employees Pension Plan

## This Information Summary

relates to units in the Public Employees Pension Fund (the Fund) that are not available for distribution to the public and is therefore not, and must not be construed to be, a prospectus

relating to a distribution of those units. No Securities Commission or similar regulatory authority has in any way commented or passed upon the merits of the investment options offered nor has it reviewed this Information Summary. There is risk to these investment options (see “Risk Factors” at Item 6). Units of the Fund are not deposits within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada), and are not insured under the provisions of the *Canada Deposit Insurance Corporation Act* (Canada) or any other legislation. The value of units of the investment options will fluctuate with changes in the market value of the investments underlying the investment options.

### Public Employees Pension Plan Investment Options

- Accelerated Growth Fund
- Growth Fund
- Balanced Fund
- Moderate Fund
- Conservative Fund
- PEPP Steps Fund
- Bond Fund
- Money Market Fund

This Information Summary has been prepared by the Public Employees Pension Board (the Board), as administrator of the Public Employees Pension Plan (the Plan, PEPP) and trustee of the Fund. This Information Summary is being furnished solely for use by current active and inactive Plan members and pensioners with contributions and investment earnings to their credit in the Fund, who are entitled to transfer money into the Fund, or who are entitled to receive a Variable Pension Benefit (VPB) from the Fund.

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# About the Public Employees Pension Plan

PEPP is established and governed by *The Public Employees Pension Plan Act (the Act)* and is registered as a pension plan pursuant to *The Pension Benefits Act, 1992* and the *Income Tax Act (Canada)*.

PEPP is a defined contribution pension plan that provides a benefit at retirement to individual Plan members. Each individual Plan member is credited with the contributions made by, and on behalf of, the Plan member, any income earned on contributions and gains, or losses with respect to those contributions. The amount standing to the credit of a Plan member is comprised of units held in the

various investment options offered under the Plan. Benefits payable to each Plan member at retirement are affected by the amount of contributions made by, and on behalf of, the Plan member, any income, gains, or losses resulting from the performance of the investment options selected by the Plan member, and by expenses associated with the administration of the Plan.

Current employees of participating employers or former employees who still have amounts standing to their credit in the Plan are Plan members. The PEPP has 147 participating employers (23 Executive Government Ministries and Agencies are considered one employer) in the Province of Saskatchewan. Participating employers include the Government of Saskatchewan, some Crown corporations and numerous agencies, boards, and other public institutions.

There are more than 69,000 active and inactive Plan members and pensioners in PEPP. An inactive Plan member is a former employee of a participating employer who has not withdrawn his or her funds from the Plan. A pensioner is an individual who is retired and has elected to leave his or her funds in the Plan for the purpose of receiving a benefit in accordance with the VPB.

Plannera Pensions & Benefits (Plannera) is a not-for-profit corporation that provides day-to-day administration of the Plan, the cost of which is charged to the Fund.

The Board retains KPMG LLP as the auditor of the Fund. The Provincial Auditor Saskatchewan is responsible to the Saskatchewan Legislative Assembly for the audit of the Fund.

# About the Public Employees Pension Plan

## Vision

To be a leading pension plan through product and service innovation.

## Mission

To provide members with an exceptional defined contribution pension plan.

## Goals

**Investment:** Earn competitive long-term investment returns for members while managing risk.

*Objectives:*

- Complete periodic reviews of PEPP's investment options to ensure members have access to a portfolio of investments that are well-adapted to their retirement needs.
- Provide a range of investment options to meet the diverse needs of individual members, while controlling their individual risks.

**Service:** Deliver exceptional and innovative products and services to members and employers.

*Objectives:*

- Maintain an up-to-date suite of products and services that meet evolving member needs, provide members with a reason to remain in the Plan, attract voluntary contributions from members, and that attract other public-sector employers to join the Plan.

**Cost-Effectiveness:** Operate efficiently and cost-effectively.

*Objectives:*

- Allocate resources to maximize effectiveness and efficiency of services provided to members and employers.

**Stewardship:** Ensure PEPP is well-governed and accountable to Plan members and employers.

*Objectives:*

- Appropriate plan governance structure to improve performance and efficiency.
- Appropriate oversight of service providers.

**Engagement:** Ensure members understand their responsibilities and have the right tools and information available.

*Objectives:*

- Support member understanding of the Plan, including individual member benefits and responsibilities for making informed decisions pursuant to the Plan.
- Increase awareness and usage of member resources.
- Provide relevant, timely and accurate information which is easy to understand.
- Provide useful information on asset retention and decumulation options so members understand the value of remaining in the Plan.

# About the Public Employees Pension Board

*The Public Employees Pension Plan Act* establishes the Board as Plan Trustee.

The Board consists of nine members, four of whom are appointed on behalf of participating employers, and four of whom are appointed on behalf of employees.


The Chair of the Board is chosen and appointed by the members of the Board through an external recruitment process.

Members of the Board are not compensated for performance of their roles as Board members; however, they are reimbursed for reasonable expenses for attending Board meetings and other functions in their capacity as Board members.


The Chair is remunerated with a retainer.

The Board is the issuer of this Information Summary.

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The Board is a pension plan trustee and, as such, the Board and the Fund are not listed or traded on any exchange or market.

# Purchasing Units in the Investment Options

## Description of Units

Each of the investment options are designated specialty funds within the Fund. Plan members and pensioners will have the value of their units determined by the value of assets within one or more investment option(s). Each unit of an investment option is of the same class with equal rights and privileges. There is no limit on the number of units that may be allocated by any of the investment options.

Each unit of an investment option is entitled to participate equally in the distribution of net income and net capital gains and losses and, on liquidation, to participate equally in the net

assets of the option remaining after satisfaction of outstanding liabilities. Units may be redeemed by the Plan member or pensioner for the purpose of making a permitted transfer, to purchase a pension benefit or for cash in accordance with the terms of the Act and any other applicable legislation.

The investment options are established by legislative instrument and any option may be disestablished, amended, or replaced by another option at any time and without notice to the holders of units in the investment option. No such change to any investment option has the effect of reducing the amount standing to the credit of the Plan member or the pensioner in the Fund, but may affect the basis on which the value of that amount is calculated subsequent to the change.

In addition to the investment options, changes to the investment managers of the mandates underlying the investment options may be made without notice to the holders of units in the investment options.

There are no voting rights of any kind attached to any units of an investment option.

## Determination of Net Asset Value and Investment Option Unit Value

The net asset value per unit of an investment option is determined by dividing the value of the net assets of the option (that is, the value of the assets of the option less its liabilities) by the total number of units outstanding. The net asset value per unit, of each of the options is determined as of 4:00 p.m. Eastern Standard Time (EST), on each Plan valuation day. When current day market values are not available for any funds or securities, the most recent market value will be used.

The Net Asset Value of the Option is:

Total Value of Assets of the Option minus Total Liabilities of the Option

## Item 3 - Purchasing Units in the Investment Options

- Plannera will use estimates of values for cash on hand and prepaid expenses (calculated and supplied by the administrator) where actual information is not available;
- The value of assets shall be the fair market value as determined by the valuator, using multiple pricing sources;
- Other securities and assets for which a market quotation is not readily available shall be valued at fair market value as determined by the valuator;
- In circumstances where an independent valuation is not possible, the investment manager of the portfolio shall provide the last estimated market value of the assets; and
- All transaction costs will be accounted for by the valuator.

Responsibility for determining Total Liabilities of the Option has been delegated to Plannera. Guidelines for determining Total Liabilities of the Option are as follows:

- In calculating the Total Liabilities of the Option, Plannera shall include all costs, actual and accrued, associated with the operation of the Option.

The value of the individual units of each Option is determined using the formula:

$$\frac{\text{Net Asset Value}}{\text{Total Number of Outstanding Units of the Option}}$$

### Foreign Currencies

The net asset values and unit values of the investment funds are reported in Canadian dollars.

Monetary items denominated in a foreign currency are translated at the exchange rate in effect on each valuation day. Investments, revenue, and expense items are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation at the close of trading at the end of each valuation

day are included in the current period change (change in daily unit value) in market value of the investments.

### Allocation of Units

When a Plan member or pensioner makes a contribution or a transfer to the Plan, units of each investment option selected by the Plan member or pensioner are allocated to the Plan member or pensioner on the basis of the amount of the contribution or transfer. All contributions and transfers to the Plan must be performed in accordance with the rules and time frames as set out in the Act and any other applicable legislation.

The value per unit of an investment option will be the net asset value per unit determined on the day on which the units are allocated to the Plan member or pensioner. If funds are received before the specified cutoff time on a valuation day, the value at which the units will be allocated will be the net asset value per unit determined on the close of business on that day. If funds are received after the specified cutoff time on a valuation day, or on a day other than a valuation day, the value will be the net asset value per unit determined on the next valuation day on the close of business.

When a Plan member or pensioner contributes or transfers into the Plan to any of the investment options offered under the Plan and described in this Information Summary, such contribution or transfer must be carried out in all aspects in accordance with the stated Board policy and service standards, as they exist from time to time. A copy of the policy may be obtained from Plannera on any valuation day.

The Board does not reserve the right to refuse to allocate any units of an investment option. However, a Plan member or pensioner must be able to establish that he or she is eligible to make an allocation and all allocations must be made in accordance with stated Board policy as it may exist from time to time.

No certificate will be issued for units in an investment option. Plan members and pensioners may obtain information with respect to the amount standing to their credit from Plannera on any valuation day.

Under exceptional circumstances the Board may be unable to process a Plan member's or pensioner's allocation of units. This would most likely occur if market trading were suspended on stock exchanges in which the investment option holds its investments. In the event of such a suspension, Plan members and pensioners will be notified in accordance with stated Board policy. The Plan member's or pensioner's allocation of units will be processed as soon as possible after the suspension is lifted and in accordance with stated Board policy.

### Inter-Fund Transfers

When a Plan member or pensioner wishes to transfer funds between investment options offered under the Plan and described in this Information Summary, such transfer must be carried out in all aspects in accordance with stated Board policy as it exists from time to time. A copy of the policy may be obtained from Plannera on any valuation day.

If a transfer request is received before the specified cutoff time on a valuation day, the price will be the net asset value per unit determined at the close of business on that day. If a transfer request is received after the specified cutoff time on a valuation day or on a day other than a valuation day, the price will be the net asset value per unit determined on the next valuation day at the close of business.

Transfers will be based on the net asset value per unit in Canadian dollars of the investment option redeemed and of the investment option purchased on the day on which the transfer is completed.

Under exceptional circumstances, the Board may be unable to process a Plan member's or pensioner's transfer request. This would most likely occur if market trading were suspended on stock

exchanges where the investment option holds its investments. In the event of such a suspension, Plan members and pensioners will be notified in accordance with stated Board policy. The Plan member's or pensioner's request will be processed as soon as possible after the suspension is lifted and in accordance with stated Board policy.

### Redemption of Units

A Plan member or pensioner may, upon becoming qualified to do so under the terms of the Plan, request, by providing written notice to the Board, that any or all of his or her units in an investment option be redeemed. Units will be redeemed at the net asset value per unit on the day the redemption occurs. Redemption requests must be carried out in all aspects in accordance with the stated Board policy and service standards, as they exist from time to time. A copy of the policy may be obtained from Plannera on any valuation day.

Under exceptional circumstances, the Board may be unable to process a Plan member's or pensioner's redemption request. This would most likely occur if market trading were suspended on stock exchanges where the investment option holds its investments. In the event of such a suspension, Plan members and pensioners will be notified in accordance with stated Board policy. The Plan member's or pensioner's request will be processed as soon as possible after the suspension is lifted and in accordance with stated Board policy unless the Plan member or pensioner provides instructions otherwise in the intervening time.

### Distributions

The net income and net realized capital gains of a fund will be reinvested in the investment option and will be integrated into the calculation of each investment fund's unit value. There will be no distribution of net income and net realized capital gains to a Plan member or pensioner.



# Income Tax Consequences

Plan members and pensioners should consult their own professional financial advisors to obtain advice on the income tax consequences that apply to them.

As the investment options are contained within a registered pension plan, all redemptions of units of the funds which are received as cash by Plan members or pensioners are taxable as income in the year they are received. Plan members and pensioners will receive income tax reporting on any cash disbursements from the Plan to them for the immediately preceding calendar year by the end of February each year in accordance with the rules under the *Income Tax Act* (Canada).

Income earned by the investment funds is integrated in the calculation of the unit values net of any taxes that may be payable by the investment managers and there will be no tax consequences to Plan members or pensioners on that basis. This income is treated as it would be with any other retirement savings income option registered under the *Income Tax Act* (Canada).

# Fees

## Administration Fees

Other than as specified in the Board stated policy, fees will not be charged directly to Plan members or pensioners in any of the investment funds. Rather, administrative, custodial, and investment management fees will be integrated into the calculation of unit values (see the discussion on determination of net asset value and investment option unit value under Item 3). Administration fees include such items as salaries, rent, computer systems, and office supplies for Plannera, the Plan's administrator.

The Board has the authority under the Act, however, to charge fees for services it provides. The Board may establish policies from time to time which will set fees for such items as:

- Frequent transactions by Plan members;
- Frequent transactions with respect to VPB payments to pensioners;
- Carrying out maintenance enforcement orders; and
- Other fees as may be deemed necessary and appropriate by the Board.

## Custodial Fees

Fees charged to the Plan by the custodian are apportioned out of each investment option in accordance with each fund's share of each underlying investment manager mandate. These fees are then factored into the net asset value of each investment option (see the discussion on determination of net asset value and investment option unit value under Item 3).

## Investment Management Fees

Each investment manager with a mandate to manage investments under the Plan charges fees based on a percentage of the value of the money they are mandated to manage. This percentage is factored into the net asset value of each investment option (see the discussion on determination of net asset value and investment option unit value under Item 3).

For further information on types of fees and how they relate to specific investment options, please visit the Plannera website at [www.plannera.ca](http://www.plannera.ca).

# Risk Factors

Each investment option consists of investments which vary depending upon the investment objective of the option. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and issuer news. As a result, the value of an option's units may go up and down, and the value of a Plan member's or pensioner's investment in an option may be higher or lower when redeemed than when purchased, or at any time in between as reflected on the periodic statements provided by the Board.

The risks associated with investing in an investment option are the risks associated with the securities in which the option invests. Following is a summary of various types of investment risk that may be applicable to an option or a portion of an option.

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<b>Credit Risk</b>	A fixed income security, such as a bond, is a promise to pay interest and repay the principal on the maturity date. There is always some risk that the issuer will fail to honour that promise. This is called credit risk. Credit risk is lowest when issuers have a high credit rating from a credit rating agency. Conversely, credit risk is higher where issuers have a low credit rating. Issuers with lower credit ratings typically offer higher interest rates to make up for the higher credit risk. This leads to bonds with greater yields, but also greater volatility.
<b>Currency Risk</b>	When an investment option invests in foreign denominated securities, the value of those securities is subject to increase or decrease based on changes in the exchange rate between the foreign currency and the Canadian dollar. This is called currency risk. Currency risk can be reduced by using a currency hedging strategy.
<b>Derivative Risk</b>	Derivatives can be useful financial instruments for hedging against losses, gaining exposure to financial markets, and making indirect investments. These involve certain risks.
<b>Equity Risk (Market Risk)</b>	Investment options that invest in equities, such as common shares, are affected by the general economy and financial markets as well as by the success or failure of the issuer of the shares. When stock markets rise, the value of equity securities tend to rise also, and when stock markets fall, the value of equity securities tend to fall. The risk that any given equity security will rise or fall simply because of general market forces is called equity risk.
<b>Foreign Investment Risk</b>	Investments issued by foreign companies or governments can be riskier than those issued by Canadian companies or governments. Foreign countries can be affected by political, social, legal, or diplomatic developments that can have significant impacts on foreign investments. These risks that are unique to foreign investments are called foreign investment risk.

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<b>Index Risk (Market Risk)</b>	Some investment options contain mandates that have a stated objective of following a given market index. Market conditions may allow a situation in which one or more securities may comprise a significant portion of the index. Any mandate that is intended to follow such an index may find high exposure to that same security or securities. This high concentration of investments in one or more securities reduces the diversification of the option and may lead to greater volatility and reduced liquidity.
<b>Interest Rate Risk</b>	Investment options that invest in fixed income securities, such as bonds, are sensitive to changes in interest rates. In general, a rise in interest rates will lead to lower values for fixed income securities, and a decrease in interest rates will lead to higher values for fixed income securities. Securities with longer terms to maturity are generally more sensitive to changes in interest rates. This risk that a change in interest rates will affect the value of a security is called interest rate risk.
<b>Liquidity Risk</b>	Liquidity is a measure of how quickly an investment can be exchanged for cash at a fair market value. Investments with poor liquidity cannot be sold quickly or cannot be easily sold for the fair market value. When an investment option is unable to liquidate one or more investments quickly or at fair market value, the investment option may lose value. This is called liquidity risk and is generally more common with securities issued by smaller companies.
<b>Real Estate Sector Risk (Market Risk)</b>	Some investment options invest in mandates that concentrate their investments entirely in real estate holdings. As with any investment mandate that focuses on a single market sector versus diversifying investments across various sectors, a real estate based mandate will be less diversified and therefore subject to greater risk and volatility. Further, a real estate investment mandate must continue to invest only in real estate, even during periods when this market sector is performing poorly. This dependence on the real estate sector, and the risks associated with it are called real estate sector risk.
<b>Small Company Risk (Market Risk)</b>	The prices of smaller company issued shares tend to fluctuate more than those issued by large companies. This higher volatility can be the result of the smaller company having greater difficulty establishing good financing or markets for their products. Also, smaller companies generally issue fewer shares which can lead to some liquidity risk. This higher volatility and exposure to liquidity risk common among smaller companies is called small company risk.
<b>Underlying Fund Risk</b>	Some investment options invest in units of other investment funds called underlying funds. If a party external to PEPP that holds units in that underlying fund redeems a substantial number of units of the underlying fund, the underlying fund may have to change its portfolio significantly to meet the liquidity requirements of the redemption. This may have a negative impact on the value of the underlying fund, and therefore on the value of the investment options that hold units in it. The risk that activities of some unit holders of the underlying fund may have an impact on other unit holders of the underlying fund is called underlying fund risk.

# Reporting Obligations

Plan members and pensioners will receive income tax reporting (T4A's) on any cash disbursements made to them from the Plan by the end of February each year with respect to the preceding calendar year in accordance with the rules under the *Income Tax Act* (Canada).

## Plan Members

Each Plan member will be provided with semi-annual Plan Member Statements containing all the information mandated by section 13 of *The Pension Benefits Regulations, 1993* as at March 31 and September 30 each year.

In accordance with *The Pension Benefits Regulations, 1993*, Plan members will also receive a statement on termination of employment with a participating employer, a statement upon retirement and a statement on death of the Plan member (to be provided to the surviving spouse, designated beneficiary or personal representative of the deceased Plan member). Such statement will, depending on the circumstances, describe the Plan member's (or Plan member's representative's) options with regard to investment option units standing to the credit of the Plan member at that point in time and the consequences of not taking any action.

## Pensioners

In accordance with Regulations pursuant to the *Income Tax Act* (Canada), pensioners will be provided with an annual letter each fall advising them of the minimum annual payment required in the upcoming calendar year.

Pensioners will be provided with an annual statement as at December 31 of each year, similar in format to a semi-annual Plan Member Statement.

# Investment Beliefs, Risk Philosophy and Performance Objectives

Each of the investment options available under the Plan is subject to the Statement of Investment Policies and Goals (SIP&G), which sets out the investment options' investment beliefs, risk philosophy, and performance objectives in detail. Following is a summary of those beliefs which are common to all the investment options.

## Investment Beliefs

The SIP&G sets out the parameters under which Plan assets are managed, which are influenced by several basic assumptions about the characteristics and trends in capital markets. The key investment beliefs that shape the Policy are:

- (i) Asset allocation is the most important determining factor in investment performance.
- (ii) Achieving financial returns involves taking risk. In general, higher risks are rewarded with higher expected returns. Returns may, however, take time to emerge from the underlying risks and risk-taking does not guarantee additional returns.
- (iii) Diversification across and within asset classes where risk/return profiles are not perfectly correlated provides an opportunity to improve risk adjusted returns. It is recognized correlations can change over time and must be monitored routinely.
- (iv) Exposure to foreign currencies resulting from holding foreign investments is expected to provide diversification benefits. However, member benefits are paid in CAD. Accordingly, hedging a portion of the foreign currency exposure is seen as appropriate risk management, where cost effective.
- (v) Active management generally adds value in excess of incremental investment management fees. Passive mandates efficiently provide liquid, low-cost exposure to some asset classes and/or market attributes. Accordingly, the Plan utilizes both active and passive strategies.
- (vi) Creating consistent value-add via market timing strategies is difficult. However, an effective implementation strategy can improve the net returns and risk profile of the Investment Options; therefore, market conditions, cash flows, liquidity and transaction costs should be considered in circumstances of rebalancing, transition, or implementation.
- (vii) Investment opportunities that effectively consider environmental, social and governance (ESG) factors can reasonably be expected to increase the creation of shareholder value over longer time frames. It is appropriate for investment managers to consider ESG factors in managing investments.
- (viii) Risk tolerance and return objectives vary amongst Plan members. Accordingly, several Investment Options are available to address members' varying risk tolerances and preferences.

- (ix) Less liquid investments have unique attributes that can provide improved risk adjusted returns, greater diversification and inflation protection, therefore, are appropriate investments for inclusion in the Investment Options, subject to management of liquidity, valuation, cost, and administrative constraints.

### **Performance Objective**

The investment managers appointed by the Board are directed to achieve a satisfactory long-term rate of return through a diversified portfolio within their mandate, consistent with acceptable risks and prudent management. The long-term investment goal of each investment option is to achieve a minimum annualized rate of return in relation to a benchmark identified in the SIP&G. This goal will be consistent with the overall investment risk level that the option could assume in order to meet the long-term investment goals of Plan members and pensioners, and normally will be assessed over rolling 4-year time periods.

# Accelerated Growth Fund

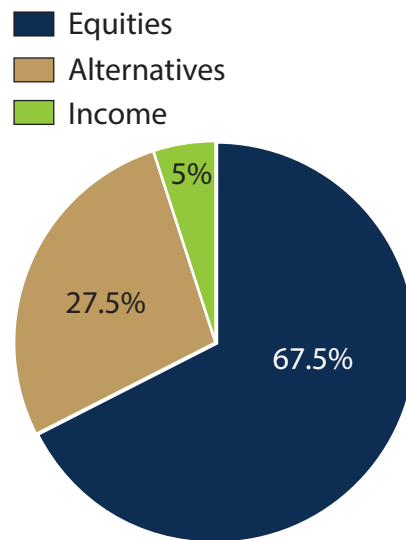
## Investment Objective

The investment objective of the Accelerated Growth Fund is to achieve the highest expected return among the PEPP funds through significant equity exposure. The Accelerated Growth Fund is most suitable for investors willing to accept a high risk-return trade-off, since many of the investments which demonstrate high growth potential can also show a lot of volatility.

This fund invests in a number of underlying portfolios including equities, alternatives and fixed income. These underlying portfolios are managed by 29 different investment fund managers. In addition, this fund contains a private equity program and an infrastructure program, both of which are comprised of a diverse array of limited partnerships of various term length and vintage. For a list of the investment managers see *Appendix A*. This fund is most heavily weighted toward foreign and domestic equities. See chart below for specific mandates and proportion of fund invested.

The Accelerated Growth Fund may be an appropriate investment option for Plan members who are aggressive investors, or for younger Plan members who have a longer time horizon for their retirement savings plan. This fund may not be appropriate for pensioners or conservative investors. Investors choosing this fund will need to have high risk tolerance to weather the periods of low or negative returns that are likely to occur as this investment option experiences the highest expected risks and returns of any of PEPP's investment options.

Asset Mix



Fund Name	Investment Fund - Target Asset Mix (%)											
	Equities				Alternatives				Income			
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/ Abs Return Fixed Income	Direct Lending	Money Market
<b>Accelerated Growth</b>	<b>15.9</b>	<b>39.7</b>	<b>7.8</b>	<b>4.1</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>2.6</b>	<b>2.3</b>	<b>n/a</b>	<b>0.1</b>
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3
Bond									52.0	46.0	n/a	2.0
Money Market												100.0



Investment Manager Mandates

Manager	Target Asset Mix (%)													Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market		
AllianceBernstein										0.6				0.6
ARGA			3.9											3.9
Barings					1.6									1.6
Beutel, Goodman	6.1													6.1
Burgundy		8.0												8.0
CIBC									0.7					0.7
Elementum						0.6								0.6
Fidelity	6.1													6.1
GMO						1.2								1.2
GWK		2.0												2.0
Hudson Bay						1.3								1.3
Insight*														0.0
J. Zechner	1.8													1.8
King Street						1.0								1.0
LMR						1.3								1.3
Maj		7.9												7.9
Manulife										0.5				0.5
Morgan Stanley		7.9			3.0									10.9
Multi-mgr. program				4.1			10.0	n/a				n/a		14.1
Oberweis		2.0												2.0
One William Street						0.9								0.9
PGIM										0.5				0.5
PIMCO										0.7				0.7
Pzena		9.9												9.9
QV Investors	1.9													1.9
Rokos						1.4								1.4
T. Rowe Price			3.9											3.9
TDAM					4.5				1.9				0.1	6.5
Transtrend						0.7								0.7
TSW		2.0												2.0
<b>Total</b>	<b>15.9</b>	<b>39.7</b>	<b>7.8</b>	<b>4.1</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>2.6</b>	<b>2.3</b>	<b>n/a</b>	<b>0.1</b>	<b>100.0</b>	

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

The Board completed a Strategic Investment Review in 2018. Since then, the majority of the plan has been completed. Building out the private equity and infrastructure programs began in 2020 and will continue to grow over the next few years.

For some of PEPP's terminated mandates, it takes time to liquidate the assets and leave an investment fund. This document is updated as of July 1 and therefore, some of the investment managers listed in Appendix A may have changed without notice. A listing of PEPP's current investment fund managers is available on PEPP's website in the About the Fund section.

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# Growth Fund

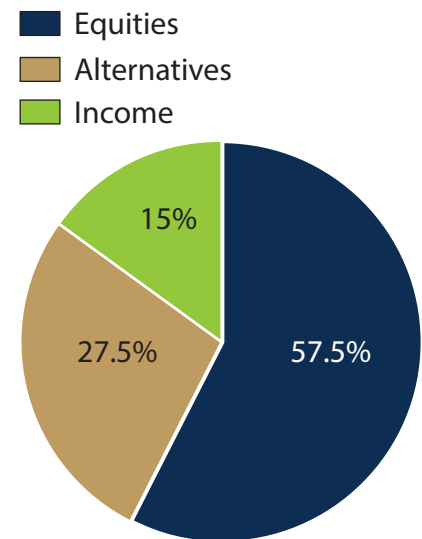
## Investment Objective

The investment objective of the Growth Fund is to achieve high expected return through significant equity exposure. The Growth Fund is an aggressive investment option that is weighted towards equities, resulting in a relatively high expected risk and return. Approximately 58 per cent of the portfolio is invested in equities, over one-quarter in alternatives and the remainder is invested in fixed income securities.

This fund invests in a number of underlying portfolios including equities, alternatives and fixed income. These underlying portfolios are managed by 29 different investment fund managers. In addition, this fund contains a private equity program and an infrastructure program, both of which are comprised of a diverse array of limited partnerships of various term length and vintage. For a list of the investment managers see *Appendix A*. This fund is most heavily weighted toward foreign equities and domestic equities. See chart below for specific mandates and proportion of fund invested.

The Growth Fund may be an appropriate investment option for Plan members who are relatively aggressive investors or have a relatively long investment horizon for their retirement savings plan. It may not be appropriate as the primary option for pensioners or conservative investors. The Fund has fairly high expected risks and returns, so Plan members or pensioners selecting this fund need to have sufficient risk tolerance to weather the periods of low or negative returns that may occur.

Asset Mix



Fund Name	Investment Fund - Target Asset Mix (%)											
	Equities				Alternatives				Income			
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/ Abs Return Fixed Income	Direct Lending	Money Market
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1
<b>Growth</b>	<b>13.5</b>	<b>33.9</b>	<b>6.6</b>	<b>3.5</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>7.8</b>	<b>6.9</b>	<b>n/a</b>	<b>0.3</b>
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3
Bond									52.0	46.0	n/a	2.0
Money Market												100.0

Investment Manager Mandates

Manager	Target Asset Mix (%)													Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market		
AllianceBernstein										1.9			1.9	
ARGA			3.3										3.3	
Barings					1.6								1.6	
Beutel, Goodman	5.2												5.2	
Burgundy		6.8											6.8	
CIBC									2.0				2.0	
Elementum						0.6							0.6	
Fidelity	5.2												5.2	
GMO						1.2							1.2	
GWK		1.7											1.7	
Hudson Bay						1.3							1.3	
Insight*													0.0	
J. Zechner	1.5												1.5	
King Street						1.0							1.0	
LMR						1.3							1.3	
Maj		6.8											6.8	
Manulife										1.5			1.5	
Morgan Stanley		6.8			3.0								9.8	
Multi-mgr. program				3.5			10.0	n/a			n/a		13.5	
Oberweis		1.7											1.7	
One William Street						0.9							0.9	
PGIM										1.5			1.5	
PIMCO										2.0			2.0	
Pzena		8.4											8.4	
QV Investors	1.6												1.6	
Rokos						1.4							1.4	
T. Rowe Price			3.3										3.3	
TDAM					4.5				5.8			0.3	10.6	
Transtrend						0.7							0.7	
TSW		1.7											1.7	
<b>Total</b>	<b>13.5</b>	<b>33.9</b>	<b>6.6</b>	<b>3.5</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>7.8</b>	<b>6.9</b>	<b>n/a</b>	<b>0.3</b>	<b>100.0</b>	

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

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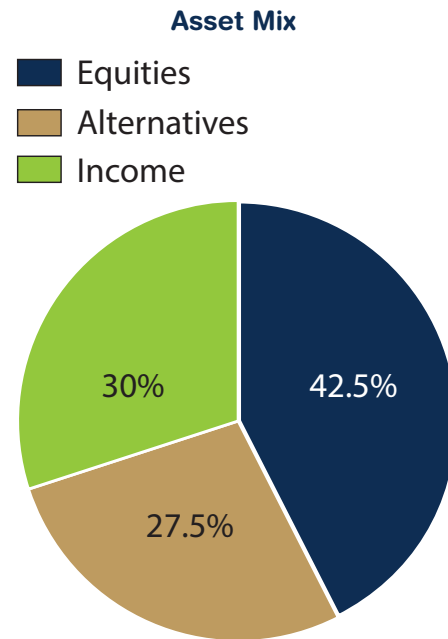
# Balanced Fund

## Investment Objective

The primary objective of the Balanced Fund is capital growth. Plan members and pensioners invested in the Balanced Fund have a relatively long-term investment horizon and can accept a slightly above average degree of investment risk. As such, Balance Fund exposure to equities and alternatives combine for 70 per cent of the portfolio with 30 per cent in fixed income.

This fund invests in a number of underlying portfolios including equities, fixed income and alternatives. These underlying portfolios are managed by 29 different investment fund managers. In addition, this fund contains a private equity program and an infrastructure program, both of which are comprised of a diverse array of limited partnerships of various term length and vintage. For a list of the investment managers see *Appendix A*. This fund is most heavily weighted toward foreign equities and fixed income investments, although there is also significant exposure to domestic equities. See chart below for specific mandates and proportion of fund invested.

The Balanced Fund may be a suitable investment for a Plan member or pensioner who wants a balance of risk and return. Plan members or pensioners choosing this investment option may fit many profiles - they may have a long investment horizon, but be conservative investors; they may be aggressive investors, but have a fairly short investment horizon; or some balance of these.



Fund Name	Investment Fund - Target Asset Mix (%)												
	Equities				Alternatives				Income				
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/ Abs Return Fixed Income	Direct Lending	Money Market	
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1	
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3	
<b>Balanced</b>	<b>10.0</b>	<b>25.0</b>	<b>4.9</b>	<b>2.6</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>15.6</b>	<b>13.8</b>	<b>n/a</b>	<b>0.6</b>	
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9	
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3	
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3	
Bond									52.0	46.0	n/a	2.0	
Money Market												100.0	

Investment Manager Mandates

Manager	Target Asset Mix (%)														Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market			
AllianceBernstein										3.9					3.9
ARGA			2.5												2.5
Barings					1.6										1.6
Beutel, Goodman	3.8														3.8
Burgundy		5.1													5.1
CIBC									3.9						3.9
Elementum						0.6									0.6
Fidelity	3.8														3.8
GMO						1.2									1.2
GWK		1.2													1.2
Hudson Bay						1.3									1.3
Insight*															0.0
J. Zechner	1.2														1.2
King Street						1.0									1.0
LMR						1.3									1.3
Maj		5.0													5.0
Manulife										3.0					3.0
Morgan Stanley		5.0			3.0										8.0
Multi-mgr. program				2.6			10.0	n/a				n/a			12.6
Oberweis		1.2													1.2
One William Street						0.9									0.9
PGIM										3.0					3.0
PIMCO										3.9					3.9
Pzena		6.3													6.3
QV Investors	1.2														1.2
Rokos						1.4									1.4
T. Rowe Price			2.4												2.4
TDAM					4.5					11.7		0.6			16.8
Transtrend						0.7									0.7
TSW		1.2													1.2
<b>Total</b>	<b>10.0</b>	<b>25.0</b>	<b>4.9</b>	<b>2.6</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>15.6</b>	<b>13.8</b>	<b>n/a</b>	<b>0.6</b>	<b>100.0</b>		

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

The Board completed a Strategic Investment Review in 2018. Since then, the majority of the plan has been completed. Building out the private equity and infrastructure programs began in 2020 and will continue to grow over the next few years.

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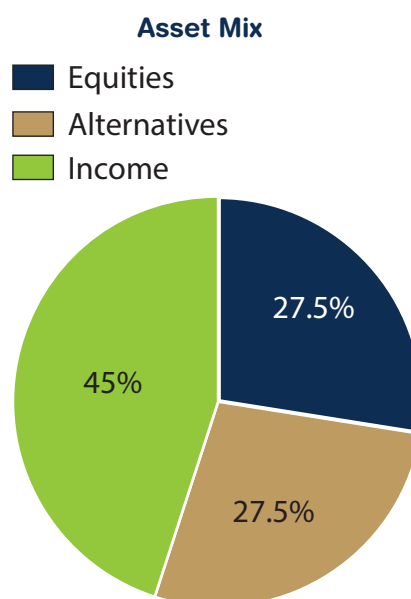
# Moderate Fund

## Investment Objective

The investment objective of the Moderate Fund is to achieve capital growth with low risk. This fund offers Plan members and pensioners relatively low expected risk and returns. The fund targets an asset mix of 45 per cent fixed income, while 55 per cent is split between equities and alternatives. This portfolio is weighted towards investments with lower expected risks and returns, resulting in lower expected long-term growth, but offering less volatility in returns.

This fund invests in a number of underlying portfolios including fixed income, equities, and alternatives. These underlying portfolios are managed by 29 different investment fund managers. In addition, this fund contains a private equity program and an infrastructure program, both of which are comprised of a diverse array of limited partnerships of various term length and vintage. For a list of the investment managers see *Appendix A*. This fund is evenly weighted between fixed income and equity exposure. See chart below for specific mandates and proportion of fund invested.

The Moderate Fund may be an appropriate investment option for Plan members and pensioners who are relatively conservative investors or have a shorter investment horizon for their retirement savings plan. The fund has moderate expected risks and returns, so Plan members and pensioners selecting this fund need some risk tolerance.



Fund Name	Investment Fund - Target Asset Mix (%)												
	Equities				Alternatives				Income				
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/ Abs Return Fixed Income	Direct Lending	Money Market	
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1	
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3	
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6	
<b>Moderate</b>	<b>6.5</b>	<b>16.1</b>	<b>3.2</b>	<b>1.7</b>	<b>9.1</b>	<b>8.4</b>	<b>10.0</b>	<b>n/a</b>	<b>23.4</b>	<b>20.7</b>	<b>n/a</b>	<b>0.9</b>	
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3	
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3	
Bond									52.0	46.0	n/a	2.0	
Money Market												100.0	

Investment Manager Mandates

Manager	Target Asset Mix (%)													Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market		
AllianceBernstein										5.8				5.8
ARGA			1.6											1.6
Barings					1.6									1.6
Beutel, Goodman	2.5													2.5
Burgundy		3.3												3.3
CIBC									5.9					5.9
Elementum						0.6								0.6
Fidelity	2.5													2.5
GMO						1.2								1.2
GWK		0.8												0.8
Hudson Bay						1.3								1.3
Insight*														0.0
J. Zechner	0.7													0.7
King Street						1.0								1.0
LMR						1.3								1.3
Maj		3.2												3.2
Manulife										4.5				4.5
Morgan Stanley		3.2			3.0									6.2
Multi-mgr. program				1.7			10.0	n/a			n/a			11.7
Oberweis		0.8												0.8
One William Street						0.9								0.9
PGIM										4.5				4.5
PIMCO										5.9				5.9
Pzena		4.0												4.0
QV Investors	0.8													0.8
Rokos						1.4								1.4
T.Rowe Price			1.6											1.6
TDAM					4.5				17.5			0.9		22.9
Transtrend						0.7								0.7
TSW		0.8												0.8
Total	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9		100.0

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

The Board completed a Strategic Investment Review in 2018. Since then, the majority of the plan has been completed. Building out the private equity and infrastructure programs began in 2020 and will continue to grow over the next few years.

For some of PEPP's terminated mandates, it takes time to liquidate the assets and leave an investment fund. This document is updated as of July 1 and therefore, some of the investment managers listed in Appendix A may have changed without notice. A listing of PEPP's current investment fund managers is available on PEPP's website in the About the Fund section.

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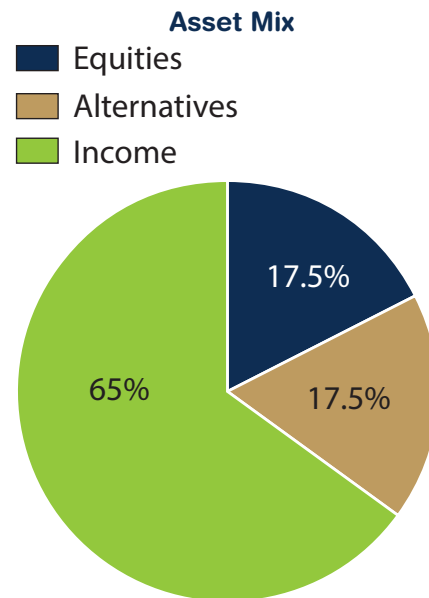
# Conservative Fund

## Investment Objective

The investment objective of the Conservative Fund is to achieve capital growth with minimal risk. This fund offers Plan members and pensioners low expected risk and returns through significant fixed income exposure. This portfolio is weighted towards investments with lower expected risks and returns, resulting in lower expected long-term growth, but offering less volatility in returns.

This fund invests in a number of underlying portfolios including fixed income, equities and alternatives. These underlying portfolios are managed by 29 different investment fund managers. In addition, this fund contains a private equity program and an infrastructure program, both of which are comprised of a diverse array of limited partnerships of various term length and vintage. For a list of the investment managers see *Appendix A*. This fund is most heavily weighted toward income, but also has some weighting toward other asset classes. See chart below for specific mandates and proportion of fund invested.

The Conservative Fund may be an appropriate investment option for Plan members and pensioners who are conservative investors or have a shorter investment horizon for their retirement savings. The low expected risk and return offered by this portfolio are suitable for an investor who is not comfortable with higher risk, but is willing to accept lower investment returns.



Fund Name	Investment Fund - Target Asset Mix (%)												
	Equities				Alternatives				Income				
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/ Abs Return Fixed Income	Direct Lending	Money Market	
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1	
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3	
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6	
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9	
<b>Conservative</b>	<b>4.1</b>	<b>10.3</b>	<b>2.0</b>	<b>1.1</b>	<b>5.8</b>	<b>5.3</b>	<b>6.4</b>	<b>n/a</b>	<b>33.8</b>	<b>29.9</b>	<b>n/a</b>	<b>1.3</b>	
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3	
Bond									52.0	46.0	n/a	2.0	
Money Market												100.0	



Investment Manager Mandates

Manager	Target Asset Mix (%)													Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market		
AllianceBernstein										8.4			8.4	
ARGA			1.0										1.0	
Barings					1.0								1.0	
Beutel, Goodman	1.6												1.6	
Burgundy		2.1											2.1	
CIBC									8.5				8.5	
Elementum						0.4							0.4	
Fidelity	1.6												1.6	
GMO						0.8							0.8	
GWK		0.5											0.5	
Hudson Bay						0.8							0.8	
Insight*													0.0	
J. Zechner	0.4												0.4	
King Street						0.6							0.6	
LMR						0.8							0.8	
Maj		2.1											2.1	
Manulife										6.5			6.5	
Morgan Stanley		2.1			1.9								4.0	
Multi-mgr. program				1.1			6.4	n/a			n/a		7.5	
Oberweis		0.5											0.5	
One William Street						0.5							0.5	
PGIM										6.5			6.5	
PIMCO										8.5			8.5	
Pzena		2.5											2.5	
QV Investors	0.5												0.5	
Rokos						1.0							1.0	
T.Rowe Price			1.0										1.0	
TDAM					2.9				25.3			1.3	29.5	
Transtrend						0.4							0.4	
TSW		0.5											0.5	
Total	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3	100.0	

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

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# PEPP Steps Fund

## Investment Objective

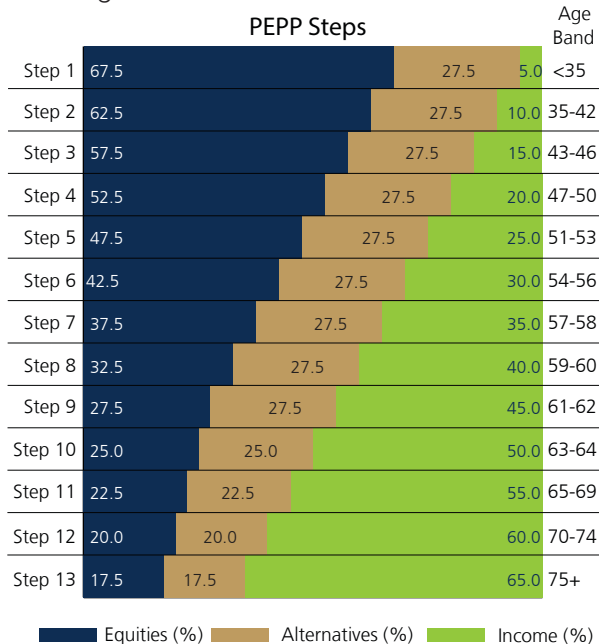
The objective of the PEPP Steps Fund is to achieve a combination of capital growth and income, consistent with the fund's asset allocation mix that gradually becomes more conservative as the Plan member's retirement date approaches (assuming a retirement age of 65).

This fund invests in a number of underlying portfolios including equities, alternatives and income. These underlying portfolios are managed by 29 different investment fund managers. In addition, this fund contains a private equity program and an infrastructure program, both of which are comprised of a diverse array of limited partnerships of various term length and vintage. For a list of the investment managers see *Appendix A*. This fund is most heavily weighted toward foreign equities and domestic equities (see chart below for specific mandates and proportion of fund invested) at the early stages.

This is a lifecycle investment option which means that the asset mix changes as the Plan member approaches retirement. PEPP Steps is an aggressive investment option for younger Plan members, and is a conservative investment option for older Plan members. It may be an appropriate investment option for Plan members who are comfortable with the age-based asset mix and want exposure to the higher expected risk and return portfolios when their investment horizon is longer with automatic transition to lower expected risk and return portfolios as they approach retirement.

## Asset Mix

Plan members and pensioners, based on their ages, are automatically moved through asset mixes which become gradually less focused on equity and more focused on fixed income investments as Plan members' age. The age bands and asset mixes are based on the following illustration:



A Plan member or pensioner will move into the next PEPP Step effective the day they reach the minimum age of the age band. The member's or pensioner's units will be transferred using the close of day unit values effective on their date of birth. If the member or pensioner's date of birth falls on a non-valuation day, the member's or pensioner's units will be transferred using the close of day unit values effective on the next valuation day.

It should be noted that the age brackets listed previously assume a normal retirement age of 65 and the asset mixes are designed to represent an exposure to risk that would normally be suitable or appropriate for an individual who plans to retire when he or she attains the age of 65. Therefore, where a Plan member plans to retire at an age other than 65, he or she may wish to obtain a different exposure to risk based on his or her proximity in time to retirement. This can be achieved using the other investment options offered by the Plan in accordance with Plan rules and Board policy as it exists from time to time.

Fund Name	Investment Fund - Target Asset Mix (%)											
	Equities				Alternatives				Income			
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/Abs Return Fixed Income	Direct Lending	Money Market
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3
<b>PEPP Steps</b>	<b>4.1 - 15.9</b>	<b>10.3 - 39.7</b>	<b>2.0 - 7.8</b>	<b>1.1 - 4.1</b>	<b>5.8 - 9.1</b>	<b>5.3 - 8.4</b>	<b>6.4 - 10.0</b>	<b>n/a</b>	<b>2.6 - 33.8</b>	<b>2.3 - 29.9</b>	<b>n/a</b>	<b>0.1 - 1.3</b>
Bond									52.0	46.0	n/a	2.0
Money Market												100.0

Investment Manager Mandates

Manager	Target Asset Mix (%)											
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market
AllianceBernstein										0.6 - 8.4		
ARGA			1.0 - 3.9									
Barings					1.0 - 1.6							
Beutel, Goodman	1.6 - 6.1											
Burgundy		2.1 - 8.0										
CIBC									0.7 - 8.5			
Elementum						0.4 - 0.6						
Fidelity	1.6 - 6.1											
GMO						0.8 - 1.2						
GWK		0.5 - 2.0										
Hudson Bay						0.8 - 1.3						
Insight*												
J. Zechner	0.4 - 1.8											
King Street						0.6 - 1.0						
LMR						0.8 - 1.3						
Maj		2.1 - 7.9										
Manulife										0.5 - 6.5		
Morgan Stanley		2.1 - 7.9			1.9 - 3.0							
Multi-mgr. program				1.1 - 4.1			6.4 - 10.0	n/a			n/a	
Oberweis		0.5 - 2.0										
One William Street						0.5 - 0.9						
PGIM										0.5 - 6.5		
PIMCO										0.7 - 8.5		
Pzena		2.5 - 9.9										
QV Investors	0.5 - 1.9											
Rokos						1.0 - 1.4						
T.Rowe Price			1.0 - 3.9									
TDAM					2.9 - 4.5				1.9 - 25.3			0.1 - 1.3
Transtrend						0.4 - 0.7						
TSW		0.5 - 2.0										
<b>Total</b>	<b>4.1 - 15.9</b>	<b>10.3 - 39.7</b>	<b>2.0 - 7.8</b>	<b>1.1 - 4.1</b>	<b>5.8 - 9.1</b>	<b>5.3 - 8.4</b>	<b>6.4 - 10.0</b>	<b>n/a</b>	<b>2.6 - 33.8</b>	<b>2.3 - 29.9</b>	<b>n/a</b>	<b>0.1 - 1.3</b>

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

## Schedule 6 - PEPP Steps Fund

The Board completed a Strategic Investment Review in 2018. Since then, the majority of the plan has been completed. Building out the private equity and infrastructure programs began in 2020 and will continue to grow over the next few years.

For some of PEPP's terminated mandates, it takes time to liquidate the assets and leave an investment fund. This document is updated as of July 1 and therefore, some of the investment managers listed in Appendix A may have changed without notice. A listing of PEPP's current investment fund managers is available on PEPP's website in the About the Fund section.

Asset mixes shown above are targets only and may differ from the fund's actual weight. Asset weightings will be rebalanced as needed. To learn more about allowable asset mix ranges and PEPP's rebalancing policy, go to the About the Fund section on the [PEPP website](#).

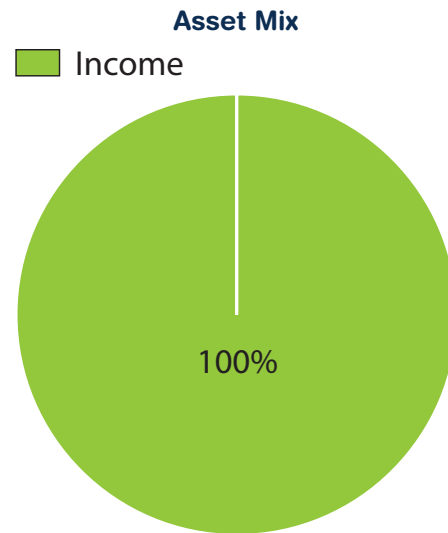
Need help choosing an investment option? As a member, you can refer to the Investing in PEPP page found in the Understand Your Pension section to help ensure your investment decision matches your investment style.

# Bond Fund

## Investment Objective

The investment objective of the Bond Fund is to provide broad exposure to the Canadian bond market, earn interest income, and preserve capital. This fund offers Plan members and pensioners low expected risk and returns. One hundred percent of the fund is invested in fixed income and money market investments. This portfolio is weighted towards investments with low expected risks and returns, resulting in low expected long-term growth, but offering less volatility in returns.

This fund may be an appropriate investment option for Plan members who are conservative investors or for Plan members who have a short time horizon for their retirement savings plan. This fund may not be appropriate for younger members or aggressive investors. Investors choosing this fund will need to be comfortable with the relatively low expected returns and volatility that result from investing only in bonds. The goal of this investment option is to provide broad exposure to the Canadian bond market, earn interest income, and preserve capital so investors must accept that returns may be relatively low.



Fund Name	Investment Fund - Target Asset Mix (%)											
	Equities				Alternatives				Income			
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/Abs Return Fixed Income	Direct Lending	Money Market
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3
<b>Bond</b>									<b>52.0</b>	<b>46.0</b>	<b>n/a</b>	<b>2.0</b>
Money Market												100.0

Investment Manager Mandates

Manager	Target Asset Mix (%)													Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market		
AllianceBernstein										13.0				13.0
ARGA														0.0
Barings														0.0
Beutel, Goodman														0.0
Burgundy														0.0
CIBC									13.0					13.0
Elementum														0.0
Fidelity														0.0
GMO														0.0
GWK														0.0
Hudson Bay														0.0
Insight*														0.0
J. Zechner														0.0
King Street														0.0
LMR														0.0
Maj														0.0
Manulife										10.0				10.0
Morgan Stanley														0.0
Multi-mgr. program												n/a		0.0
Oberweis														0.0
One William Street														0.0
PGIM										10.0				10.0
PIMCO										13.0				13.0
Pzena														0.0
QV Investors														0.0
Rokos														0.0
T.Rowe Price														0.0
TDAM										39.0			2.0	41.0
Transtrend														0.0
TSW														0.0
<b>Total</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.0	46.0	n/a	2.0	100.0

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

The Board completed a Strategic Investment Review in 2018. Since then, the majority of the plan has been completed. Building out the private equity and infrastructure programs began in 2020 and will continue to grow over the next few years.

For some of PEPP's terminated mandates, it takes time to liquidate the assets and leave an investment fund. This document is updated as of July 1 and therefore, some of the investment managers listed in Appendix A may have changed without notice. A listing of PEPP's current investment fund managers is available on PEPP's website in the About the Fund section.

Asset mixes shown above are targets only and may differ from the fund's actual weight. Asset weightings will be rebalanced as needed. To learn more about allowable asset mix ranges and PEPP's rebalancing policy, go to the About the Fund section on the [PEPP website](#).

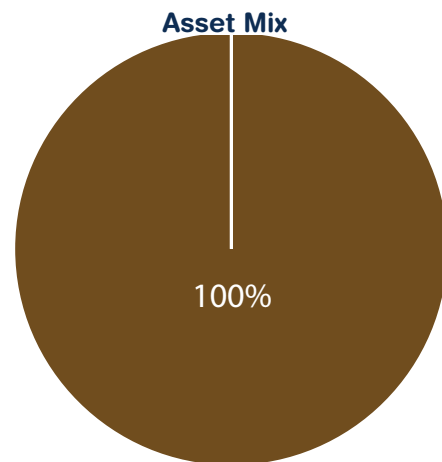
Need help choosing an investment option? As a member, you can refer to the Investing in PEPP page found in the Understand Your Pension section to help ensure your investment decision matches your investment style.

# Money Market Fund

## Investment Objective

The investment objective of the Money Market Fund is to preserve capital over a short-term time horizon. This fund offers Plan members and pensioners very low expected risk and returns. One hundred per cent of the fund is invested in money market investments. This portfolio is weighted towards investments with very low expected risks and returns, resulting in very low expected long-term growth, but offering less volatility in returns. This portfolio is managed by TD Asset Management Inc.

This fund may be an appropriate investment option for Plan members who are looking to avoid short-term volatility present in other asset classes such as equities and fixed income or Plan members who have a short time horizon for their retirement savings plan. This fund may not be appropriate for younger members or aggressive investors. Investors choosing this fund will need to be comfortable with the very low expected returns and volatility that result from investing only in money market instruments. The goal of this investment option is to preserve capital over a short-term time horizon, so investors must accept that returns may be very low and possibly below inflation.



Fund Name	Investment Fund - Target Asset Mix (%)											
	Equities				Alternatives				Income			
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farmland	Core Fixed Income	Core Plus/Abs Return Fixed Income	Direct Lending	Money Market
Accelerated Growth	15.9	39.7	7.8	4.1	9.1	8.4	10.0	n/a	2.6	2.3	n/a	0.1
Growth	13.5	33.9	6.6	3.5	9.1	8.4	10.0	n/a	7.8	6.9	n/a	0.3
Balanced	10.0	25.0	4.9	2.6	9.1	8.4	10.0	n/a	15.6	13.8	n/a	0.6
Moderate	6.5	16.1	3.2	1.7	9.1	8.4	10.0	n/a	23.4	20.7	n/a	0.9
Conservative	4.1	10.3	2.0	1.1	5.8	5.3	6.4	n/a	33.8	29.9	n/a	1.3
PEPP Steps	4.1 - 15.9	10.3 - 39.7	2.0 - 7.8	1.1 - 4.1	5.8 - 9.1	5.3 - 8.4	6.4 - 10.0	n/a	2.6 - 33.8	2.3 - 29.9	n/a	0.1 - 1.3
Bond									52.0	46.0	n/a	2.0
<b>Money Market</b>												<b>100.0</b>

Investment Manager Mandates

Manager	Target Asset Mix (%)													Total
	Canadian Equity	Developed Markets Foreign Equity	Emerging Markets Equity	Private Equity	Real Estate	Liquid Alternatives	Infrastructure	Timberland/Farming	Core Fixed Income	Core Plus Fixed Income	Direct Lending	Money Market		
AllianceBernstein														0.0
ARGA														0.0
Barings														0.0
Beutel, Goodman														0.0
Burgundy														0.0
CIBC														0.0
Elementum														0.0
Fidelity														0.0
GMO														0.0
GWK														0.0
Hudson Bay														0.0
Insight*														0.0
J. Zechner														0.0
King Street														0.0
LMR														0.0
Maj														0.0
Manulife														0.0
Morgan Stanley														0.0
Multi-mgr. program														0.0
Oberweis														0.0
One William Street														0.0
PGIM														0.0
PIMCO														0.0
Pzena														0.0
QV Investors														0.0
Rokos														0.0
T.Rowe Price														0.0
TDAM												100.0		100.0
Transtrend														0.0
TSW														0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0

\*Insight manages a passive currency overlay mandate to hedge 50 per cent of exposures in currencies of developed foreign markets. The mandate does not have a target asset mix.

The Board completed a Strategic Investment Review in 2018. Since then, the majority of the plan has been completed. Building out the private equity and infrastructure programs began in 2020 and will continue to grow over the next few years.

For some of PEPP’s terminated mandates, it takes time to liquidate the assets and leave an investment fund. This document is updated as of July 1 and therefore, some of the investment managers listed in Appendix A may have changed without notice. A listing of PEPP’s current investment fund managers is available on PEPP’s website in the About the Fund section.

Asset mixes shown above are targets only and may differ from the fund’s actual weight. Asset weightings will be rebalanced as needed. To learn more about allowable asset mix ranges and PEPP’s rebalancing policy, go to the About the Fund section on the [PEPP website](#).

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**Public Employees Pension Board**

**Public Employees Pension Plan**

# **Financial Statements**

**As at March 31, 2023**



KPMG LLP  
Hill Centre Tower II  
1881 Scarth Street, 20th Floor Regina Saskatchewan S4P 4K9 Canada  
Telephone (306) 791-1200  
Fax (306) 757-4703

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

### *Opinion*

We have audited the financial statements of the Public Employees Pension Plan (the Plan), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of changes in net assets available for benefits and pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2023, and its changes in net assets available for benefits and pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

### *Basis for Opinion*

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

We are independent of the 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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### *Other Information*

Management is responsible for the other information. Other information comprises the 2023 Annual Report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2023 Annual Report document as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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



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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Regina, Canada

June 28, 2023

## Public Employees Pension Plan Statement of Financial Position

### Statement 1

As at March 31	(in thousands)	
	2023	2022
<b>ASSETS</b>		
Investments (Note 4)	\$ 11,179,690	\$ 11,354,933
Investments Under Securities Lending Program (Note 4)	338,859	384,130
Repurchase Agreements (Note 4)	104,032	107,327
	11,622,581	11,846,390
Receivables		
Employee Contributions	2,969	4,717
Employee Contributions - Voluntary	137	162
	3,106	4,879
Employer Contributions	3,658	5,382
Accrued Investment Income	31,868	23,944
Other Receivables	30,837	20,773
	69,469	54,978
Cash	85,545	78,608
Due from General Revenue Fund (Note 7)	13,926	9,262
Total Assets	11,791,521	11,989,238
<b>LIABILITIES</b>		
Administrative Expenses Payable	9,094	11,686
Refunds, Transfers and Other Payables	34,235	21,157
Repurchase Agreement Liability	106,328	120,520
Total Liabilities	149,657	153,363
NET ASSETS AVAILABLE FOR BENEFITS	11,641,864	11,835,875
PENSION OBLIGATIONS	11,641,864	11,835,875
SURPLUS	\$ -	\$ -

(See accompanying notes to the financial statements)

**Public Employees Pension Plan  
Statement of Changes in Net Assets  
Available for Benefits and Pension Obligations**

**Statement 2**

	(in thousands)	
<b>For the Year Ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>INCREASE IN ASSETS AND PENSION OBLIGATIONS</b>		
Investment Income (Note 4)	\$ 275,120	\$ 289,772
Increase in Fair Value of Investments	-	35,104
Contributions		
Employee Contributions	168,295	163,171
Employee Contributions - Voluntary	38,751	50,954
	207,046	214,125
Employer Contributions	208,126	201,360
External Transfers In	5,116	9,125
	420,288	424,610
Total Increase in Assets and Pension Obligations	695,408	749,486
<b>DECREASE IN ASSETS AND PENSION OBLIGATIONS</b>		
Transfers, Refunds and Benefits (Note 6)	619,958	586,043
Transfers to Saskatchewan Pension Annuity Fund	4,643	1,968
Investment Transaction Costs	2,843	4,108
Administrative Expenses (Note 8)	87,522	74,875
Other Expenses	381	117
Decrease in Fair Value of Investments	174,072	-
Total Decrease in Assets and Pension Obligations	889,419	667,111
Net (Decrease) Increase in Net Assets and Pension Obligations	(194,011)	82,375
NET ASSETS AVAILABLE FOR BENEFITS AND PENSION OBLIGATIONS, BEGINNING OF YEAR	11,835,875	11,753,500
NET ASSETS AVAILABLE FOR BENEFITS AND PENSION OBLIGATIONS, END OF YEAR	\$ 11,641,864	\$ 11,835,875

(See accompanying notes to the financial statements)

## Public Employees Pension Plan Notes to the Financial Statements

March 31, 2023

### 1. Description of Plan

The following description of the Public Employees Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to *The Public Employees Pension Plan Act*.

#### a) General

*The Public Employees Pension Plan Act* (the Act) is the legislative authority and plan text for the Plan which is domiciled in Regina, Saskatchewan, and which is a defined contribution plan that covers the employees of the employers prescribed by *The Public Employees Pension Plan Regulations, 2015*. Effective September 1, 2002, the Plan also covers the Members of the Legislative Assembly. Members who are employed outside of Saskatchewan, and monies earned outside of Saskatchewan, are subject to the minimum standards of the jurisdiction in which the income was earned. The Plan's policy with respect to those members and monies subject to extra-provincial jurisdiction is documented in the Plan's Policy for the Extra-Jurisdictional Application of the Act (Saskatchewan) and Regulations thereunder.

The Act established the Plan to accumulate all contributions and earnings for plan members. The Plan consists of five asset allocation Funds: the Accelerated Growth Fund, the Growth Fund, the Balanced Fund, the Moderate Fund and the Conservative Fund; one Lifecycle Fund: the PEPP Steps Fund; and two other stand-alone funds: the Bond Fund and the Money Market Fund. Members of the Plan may choose either one of the five asset allocation funds or the PEPP Steps Fund. In addition, each member may also choose the Bond Fund and/or Money Market Fund.

All Funds receive and hold, in trust for members, contributions from the members and employers (collectively Participants) and investment income derived from the Plan's investments.

The Plan holds varying percentages of bonds and debentures, equities, private equities, infrastructure, pooled funds, short-term investments, repurchase agreements and derivative financial instruments. The asset mix of each fund is established based on the expected volatility of the underlying securities and assets. The Accelerated Growth Fund is considered the most volatile and contains the highest percentage of equities relative to fixed-income investments of all the funds.

The Plan uses a unitized method of plan participation whereby each member has a certain number of units of ownership in the net assets of the investment funds. Investment income including changes in the market value of the investments and expenses is reflected in the market value of the net asset value per unit of participation. The total available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

## 1. Description of Plan (continued)

The Plan introduced a Variable Pension Benefit option (VPB) in May 2006 whereby retired members could elect to withdraw all or some of their pension funds either through lump-sum withdrawals or scheduled monthly payments. Members who participate in the VPB may choose to invest in any of the funds which are offered by the Plan. A VPB is a periodic payment made from a registered plan to a member of that plan and which must conform to certain minimum payment requirements but not to any maximum payment requirements according to Saskatchewan legislation. Members subject to extra-provincial jurisdiction may be subject to a maximum payment requirement.

### b) Administration

The Act established the Public Employees Pension Board (Pension Board) to administer the Plan. The Pension Board is composed of nine members: four are appointed on behalf of participating employers, four on behalf of employees. The Board conducts an external recruitment process to choose an independent Chair, who is appointed for a three-year term. The Public Employees Benefits Agency (PEBA) is under contract with the Board to provide day-to-day administration.

### c) Retirement

Members may retire as early as age 50.

Upon retirement a member may choose to receive a VPB from the Plan, purchase a prescribed Registered Retirement Income Fund (RRIF) or transfer to a Locked-in Retirement Account (LIRA) purchased from an outside financial institution and/or to purchase an annuity from the Saskatchewan Pension Annuity Fund (SPAF) or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 71, or be transferred to another registered pension plan by means of a portability agreement.

Members who elect to receive a VPB retain their account balances within the Plan. Those members who purchase their annuities from the SPAF or have their account balances transferred to a financial institution have their accumulated balance, or any portion of their balance, in the Plan at the date of payment, transferred to the SPAF or financial institution respectively.

### d) Completeness of Contributions

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan. Accordingly, these financial statements presume the accuracy and completeness of the Participants' contributions.



## 2. Basis of Preparation

### a) Statement of Compliance

The financial statements for the year ended March 31, 2023 have been prepared in accordance with Canadian accounting standards for pension plans as defined in the CPA Canada Handbook section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

These financial statements were authorized and issued by the Pension Board on June 28, 2023.

### b) Functional and Presentation Currency

These financial statements are presented in Canadian Dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise noted.

## 3. Significant Accounting Policies

The significant accounting policies are as follows:

### a) Investments

Investments are stated at their fair value in the Statement of Financial Position. The change in the fair value of investments from the beginning to the end of each year is reflected in the Statement of Changes in Net Assets Available for Benefits and Pension Obligations.

Fair value of investments is determined as follows:

Short-term investments are valued at cost which, together with accrued investment income, approximates fair value given the short-term nature of these investments.

Bonds and debentures are valued at year-end quoted prices in an active market when available. When quoted market prices are not available, the fair value is based on a valuation technique, being the present value of the principal and interest receivable discounted at the appropriate market interest rates.

Equities are valued at year-end quoted prices from accredited stock exchanges on which the security is principally traded.

### 3. Significant Accounting Policies (continued)

Private equity investments are valued at market values supplied by the private equity investment manager. These market values are based on the latest available private equity manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Private credit investments are valued at market values supplied by the private credit investment manager. These market values are based on the latest available private credit manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Infrastructure investments are valued at market values supplied by the infrastructure investment manager. These market values are based on the latest available infrastructure manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing prices. Real estate pooled fund underlying assets are valued by third-party appraisals.

Investments in derivative financial instruments, including futures, repurchase agreements, forwards and option contracts, are valued at year-end quoted market prices where available. Where quoted market prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the position.

Investment transactions are recorded on the trade date.

#### b) Other Financial Instruments

Receivables, cash and payables are classified and measured at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximates their fair value.

#### c) Investment Income and Transaction Costs

Investment income, which is recorded on an accrual basis, includes interest income, dividends, pooled fund income, private equity income, infrastructure income, security lending income and other income.

Brokers' commissions and other transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits and Pension Obligations in the period incurred.

### 3. Significant Accounting Policies (continued)

#### d) Foreign Currency Translation

The fair values of foreign currency denominated investments included in the Statement of Financial Position are translated into Canadian dollars at year-end rates of exchange. Gains and losses from translations are included in the change in fair value of investments.

Foreign currency denomination transactions are translated into Canadian dollars at the rates of exchange on the trade dates of the related transactions. Realized gains and losses on the sale of investments are included in the change in fair value of investments.

#### e) Income Taxes

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

#### f) Use of Estimates and Judgments

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments. Actual results could differ from these estimates.

## 4. Investments

The fair values of the Plan's investments are as follows:

	(in thousands)	
	<b>2023</b>	<b>2022</b>
<b>Investments</b>		
Short-term	\$ 47,355	\$ 68,691
Bonds and Debentures	418,924	462,028
Equities	5,024,875	5,067,738
Pooled Funds	5,290,352	5,595,220
Private Equity	133,576	79,691
Private Credit	15,800	-
Infrastructure	248,808	81,565
	<u>11,179,690</u>	<u>11,354,933</u>
<b>Investments Under Securities Lending:</b>		
Short-term	5,271	32,381
Bonds and Debentures	42,347	3,855
Equities	291,241	347,894
	<u>338,859</u>	<u>384,130</u>
<b>Repurchase Agreements</b>	104,032	107,327
	<u>\$ 11,622,581</u>	<u>\$ 11,846,390</u>

The Plan's investment income is comprised of the following:

	(in thousands)	
	<b>2023</b>	<b>2022</b>
<b>Investment Income</b>		
Interest	\$ 15,149	\$ 13,483
Pooled Funds	109,806	153,355
Dividends	134,179	111,354
Private Equity	1,049	489
Private Credit	783	-
Infrastructure	1,608	2,695
Security Lending	1,131	1,493
Other	11,415	6,903
	<u>\$ 275,120</u>	<u>\$ 289,772</u>

#### 4. Investments (continued)

##### Securities Lending Program

Through its custodian, the Plan participates in an investment securities lending program for the purpose of generating fee income. Non-cash collateral of at least 102 per cent of the market value of the loaned securities is retained by the Plan until the loaned securities have been returned (see Securities Lending Program in Note 9). The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

##### Short-term Investments

Short-term investments are comprised of treasury bills, discount notes, commercial paper, foreign exchange forward contracts, equity futures, swaps, and short-term investment funds. Directly held treasury bills and discount notes held at March 31, 2023 had effective rates of 4.3 per cent to 14.3 per cent (2022 – 0.4 per cent to 3.3 per cent), and an average remaining term to maturity of 55 days (2022 - 66 days).

Other than the Government of Canada, no single issue represents more than 2.28 per cent (2022 – 6.34 per cent) of the market value of the directly held treasury bills and discount notes.

Forward contracts are included in short-term investments when they are in a net gain position and included in derivative liability when they are in a net loss position. The foreign exchange forward contracts are discussed further in Note 5.

## 4. Investments (continued)

### Bonds and Debentures

The Plan's segregated bonds and debentures are comprised of the following:

2023 (in thousands)							
Years to Maturity	Federal	Provincial	Corporate	Municipal	Total Market Value	Coupon Rate	Effective Interest Rate
Under 5	\$ 71,647	\$ 4,587	\$ 99,153	\$ 2,787	\$ 178,174	0.50% - 8.88%	3.16%
5 to 10	31,165	19,468	73,775	3,668	128,076	0.50% - 6.67%	3.32%
Over 10	21,594	105,431	23,946	4,050	155,021	1.50% - 8.05%	3.96%
<b>Market Value</b>	<b>\$ 124,406</b>	<b>\$ 129,486</b>	<b>\$ 196,874</b>	<b>\$ 10,505</b>	<b>\$ 461,271</b>		

2022 (in thousands)							
Years to Maturity	Federal	Provincial	Corporate	Municipal	Total Market Value	Coupon Rate	Effective Interest Rate
Under 5	\$ 49,567	\$ 2,828	\$ 69,654	\$ 2,780	\$ 124,829	0.75% - 8.88%	2.82%
5 to 10	21,313	8,790	114,449	8,234	152,786	1.00% - 6.50%	3.17%
Over 10	13,458	126,283	45,083	3,444	188,268	1.50% - 6.75%	3.44%
<b>Market Value</b>	<b>\$ 84,338</b>	<b>\$ 137,901</b>	<b>\$ 229,186</b>	<b>\$ 14,458</b>	<b>\$ 465,883</b>		

Included in the above amounts of corporate bonds are foreign bonds, issued by foreign entities in Canadian currency, with a market value of \$14.4 million (2022 – \$21.2 million). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

#### 4. Investments (continued)

##### Equities

As at March 31, 2023, the market value of the Plan's directly held foreign equity investments in Canadian dollars amounted to \$4,008 million (2022 - \$3,947 million) and foreign equities represent 75.4 per cent (2022 – 72.9 per cent) of the market value of the directly-held equity portfolio.

The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 2.50 per cent (2022 – 2.06 per cent).

##### Private Equities

Private equity investments are made through limited partnership arrangements. The investments represent partial equity ownership in entities that are not traded and priced in stock exchanges. Future commitments are due on demand and are based on the needs of the various partnerships the Plan has entered into. Liquidity requirements of meeting the future commitments are met through income generated from investments, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Private equity managers form limited partnerships to facilitate investments in private companies in various markets across the globe. As at March 31, 2023 the Plan holds \$133.6 million in private equity investments (2022 – \$79.7 million) and was committed to further invest in private equity limited partnerships up to \$325.0 million in Canadian funds (2022 – \$177.6 million).

Private equity managers utilize an internal valuation policy to establish a market value for the underlying assets within their portfolios. This policy outlines that any marketable assets within the portfolio will be valued at the price on the relevant securities exchange. Non-marketable securities will be subject to professional judgment and may take into account several factors such as:

- market conditions;
- purchase price;
- estimated liquidation value;
- third-party transactions in the private market;
- present value of expected future cash flows; and/or
- present value of anticipated sale or flotation when asset is soon to be divested.

The above factors involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

## 4. Investments (continued)

### Infrastructure

Infrastructure investments are made through limited partnership arrangements. Advances are made to the limited partnerships, some of which are used to select and provide management support to the invested companies. The investments represent ownership in entities that invest in infrastructure assets. Future commitments are due on demand and are based on the needs of the various partnerships the Plan has entered into. Liquidity requirements of meeting the future commitments are met through income generated from investment, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Infrastructure managers form limited partnerships to facilitate investments in infrastructure projects in various markets across the globe. As at March 31, 2023 the Plan holds \$248.8 million in infrastructure investments (2022 – \$81.6 million) and was committed to further invest in infrastructure limited partnerships up to \$364.1 million in Canadian funds (2022 - \$210.5 million).

Infrastructure managers utilize an internal valuation policy to establish a market value for the underlying assets within their portfolios. This policy outlines that any marketable assets within the portfolio will be valued at the price on the relevant securities exchange. Non-marketable securities will be subject to professional judgment and may take into account several factors such as:

- market conditions;
- purchase price;
- estimated liquidation value;
- third-party transactions in the private market;
- present value of expected future cash flows; and/or
- present value of anticipated sale or flotation when asset is soon to be divested.

The factors involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

### Private Credit

Private credit investments are made through limited partnership arrangements. These investments represent a loan to a borrower, who agrees to pay back the loan in full along with fees and interest, which are set out in the terms of the loan. Risk levels will vary between borrowers and returns are based on the risk level of the individual loans and borrowers, as well as any security backing the loans.

As at March 31, 2023 the Plan holds \$15.8 million in private credit securities (2022- nil) and was committed to further invest in private credit partnerships up to \$11.3 million in Canadian funds (2022 - nil).



#### 4. Investments (continued)

Private credit managers use a variety of techniques to establish market values for the underlying investments. Factors taken into account for the valuation of private credit investments may include:

- Current interest rates and market yields;
- Changes in the credit worthiness of the borrower;
- Changes in the value of any underlying secured assets;
- Current market conditions; and/or
- Prices of similar debt instruments;

The above factors involve various assumptions. Changes in these underlying assumptions will have an impact on the market value of private credit investments.

##### **Real Estate**

Investments in real estate consist of Canadian commercial property held through an investment in TD Asset Management Real Estate Fund and Foreign commercial real estate held through an investment with Morgan Stanley Real Estate Advisor, Inc. and Barings European Core Property Fund. The market appraisals used in valuing the real estate involves various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

##### **Liquid Alternatives**

Investments in liquid alternative investment strategies provide diverse exposure across multiple asset classes and employ a range of global macro and relative value trading strategies. These mandates invest in liquid financial instruments within various markets such as fixed income, foreign currency, commodities and equities. The Plan holds investments in liquid alternatives through pooled funds.

## 4. Investments (continued)

### Pooled Funds

Pooled-fund investment vehicles provide exposure to a diverse range of asset classes such as money market, fixed income, large cap equities, real estate, and liquid alternative strategies without directly holding underlying securities. The Plan holds investments in both passive and actively managed pooled funds.

The Plan's pooled funds are comprised of:

Pooled Funds	Market Value (in thousands)	
	2023	2022
Canadian Equity	\$ 742,837	\$ 960,794
U.S. Equity	42,480	196,518
Fixed Income Bond	2,098,921	2,136,486
Liquid Alternative Investments	868,391	773,728
Short-Term Investment	600,597	621,880
Real Estate	937,126	905,814
	<u>\$ 5,290,352</u>	<u>\$ 5,595,220</u>

### Repurchase Agreements

A repurchase agreement is a contract entered into between two counterparties to sell securities together with an agreement for the seller to buy back the securities at a later date. At March 31, 2023, the Plan has entered into repurchase agreements with a notional value of \$104.0 million (2022 - \$107.3 million) and a fair value of negative \$2.3 million (2022 - negative \$13.2 million). The repurchase agreements have a term to maturity of less than one year.

Repurchase agreements require a fraction of their market value to be available as collateral to back the market exposure provided. PEPP has invested \$18.9 million (2022 - \$19.2 million) in physical bonds which serve as a backing asset for the repurchase agreements with TD Asset Management. There is a \$105.5 million (2022 - \$120.7 million) investment in the TD Emerald Canadian Short-term Investment Fund which is available as additional margin. No specific collateral is pledged for the repurchase agreement exposure as the investment is not leveraged. Collateral may be pledged to the Plan if the market value of the repurchase agreements changes significantly.

#### 4. Investments (continued)

##### Fair Value

The Plan has classified its investments using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the Plan's financial instruments within a fair value hierarchy:

	2023 (in thousands)			
	Level 1	Level 2	Level 3	Total
Short-term	\$ -	\$ 52,626	\$ -	\$ 52,626
Bonds and Debentures	-	461,271	-	461,271
Equities	5,316,116	-	-	5,316,116
Pooled Funds	-	3,642,920	1,647,432	5,290,352
Private Equity	-	-	133,576	133,576
Private Credit	-	-	15,800	15,800
Infrastructure	-	-	248,808	248,808
Repurchase Agreements	-	104,032	-	104,032
Total	\$ 5,316,116	\$ 4,260,849	\$ 2,045,616	\$ 11,622,581
Repurchase Agreement Liability	\$ -	\$ 106,328	\$ -	\$ 106,328

	2023 Fair Value measurement using level 3 inputs				
	Real Estate Fund	Liquid Alternatives	Private Equity, Private Credit and Infrastructure	Equity - US	Total
Balance at April 1, 2022	\$ 905,814	\$ 630,670	\$ 161,256	\$ 1,629	\$ 1,699,369
Purchases	15,085	-	226,819	-	241,904
Sales	-	(187)	(33,006)	-	(33,193)
Gains (Losses)					
Realized	-	110	2,056	(5,167)	(3,001)
Unrealized	16,227	79,713	41,059	3,538	140,537
Balance at March 31, 2023	\$ 937,126	\$ 710,306	\$ 398,184	\$ -	\$ 2,045,616

4. Investments (continued)

Transfers between Level 1 and Level 3 during the current year was \$1,629 (2022 – nil). During the year, the transfer out of Level 3 was due to the merger between Private US-Equity and Public Global-Equity holdings. The transfer occurred on June 1, 2022.

2022 (in thousands)				
	Level 1	Level 2	Level 3	Total
Short-term	\$ -	\$ 101,072	\$ -	\$ 101,072
Bonds and Debentures	-	465,883	-	465,883
Equities	5,414,003	-	1,629	5,415,632
Pooled Funds	-	4,058,736	1,536,484	5,595,220
Private Equity	-	-	79,691	79,691
Infrastructure	-	-	81,565	81,565
Repurchase Agreements	-	107,327	-	107,327
Total	\$ 5,414,003	\$ 4,733,018	\$ 1,699,369	\$ 11,846,390
Repurchase Agreement Liability	\$ -	\$ 120,520	\$ -	\$ 120,520

2022 Fair Value measurement using level 3 inputs					
	Real Estate Fund	Liquid Alternatives	Private Equity and Infrastructure	Equity - US	Total
Balance at April 1, 2021	\$ 666,129	\$ 627,210	\$ 19,785	\$ -	\$ 1,313,124
Purchases	116,469	-	151,398	5,167	273,034
Sales	-	(458)	(22,734)	-	(23,192)
Gains (Losses)					
Realized	-	244	111	-	355
Unrealized	123,216	3,674	12,696	(3,538)	136,048
Balance at March 31, 2022	\$ 905,814	\$ 630,670	\$ 161,256	\$ 1,629	\$ 1,699,369

## 5. Derivatives

Derivative financial instruments are financial contracts whose values are derived from changes in underlying assets, interest or currency exchange rates.

The Plan held the following derivatives as of March 31, 2023:

### Forward Contracts

The Plan has entered into foreign exchange forward contracts to passively hedge some of its foreign currency exposure in foreign equities. Foreign exchange forward contracts are obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement on a predetermined date in the future.

5. Derivatives (continued)

The following summarizes the Plan's use of foreign currency forward exchange contracts within the passive currency hedging strategy:

FOREIGN EXCHANGE FORWARD CURRENCY CONTRACTS				
(in thousands)				
2023			2022	
Currency	*Notional Value	Gain (Loss)	*Notional Value	Gain (Loss)
AUD	(8,672)	\$ 50	(9,219)	\$ 4
CHF	(56,705)	(576)	(65,085)	1,238
DKK	(33,460)	(318)	(27,111)	331
EUR	(258,498)	(2,756)	(179,020)	2,038
GBP	(96,706)	(1,984)	(96,475)	2,440
HKD	(25,743)	106	(20,698)	574
JPY	(136,970)	(1,126)	(146,405)	10,184
MXN	(1,622)	15	(1,072)	(45)
NOK	(3,897)	70	(5,048)	13
NZD	-	-	(148)	2
SEK	(7,500)	(21)	(8,211)	(221)
SGD	-	-	(750)	16
USD	(1,041,438)	6,556	(1,155,637)	29,687
		\$ 16		\$ 46,261

\*Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange rate of cash flows, and is therefore not recorded on the financial statements.

Based on the current rate of exchange as of March 31, 2023, the forward contracts are in a net gain position of \$0.02 million (2022 – net gain position of \$46.2 million). The foreign currency forward exchange contracts are short-term in duration and all contracts as of March 31, 2023 have a maturity date of less than one year. Forward contracts are included in short-term investments when they are in a net gain position and included in derivative liability when they are in a net loss position.

**6. Transfers, Refunds and Benefits**

	(in thousands)	
	<u>2023</u>	<u>2022</u>
Termination Refunds	\$ 13,922	\$ 11,881
Death and Lump Sum Benefits	27,878	25,200
Variable Pension Benefits	256,367	215,351
Marital Transfers	3,243	1,869
Transfers to Registered Retirement Savings Plans and to Private Companies Providing Annuities	309,733	321,106
Transfers Out	8,815	10,636
	<u>\$ 619,958</u>	<u>\$ 586,043</u>

**7. Due from General Revenue Fund**

The Plan's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the Government's 30-day borrowing rate and the Plan's average bank account balance. The Government's average 30-day borrowing rate in 2023 was 2.89 per cent (2022 – 0.19 per cent).

## 8. Administrative Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for bank fees, certain consulting fees, custodial fees, investment base fees, performance fees and other investment fees, which are paid directly.

	(in thousands)	
	<b>2023</b>	<b>2022</b>
Audit Fees	\$ 94	\$ 89
Administration Costs	12,859	12,765
Custodial Fees	1,366	1,245
Investment Manager Fees*	48,676	48,751
Performance Fees**	18,145	9,275
Other Investment Fees	6,382	2,750
Total	<u>\$ 87,522</u>	<u>\$ 74,875</u>

\* Included in the investment manager fees is a rebate of \$499 (2022 - \$469) for PGIM Funds Plc. Total investment manager fees, excluding this rebate is \$49,175 (2022 - \$49,220).

\*\*Included in the performance fee is a rebate of \$127 (2022 – nil). Total performance fee, excluding this rebate is \$18,272.

## 9. Financial Risk Management

The nature of the Plan's operations results in a Statement of Financial Position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), securities lending program and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having an investment policy, which is approved annually by the Pension Board. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Derivatives are allowed within the Plan to hedge against losses and substitute for direct investment. The Pension Board reviews and reports on regular compliance reports from its investment managers and custodian as to their compliance with the investment policy. The Pension Board also reviews and reports on regular compliance reports from its custodian as to the investment managers' compliance with the investment policy.



## 9. Financial Risk Management (continued)

### Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: receivables and certain investments.

The maximum credit risk to which it is exposed at March 31, 2023 is limited to the carrying value of the financial assets summarized as follows:

	(in thousands)	
	<b>2023</b>	<b>2022</b>
Cash	\$ 85,545	\$ 78,608
Receivables	69,469	54,978
Fixed Income Investments <sup>1</sup>	511,601	553,762
Private Credit	15,800	-
Due from The General Revenue Fund	13,926	9,262
Equities Under Security Lending	291,241	347,894

<sup>1</sup> Includes short-term investments, bonds, bonds under security lending, and repurchase agreements

Credit risk related to cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies.

Receivables are primarily made up of employee and employer contributions receivable and accrued investment income. Employee and employer contributions receivable are generally received in less than 30 days. Accrued investment income is received on the next scheduled payment date, generally either annually or semi-annually.

Credit risk within investments is primarily related to short-term investments, bonds and debentures, private credit and the fixed income pooled funds. It is managed at the mandate level as each portfolio must comply with various quality, issuer, and sector constraints appropriate and unique to the mandate.

## 9. Financial Risk Management (continued)

Credit ratings for bonds and debentures are as follows:

Credit Rating	2023		2022	
	Fair Value	Makeup of Portfolio (%)	Fair Value	Makeup of Portfolio (%)
AAA	\$ 149,732	32.46	\$ 108,132	23.21
AA	121,977	26.44	131,047	28.13
A	98,671	21.40	131,166	28.16
BBB	90,891	19.70	95,538	20.50
Total	<u>\$ 461,271</u>	<u>100.00</u>	<u>\$ 465,883</u>	<u>100.00</u>

Within directly held bonds and debentures, there are no holdings from one issuer other than the Government of Canada or a Canadian province over 3.36 per cent (2022 – 3.81 per cent) of the market value of the portfolio. No one holding of a province is over 2.18 per cent (2022 – 2.75 per cent) of the market value of the bond and debentures portfolio.

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The currency manager must receive approval from the Board prior to engaging a new counterparty.

### Market Risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

### Interest Rate Risk

The Plan is exposed to changes in interest rates in its investment in bonds, debentures and fixed income pooled funds. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase in interest rates would decrease net assets available for benefits by \$216.3 million at March 31, 2023 (2022 - \$231.4 million); representing 6.43 per cent of the \$3,364 million fair value of bonds, debentures and fixed income pooled funds. Conversely, a decrease in interest rates of 100 basis points would increase net assets available for benefits by \$216.3 million at March 31, 2023 (2022 - \$231.4 million); representing 6.43 per cent of the \$3,364 million fair value of bonds, debentures and fixed income pooled funds.

## 9. Financial Risk Management (continued)

### Foreign Exchange

The Plan is subject to changes in the U.S./Canadian dollar exchange rate for U.S. denominated investments. Also, the Plan is exposed to changes in Non-North American exchange rates through its investments denominated in other foreign currencies. At March 31, 2023, the Plan's exposure to U.S. equities was 18.12 per cent of total investments (2022 – 19.23 per cent) and its exposure to Non-North American equities was 16.79 per cent of total investments (2022 – 15.79 per cent).

At March 31, 2023, a 10 per cent change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a \$264.3 million (2022 - \$242.4 million) change in net assets available for benefits. A 10 per cent change in the Canadian dollar versus the Non-North American currencies would result in approximately a \$177.2 million (2022 - \$177.3 million) change in the net assets available for benefits.

The Plan's exposure to exchange rate risk resulting from the purchase of goods and services are not considered material to the operations of the Plan. The Plan has mitigated its exposure to foreign exchange through the use of derivatives as described in Note 5. As at March 31, 2023, the Plan's foreign exchange exposure that is hedged is \$1,671 million (2022 - \$1,715 million). A 10 per cent change in the aggregate exchange exposure would equate to a net change of \$167.1 million (2022 - \$171.5 million).

### Equity Prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and International markets. Equities, including equities invested in pooled funds, comprise 46.60 per cent (2022 – 49.17 per cent) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee represents greater than 10 per cent of the market value of the Plan.

The following table indicates the approximate change that could be anticipated to the net assets available for benefits based on the following equity categories as of March 31, 2023:

	(Change in thousands of \$)	
	<u>10% increase</u>	<u>10% decrease</u>
Canadian Equities	\$136,047	\$(136,047)
U.S. Equities	210,816	(210,816)
Other Foreign Equities	195,364	(195,364)

## 9. Financial Risk Management (continued)

### Securities Lending Program

At March 31, 2023, no Plan assets have been deposited or pledged as collateral as part of the securities lending strategy. As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At March 31, 2023, the total amount of collateral pledged to the Plan amounted to \$365.5 million (2022 - \$415.3 million). The Plan obtains collateral of at least 102 per cent of the market value of the securities lent. Such loans must be secured by readily marketable government bonds, treasury bills and /or letters of credit, discount notes and banker's acceptances of Canadian chartered banks.

### Private equity, infrastructure, private credit, liquid alternatives and real estate risk

Private equity, infrastructure, private credit, liquid alternatives and real estate assets are valued at estimated fair values supplied by the investment manager using appropriate valuation techniques. An independent auditor performs an annual audit of these investment managers and their valuation techniques to ensure the assets are fairly stated in all material aspects. Risk in private equity, infrastructure, private credit and liquid alternatives is managed through diversification across sectors and geographic regions. Adverse impacts in any one sector of the market or geographic location are minimized by having holdings diversified across sectors, geographic location and investment size. Risk in real estate investments is managed through diversification across geographic locations and property type. Adverse impacts in any one geographic location are minimized by having holdings in other locations and property types.

### Liquidity Risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The Plan invests in repurchase agreements in order to increase Plan liquidity while maintaining fixed income exposure. Repurchase agreements provide \$104.0 million (2022 - \$107.3 million) in fixed income exposure with a margin of \$18.9 million (2022 - \$19.2 million) in physical bond investments which take three days to liquidate, but also \$105.5 million (2022 - \$120.7 million) invested in money market investments which can be liquidated for cash in a single day. All the Plan's financial liabilities are due within one year.

## 10. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since all are controlled by the Government. Also, the Plan is related to non-crown enterprises that the Government jointly owns or significantly influences. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

As at March 31, 2023, the Plan directly holds \$14.0 million (2022 - \$20.6 million) Province of Saskatchewan Bonds and Debentures. Investment gain on these bonds was \$0.5 million (2022 – gain of \$0.4 million). Included within accrued investment income is \$0.3 million (2022 - \$0.3 million) relating to Province of Saskatchewan Bonds.

The Plan has an accounts payable balance as at March 31, 2023 of \$1.1 million (2022 - \$1.6 million) due to the Public Employees Benefits Agency Revolving Fund.

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the Statement of Changes in Net Assets Available for Benefits and Pension Obligations and are settled at agreed upon exchange rates.

## 11. Capital Management

The Plan receives new capital from participant contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including equities, bonds and debentures, pooled funds, private equity, infrastructure, private credit and short-term investments. The Pension Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.

## 12. Value and Performance of Members' Accounts

In accordance with Canadian accounting standards for pension plans, various accruals are included in the Statement of Financial Position. However, only transactions that were processed and unitized during the fiscal year ending March 31, 2023 are reflected in the unitized account balances of members at year-end. The total value of members' unitized accounts at March 31, 2023 was \$11,617 million (2022 - \$11,799 million).

Investment income including changes in the market value of the investments (investment performance) and expenses is reflected in the market value of the net asset value per unit of participation and is determined daily. Investment and administration expenses relating to each Fund are accrued to or paid from the Fund prior to establishing its daily unit price. The Funds' unit price will increase or decrease according to the Funds' investment performance after expenses.

### 12. Value and Performance of Members' Accounts (continued)

Fund transactions are processed using forward pricing. This means they are processed at the next unit price set after the Plan receives contributions or requests for transfers, refunds and benefits.

Fund transactions may be suspended temporarily at management's discretion where an accurate unit price for a Fund cannot be determined due to the unavailability of reliable market pricing or other asset valuations.

# Appendix A

## Investment Managers & Mandate(s)

## Investment Managers &amp; Mandate(s)

Investment Manager	Information Summary Reference Name	Mandate(s)
AllianceBernstein Canada, Inc.	AllianceBernstein	Core Plus Fixed Income
ARGA Investment Management, LP	ARGA	Emerging Markets Equity
Barings LLC	Barings	European Real Estate
Beutel, Goodman Company Ltd.	Beutel, Goodman	Canadian Equity
Burgundy Asset Management Ltd.	Burgundy	Developed Markets Foreign Equity
CIBC Asset Management Inc.	CIBC	Core Fixed Income
Elementum Advisors, LLC	Elementum	Liquid Alternatives
Fidelity Investments Canada ULC	Fidelity	Canadian Equity
Grantham, Mayo, Van Otterloo & Co.	GMO	Liquid Alternatives
Gannett Welsh & Kotler, LLC	GWK	Developed Markets Foreign Equity
Hudson Bay Capital Management LP	Hudson Bay	Liquid Alternatives
Insight Investment Management Inc.	Insight	Currency Overlay
J. Zechner Associates Inc.	J. Zechner	Canadian Equity
King Street Capital Management, L.P.	King Street	Liquid Alternatives
LMR Partners LLP	LMR	Liquid Alternatives
Maj Invest	Maj	Developed Markets Foreign Equity
Manulife Investment Management Limited	Manulife	Absolute Return Fixed Income
Morgan Stanley Investment Management Inc.	Morgan Stanley	Developed Markets Foreign Equity, U.S. Real Estate
Multi-manager program	Infrastructure	A long-term program involving a diversified array of limited partnerships
Multi-manager program	Private Equity	A long-term program involving a diversified array of limited partnerships
Oberweis Asset Management, Inc.	Oberweis	Developed Markets Foreign Equity
One William Street Capital Management, L.P.	One William Street	Liquid Alternatives
PGIM Inc.	PGIM	Absolute Return Fixed Income
PIMCO Canada Corporation	PIMCO	Core Plus Fixed Income
Pzena Investment Management LLC	Pzena	Developed Markets Foreign Equity
QV Investors Inc.	QV Investors	Canadian Equity
Rokos Capital Management LLP	Rokos	Liquid Alternatives
T. Rowe Price (Canada), Inc.	T.Rowe Price	Emerging Markets Equity
TD Asset Management Inc.	TDAM	Real Estate, Core Fixed Income, Money Market
Transtrend B.V.	Transtrend	Liquid Alternatives
Thompson, Siegel & Walmsley, LLC	TSW	Developed Markets Foreign Equity