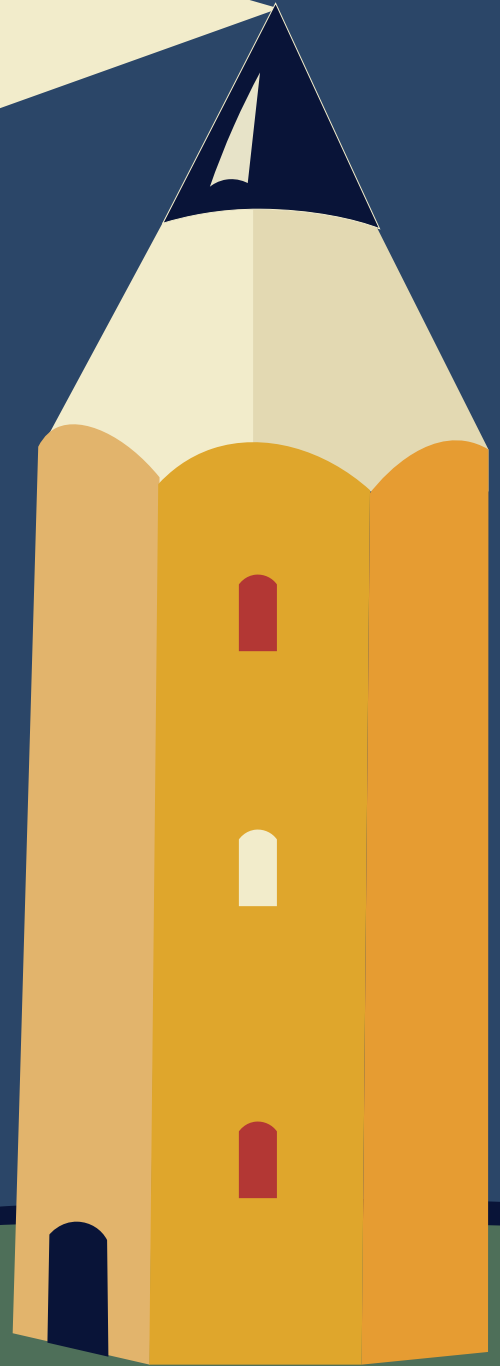


2025
Annual
Report



This Annual Report provides an overview of the Nova Scotia Teachers' Pension Plan's investment performance and financial health at December 31, 2025.

The Nova Scotia Teachers' Pension Plan (TPP or Plan) is a registered defined benefit pension plan that offers a lifetime pension benefit upon retirement.

The TPP is one of the largest public sector pension plans in the province. It is funded by contributions from employees and their employers, along with investment income earned by the Plan's assets.

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

All information presented in this document is premised on the Plan rules and criteria which currently exist under the Teachers' Pension Act and the Regulations made thereunder. This document explains in plain language the financial status of the Nova Scotia Teachers' Pension Plan. Plan members, beneficiaries, and others who wish to determine their legal rights and obligations under the Plan should refer to the Teachers' Pension Act and the Regulations. In the event of a discrepancy between the information provided in this document and the Teachers' Pension Act and the Regulations, the latter takes precedence.

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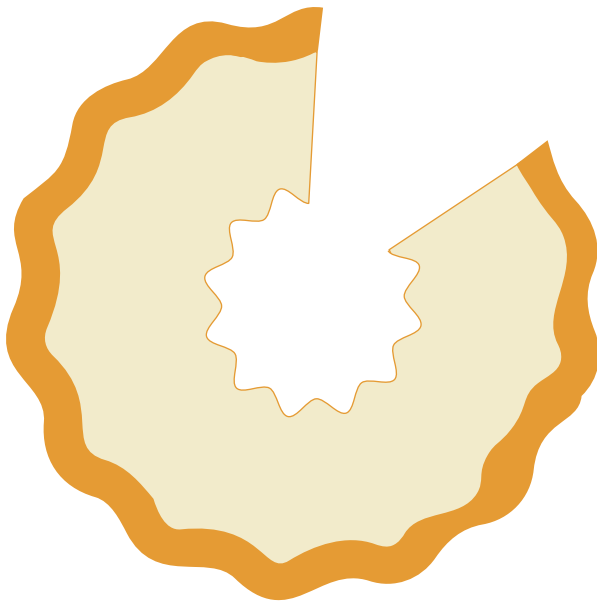
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2025 AT A GLANCE as at December 31, 2025

Funding improved in 2025, reflecting a strong investment performance

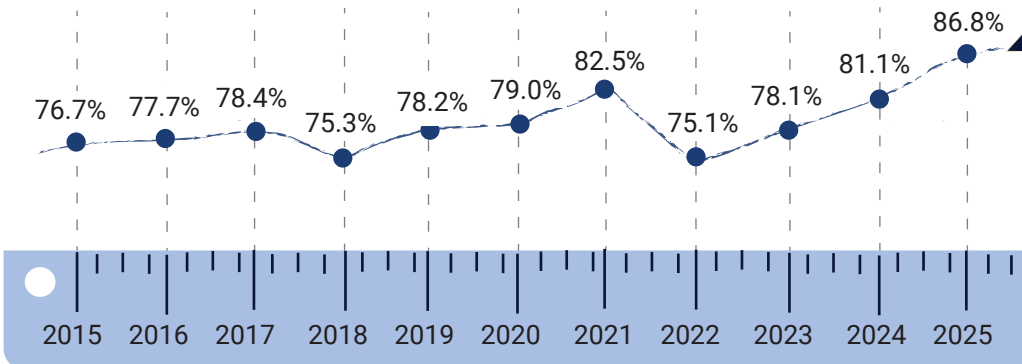


86.8%

↑ 5.7% up from 2024

- The Plan's funded status increased to 86.8 per cent, on a going-concern basis (from 81.1 per cent in 2024)
- A funded status of 100 per cent or more would mean that the Plan is fully funded

Funded Status 2015-2025



Investment Returns

8.02%

Plan (net of fees)

✓ Above target

10.18%

Benchmark

✗ Below benchmark*
(industry-wide)

6.10 %

Discount Rate

🎯 Target achieved

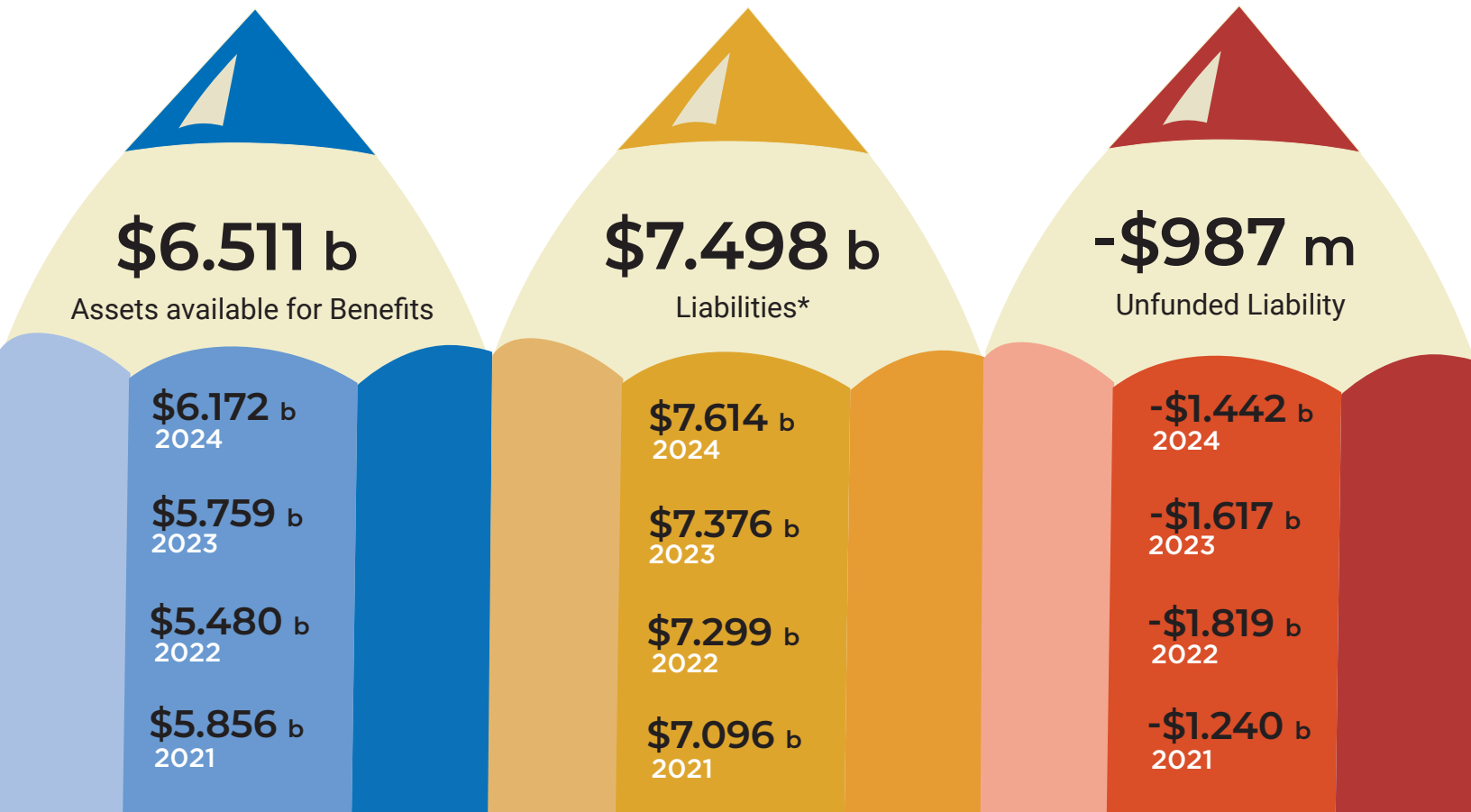
The Plan achieved an absolute one-year return of 8.02 per cent, net of investment management fees (8.22 per cent, gross of investment management fees). The Fund overperformed the actuarial assumed rate of return, or discount rate, of 6.10 per cent and underperformed the policy benchmark of 10.18 per cent.

* Benchmarks remained elevated in several asset classes, making relative performance more challenging for many pension plans.

2025 AT A GLANCE

as at December 31, 2025

The Plan's deficit was reduced by \$455 million, strengthening its financial position



* For an explanation on the breakdown of Plan liabilities, in dollar amounts by each member group, see the Going Concern Actuarial Plan liabilities chart on page 11.

Plan Contributions and Benefits Paid

More paid out than contributed each year

\$312 million in contributions to the Plan includes purchases of past service and a special contribution of \$32 million by the Province.

\$458 million paid out in benefits (includes retiree, survivor and disability benefits, & refunds)

Net outflow of \$100–150 million annually

Each year, the TPP experiences a net outflow of approximately \$100–\$150 million – that is, the difference between pension benefits paid out and contributions collected.

Funding Milestones

The Plan's long-term funding targets were established in the 2014 Agreement between the Plan Sponsors. The TPPTI Board is pleased to confirm that the Plan comfortably met the Dec. 31, 2025 target.

 **2025 Target (80–90%)**
Achieved

 **2030 Target (85–95%)**
In progress

 **2035 Target (90–100%)**
Long-term goal

Plan Membership

as at December 31, 2025

35,891

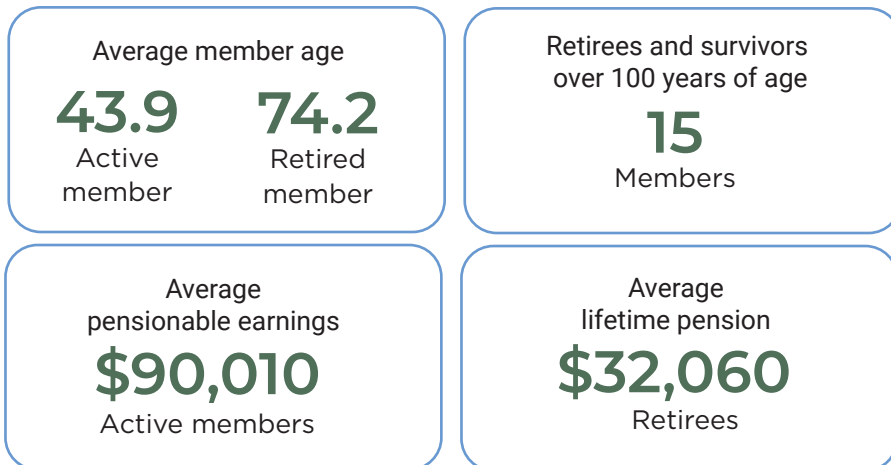
 Total members

Plan membership increased by 362 in 2025



*includes Survivors and Dependents

Our Members at a Glance



Plan Maturity

The Plan had **0.99 active members for every 1 retiree.**

While the Plan's continuing maturity remains a significant concern, we did see a modest improvement in the active member to pensioner ratio.

To learn more about how we serve our members, please see page 10.





Message from the Trustee Chair

John Rogers, KC, ICD.D

On behalf of Teachers' Pension Plan Trustee Inc. (TPPTI), it is my privilege to present the 2025 Teachers' Pension Plan Annual Report. This Report provides details on the financial health of the Plan at December 31, 2025, and a comprehensive review of its investment activities.

Plan Performance

In 2025, the Teachers' Pension Fund achieved an absolute one-year return of 8.02 per cent, net of investment management fees (8.22 per cent, gross of investment management fees). The Fund outperformed the actuarial assumed rate of return, or discount rate, of 6.10 per cent, but did not reach the policy benchmark of 10.18 per cent. Investment performance benchmarks for some asset classes, particularly real assets (comprised of real estate, infrastructure, and natural resources) and some other alternatives such as private equity, remained historically high. Most of the TPP's peer plans also continued to deal with the challenge of high benchmarks. While some relative returns were therefore below their benchmark targets, the Plan's overall absolute return continued to be solid and contributed to a material improvement in the Plan's funded status. The TPP's diversified asset mix performed as planned, adding value while protecting against downside risk.

At December 31, 2025, the Plan was 86.8 per cent funded on a going-concern basis. This represents a significant increase over last year's funded ratio of 81.1 per cent. The Plan's deficit was \$987 million, being a reduction in the deficit of \$455 million compared to the December 31, 2024 deficit of \$1.442 billion. The deficit is the difference between the net assets available for payment of benefits of \$6.511 billion and the actuarially calculated liabilities of \$7.498 billion. The improved funded ratio year-over-year was attributable to a combination of the asset gains in 2025, \$382 million, and the reduction in the Plan's liabilities (resulting largely from an increase of the discount rate by 30 basis points). The Plan still maintains a generous 'provision for adverse deviations (PfAD)' within its discount rate. The TPP's 2025 PfAD stood at 0.75 per cent (compared to 0.66 per cent in 2024).

Future Funding Targets

The July 2, 2014 Agreement (the 2014 Agreement) entered into between the Plan Sponsors, the Province of Nova Scotia and the Nova Scotia Teachers Union, states the objective of achieving funding of the Plan at the following levels:

- Assets to be 80-90 per cent of the Actuarial Liabilities of the Plan on or before December 31, 2025
- Assets to be at least 85-95 per cent of the Actuarial Liabilities of the Plan on or before December 31, 2030
- Assets to be at least 90-100 per cent of the Actuarial Liabilities of the Plan on or before December 31, 2035

The TPPTI Board is pleased to confirm that the Plan comfortably met the December 31, 2025 target as set out in the 2014 Agreement.

Asset Liability Modelling Study

The Asset Liability Modelling (ALM) Study commenced by TPPTI in 2024 was completed by mid-2025. An external expert reviewed the investment asset mix of the Plan in light of its liabilities and made recommendations on how the asset mix might be adjusted to best maximize returns in an appropriate risk-conscious fashion. Several recommendations were accepted by the TPPTI Board, including adding private equity as an asset class, and expanding the use of portable alpha and introducing some leverage to enhance returns.

Plan Demographics

The Plan's demographic profile continues to be a significant headwind. A modest increase in active membership did occur – to 14,283 from 14,082 in 2024. However, the Plan also added more pensioners and their survivors (14,442 in 2025 compared to 14,381 in 2024). As a result, the active member to pensioner ratio remains one of the lowest in the country (0.99 in 2025; 0.98 in 2024; 0.97 in 2023; 0.96 in 2022). Each year, the TPP experiences a net outflow of approximately \$100-\$150 million – that is, the difference between pension benefits paid out and contributions collected from active members and employers. Improvement of the demographic profile of the TPP over the long-term can only help the financial condition of the Plan.

Going Forward

While the overall health of the TPP continues to trend positively, the Plan's challenging funded position and mature demographic profile remain very significant concerns for the TPPTI Board. The Board continues to be hopeful that the Plan Sponsors will consider effecting fundamental changes to improve the Plan's long-term financial sustainability.

Acknowledgments

In 2025, the directors serving on the TPPTI Board continued to work hard on behalf of the Plan. Late in 2024 we saw the departure from the Board of Sara Halliday, with Sara being replaced by Mark Peck in early 2025. At the end of 2025, Jan Bremner and Dionne Reid left the Board, replaced by Tara Manuel and Natalie MacIsaac, respectively. I would like to thank Sara, Jan, and Dionne on behalf of the TPPTI Board for their years of excellent service to the Plan, and to welcome Mark, Tara, and Natalie. All our directors bring a high level of diligence and commitment. It is a privilege to work with such a talented and dedicated group. Together we continue to strive to strengthen the retirement security of all TPP members.

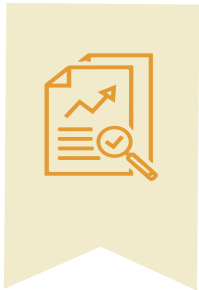
I also wish to thank the staff of NS Pension for their consistent, professional support of the Board and the committed service they bring to the needs of our Plan members.

John Rogers, KC, ICD.D
TPPTI Chair

Teachers' Pension Plan Trustee Inc.

Teachers' Pension Plan Trustee Inc. (TPPTI) is the Trustee of the Plan. TPPTI has the fiduciary responsibility for the Plan, is responsible for its operations and manages its investment assets. TPPTI ensures that the Plan is operated with strong controls and risk management practices, transparent reporting, and prudent management of the Plan's investment assets.

TPPTI directors oversee all aspects of the Plan through three committees:



Audit and Actuarial Committee (AAC):

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



Governance, Communications, and Member Services Committee (GCMSC):

Ensures TPPTI's duties and responsibilities are clear and sets the goals for the Plan administrator.



Investment Committee (IC):

Reviews, monitors, and approves all investment management policies and investment decisions.

Teachers' Pension Plan Trustee Inc. Board of Directors

As at December 31, 2025

The TPPTI Board of Directors is comprised of nine members. Four directors are appointed by the Nova Scotia Teachers Union (NSTU) and four directors are appointed by Nova Scotia's Minister of Finance and Treasury Board (Minister). The independent Chair of the TPPTI Board is mutually appointed by the NSTU and the Minister. The Board meets five to six times a year.



John Rogers, KC, ICD.D
Chair

The Chair is an ex-officio member on all committees.
Appointed: 2020



Dionne Reid
NSTU Representative

Teacher
Committee: GCMSC (Chair)
Appointed: 2020



Kyle Marryatt
NSTU Representative

Staff Officer, Member Services
Nova Scotia Teachers Union
Committee: IC
Appointed: 2018



Bill Redden
NSTU Representative

Retired
Committee: GCMSC
Appointed: 2024



Toyin Akindoju
Government Representative

Executive Director, Finance and Admin.,
Department of Finance and Treasury Board
Committee: IC
Appointed: 2023



Nancy-Beth Foran
NSTU Representative

Treasurer, Treasury and Investments
Dalhousie University
Committee: IC (Chair), AAC
Appointed: 2022



Shannon York
Government Representative

Managing Director, Liability Management
and Treasury Services
Department of Finance and Treasury Board
Committee: AAC (Chair), IC
Appointed: 2022



Jan Bremner
Government Representative

Senior Executive Lead Corporate Finance
Department of Finance and Treasury Board
Committee: AAC
Appointed: 2023



Mark Peck
Government Representative

Associate Deputy Minister
Department of Education and Early
Childhood Development
Committee: GCMSC
Appointed: 2025

For more information on TPPTI, please visit our website at: www.nstpp.ca/teachers-pension-plan

Plan Governance

TPPTI was established in 2006 under a joint trust agreement between the Nova Scotia Teachers Union (NSTU) and the Province of Nova Scotia (Province). Key governance roles and responsibilities are outlined below.



The Plan Sponsors' Role

The Plan Sponsors are the NSTU and the Province. They are advised by the Teachers' Pension Board and are responsible for:

- Setting contribution rates
- Establishing Plan regulations and benefits
- Determining funding targets
- Setting actuarial assumptions



Teachers' Pension Board *

Provides advice to the Plan Sponsors and recommends the actuarial assumptions used to value Plan liabilities, including:

- Plan regulations and benefits
- Employer and member contribution rates
- The Plan's funding targets



The Trustee's Role

Teachers' Pension Plan Trustee Inc. (TPPTI) *

- Fiduciary responsibility for the Plan and its investment assets
- Oversees Plan operations and investment decisions
- Sets policy framework and strategic direction for the investment assets



The Administrator's Role

Nova Scotia Pension Services Corporation

- Manages the day-to-day operation of Plan investments and pension administration
- Provides Plan member, retiree, and employer services
- Jointly owned by TPPTI and Public Service Superannuation Plan Trustee Inc. (PSSPTI)



The Board of Directors of NS Pension

- Oversight of NS Pension
- Sets strategic direction, approves operational budget, and makes key decisions
- Includes directors from TPPTI and PSSPTI

To learn more about the TPP governance structure on our website:

www.nstpp.ca/about/plan-governance

* Includes representatives from the NSTU and the Province.

Nova Scotia Pension Services Corporation

Member and Employer Services

Our member and employer services teams are responsible for providing pension services to all Plan members (employees and retirees, and their eligible beneficiaries). When an employee retires, our service teams manage pension payments and provide assistance throughout the retirement process. We also assist employees with support in making informed retirement decisions.



2025 Service Results



of calls were answered in less than 20 seconds



The number of Plan member calls that were received. In 2024, we received 25,544



The number of employers we serve and support.

My Retirement Plan (MRP) website usage



The number of times the Pension Projection tool was used



The number of times the Annual Statement tool was used



The number of times the Pension Profile tool was used

The My Retirement Plan (MRP) website, <https://nspensions.hroffice.com>, is a secure website that provides active members with access to personalized pension information. Active members can view their annual Member Statement, use the Pension Projection Tool, and access other retirement planning information.




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



Visit us online:

www.novascotiapension.ca
www.nstpp.ca

Follow us on Social Media:

 www.facebook.com/yourNSTPP
 **NEW** [Instagram@yourNSTPP](https://www.instagram.com/yourNSTPP)
 [@yourNSTPP](https://twitter.com/yourNSTPP)

The Plan's Financial Position

As at December 31, 2025

Plan Assets

Plan assets were \$6.511 billion and the Plan's funded ratio was 86.8 per cent.

The funded ratio is the ratio of Plan assets to Plan liabilities. The funded ratio increased by 5.7 per cent from 81.1 per cent in 2024.

The Plan is not at risk of being unable to meet its pension obligations over the short term; however, with a funding deficit of \$987 million, the Plan remains significantly under-funded.

Plan Liabilities

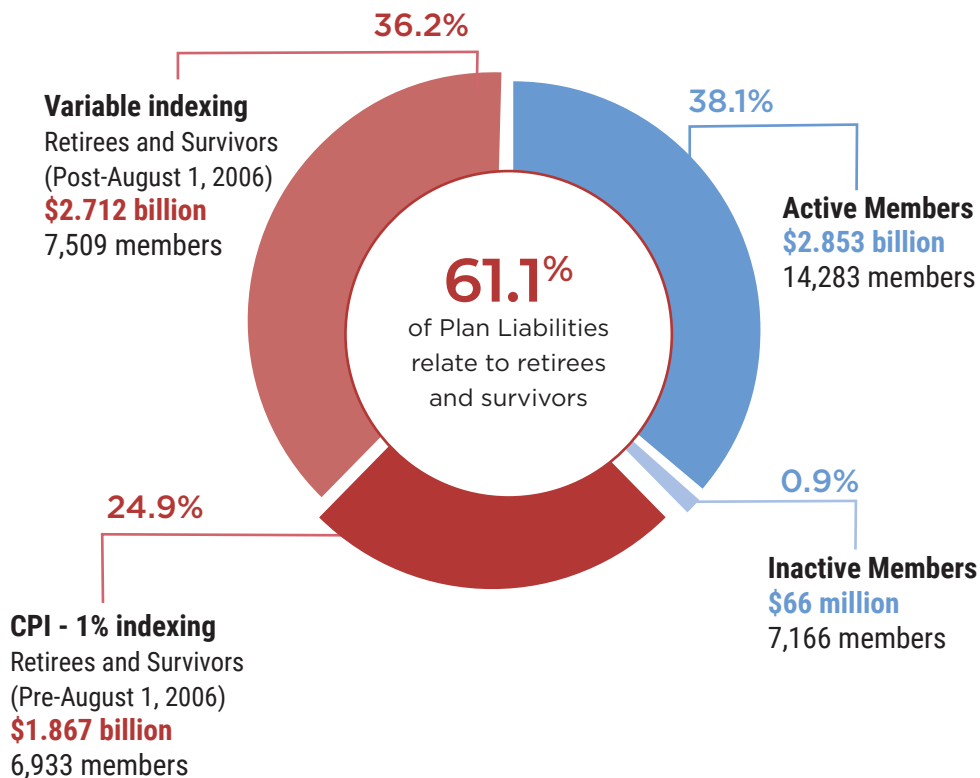
Plan liabilities were calculated to be \$7.498 billion. The calculation of Plan liabilities is derived by using several key assumptions.

The most impactful assumption is the discount rate, which is based on a forecast of the long-term rate of return from investment assets.

For the 2025 valuation, the discount rate for the TPP was 6.10 per cent.

Going Concern Actuarial Plan liabilities decreased to \$7.498 billion

The chart below details the Plan liabilities, in dollar amounts, by each member group.



Detailed information on the Plan's investment performance is in the Investment Management Discussion and Analysis section of this Annual Report on page 12.

You can learn more about the financial position of the Plan by referring to the audited financial statements for the year ended December 31, 2025 located on page 23 of this Annual Report.

You can also refer to the Actuarial Valuation Report as at December 31, 2025, which is available on our website: www.nstpp.ca



INVESTMENT MANAGEMENT

Discussion and Analysis

This section includes information on the TPP Fund and the factors that influenced its 2025 investment performance.



The Goal

The primary goal of the Teachers' Pension Fund (Fund) is to satisfy pension obligations.

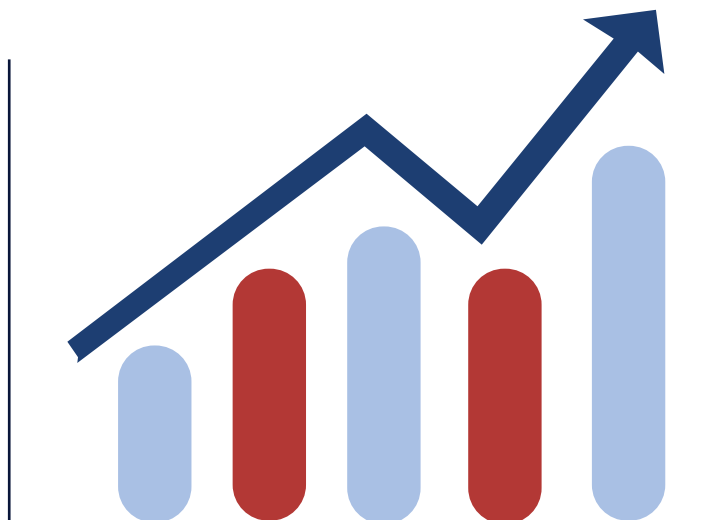
The SIP&G

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

These parameters include permissible investments and the policy asset mix. The investment beliefs, also found within the SIP&G, state the general principles upon which the investments are made.

Objectives

The Fund must operate in the long-term interest of beneficiaries to ensure that the assets, together with the expected contributions, are invested in a prudent manner so as to meet the liabilities of the Plan and reduce surplus risk.





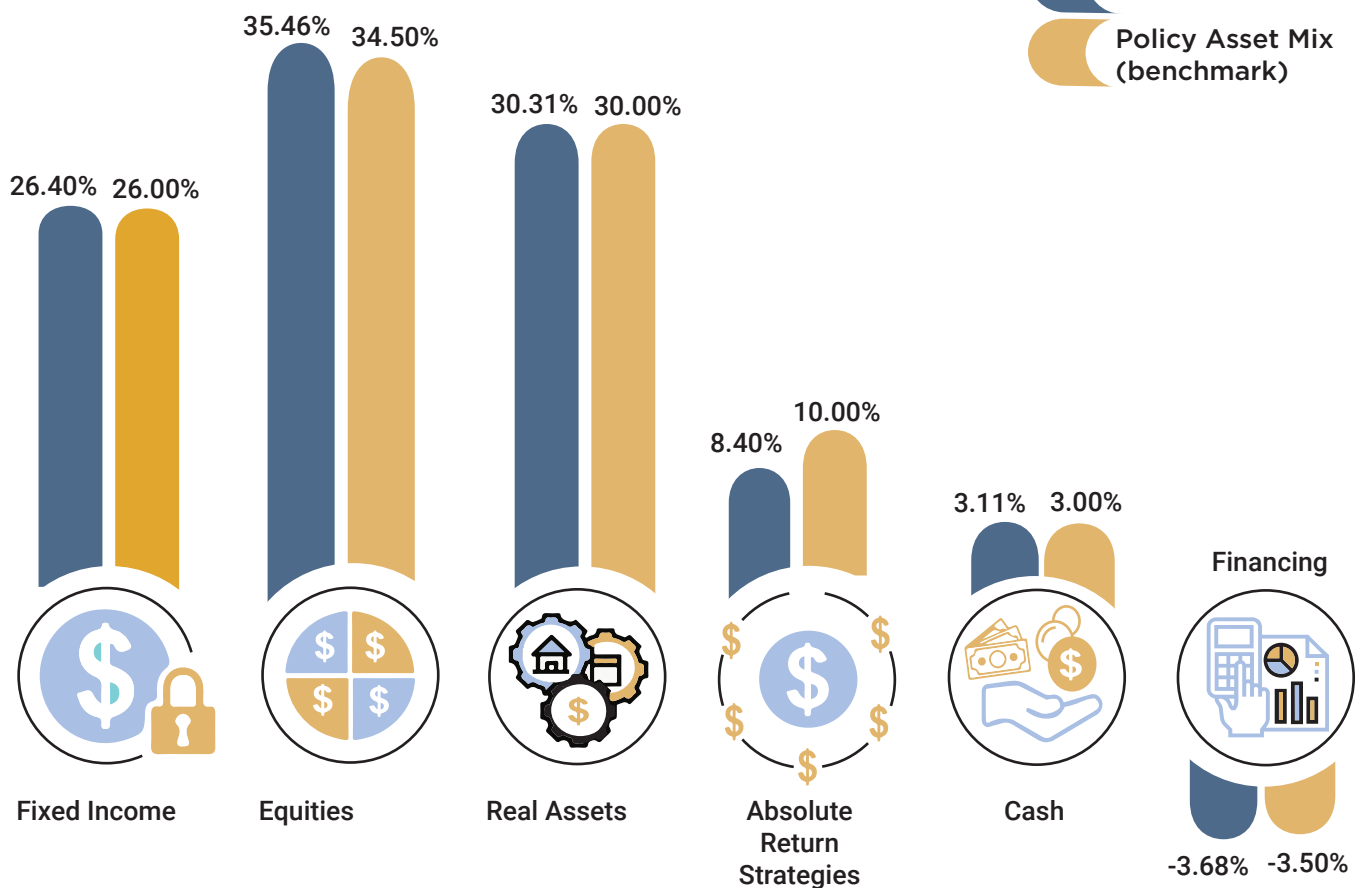
The Asset Mix

The 2025 Asset Liability Management (ALM) study was the main focus during 2025. This project culminated in an approved expansion to the asset mix which will see a build-out of leverage, portable alpha, expansion of private equity and natural resources, and the introduction of private debt later in 2026.

Most other asset classes will be managed close to existing weights while also being integrated into master trusts by asset class for better implementation of investments. Over the year, positioning of the Fund's asset classes was maintained close to benchmark.

The equity markets rallied again during the year, albeit with foreign markets outperforming the U.S. with some sector differentiation emerging after a couple years of U.S. exceptionalism. Some relatively expensive markets were pared back to keep exposures in line and complete rebalancing and pension payments.

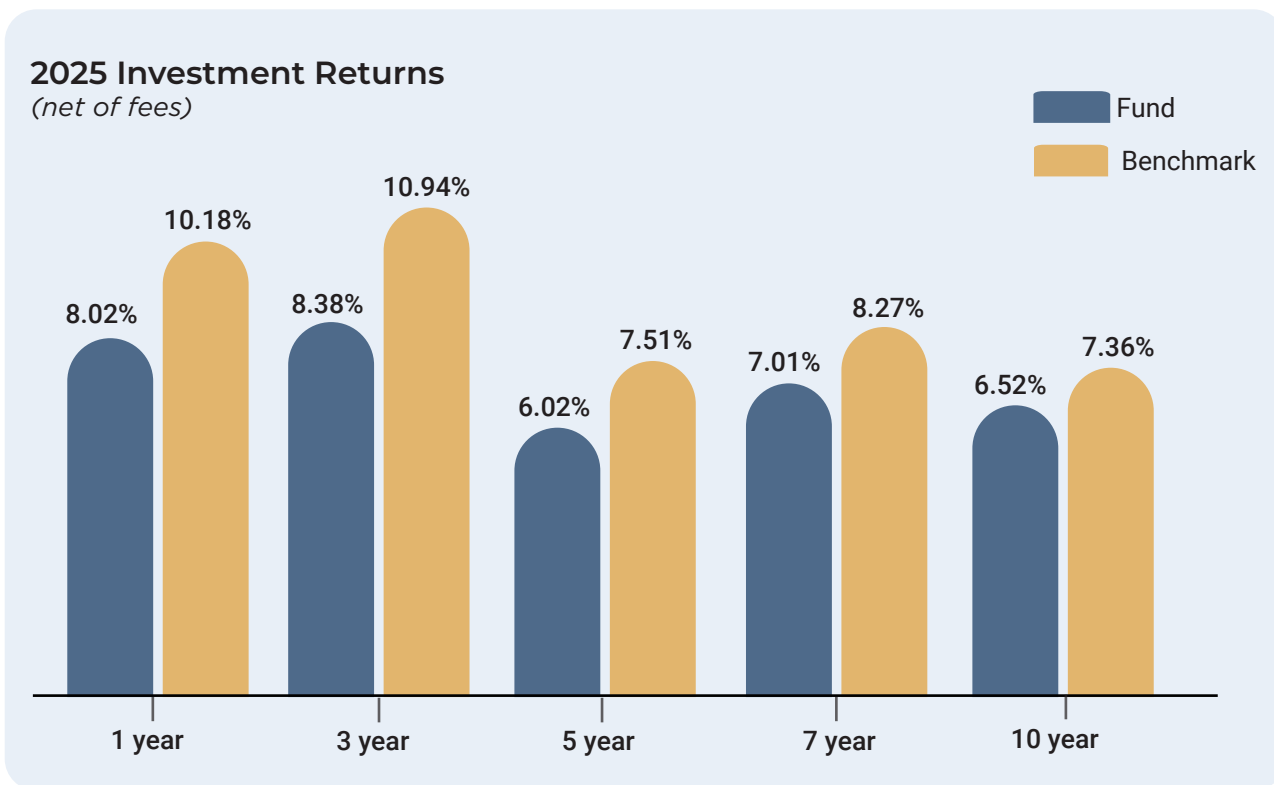
(as at December 31, 2025)





2025 Investment Performance

In 2025, the Fund achieved a one-year return of 8.02 per cent, net of investment management fees (8.22 per cent, gross of investment management fees). The Fund underperformed the policy benchmark of 10.18 per cent on a net basis, however it outperformed the actuarial assumed rate of return of 6.10 per cent.



The MSCI ACWI Index returned 19.71 per cent in 2025. Global equities delivered strong gains, supported by resilient corporate earnings and expectations for monetary policy easing. Technology and artificial intelligence-related companies remained an important driver of performance, while improving global risk sentiment and lower volatility supported broader participation across equity markets over the year.

The S&P 500 Index returned 17.88 per cent in 2025. U.S. equities advanced on the back of strong technology sector earnings and continued investment tied to artificial intelligence (AI). Expectations for Federal Reserve easing also supported valuations, while robust corporate profitability and capital spending in AI-related infrastructure contributed to market strength through the year.



2025 Investment Performance continued...

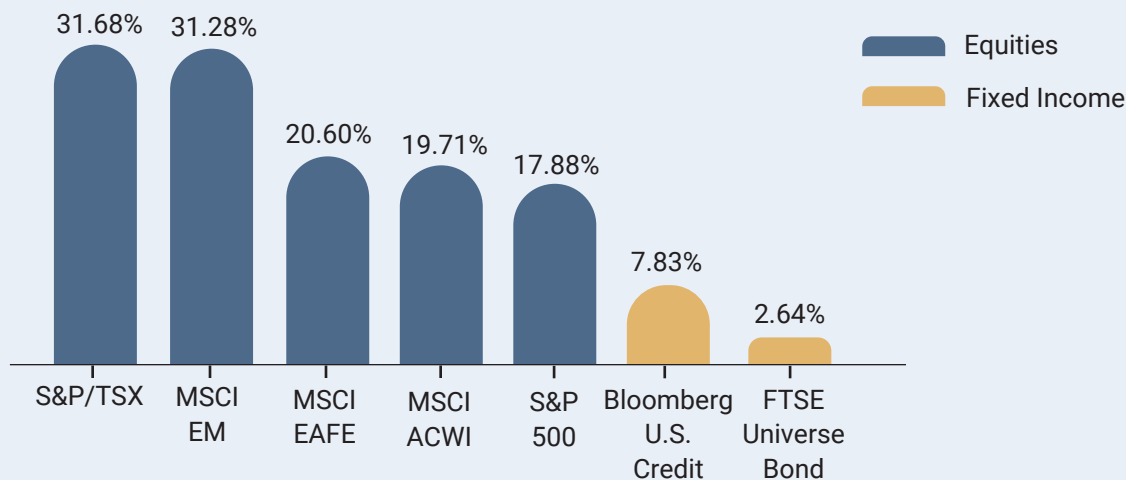
The S&P/TSX Composite Index returned 31.68 per cent in 2025. Canadian equities delivered exceptionally strong returns, supported by commodity-sensitive market leadership and positive earnings momentum. Financials demonstrated resilience amid improving credit conditions, while stronger profitability and improving return on equity relative to historical levels provided additional support to overall index performance.

The MSCI EAFE Index returned 20.60 per cent in 2025. Developed international equities posted strong gains, supported by resilient growth, moderating inflation, and increasing confidence that interest rate cycles had peaked. Rate cuts by major central banks, including in Europe and the United Kingdom, supported market sentiment, while corporate earnings remained resilient across developed international markets.

The MSCI Emerging Markets Index returned 31.28 per cent in 2025. Emerging market equities delivered strong returns as investor sentiment improved and expectations for Federal Reserve easing became more supportive. A weaker U.S. dollar helped ease financial conditions across developing economies, while lower rates, resilient trade flows, and supportive monetary conditions contributed to broad market performance.

2025 Market Returns

Equities significantly outperformed fixed income in 2025





2025 Investment Performance continued...

The FTSE Canada Universe Bond Index returned 2.64 per cent in 2025. Canadian fixed income generated modest positive returns, supported by expectations for monetary policy easing and moderating inflation. Carry income provided an important foundation for returns, while relatively stable credit spreads supported performance despite continued volatility in yields throughout the year.

The Bloomberg U.S. Credit Index returned 7.83 per cent in 2025. U.S. investment-grade corporate bonds posted strong returns, supported by elevated carry and declining rates across the curve. Tightening credit spreads also contributed meaningfully to performance, while Federal Reserve easing and resilient credit conditions helped sustain investor demand for higher-quality corporate bonds.

In 2025, the Fund underperformed its benchmark by 230 basis points on a net basis. This outcome was primarily driven by weaker results in public equity and real estate portfolios.

Global equity managers' positioning lagged as momentum and AI-oriented equities led markets for much of the year. International equity portfolios were affected by security selection, with higher-quality holdings trailing a rally in more speculative assets. The Canadian equity portfolio underperformed due to strong gains in gold-related stocks. The Fund's real estate holdings lagged the CPI +4.5 per cent benchmark due to muted capital appreciation across real estate markets during the year.

Sources:

- Bloomberg LP for Index Returns
- <https://www.rbcgam.com/en/ca/article/global-investment-outlook-2026/detail>
- <https://www.msci.com/research-and-insights>
- <https://www.msci.com/research-and-insights/blog>
- <https://www.spglobal.com/spdji/en/research-insights/>
- <https://www.ftserussell.com/research-insights>
- <https://www.bloomberg.com/professional/insights/>
- <https://www.bankofcanada.ca/publications/mpr/>
- <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl.htm>
- <https://www.ecb.europa.eu/press/govdec/mopo/html/index.en.html>
- <https://www.boj.or.jp/en/mopo/outlook/index.htm/>
- <https://www.blackrock.com/institutions/en-us/insights>
- <https://www.ssga.com/us/en/institutional/insights>
- <https://www.rbcgam.com/en/ca/article/global-investment-outlook/>
- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/>
- <https://institutional.fidelity.com/app/literature/market-commentary>



2025 Economic Review

The global economy demonstrated resilience in 2025, supported by easing monetary policy and continued corporate earnings growth, though geopolitical tensions and trade uncertainties created volatility. Inflation moderated across major economies, enabling central banks to begin gradual rate-cutting cycles. Labour markets remained relatively stable despite some softening in advanced economies. AI investment emerged as a significant driver of economic activity, particularly in technology-intensive sectors. Commodity markets experienced divergent performance, with precious metals rallying while energy prices faced headwinds from supply concerns and demand uncertainty.

Canada's economy faced headwinds in 2025 from tariff-related trade pressures and challenges in the energy sector, though strength in materials provided a partial offset. The labour market showed mixed signals, with unemployment rising modestly by year-end despite continued employment growth. The Bank of Canada shifted toward a more accommodative stance as inflation remained uneven. Strong gold prices supported resource-linked regions, while weaker oil prices weighed on energy activity. Population growth moderated as immigration policy adjustments contributed to slower labour force expansion.

The U.S. economy expanded moderately in 2025, supported by resilient consumer spending, strong corporate profitability, and continued investment in AI infrastructure. Labour market conditions remained solid through most of the year, with some signs of softening emerging later in the period. The Federal Reserve began a gradual easing cycle as inflation pressures moderated. Technology sector earnings remained a key driver of growth, while other sectors experienced more moderate performance. Trade policy uncertainty and geopolitical developments contributed to periods of market volatility.

Economic growth across Europe and Japan remained modest in 2025, supported by improving sentiment and evolving monetary policy conditions. Central banks in Europe and the United Kingdom shifted toward easing as inflation pressures subsided, while Japan continued a gradual normalization of policy with higher interest rates. Financial sectors benefited from improved conditions, though manufacturing activity remained constrained by weaker external demand. Japan continued to benefit from corporate governance reforms and improving shareholder returns. Labour markets remained relatively tight, while trade tensions and policy uncertainty persisted.

2025 Economic Review At a Glance

Global: Inflation eased, and rate cuts began

Canada: Trade pressures and mixed labour signals

U.S.: Strong growth, supported by AI investment

International: Gradual recovery with easing policy

Emerging Markets: Strong rebound, supported by weaker U.S. dollar



2025 Economic Review continued...

Emerging markets delivered robust performance in 2025, driven by improving global risk sentiment, supportive monetary conditions, and a weaker U.S. dollar that eased inflationary pressures. Central banks across developing economies implemented cautious easing cycles to stimulate domestic demand.

China's policy support and structural growth drivers, including AI adoption, contributed to regional momentum. Latin American equities rebounded significantly on multiple expansion and expectations for Federal Reserve rate cuts.

Commodity-exporting nations benefited from selective price strength in precious metals, though energy exporters faced challenges from subdued oil prices. Labour markets showed uneven recoveries across regions.

Sources:

- Bank of Canada. Monetary Policy Report and Rate Announcements, 2025.
- Federal Reserve System. FOMC Statements and Summary of Economic Projections, 2025.
- European Central Bank. Monetary Policy Decisions and Economic Bulletins, 2025.
- Bank of England. Monetary Policy Reports, 2025.
- Bank of Japan. Outlook for Economic Activity and Prices, 2025.
- International Monetary Fund. World Economic Outlook, 2025.
- Organisation for Economic Co-operation and Development. Economic Outlook, 2025.
- Bloomberg L.P. Bloomberg Intelligence and Macro Research Notes, 2025.
- BlackRock Investment Institute. Global Outlook and Market Commentary, 2025–2026.
- JPMorgan Chase. Global Market Outlook, 2025.
- RBC Global Asset Management. Global Investment Outlook, 2025–2026.



Sustainable Investing

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

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

2025 was a complex year for institutional investors at the forefront of sustainable investments. Some plans reduced their net-zero commitments, while certain asset managers scaled back both their commitments and public commentary on their integration into the space. The U.S. has moved away from some forms of renewable energy investments, notably wind farms, while embracing others such as nuclear. Europe and Asia continue to move forward with most types of renewable investments and China is rapidly emerging as the leader in total forms of renewable energy production, citing energy independence in the future as key to their strategic goals.

Investments in real assets such as real estate, infrastructure, and natural resources play an important role in sustainable investment efforts. Real estate holdings continue to be assessed for possible negative effects of climate change and for ways to improve their resiliency against these threats as well as reducing their overall carbon footprint. In 2025, further investment in renewable energy sources was made within the infrastructure asset class.

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

You can view the TPP Sustainable Investment Report on our website at:
www.nstpp.ca/investments/investment-policies



Our focus during 2025

During 2025, TPPTI's new portable alpha program continued to deliver positive results. Discussions continued with larger Canadian peer plans to explore additional portfolio optimization tools. This work culminated in the completion of an ALM that will see the portable alpha program enhanced and the introduction of leverage at the Plan level to enhance risk-adjusted returns. Volatility picked up in many markets early in the year heading into President Trump's 'liberation day' in April, which saw increased volatility play out during the year with intermittent tariffs causing business uncertainty and disruption. The year finished with the U.S. removing Venezuela's leader and claiming the right to manage the world's largest oil reserves, a foreshadow of further global geopolitical uncertainty to come in 2026. NS Pension remained focused on maintaining appropriate liquidity during the year given the Plan's negative annual cash flow by continuing to rebalance portfolios across both the public and private market asset classes and preparing to implement the new asset mix.

Work on individual asset class portfolios continued throughout the year with a focus on value-add initiatives, including development of Canadian multifamily housing in real estate with four new development projects underway, exploring co-investment along the natural resources portfolio and additional co-investments in infrastructure, including some potential investments on the local front, all while ensuring our exposures are in line with intended positions. On the risk side, tariff fallout, inflation that showed signs of reacceleration against a backdrop of low rates, potential economic and physical wars, pending central bank leadership changes in the US, supply chain disruptions and geopolitical instability continued to be dominant themes affecting markets. The focus will continue to be on maintaining a well diversified portfolio with ample liquidity mechanisms to take advantage of market dislocations.

NS Pension has structured many asset classes into pooled funds or master trusts such that TPPTI can purchase units of a well diversified pool. This allows for greater efficiency in how assets are managed and allocated by the team while the Board maintains full transparency into the process and underlying holdings. The first such fund was opened in 2024 and the full suite of funds by asset class was finalized in 2025. The majority of assets now invest via the funds with a few funds continuing to transfer in legacy or existing assets in 2026.

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

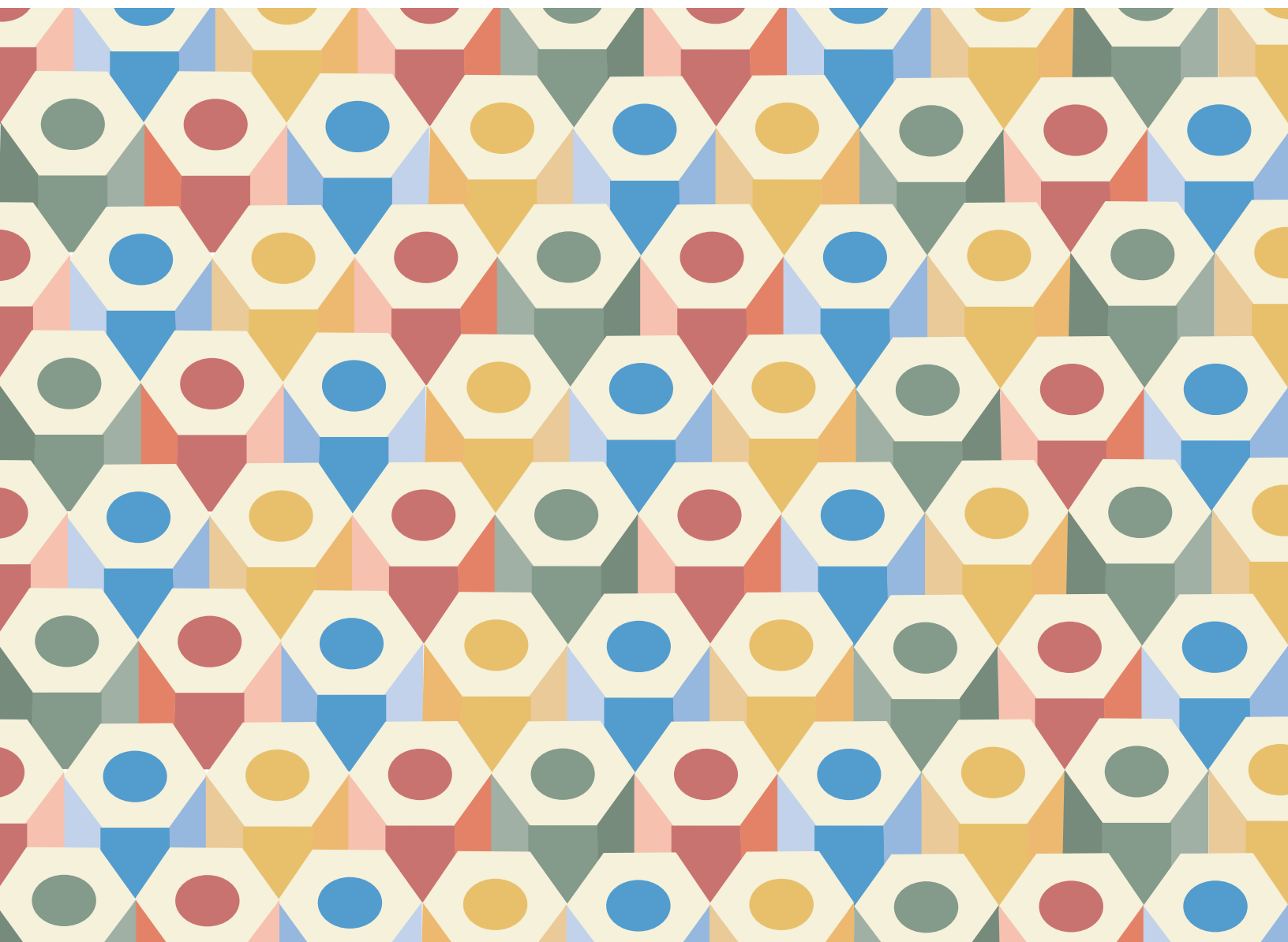


Looking Ahead to 2026

While 2025 was marked by tariffs and economic conflict that escalated toward physical conflict as the year ended, 2026 is already evolving into one of global instability and energy distribution insecurity, having an impact on various markets and investment portfolios. U.S. equity markets saw immediate declines from lofty valuations as markets assess the future impacts on businesses of AI integration, particularly for software companies. European and Emerging Market equities moved higher into the new year but pulled back quickly on the U.S. military campaign into Iran as oil price shocks due to the reduction in supply hit Asian markets harder than North American. Fixed income markets continue to produce yield and act as somewhat of a safe haven as rates remain attractive amid the uncertainty. Private debt, however, particularly that tied to lending to software companies, showed signs of weakness among investor withdrawals from funds that were supposed to provide liquidity.

TPPTI will continue evolving individual asset classes for growth including adding development deals to real estate and increasing co-investments for infrastructure and private equity. Private debt will be introduced as a new asset class and Natural Resources will also be expanded. Research on potential private debt investing has been an additional focus while monitoring the ongoing liquidity situations of certain aspects of the marketplace and the types of loans that have been made. Monitoring of market conditions for opportunities to expand the leverage and portable alpha positions continues as we progress toward the expanded asset mix for the long term. Equity and fixed income mandates continue to be monitored for effectiveness and portfolio fit with some changes likely as 2026 progresses.

Financial Statements of
TEACHERS' PENSION PLAN
Year ended December 31, 2025





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INDEPENDENT AUDITOR'S REPORT

To the Teachers' Pension Plan Trustee Inc. of Teachers' Pension Plan

Opinion

We have audited the financial statements of Teachers' Pension Plan (the Entity), which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its changes in net assets available for benefits and its changes in 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor’s report thereon, included in annual report.

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



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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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



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

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

Halifax, Canada

June 24, 2026

Financial Statements of **TEACHERS' PENSION PLAN** Year ended December 31, 2025

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Financial Statements

Statement of Financial Position

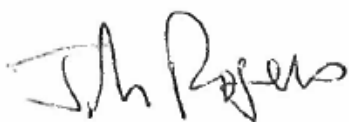
December 31, 2025, with comparative information for 2024 **2025** **2024**

(in thousands of dollars)

	2025	2024
Net assets available for benefits		
Assets		
Cash	\$ 180,512	\$ 251,267
Contributions receivable:		
Employers'	9,145	14,097
Employees'	2,410	4,331
Receivable from pending trades	48,104	23,372
Accounts receivable	1,721	1,582
Funds held in trust	180	-
Accrued investment income	13,783	15,028
Investments (note 5)	6,347,793	5,969,575
	6,603,648	6,279,252
Liabilities		
Accounts payable and accrued liabilities	3,572	3,770
Due to administrator (note 12)	208	1,045
Payable for pending trades	81,555	43,988
Investment-related liabilities (note 5)	7,607	58,196
	92,942	106,999
Net assets available for benefits	\$ 6,510,706	\$ 6,172,253
Accrued pension obligation and deficit		
Accrued pension obligation (note 7)	\$ 7,497,548	\$ 7,613,943
Deficit (note 7)	(986,842)	(1,441,690)
Commitments (note 8)		
Accrued pension obligation and deficit	\$ 6,510,706	\$ 6,172,253

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

On behalf of the Board:



John Rogers
Chair



Mark Peck
Director



Kyle Marryatt
Director

Financial Statements

Statement of Changes in Net Assets Available for Benefits

December 31, 2025, with comparative information for 2024	2025	2024 (restated)
(in thousands of dollars)		
Increase in assets		
Contributions (note 4)	\$ 311,636	\$ 321,762
Transfers from other pension plans	2,846	2,755
Investment income (note 5)	161,778	169,448
Change in market value of investments (note 5)	382,395	430,077
	858,655	924,042
Decrease in assets		
Benefits paid (note 9)	458,065	449,989
Transfers to other pension plans	2,174	5,163
Investment expenses (note 11)	51,400	48,149
Administrative expenses (note 10)	8,563	7,908
	520,202	511,209
Net increase in net assets available for benefits	338,453	412,833
Net assets available for benefits, beginning of year	6,172,253	5,759,420
Net assets available for benefits, end of year	\$ 6,510,706	\$ 6,172,253

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

Certain comparative amounts have been restated for presentation and classification only (note 17).

Financial Statements

Statement of Changes in Pension Obligation

December 31, 2025, with comparative information for 2024	2025	2024
(in thousands of dollars)		
Accrued pension obligation, beginning of year	\$ 7,613,943	\$ 7,376,462
Increase in accrued pension benefits		
Interest on accrued pension obligation	433,868	420,217
Benefits accrued	186,673	185,945
Transfers from other pension plans	2,846	2,755
Net experience losses (note 7)	-	119,356
	623,387	728,273
Decrease in accrued pension benefits		
Benefits paid	458,065	449,989
Transfers to other pension plans	2,174	5,163
Changes in actuarial assumptions (note 7)	273,070	35,640
Net experience gains (note 7)	6,473	-
	739,782	490,792
Net (decrease) increase in accrued pension benefits	(116,395)	237,481
Accrued pension obligation, end of year	\$ 7,497,548	\$ 7,613,943

Statement of Changes in Deficit

December 31, 2025, with comparative information for 2024	2025	2024
(in thousands of dollars)		
Deficit, beginning of year	\$ 1,441,690	\$ 1,617,042
Increase in net assets available for benefits	(338,453)	(412,833)
Net (decrease) increase in accrued pension obligation	(116,395)	237,481
Deficit, end of year	\$ 986,842	\$ 1,441,690

See accompanying notes to financial statements.

Notes to Financial Statements

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



Authority and description of Plan

The following description of the Teachers' Pension Plan (the "Plan") is a summary only. For more complete information, reference should be made to the Plan legislative documents and agreements.

General

The Plan is governed by the *Teachers' Pension Act* (the "Act") as part of the Acts of Nova Scotia. It is a contributory defined benefit pension plan covering public school and community college teachers and is co-sponsored by the Province of Nova Scotia as represented by the Minister of Finance and Treasury Board (the "Province"), and the Nova Scotia Teachers' Union (the "Union"). The Act established the Nova Scotia Teachers' Pension Fund (the "Fund") for the purpose of crediting employer and employee contributions, investment earnings and meeting the Plan's obligations.

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

As part of the June 22, 2005 Agreement between the Province and the Union, the Province and the Union agreed to joint and equal participation in the governance of the Plan including the sharing of any actuarial surpluses or deficits between the Province and the beneficiaries of the Plan upon the transfer of the Plan to a newly formed trustee entity. Teachers' Pension Plan Trustee Inc. (the "TPPTI") was incorporated to act as trustee of the Fund and on April 1, 2006, the TPPTI became the trustee of the Fund. The 2005 Agreement was rescinded and replaced in 2014 with a new agreement, last amended on November 17, 2015. However, there were no changes to the governance of the Plan or the sharing of actuarial surpluses or deficits.

The TPPTI is responsible for the administration of the Plan and the investment management of the Fund assets. The investment of the Fund assets is guided by the Fund's Statement of Investment Policies & Goals (the "SIP&G") as written by the TPPTI. The SIP&G sets out the parameters within which the investments are made. These parameters include permissible investments and the policy asset mix.

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

Funding

Plan benefits are funded by contributions and investment earnings. Contributions are made by active members of the Plan and are matched by either the Province or participating employers. The determination of the value of the benefits and required contributions is made based on periodic actuarial valuations (note 7).

In accordance with the Plan regulations, employers and employees are required to contribute 11.3% of salary up to the Year's Maximum Pensionable Earnings (the "YMPE") per the Canada Pension Plan (the "CPP") and 12.9% of salary above the YMPE.

Authority and description of Plan (continued)

Retirement benefits

The pension benefit consists of two components. The lifetime pension, for every year of pensionable service, is 1.3% times the 5-year highest average salary at retirement (the “HAS-5”) up to the average YMPE, plus 2.0% times the portion of the HAS-5 in excess of the average YMPE (if applicable). The bridge benefit, for every year of pensionable service, is 0.7% times the lesser of (i) the HAS-5, and (ii) the average YMPE. The lifetime pension is payable for life, while the bridge benefit is payable until age 65, at which point it ceases as a result of integration with the CPP.

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

- 35 years of service;
- age 50 with 30 years of service (reduced pension);
- age 55 with an age plus service factor of 85 “Rule of 85”;
- age 55 with two years of service (reduced pension);
- age 60 with 10 years of service;
- age 65 with two years of service.

Indexing

For pensions with an effective date before August 1, 2006, the rate is equal to the increase in the 12-month average Consumer Price Index (“CPI”) for Canada, less 1%, to a maximum of 6%.

For a given year, indexing for pensions with an effective date on or after August 1, 2006, as well as those of existing pensioners who opted for the same indexing arrangement, depends on the funding level of the Plan. If the funding level as at December 31 of the preceding fiscal year is less than 90%, no indexing will be provided. Additionally, when the funding level is less than 90% and indexing is not provided, the Province is to make a special contribution to the Plan determined by the actuary, based on the actuarial present value of the foregone indexing. At a funding level of between 90% and 100%, indexing may be granted at 50% of the increase in the 12-month average CPI up to a maximum of 6%, at the discretion of the Board of Trustees.

If the funding level is greater than 100%, indexing will be provided at 100% of the increase in the 12-month average CPI up to a maximum of 6%, to the extent that it does not reduce the funding level to below 100%; however, pensions will be increased by at least 50% of the increase in the 12-month average CPI up to a maximum of 6%. For the purposes of the valuation, it was assumed that indexing would not be paid in years in which it is discretionary.

Disability benefits

Prior to August 1, 2014, active members who became mentally or physically disabled were entitled to apply for a disability pension from the Plan. Effective August 1, 2014, however, disability coverage was moved to the Union’s long-term disability insurance plan, and the ability to apply for a disability pension from the Plan was discontinued except in very limited circumstances.

Authority and description of Plan (continued)

Death benefits

Upon the death of a vested member, the surviving spouse is entitled to receive 60% of the vested member's pension benefit payable for life, or a higher percentage if the member elected an optional form of pension. Eligible children are entitled to receive 10% of the vested member's pension benefit, payable until age 18 (or 25 while still in school).

Termination benefits

Upon termination of employment, a vested member may choose to defer their pension until they satisfy one of the above eligibility criteria, or they may remove their funds from the Plan in the form of a commuted value (or refund of contributions, for service prior to January 1, 1988).

Refunds

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

2.

Basis of preparation

a. Basis of presentation

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

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

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

These financial statements were authorized for issue by the Board of Trustees of the Teachers' Pension Plan Trustee Inc. on June 25, 2026.

b. Basis of measurement

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

c. Use of estimates and judgments

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

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

3.

Significant accounting policies

a. Investment transactions, income recognition and transaction costs

i. Investment transactions:

Investment transactions are accounted for on a trade date basis.

ii. Income recognition:

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

iii. Transaction costs:

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

b. Foreign currency translation

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

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

c. Financial assets and liabilities

i. Non-derivative financial assets:

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

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

ii. Non-derivative financial liabilities:

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

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

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

Significant accounting policies (continued)

iii. Derivative financial instruments:

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

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

d. Fair value measurement

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

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

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

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

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

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

Significant accounting policies (continued)

Fair values of investments are determined as follows:

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

Significant accounting policies (continued)

- ix. Agreements to repurchase or resell securities at a fixed price and date are valued at cost, which together with accrued interest approximates fair value due to their short-term nature.
- x. Promissory notes issued by subsidiaries are valued at cost, non-interest bearing and mature on demand.

e. Non-investment assets and liabilities

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

f. Receivable/payable for pending trades

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

g. Accrued pension obligation

The value of the accrued pension obligation of the Plan is based on a going concern method actuarial valuation prepared by an independent firm of actuaries using the projected unit credit method. The accrued pension obligation is measured in accordance with accepted actuarial methods using actuarial assumptions and methods adopted by TPPTI for the purpose of establishing the long-term funding requirements of the Plan. The actuarial valuation included in the financial statements is consistent with the valuation for funding purposes.

h. Contributions

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

In certain years, a special contribution to the Plan may be required by the Province. In any indexing period in which there is an actuarial deficit and clause 27B(3)(a) of the Teachers' Pension Plan Regulations applies, the Province must contribute to the Plan, no later than the beginning of the following indexing period, an amount equal to the actuarial value, as calculated by the Plan's actuary at the beginning of the indexing period, of the difference between:

- i. the indexing of all pensions to which subsection 27B(3) applies for that indexing period at a rate of one-half of the percentage increase in the 12-month average CPI for that indexing period over the 12-month average CPI for the preceding indexing period to a maximum of 6% and, for all future indexing periods, at a rate of one-half of the assumed percentage increase in the 12-month average CPI determined in accordance with the actuarial assumptions and methods; and
- ii. no indexing of all pensions to which subsection 27B(3) applies for that indexing period and, for all future indexing periods, indexing at a rate of one-half of the assumed percentage increase in the 12-month average CPI determined in accordance with the actuarial assumptions and methods.

Significant accounting policies (continued)

i. Benefits

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

j. Investment expenses

Investment expenses represent expenses incurred to manage the Fund. Investment expenses incurred for direct investment management, custody, advisory, consulting, legal, and other investment management-related services, are recorded on an accrual basis. Fees embedded in investment vehicles include investment management services, performance fees, partnership fees, and other investment management-related expenses. Where observable or able to be estimated, embedded fees are reclassified from unrealized gains and losses on investment vehicles to investments expenses.

k. Administrative expenses

Administrative expenses, incurred for plan administration, are recorded on an accrual basis. Plan administration expenses represent expenses incurred to provide direct services to the Plan members and employers.

i. Income taxes

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

m. Future changes to accounting policies

The Plan has reviewed forthcoming IASB and Canadian pension plan accounting changes effective for periods beginning on or after January 1, 2027.

IFRS 13, Fair Value Measurement

Amendments to Section 4600 will expand required disclosures for Level 3 fair value measurements. The Plan is assessing the impact on its financial statements.

IFRS 18, Presentation and Disclosures in Financial Statements

The Plan has elected to early adopt IFRS 18 (note 17). The standard strengthens aggregation and disaggregation requirements and enhances transparency in the presentation of income and expenses. Under IFRS 18, the Plan has separately disclosed embedded investment fees within pooled funds and other investment vehicles and will present investment and administrative expenses separately on the statement of changes in net assets available for benefits.

4.

Contributions

	2025	2024
(in thousands of dollars)		
Employer		
Matched current service	\$ 139,729	\$ 138,340
Matched past service	37	88
	139,766	138,428
Employee		
Matched current service	139,719	138,185
Matched past service	37	88
Unmatched past service	568	580
	140,324	138,853
Province of Nova Scotia		
Special contribution	31,546	44,481
	\$ 311,636	\$ 321,762

When the Plan's funding level is below 90% and indexing is not being provided, the Province is required to make a special contribution, as determined by the actuary based on the actuarial present value of the foregone indexing. In 2025, the Province made a special contribution of \$31,546 (2024 - \$44,481).

5.

Investments and investment-related liabilities

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

	2025		2024	
(in thousands of dollars)		%		%
Investments				
Fixed income				
Short-term investments	\$ 167,543	2.6	\$ 177,863	3.0
Canadian bonds & debentures	410,253	6.5	231,928	3.9
Non-Canadian bonds & debentures	1,128,460	17.8	1,069,748	17.8
Canadian real return bonds	65,832	1.0	177,414	3.0
	1,772,088	27.9	1,656,953	27.7
Equities				
Public	1,884,812	29.7	1,779,336	29.8
Private	49,745	0.8	22,737	0.4
	1,934,557	30.5	1,802,073	30.2
Real assets				
Infrastructure	947,653	15.0	855,143	14.3
Real estate	840,923	13.2	811,023	13.6
Natural resources	151,416	2.4	153,799	2.6
	1,939,992	30.6	1,819,965	30.5
Absolute return strategies				
Hedge funds	612,032	9.6	636,214	10.7
	612,032	9.6	636,214	10.7
Investment-related receivables				
Derivative-related, net	66,984	1.1	39,778	0.7
Promissory note	14,592	0.2	14,592	0.2
Agreements to resell securities	7,548	0.1	-	-
	89,124	1.4	54,370	0.9
Total investments	\$ 6,347,793	100.0	\$ 5,969,575	100.0
Investment-related liabilities				
Derivative-related, net	\$ (7,423)	97.6	\$ (58,196)	100.0
Agreements to repurchase securities	(184)	2.4	-	-
Total investment-related liabilities	\$ (7,607)	100.0	\$ (58,196)	100.0
Net investments	\$ 6,340,186		\$ 5,911,379	

Investments and investment-related liabilities (continued)

2025

	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 67,926	\$ 51,547	\$ (58,857)	\$ (7,310)
Equities	35,100	152,875	71,739	224,614
Real assets	51,581	192,948	(110,020)	82,928
Absolute return strategies	-	3,296	35,875	39,171
Derivatives	3,931	(30,067)	77,979	47,912
Cash and other	3,240	12	(4,932)	(4,920)
	\$ 161,778	\$ 370,611	\$ 11,784	\$ 382,395

2024 (restated)

	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 72,331	\$ 8,970	\$ 97,989	\$ 106,959
Equities	33,277	188,671	55,743	244,414
Real assets	56,636	25,778	70,336	96,114
Absolute return strategies	-	37,234	79,096	116,330
Derivatives	3,852	(61,802)	(80,790)	(142,592)
Cash and other	3,352	1	8,851	8,852
	\$ 169,448	\$ 198,852	\$ 231,225	\$ 430,077

Certain comparative amounts have been restated for presentation and classification only (note 17).

b. Derivatives

Derivatives are financial contracts whose value is derived from underlying assets, interest rates, or foreign exchange rates. The Plan uses these instruments to implement investment strategies efficiently and to manage exposures to interest rate and currency volatility.

The notional amount of a derivative represents the contractual value used to calculate cash flows. Notional amounts serve as a measure of transaction volume but do not represent future cash flows, current fair value, or the Plan's credit or market-risk exposure. Derivative contracts become favourable (assets) or unfavourable (liabilities) as market rates or prices fluctuate relative to contract terms, and their aggregate notional amounts and fair values may vary significantly over time.

Derivative contracts may be traded on regulated exchanges or transacted over the counter ("OTC") directly with counterparties. The Plan's derivative instruments include the following:

Investments and investment-related liabilities (continued)

Futures

Futures are standardized contracts traded on regulated exchanges and settled daily through cash margining.

- Government futures: Contracts to buy or sell government fixed income securities at a future date and fixed price, used to adjust interest rate exposure or replicate government bond positions. Long positions are supported by high quality, liquid debt securities.
- Short-term investment futures: Contracts to buy or sell short-term investments at a set price and date, used to manage short-term yield curve exposures. These contracts are based on interest rates and do not require asset delivery or cash backing.

Options

Options give the purchaser the right, but not the obligation, to buy (call) or sell (put) an underlying financial instrument at a predetermined price by a specified date. The writer receives a premium for granting this right and may settle the option in cash.

The Plan uses purchased options to manage interest-rate volatility and may write options to generate income in expected rate environments, recognizing that unexpected conditions may produce losses. Written options that are in-the-money are backed by high-quality, liquid debt securities.

Swaptions provide the right, but not the obligation, to enter into or cancel an interest-rate swap at a future date; the writer receives a premium for granting this right.

Credit default swaps (CDS)

CDS provide protection against declines in the value of a referenced debt instrument resulting from events such as default or insolvency. Purchasers pay a premium for protection; sellers compensate the purchaser if credit deterioration occurs.

- Written CDS increase credit exposure by obligating the Plan to purchase bonds from counterparties in the event of default.
- Purchased CDS reduce credit exposure by granting the Plan the right to sell bonds to a counterparty upon default.

Net long exposures are supported by high-quality, liquid debt securities, and underlying credit risks are continuously monitored.

Investments and investment-related liabilities (continued)

Interest rate swaps (IRS)

IRS involve exchanging fixed and floating interest payments on a notional amount. They are used to adjust yield-curve exposure or substitute for physical fixed-income securities.

- Long swap positions increase exposure to long-term interest rates.
- Short swap positions decrease exposure.

Long positions are backed by high-quality, liquid debt securities.

Total return swaps (TRS)

TRS transfer the market and credit performance of an underlying bond or equity between counterparties. The receiver earns income and gains on the underlying asset and pays the payer a set rate plus any losses over the contract term.

Currency forwards

Currency forwards obligate the parties to exchange currencies at a predetermined rate and date. They are used to manage the currency exposure of foreign-currency investments. The notional amount represents the contracted amount of currency to be exchanged, while fair value reflects the difference between market and contracted rates at settlement.

Investments and investment-related liabilities (continued)

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

2025				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
Derivatives				
Fixed Income				
Futures	\$ 36,533	\$ 44	\$ (213)	\$ (169)
Options	130	-	(1)	(1)
Credit default swaps	26,944	1,575	3	1,578
Interest rate swaps	238,856	2,243	(1,358)	885
Total return swaps	108,998	-	(1,862)	(1,862)
Equities				
Total return swaps	304,644	26,742	(1,941)	24,801
Currency forwards	2,662,535	32,119	-	32,119
	\$ 3,378,640	\$ 62,723	\$ (5,372)	\$ 57,351
Cash collateral		4,261	(2,051)	2,210
Notional and fair value	\$ 3,378,640	\$ 66,984	\$ (7,423)	\$ 59,561
2024				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
Derivatives				
Fixed Income				
Futures	\$ 35,755	\$ 151	\$ (701)	\$ (550)
Options	4,027	-	(19)	(19)
Credit default swaps	25,759	1,330	-	1,330
Interest rate swaps	213,949	1,038	(287)	751
Total return swaps	131,132	-	(1,241)	(1,241)
Equities				
Total return swaps	180,687	33,847	(1,168)	32,679
Currency forwards	2,520,645	-	(52,507)	(52,507)
	\$ 3,111,954	\$ 36,366	\$ (55,923)	\$ (19,557)
Cash collateral		3,412	(2,273)	1,139
Notional and fair value	\$ 3,111,954	\$ 39,778	\$ (58,196)	\$ (18,418)

Investments and investment-related liabilities (continued)

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

2025				
(in thousands of dollars)	Under 1 year	1 to 5 years	5 to 10 years	Total
Derivatives, net				
Fixed Income				
Futures	\$ (169)	\$ -	\$ -	\$ (169)
Options	(1)	-	-	(1)
Credit default swaps	4	1,468	106	1,578
Interest rate swaps	362	(320)	843	885
Total return swaps	(1,862)	-	-	(1,862)
Equities				
Total return swaps	24,801	-	-	24,801
Currency forwards	32,119	-	-	32,119
	\$ 55,254	\$ 1,148	\$ 949	\$ 57,351
Cash collateral, net				2,210
Fair value, net	\$ 55,254	\$ 1,148	\$ 949	\$ 59,561

2024				
(in thousands of dollars)	Under 1 year	1 to 5 years	5 to 10 years	Total
Derivatives, net				
Fixed Income				
Futures	\$ (550)	\$ -	\$ -	\$ (550)
Options	(19)	-	-	(19)
Credit default swaps	3	1,327	-	1,330
Interest rate swaps	-	162	589	751
Total return swaps	(1,241)	-	-	(1,241)
Equities				
Total return swaps	15,787	16,892	-	32,679
Currency forwards	(52,507)	-	-	(52,507)
	\$ (38,527)	\$ 18,381	\$ 589	\$ (19,557)
Cash collateral, net				1,139
Fair value, net	\$ (38,527)	\$ 18,381	\$ 589	\$ (18,418)

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

6.

Financial Instruments

a. Fair Values

The fair values of investments and derivative instruments are described in Note 3(d). The fair values of other financial assets and liabilities—including cash, contributions receivable, receivables from pending trades, accrued investment income, and payables for pending trades—approximate their carrying amounts due to their short-term nature.

Fair value measurements recognized in the statement of financial position are classified within a hierarchy based on the significance of inputs used in determining fair value:

- **Level 1** – Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date. This category primarily includes publicly listed investments.
- **Level 2** – Fair value determined using observable inputs other than quoted prices included in Level 1, including inputs from markets that are not active. Level 2 mainly includes debt securities, OTC derivatives, and publicly traded equities that do not trade in an active market.
- **Level 3** – Fair value determined using significant unobservable inputs. Level 3 primarily includes real return bonds, private equities, infrastructure, real estate, and natural resource investments valued using financial or investor statements, whether held directly or indirectly through subsidiaries or master trust structures. Promissory notes are measured at cost.

Financial Instruments (continued)

2025				
(in thousands of dollars)				
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income	\$ 282,363	\$ 1,423,893	\$ 65,832	\$ 1,772,088
Equities	1,427,416	457,396	49,745	1,934,557
Real assets	-	21,874	1,918,118	1,939,992
Absolute return strategies	-	612,032	-	612,032
Investment-related receivables	4,305	70,227	14,592	89,124
Total investments	\$ 1,714,084	\$ 2,585,422	\$ 2,048,287	\$ 6,347,793
Investment-related liabilities	(2,265)	(5,342)	-	(7,607)
Net investments	\$ 1,711,819	\$ 2,580,080	\$ 2,048,287	\$ 6,340,186

2024				
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income	\$ 151,879	\$ 1,437,596	\$ 67,478	\$ 1,656,953
Equities	1,364,505	414,831	22,737	1,802,073
Real assets	-	27,147	1,792,818	1,819,965
Absolute return strategies	-	636,214	-	636,214
Investment-related receivables	3,563	36,215	14,592	54,370
Total investments	\$ 1,519,947	\$ 2,552,003	\$ 1,897,625	\$ 5,969,575
Investment-related liabilities	(2,993)	(55,203)	-	(58,196)
Net investments	\$ 1,516,954	\$ 2,496,800	\$ 1,897,625	\$ 5,911,379

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

Financial Instruments (continued)

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

2025

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment-related receivables	Total
Fair value, beginning of year	\$ 67,478	\$ 22,737	\$ 1,792,818	\$ 14,592	\$ 1,897,625
Purchases, capital called	-	24,420	1,070,311	-	1,094,731
Sales, capital returned	(1,493)	(471)	(1,013,422)	-	(1,015,386)
Realized gains	369	1,033	190,517	-	191,919
Unrealized gains (losses)	(522)	2,026	(122,106)	-	(120,602)
Fair value, end of year	\$ 65,832	\$ 49,745	\$ 1,918,118	\$ 14,592	\$ 2,040,287

2024

	Fixed income	Equities	Real assets	Investment-related receivables	Total
Fair value, beginning of year	\$ 68,983	\$ -	\$ 1,734,913	\$ 14,592	\$ 1,818,488
Purchases, capital called	-	21,707	107,198	-	128,905
Sales, capital returned	(1,417)	(46)	(133,687)	-	(135,150)
Realized gains	351	1	23,296	-	23,648
Unrealized gains (losses)	(439)	1,075	61,098	-	61,734
Fair value, end of year	\$ 67,478	\$ 22,737	\$ 1,792,818	\$ 14,592	\$ 1,897,625

The total realized and unrealized gains included in the change in market value of investments from level 3 financial instruments held as at December 31, 2025 and 2024, respectively, was \$71,317 and \$85,382.

Fair value assumptions and sensitivity

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

Financial Instruments (continued)

Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at December 31, 2025 and 2024 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

(in thousands of dollars)

Description	2025 Fair value	2024 Fair value	Valuation technique	Unobservable inputs
Unlisted funds, co-investments held directly and indirectly:			Net asset value - audited financial statements	Information not available
Infrastructure	\$ 947,653	\$ 855,143		
Natural resources	151,416	153,799		
Real estate	140,128	117,172		
Private equities	49,745	22,737		
Unlisted real estate subsidiaries	678,921	666,704	Income approach technique: overall capitalization rate method and discounted cash flow method; audited financial statements.	Capitalization rates, discount rates
Publicly listed real return bonds	65,832	67,478	Vendor supplied price - proprietary price model	Information not available
Unlisted promissory notes	14,592	14,592	Issued by subsidiaries; zero interest, at cost.	N/A
	\$ 2,048,287	\$ 1,897,625		

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

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

Financial Instruments (continued)

	2025	2024
(in thousands of dollars)		
Unlisted direct real estate subsidiaries		
Direct capitalization method		
Minimum capitalization rate	3.75%	3.75%
Maximum capitalization rate	7.25%	10.07%
Increase of 25 basis points in capitalization rate	\$ (36,762)	\$ (34,911)
Decrease of 25 basis points in capitalization rate	\$ 35,412	\$ 38,600
Discounted cash flow method		
Minimum discount rate	5.25%	4.20%
Maximum discount rate	9.00%	9.25%
Increase of 25 basis points in discount rate	\$ (21,015)	\$ (26,403)
Decrease of 25 basis points in discount rate	\$ 22,615	\$ 28,518

Note: 1 basis point is equal to 0.01%

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

Financial Instruments (continued)

Significant investments

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

As At December 31, 2025

(in thousands of dollars)

	Number of investments		Fair value		Cost
Master trust funds:					
NS Pension Infrastructure Fund	1	\$	913,139	\$	834,748
NS Pension Fixed Income Fund	1		806,205		804,254
NS Pension Natural Resources Fund	1		151,416		145,228
Unlisted investments	9		1,175,714		761,218
Publicly listed investments	1		65,832		23,782
	13	\$	3,112,306	\$	2,569,230

As At December 31, 2024

(in thousands of dollars)

	Number of investments		Fair value		Cost
Unlisted investments:	18	\$	2,270,489	\$	1,754,895
Publicly listed investments	1		67,478		24,906
	19	\$	2,337,967	\$	1,779,801

The Plan's significant unlisted investments consist of fixed income and equity pooled funds, real estate, and infrastructure.

b. Investment risk management

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

Financial Instruments (continued)

i. Master trust fund concentration risk

The Plan is exposed to concentration risk through its proportionate interest in the master trust funds' investment portfolios (note 15). Concentrations may arise from allocations to certain asset classes, sectors, geographic regions, or counterparties. The master trust funds monitor concentration risk and adhere to established investment policy limits designed to ensure appropriate diversification.

The master trust funds are governed by investment policies that establish permitted asset classes, risk management practices, diversification requirements, and monitoring processes. The trustee and investment managers are required to comply with the policy's guidelines, regularly report performance, and provide oversight to ensure alignment with the risk objectives of participating pension plans.

ii. Interest rate risk

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

Financial Instruments (continued)

2025

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
Fixed income						
Short-term investments	\$ 166,256	\$ -	\$ -	\$ -	\$ 166,256	-
Bonds & debentures	3,014	280,558	266,177	182,760	732,509	3.6
Real return bonds (2)	-	-	-	65,832	65,832	5.3
	\$ 169,270	\$ 280,558	\$ 266,177	\$ 248,592	\$ 964,597	3.1
NS Pension Fixed Income Fund					\$ 806,205	
Pooled funds					1,286	
Total fixed income					\$ 1,772,088	

2024

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
Fixed income						
Short-term investments	\$ 175,378	\$ -	\$ -	\$ -	\$ 175,378	-
Bonds & debentures	14,775	243,823	257,611	232,475	748,684	4.1
Real return bonds (2)	-	-	-	67,478	67,478	5.3
	\$ 190,153	\$ 243,823	\$ 257,611	\$ 299,953	\$ 991,540	3.5
Pooled funds					665,413	
Total fixed income					\$ 1,656,953	

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

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

Financial Instruments (continued)

Interest rate sensitivity

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

	2025		2024	
(in thousands of dollars)				
Interest rate sensitive assets	\$	965,031	\$	991,810
Average duration		4.8		4.5
Sensitivity to 1% increase in interest rates	\$	(46,145)	\$	(44,103)
Sensitivity to 1% decrease in interest rates	\$	46,145	\$	44,103

iii. Market price risk

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

Market sensitivity

The Plan's equities and equity-based derivatives are sensitive to market fluctuations. The following table represents the change in fair value of the Plan's equities and equity-based derivatives due to a ten percent increase (decrease) in fair market values as at December 31:

	2025			2024	
(in thousands of dollars)	Fair value	+/-10%	Fair value	+/-10%	
Equities	1,934,557	193,456	1,802,073	180,207	
Equity-based derivatives	24,801	2,480	32,679	3,268	
	\$ 1,959,358	\$ 195,936	\$ 1,834,752	\$ 183,475	

Financial Instruments (continued)

iv. Credit risk

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

Fixed income

The Plan's Fixed Income Program includes two main sectors: the Government Sector and the Credit Sector. One benefit to managing these two pieces separately is to provide the opportunity to access physical government bonds when required. When markets are at their utmost distress these may be the only securities available for liquidation. Managing the Credit Sector and the Government Sector separately allows for the adjustment of credit risk within the Fixed Income Program by changing the allocation between these two sectors - increasing the Government Sector through periods of market duress and increasing the Credit Sector through periods of stability. This approach also allows the active management of the Credit Sector and taking active decisions where returns can be maximized. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolio in 2025, and 2024.

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

	2025	2024
(in thousands of dollars)		
Fixed income		
Canadian		
Governments	\$ 493,730	\$ 236,062
Credit sector	146,173	348,386
Non-Canadian		
Governments	20,439	34,756
Credit sector	1,111,746	1,037,749
Total fixed income	\$ 1,772,088	\$ 1,656,953

Financial Instruments (continued)

Derivatives

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

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

Securities lending

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

v. Foreign currency risk

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

The Plan’s currency policy allows for the management of risk through hedging strategies that are implemented at the Fund through the purchase of forward currency contracts. The forward currency contracts offset the Fund’s foreign currency exposure, hence reducing the Fund’s foreign currency risk.

Financial Instruments (continued)

The fair value of the Fund's investment and non-investment assets and liabilities are represented as unhedged and hedged currency exposures as at December 31 in the following table:

December 31, 2024	Unhedged		Hedged	
(in thousands of dollars)				
Currency exposure				
Canadian dollar	\$	3,806,365	\$	6,384,030
United States dollar		1,929,955		53,558
Euro		263,096		(178,298)
Japanese yen		129,671		129,671
British pound sterling		116,005		(1,910)
Other		223,326		113,487
	\$	6,468,418	\$	6,500,538

December 31, 2024	Unhedged		Hedged	
(in thousands of dollars)				
Currency exposure				
Canadian dollar	\$	1,963,268	\$	4,344,127
United States dollar		3,458,086		1,609,110
Euro		309,864		(82,962)
Japanese yen		125,389		125,389
British pound sterling		144,566		55,592
Other		208,039		105,450
	\$	6,209,212	\$	6,156,706

The Plan's investments include funds, co-investments, and real estate subsidiaries containing underlying unhedged foreign currency exposures. The Plan has made decisions to hedge certain underlying foreign currency exposures which may reflect net negative hedged foreign currency exposures.

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

Financial Instruments (continued)

The following table below represents these changes in the fair value of the Fund's investment and non-investment assets and liabilities as at December 31:

December 31, 2025			
(in thousands of dollars)			
		+10%	-10%
United States dollar	\$	(5,356)	\$ 5,356
Euro		17,830	(17,830)
Japanese yen		(12,967)	12,967
British pound sterling		191	(1,91)
Other		(11,349)	11,349
	\$	(11,651)	\$ 11,651

December 31, 2024			
(in thousands of dollars)			
		+10%	-10%
United States dollar	\$	(160,911)	\$ 160,911
Euro		8,296	(8,296)
Japanese yen		(12,539)	12,539
British pound sterling		(5,559)	5,559
Other		(10,545)	10,545
	\$	(181,258)	\$ 181,258

vi. Liquidity risk:

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

Exchange-traded securities held directly by the Plan, as well as those held indirectly through master trust funds, can generally be liquid within 1-3 days. Investments in pooled funds are typically redeemable within 30 days or less. While extreme market conditions could temporarily reduce liquidity in certain asset classes, the Plan's diversified investment portfolio is designed to ensure adequate liquidity to meet ongoing benefit payments. The Plan also maintains cash balances to support liquidity needs and to fund Plan obligations. As at December 31, 2025 and 2024, the fair value of the Plan's liquid assets were as follows:

		2025	2024
(in thousands of dollars)			
Cash	\$	180,511	\$ 251,267
Liquid within 1-3 days		2,258,714	2,221,786
Liquid within 30 days or less		1,286,761	1,107,391
	\$	3,725,986	\$ 3,580,444

7.

Accrued pension obligation

a. Actuarial assumptions

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

Actuarial valuations of the Plan are required every year by the Act and provide an estimate of the accrued pension obligation (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan’s consulting actuaries, Eckler Limited, performed a valuation as at December 31, 2025 and issued their report in April 2026. The report indicated that the Plan had an unfunded liability of \$995,953 (2024 - \$1,441,690).

The actuarial valuation calculates liabilities for each member on the basis of service earned to date and the employee’s projected five-year highest average salary at the expected date of retirement, or in the case of pensioners and survivors, on the basis of the amount of pension being paid to them. The projected unit credit method was adopted for the actuarial valuation to determine the current service cost and actuarial liability.

	2025	2024
Discount rate	6.10% per annum	5.80% per annum
Inflation	1.90% per annum	1.90% per annum
Salary	1.90% per annum plus promotional ranging from 0.00% to 7.50%	1.90% per annum plus promotional ranging from 0.00% to 7.50%
YMPE and maximum pension increase	2026: YMPE \$74,600.00, maximum pension \$3,932.22 2026+: increase at 2.65% per annum	2025: YMPE \$71,300.00, maximum pension \$3,756.67 2025+: increase at 2.65% per annum
Indexing	1.00% per annum for retirements prior to August 1, 2006 and no indexing for retirements on or after August 1, 2006	1.00% per annum for retirements prior to August 1, 2006 and no indexing for retirements on or after August 1, 2006
Retirement age	50% of active members who achieve eligibility for an unreduced pension under the rule of 85 prior to age 62 will retire when they first become eligible; the remainder of active and all inactive members will retire at the earliest of: <ul style="list-style-type: none"> • age 65 with 2 years of service, • 35 years of service; and • age 62 with 10 years of service 	50% of active members who achieve eligibility for an unreduced pension under the rule of 85 prior to age 62 will retire when they first become eligible; the remainder of active and all inactive members will retire at the earliest of: <ul style="list-style-type: none"> • age 65 with 2 years of service, • 35 years of service; and • age 62 with 10 years of service
Mortality	107% (male)/99% (female) of 2014 Public Sector Mortality Table projected generationally with CPM improvement Scale B	107% (male)/99% (female) of 2014 Public Sector Mortality Table projected generationally with CPM improvement Scale B

Accrued pension obligation (continued)

The assumed real rates of increases in pensionable earnings (i.e. increase in excess of the assumed inflation rate) are dependent on the attained age of the members.

Demographic assumptions are used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates, and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Plan and on the expectations for future trends.

b. Experience gains and losses

Experience gains of \$6,473 arose during the year ending December 31, 2025 (2024 - losses \$119,356), from differences between the actuarial assumptions and actual results, causing a decrease (2024 - increase) to the accrued pension obligation.

8.

Commitments

The Plan has committed capital to investments in private equities, real estate, infrastructure, and natural resources over a definitive period, either through direct investment, or indirectly via subsidiary or master trust fund. The future commitments are generally payable on demand based on the capital needs of the related investment. The table below indicates the capital amount outstanding as at December 31, 2025 and 2024.

	2025		2024	
(in thousands of dollars)	Outstanding		Outstanding	
United States dollar				
Infrastructure	USD	70,704	USD	63,006
Private equities		36,009		5,319
Real estate		4,329		4,329
Natural resources		1,980		1,901
	USD	113,022	USD	74,555
Euro				
Infrastructure	EUR	16,977	EUR	9,853
	EUR	16,977	EUR	9,853
Canadian dollar				
Infrastructure	CAD	8,621	CAD	25
Private equities		1,798		1,650
	CAD	10,419	CAD	1,675

9.

Benefits

	2025	2024
(in thousands of dollars)		
Pension benefits paid	\$ 399,762	\$ 395,122
Survivor benefits paid	33,783	32,143
Disability benefits paid	18,198	18,720
Refunds paid to terminated members	6,322	4,004
	\$ 458,065	\$ 449,989

10.

Administrative Expenses

The Plan is charged by its service providers, including Nova Scotia Pension Services Corporation (“NS Pension”), a related entity, for professional and administrative services. The following is a summary of these administrative expenses.

	2025	2024
(in thousands of dollars)		
Plan administration:		
Office and administration services	\$ 7,586	\$ 6,958
Actuarial & consulting services	146	150
Audit services	51	61
Legal services	9	10
Other professional services	36	32
	7,828	7,211
Non-recoverable GST/HST	728	697
Bad debt	7	-
	\$ 8,563	\$ 7,908

Certain comparative amounts have been restated for presentation and classification only (note 17).

11.

Investment expenses

The Plan is charged by its service providers, including Nova Scotia Pension Services Corporation (“NS Pension”), a related entity, for investment expenses. The following is a summary of these administrative expenses.

	2025	2024 (restated)
(in thousands of dollars)		
Direct investment expenses		
Investment management services	\$ 10,999	\$ 10,417
Transaction costs	776	624
Custody services	642	608
Advisory & consulting services	401	334
Legal services	298	126
Information services	257	238
Audit services	22	4
	13,395	12,351
Non-recoverable GST/HST	1,184	1,195
Fees embedded in investment vehicles		
Investment management services	19,974	20,428
Performance fees	12,839	11,484
Partnership fees	3,750	2,169
Property management fees	258	522
	36,821	34,603
	\$ 51,400	\$ 48,149

Certain comparative amounts have been restated for presentation and classification only (note 17).

12.

Securities lending

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

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

	2025		2024	
(in thousands of dollars)				
Securities on loan	\$	247,177	\$	292,886
Collateral held	\$	266,490	\$	310,877

In 2025, the Plan transferred securities to master trust funds in exchange for redeemable units, reducing securities available to loan.

13.

Related party transactions

The Province is co-sponsor of the Plan, a contributing employer, and represented on the TPPTI. Investments held by the Plan include bonds & debentures of the Province. The total fair value of these investments is \$3,487 (0.10% of Fund assets and liabilities) as at December 31, 2025 (\$9,761 (0.16% of Fund assets and liabilities) at December 31, 2024).

The Plan’s administrator, NS Pension, an entity co-owned by the TPPTI and the Public Service Superannuation Plan Trustee Inc. (the “PSSPTI”) for the purpose of providing pension plan administration and investment services, charges the Plan at cost, an amount equal to the expenses incurred to service the Plan. As NS Pension operates on a cost recovery basis, the Plan loans cash to its administrator, as required to pay upcoming expenses or to purchase capital assets. The administration expense charged to the Plan for the year ending December 31, 2025 was \$8,176 (2024 - \$7,323). The amount due to the administrator as at December 31, 2025 was \$208 (2024 - \$1,045).

Other related parties include subsidiaries (note 14) and master trust funds (note 15).

14.

Interest in subsidiaries

The Plan's subsidiaries were created for the purpose of providing investment earnings from real estate, infrastructure and other investment arrangements. The Plan's subsidiaries are presented on a non-consolidated basis. The following table shows the fair values of the Plan's subsidiaries as at December 31:

Subsidiary	Purpose	2025		2024	
		Ownership %	Fair value	Ownership %	Fair value
TPP Investments RE Inc.	Real estate	100	\$ 620,442	100	\$ 615,108
TPP Investments II Inc.	Real estate	100	142,540	100	140,295
NT Combined Investments Inc.	Public equities	54	91,210	64	120,866
HV Combined Investments Inc.	Hedge funds	37	38,981	37	43,291
TPP Investments ES Inc.	Real estate	100	26,355	100	28,473
TPP Investments CS Inc.*	Infrastructure	100	26,426	100	241,395
TPP Investments HY Inc.	Infrastructure	100	1,289	100	1,445
TPP Investments BR Inc.*	Infrastructure	-	-	100	150,234
TPP Investments AX Inc.*	Infrastructure	-	-	100	63,122
TPP Investments KA Inc.*	Infrastructure	-	-	100	26,888
NS Pension Investments QP Inc.*	Infrastructure	-	-	50	22,914
TPP Investments CP Inc.*	Infrastructure	-	-	100	20,163
TPP Investments AC Inc.*	Infrastructure	-	-	100	19,298
TPP Investments MU Inc.*	Infrastructure	-	-	100	7,579
			\$ 947,243		\$ 1,501,074

The Plan either has 100% controlling interest or significant influence over its subsidiaries' cash flows. Funding is made via capital investment from the Plan. Certain subsidiaries have commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan's commitments (note 8). Financing is provided as required via shareholder loans and is payable on demand to the Plan.

The Plan's proportionate share of estimated fees embedded in underlying investment vehicles are reclassified from unrealized gains and losses to investment expenses (note 11).

*During the year, certain subsidiaries were partially or fully transferred to master trust funds in exchange for redeemable units of those funds.

15.

Interest in master trust funds

The TPPTI has entered a master trust agreement with the PSSPTI as participants, NS Pension as investment manager, and the custodian as trustee and administrator, to create unitized pooled master trust funds to pool assets and provide investment income to the participants. Investment income is allocated pro-rata to each participant at each valuation date. The master trust funds provide economies of scale, centralized oversight, and access to investment vehicles with minimum investment commitments not typically available to individual plans.

a. Plan's proportionate interest

The following tables show the fair values of the Plan's investment in master trust funds and their allocation of investment expenses at December 31, 2025 and 2024:

December 31, 2025

(in thousands of dollars)

Master trust funds	Ownership %	Fair value	Level 3 assets included in fair value	Allocated investment expenses
NS Pension Infrastructure Fund	44	\$ 913,139	\$ 913,139	\$ 4,226
NS Pension Fixed Income Fund	37	806,205	-	381
NS Pension Natural Resources Fund	42	151,416	151,416	754
NS Pension Private Equity Fund	19	49,745	49,745	949
		\$ 1,920,505	\$ 1,114,300	\$ 6,310

December 31, 2024

(in thousands of dollars)

Master trust funds	Ownership %	Fair value	Level 3 assets included in fair value	Allocated investment expenses
NS Pension Private Equity Fund	19	\$ 22,737	\$ 22,737	\$ 689
		\$ 22,737	\$ 22,737	\$ 689

The Plan's share of each underlying asset and liability within the master trust funds is reflected within the corresponding investment categories on the statement of net assets available for benefits. Certain investments - particularly infrastructure, natural resources, and private equities - are classified as Level 3, requiring significant judgment in determining fair value.

The Plan has significant influence over the master trust funds' cash flows. Funding is made via capital investment from the Plan. The master trust funds have commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan's commitments (note 8).

b. Valuation of master trust funds' investments

Investments held within the master trust funds are measured at fair value (note 6).

c. Liquidity and redemption restrictions

The master trust funds may impose restrictions on withdrawals, including:

- Redemption windows,
- advance notice requirements,
- lock-up periods for certain alternative investments, and
- gate provisions limiting redemptions during periods of market stress.

These restrictions could temporarily limit the Plan's ability to access cash needed for benefit payments or rebalancing.

The Plan's utilization of master trust funds does not necessarily reduce liquidity compared to owning the master trust funds' investments directly.

d. Concentration and other investment risks

The Plan is exposed to various risks arising from its proportionate interest in the master trust funds, including:

- Market risk: exposure to fixed-income, and alternative asset price movements.
- Credit risk: risk of loss from counterparties failing to meet contractual obligations.
- Concentration risk: risk arising from significant exposure to certain asset classes, industries, or geographic regions within the master trust funds.

e. Investment expenses

Investment expenses incurred within the master trust funds - including investment management fees, transaction costs, GST/HST, and other master trust fund-level expenses - are allocated to the Plan based on its proportionate interest in the master trust funds. The Plan's proportionate share of estimated fees embedded in underlying investment vehicles are reclassified from unrealized gains and losses to investment expenses (note 11). Certain expenses including custody fees, trustee fees, legal fees, administration expenses, and GST/HST are paid by NS Pension for operational efficiency, and rebilled prorata to the Plan as incurred, at the last valuation participant rate.

16.

Capital management

The primary objective of the Fund is to maintain sufficient net assets to meet the Plan's pension obligations. The TPPTI (see Note 1) oversees the management of contributions and the payment of benefits in accordance with the Act and its Regulations. It also approves and incurs administrative expenses as outlined in the agreement between the Province and the Union.

Under TPPTI's direction, the Fund meets the short-term cash requirements of current benefit payments while investing member contributions to support the long-term financial security of future pension payments. The TPPTI follows diligent governance practices, supported by formal investment policies and procedures, established approval processes, operating budgets, audited financial statements, annual actuarial valuations, and the engagement of professional, technical, and other advisors as needed.

The Fund achieves its objectives by adhering to the investment policies set out in its SIP&G, which the TPPTI reviews annually. Net assets are managed through qualified investment managers responsible for investing both existing assets and current-year contributions from employees and employers in accordance with the SIP&G. Growth in net assets results from investment income and contributions from eligible employees and participating employers, while the primary use of those assets is the payment of benefits to eligible Plan members.

Under the 2014 Agreement, minimum funding targets were established, including a requirement for the Plan to reach 80–90% of actuarial liabilities by December 31, 2025. As at that date, the Plan has achieved this funding target. Future objectives include reaching at least 85–95% by December 31, 2030 and 90–100% by December 31, 2035.

17.

Early adoption of IFRS 18

Effective for fiscal years beginning on or after January 1, 2027, amendments to the Chartered Professional Accountants (CPA) Canada Handbook (Section 4600), Pension Plans introduce revised guidance on the identification and treatment of embedded fees within investment vehicles and require the separate presentation of investment fees and administrative fees on the statement of changes in net assets available for benefits.

In order to present the current year's financial information on a basis consistent with the amended standards, the Plan has retrospectively applied the new guidance. As a result, certain comparative figures have been restated to (i) reflect the revised accounting treatment for embedded investment fees, and (ii) separately disclose investment fees and administrative fees.

This restatement only affects the presentation and classification of amounts within the financial statements and does not impact the Plan's net assets available for benefits or pension obligations. Comparative figures have been restated as follows:

a. Statement of Changes in Net Assets Available for Benefits

The following adjustments were made for the year ended December 31, 2024:

- Embedded investment fees totaling \$34,603 were reclassified from unrealized gains and losses to investment expenses.
- Investment expenses totaling \$13,546 were reclassified from administration expenses to investment expenses.

Statement of Changes in Net Assets Available for Benefits

	2024	Adjustment	Adjustment	2024 (restated)
(in thousands of dollars)				
Increase in assets				
Contributions (note 4)	\$ 321,762	\$ -	\$ -	\$ 321,762
Transfers from other pension plans	2,755	-	-	2,755
Investment income (note 5)	169,448	-	-	169,448
Change in market value of investments (note 5)	395,474	34,603	-	430,077
	889,439	34,603	-	924,042
Decrease in assets				
Benefits paid (note 10)	449,989	-	-	449,989
Transfers to other pension plans	5,163	-	-	5,163
Investment expenses (note 12)	-	34,603	13,546	48,149
Administrative expenses (note 11)	21,454	-	(13,546)	7,908
	476,606	34,603	-	511,209
Net increase in net assets available for benefits	412,833	-	-	412,833
Net assets available for benefits, beginning of year	5,759,420			5,759,420
Net assets available for benefits, end of year	\$ 6,172,253			\$ 6,172,253

Early adoption of IFRS 18 (continued)

b. Note 5 – Investments and investment-related liabilities

The following adjustment was made for the year ended December 31, 2024:

- Embedded investment fees totaling \$34,603 were reclassified from unrealized gains and losses to investment expenses.

2024				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 72,331	\$ 8,970	\$ 97,989	\$ 106,959
Equities	33,277	188,671	55,054	243,725
Real assets	56,636	25,778	57,651	83,429
Absolute return strategies	-	37,234	57,867	95,101
Derivatives	3,852	(61,802)	(80,790)	(142,592)
Cash and Other	3,352	1	8,851	8,852
	\$ 169,448	\$ 198,852	\$ 196,622	\$ 395,474

Adjustment				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ -	\$ -	\$ -	\$ -
Equities	-	-	689	689
Real assets	-	-	12,685	12,685
Absolute return strategies	-	-	21,229	21,229
Derivatives	-	-	-	-
Cash and Other	-	-	-	-
	\$ -	\$ -	\$ 34,603	\$ 34,603

2024 (restated)				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 72,331	\$ 8,970	\$ 97,989	\$ 106,959
Equities	33,277	188,671	55,743	244,414
Real assets	56,636	25,778	70,336	96,114
Absolute return strategies	-	37,234	79,096	116,330
Derivatives	3,852	(61,802)	(80,790)	(142,592)
Cash and Other	3,352	1	8,851	8,852
	\$ 169,448	\$ 198,852	\$ 231,225	\$ 430,077

Early adoption of IFRS 18 (continued)

c. Note 10 – Administrative expenses

The following adjustment was made for the year ended December 31, 2024:

- Investment-related expenses totaling \$13,546 were reclassified from administrative expenses to investment expenses.

	2024	Adjustment	2024 (restated)
(in thousands of dollars)			
Plan administration			
Office and administration services	\$ 6,962	\$ (4)	\$ 6,958
Actuarial & consulting services	150	-	150
Audit services	61	-	61
Legal services	136	(126)	10
Other professional services	32	-	32
	7,341	(130)	7,211
Investment expenses			
Investment management services	10,417	(10,417)	-
Transaction costs	624	(624)	-
Custody services	608	(608)	-
Advisory & consulting services	334	(334)	-
Information services	238	(238)	-
	12,221	(12,221)	-
Non-recoverable GST/HST	1,892	(1,195)	697
	\$ 21,454	(13,546)	\$ 7,908

Early adoption of IFRS 18 (continued)

d. Note 11 – Investment expenses

The following adjustments were made for the year ended December 31, 2024:

- Investment-related expenses totaling \$13,546 were reclassified from administrative expenses to investment expenses.
- Embedded investment fees totaling \$34,603 were reclassified from unrealized gains and losses to investment expenses.

	2024	Adjustment	Adjustment	2024 (restated)
(in thousands of dollars)				
Direct investment expenses				
Investment management services	\$ -	\$ 10,417	\$ -	\$ 10,417
Transaction costs	-	624	-	624
Custody services	-	608	-	608
Advisory & consulting services	-	334	-	334
Legal services	-	126	-	126
Information services	-	238	-	238
Audit services	-	4	-	4
	-	12,351	-	12,351
Non-recoverable GST/HST	-	1,195	-	1,195
Fees embedded in investment vehicles				
Investment management services	-	-	20,428	20,428
Performance fees	-	-	11,484	11,484
Partnership fees	-	-	2,169	2,169
Property management fees	-	-	522	522
	-	-	34,603	34,603
	\$ -	\$ 13,546	\$ 34,603	\$ 48,149

GLOSSARY

Actuarial assumed rate of return (discount rate):

The long term rate of return assumed by the Plan's external actuary in determining the value of the Plan's liabilities. Also referred to as the discount rate.

Asset(s): Financial and real items owned by the Plan which have a monetary value, including cash, stocks, bonds, real estate, etc.

Asset Mix: The allocation of funds to be used for investment purposes between different types of assets, including cash, stocks, bonds, real estate, etc.

Asset Liability Study: An asset liability study analyzes a pension fund's risk and reward profile by examining not only the plan's assets but also the Plan's liabilities. The study is designed to evaluate the probable change in liabilities over time in order to develop asset allocation recommendations that best meet these liabilities.

Benchmark: A standard against which the performance of the Plan's return on investment can be measured.

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

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

Gross Domestic Product (GDP): Is the total market value of all final goods and services produced in a country in a given year. GDP is one of the primary indicators used to gauge the health of a country's economy.

Gross of investment management fees: Refers to the fact that the return on investment is reported before the deduction of management fees or expenses.

Indexing: Refers to the linking of retirement payments made to some retirees with overall price increases in the economy, as measured by the Consumer Price Index.

International Monetary Fund (IMF):

An organization of 188 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.

Liabilities: An estimate of the current value of future obligations of the Plan as a result of retirement commitments made to past, current, and future employees.

MSCI Europe, Australasia and Far East (EAFE)

Index: Is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. and Canada.

MSCI Emerging Markets (EM) Index: Is a stock market index that captures large and mid-capitalization representation across 23 emerging market countries.

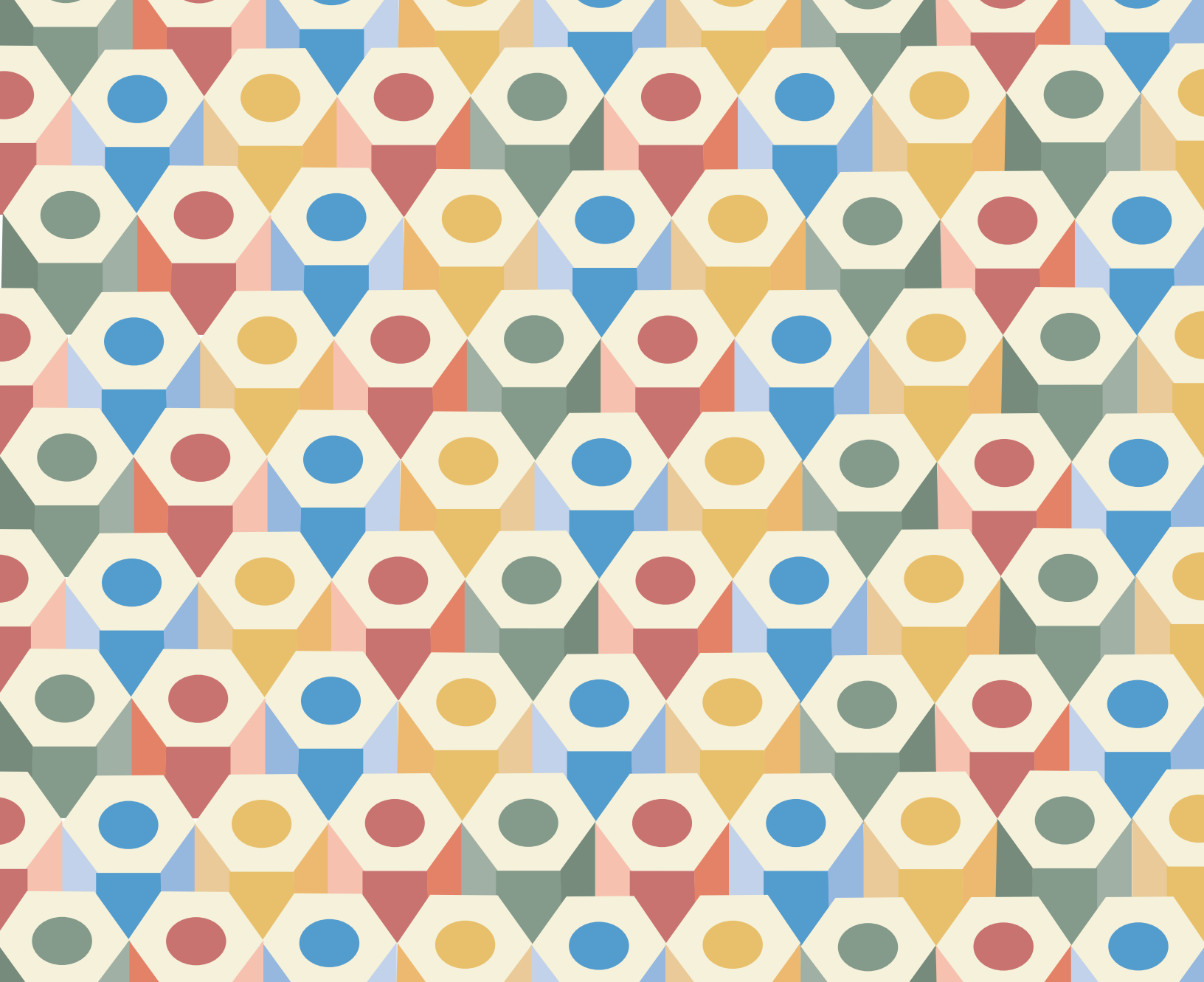
Net of investment management fees: Refers to the fact that the return on investment is reported after the deduction of management fees or expenses.

Overweight/Underweight: Refers to the difference relative to the benchmark portfolio. Underweight indicates less than the benchmark, while overweight indicates more than the benchmark.


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

Unfunded Liability: An unfunded liability is present when the Plan's funded ratio is below 100 per cent. The unfunded liability is a measure, in dollars, of the amount by which the Plan's liabilities exceed its assets.

Volatility: A measure of the variation in the price of a security or the returns of the Plan. High volatility indicates increased risk.





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