Grant Thornton

Financial statements

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals

December 31, 2015

Contents

Independent auditor's report

To the Board of Trustees of the Shared Risk Pension Plan for CUPE Employees of New Brunswick Hospitals

We have audited the accompanying financial statements of the Shared Risk Pension Plan for CUPE Employees of New Brunswick Hospitals which comprise the statement of financial position as at December 31, 2015, and statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Shared Risk Pension Plan for CUPE Employees of New Brunswick Hospitals as at December 31, 2015, and the changes in net assets available for benefits and changes in pension obligations for the year then ended in accordance with the Canadian accounting standards for pension plans.

Grant Thornton LLP

Fredericton, Canada
June 2, 2016

Grant Thornton LLP
Chartered Professional Accountants

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals
Statement of financial position

December 31	2015	2014
Assets		
Investments		
Short term instruments	$ 5,059,372	$ 2,216,582
Fixed income	349,537,276	330,436,401
Canadian equities	81,976,843	116,905,646
Foreign equities	144,277,404	184,330,701
Real estate	60,417,245	25,807,179
Infrastructure	58,610,850	-
Derivatives	(1,008,002)	(822,183)
	698,870,988	658,874,326
Receivables		
Employee contributions	3,104,864	3,572,392
Employer contributions	4,244,816	3,995,153
Accrued interest and dividends	2,495,277	1,161,743
	9,844,957	8,729,288
Prepaids	44,213	52,437
Cash	10,696,470	14,571,170
Total assets	719,456,628	682,227,221
Liabilities		
Accounts payable	834,021	835,906
Pensions and refunds payable	233,998	3,314,129
Pension commuted value payable (note 3)	189,079	273,710
Marriage breakdowns	64,671	94,189
Total liabilities	1,321,769	4,157,934
Net assets available for benefits	718,134,859	677,709,287
Pension obligations (page 5 & note 9)	888,426,000	836,339,000
Deficiency	$(170,291,141)	$(158,629,713)

ON BEHALF OF THE BOARD OF TRUSTEES

June 27/2016

See accompanying notes to the financial statements.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals
Statement of changes in net assets available for benefits

Year ended December 31	2015	2014
Contributions		
Employer (note 4)	**$ 32,961,253**	$ 31,750,165
Employee (note 4)	**29,357,867**	28,284,019
Reciprocal transfers	**470,402**	563,936
	62,789,522	60,598,120
Investment income		
Fixed income and short term	**18,583,402**	16,739,494
Equities	**13,916,492**	8,086,693
Unrealized current period change in market value of investments	**(37,306,819)**	20,388,236
Realized gain on sale of investments	**26,004,125**	14,225,987
Securities lending	**87,138**	22,965
	21,284,338	59,463,375
	84,073,860	120,061,495
Expenses		
Benefit payments (note 5)	**40,111,424**	37,227,075
Fees and expenses		
Investment management fees	**1,915,612**	1,945,769
Administrative expenses (note 6)	**1,425,713**	1,599,225
Transaction costs	**82,582**	65,976
Performance measurement fees	**56,935**	58,093
Custodial fees	**33,022**	28,365
Compliance reporting fees	**23,000**	22,900
	3,536,864	3,720,328
	43,648,288	40,947,403
Increase in net assets available for benefits	**40,425,572**	79,114,092
Net assets available for benefits, beginning of year	**677,709,287**	598,595,195
Net assets available for benefits, end of year	**$ 718,134,859**	$ 677,709,287

See accompanying notes to the financial statements.

Shared Risk Plan for CUPE Employees of New Brunswick Hospitals
Statement of changes in pension obligations

Year ended December 31	2015	2014
Pension obligations, beginning of year	**$ 836,339,000**	$ 786,526,000
Change in pension obligations		
Benefits accrued	**33,337,000**	31,741,000
Benefit payments	**(40,111,000)**	(37,227,000)
Interest	**37,600,000**	35,283,000
Cost of living increases	**12,437,000**	11,216,000
Upgrade of accrued pensions	**5,983,000**	8,236,000
Net transfers in	**470,000**	564,000
Experience loss	**2,371,000**	-
	52,087,000	49,813,000
Pension obligations, end of year	**$ 888,426,000**	$ 836,339,000

See accompanying notes to the financial statements.

1. Description of plan

The following description of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals, (the Plan) is a summary only. For more information, reference should be made to the Plan Document.

(a) General

The Plan is a shared risk pension plan covering full-time, part-time and eligible casual/temporary employees (other than full-time part-time) who are members of CUPE and its Council of Hospital Unions, Local 1252.

(b) Plan funding

Contributions are made by the Plan members and the Employer to fund the benefits as determined under the provisions of the Plan Text Document and Funding Policy.

(c) Pension benefits

The Base Benefits described in Article V of the Plan Document (summarized below) are the intended benefits under this Plan. Notwithstanding any other provision of the Plan, the Funding Policy will allow or require the Board of Trustees to make changes to the Base Benefits. Such changes may be positive or negative and will affect all classes of plan members.

I. For each year (or part year) of pensionable service on and after July 1, 2012:
   1.4% X annualized pensionable earnings accrued during the year up to the YMPE for the year
   PLUS
   2.0% X annualized pensionable earnings accrued during the year in excess of the YMPE for the year
   MULTIPLIED BY
   Number of hours worked (and contributed) / 1,950 hours

II. For all pensionable service between January 1, 1997 and June 30, 2012:
   Pensionable service X 1.4% X best 5 year average earnings at June 30, 2012 up to the average YMPE
   PLUS
   Pensionable service X 2.0% X best 5 year average earnings at June 30, 2012 in excess of the average YMPE

III. For all pensionable service prior to January 1, 1997:
   Pensionable service X 1.75% X best 5 year average earnings at June 30, 2012 up to the average YMPE
   PLUS
   Pensionable service X 2.0% X best 5 year average earnings at June 30, 2012 in excess of the average YMPE

All benefits (paid or payable) may be adjusted annually by any cost of living increases granted in accordance with the Funding Policy.

A member may elect a basic pension, providing a life pension with a guarantee period of 5 years, or one of four optional forms of pensions being: 1) life pension with a guarantee period of 10 years; 2) joint life and survivor pension at 60%; 3) joint life and survivor pension at 75%; 4) joint life and survivor pension at 100%.

1. Description of plan (continued)

Normal retirement age is 65 at which time unreduced pension benefits are available when a member becomes vested (i.e. attains 5 or more years of continuous employment, 2 or more years of pensionable service, or 2 or more years of plan membership, including membership in the Part-Time and Seasonal Pension Plan). Reduced benefits for vested members are available between age 55 and age 65. A member who elects to take an early retirement will also receive a temporary bridging benefit payable to age 65 equal to $18 per month per year of pensionable service.

(d) Disability pensions

A disability pension is not provided for under the terms of the Plan.

(e) Death benefits

If a member dies prior to retirement and is not vested, the benefit payable to the member's surviving spouse (or the member's beneficiary if there is no spouse) is a refund of the member's own contributions with accumulated interest.

If a member dies prior to retirement and is vested, the member's surviving spouse (or the member's beneficiary if there is no spouse) will receive a lump sum equal to the termination value amount the member would have received if the member had terminated service just before death.

If a member dies after retirement, the death benefit payable is determined in accordance with the provisions of the form of pension selected by the member at the time of retirement.

(f) Benefits on termination

A member who is not vested and is terminated will receive a refund of the member's own contributions with accumulated interest.

A member who is vested, terminated, and who is not eligible to receive an immediate pension benefit may elect to receive a deferred pension commencing as early as age 55 or an amount equal to the termination value of the pension benefit as at the date of the member's termination. The termination value of the pension benefit is to be transferred on a locked-in basis to any registered retirement savings arrangement where the transfer is allowed under the *Pension Benefits Act* (the Act). Vested members who terminate their employment and are immediately eligible to receive a monthly pension benefit may elect an immediate or deferred pension.

(g) Income taxes

The Plan is a Registered Pension Plan as defined in the *Income Tax Act* and is not subject to taxes on income.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans require entities to select accounting policies for accounts that do not relate to its investment portfolio or pension obligations in accordance with either Part I (International Financial Reporting Standards (IFRS)) or Part II (Canadian accounting standards for private enterprises (ASPE)) of the CPA Canada Handbook. The Plan applies Part II for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans.

(a) Basis of presentation

These financial statements present the aggregate financial position of the Plan as a financial reporting entity independent of the plan sponsors and plan members. These financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

(b) Financial instruments

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and financial liabilities are subsequently measured as described below.

Cash and cash equivalents

Cash and cash equivalents are measured at amortized cost and are defined as cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash within three months of deposit.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

Investment assets and investment liabilities

All portfolio investments are designated by the Plan as financial assets at fair value through profit or loss on initial recognition, and are recorded at fair value because the portfolio is managed and its performance is evaluated on a fair value basis, in accordance with the policies and directives that document the Plan's investment strategy and risk controls. The portfolio investments are held to provide for the pension obligations. The most relevant measure to assess whether the investments are sufficient to pay for the obligations is fair value.

Interest, dividend income, realized gains and losses and unrealized gains and losses on all portfolio investments are included in investment income. Interest and dividend income is recognized in the period earned. Realized gains and losses and unrealized gains and losses are recognized in the period in which they arise. All purchases and sales of securities classified as portfolio investments are recognized using trade-date accounting.

All investment assets and investment liabilities are measured at fair value at the date of the statement of financial position in accordance with IFRS 13 Fair Value Measurement in Part I of the CPA Canada Handbook. Fair values of investment assets and liabilities are determined as follows:

1. Short-term instruments are valued cost plus accrued interest, which approximates fair value.
2. Bonds and other fixed income securities are valued at closing bid prices. Where the bid price is not available, fair value is calculated using discounted cash flows based on current market yields of instruments with similar characteristics.
3. Equities are valued at year end closing prices. Where the bid price is not available or reliable, fair value is determined using accepted industry valuation methods.
4. Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.
5. Real estate consists of an investment in a pooled fund. The fund invests in real estate, participating mortgages and property for development or resale. The investment is valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value.
6. Infrastructure consists of an investment in a pooled fund. The fund invests in core infrastructure assets. The investment is valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value.
7. Derivatives consist of currency forwards which are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or exchange rates.

Transaction costs are not included in the fair value of investment assets and investment liabilities either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

Investment income including changes in the fair value of investment assets and investment liabilities are presented in the statement of changes in net assets available for benefits.

Contributions and other receivables

Contributions and other receivables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. A provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence that the Plan will not be able to collect all of the amounts due. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. Carrying value of other receivables approximates their fair value because of the short term nature of the instruments.

Financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method. Financial liabilities includes payables and accruals.

(c) Pension contributions

Contributions from Members and the Employer are recorded in the period that payroll deductions are made, and accrued up to year-end for payroll periods that extend to the subsequent fiscal year.

(d) Pension obligations

Based on current accounting standards, the Plan is being accounted for as a defined benefit plan established for members. It is important to note that there are currently no clear accounting standards for shared risk plans such as the Shared Risk Plan for CUPE Employees of NB Hospitals. The CPA Canada Handbook Accounting Standards for pension plans (Section 4600) applies to defined benefit or defined contribution plans, not shared risk plans.

The pension obligations recognized in the statement of financial position are the actuarial present value of accrued pension benefits determined by using the accrued benefit (or unit credit) actuarial cost method in accordance with the requirement of paragraph 14(7)(a) of Regulation 2012-75 under the Act and actuarial assumptions which reflect management's best estimate for the future.

(e) Investment income

Income from investments is recognized on an accrual basis and includes dividend income (recognized on ex-dividend date) and interest income gross of investment manager fees.

2. Statement of compliance with Canadian accounting standards for pension plans and summary of significant accounting policies (continued)

(f) Realized and unrealized gains or losses on investments

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

(g) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date with any resulting foreign exchange gain or loss included in income.

(h) Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue and expenses are discussed below.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Pension obligations

An independent actuary estimates the pension obligation using assumptions established by the actuary, in accordance with Canadian Institute of Actuaries' standards; however, the actual outcome may vary due to estimation uncertainties. The estimate of $888,426,000 (2014 - $836,339,000) is based on the following demographic assumptions: rates of retirement, mortality and rates in terminations. The economic assumption used in the estimate is the rate of return on assets (which is also used as the discount rate).

3. Commuted values payable

Effective November 1, 2009, only a portion of commuted value was paid at the initial transfer. The remaining portion plus interest was to be paid within five years from the date of initial payment. Following the Plan's conversion to the Shared Risk model on July 1, 2012 this holdback was no longer applicable. As a result, at the October 3, 2012 Board of Trustees meeting, a motion was passed to instruct the Pension and Employee Benefits Division of the Department of Human Resources to pay out the residual commuted values payable with applicable interest to members who had funds withheld as per the transfer ratio. A small payable still remains as the Pension and Employee Benefits Division is awaiting contact from clients while actively attempting to contact these clients.

4. Contributions

	2015	2014
Employer contributions		
Regular	**$ 32,931,709**	$ 31,700,947
Past service	**29,544**	49,218
	$ 32,961,253	$ 31,750,165
Employee contributions		
Regular	**$ 29,333,670**	$ 28,259,522
Past service	**24,197**	24,497
	$ 29,357,867	$ 28,284,019

5. Benefit payments

	2015	2014
Retirement benefit payments	**$ 37,890,967**	$ 35,776,369
Termination benefit payments	**1,562,421**	884,225
Death benefit payments	**625,144**	536,083
Marriage breakdown	**32,892**	30,398
	$ 40,111,424	$ 37,227,075

6. Administrative expenses

	2015	2014
Administrative expenses	**$ 1,100,561**	$ 1,279,595
Actuarial and consulting fees	**99,792**	118,902
Legal fees	**64,758**	86,186
Board of Trustees travel expenses	**93,544**	69,543
Board of Trustees education expenses	**43,353**	29,519
Audit and accounting fees	**23,705**	15,480
	$ 1,425,713	$ 1,599,225

7. Related party transactions

The Plan is provided with certain services from departments of the Province of New Brunswick. These related party transactions are in the ordinary course of business and measured at amounts agreed to by the parties.

During the year, the Plan was charged $584,741 (2014 - $572,469) for employee salaries and benefits, and $59,115 (2014 - $54,729) for information technology services.

Other services are provided without consideration during the year.

8. Funding policy

As a result of the conversion to a shared risk plan, a Funding Policy was established at inception in accordance with section 100.4(1)(b) of the Act.

The Funding Policy is the tool used by the Board of Trustees to manage the risks inherent in a shared risk plan. The Funding Policy provides guidance and rules regarding decisions that must, or can, be made by the Board of Trustees around funding levels, contributions and benefits.

The Funding Policy describes the timing and the actions that the Board of Trustees must take, or consider, as applicable, based on the results of the funding policy actuarial valuation of the Plan and the application of the required risk management procedures to the Plan.

The initial combined employee and employer contribution rates cannot be less than 19.1% of earnings as defined in the Plan text. The initial contribution rate for members is 9%. These contributions are to remain the same unless contribution adjustments are triggered under the Funding Policy.

9. Pension obligations

The present value of accrued pension benefits was calculated using the accrued benefit (or unit credit) actuarial cost method in accordance with the requirement of paragraph 14(7)(a) of Regulation 2012-75 under the Act.

The pension obligations are equal to the present value of benefits earned by members for services prior to December 31, 2015. The pension obligations do not take into account the impact of any future salary increases or the impact of any future cost-of living adjustments that may be granted by the Board of Trustees in accordance with the Plan terms and the Funding Policy.

The actuarial assumptions used in the funding policy valuation reflect current economic conditions and the adoption of the shared risk model under the Act. An actuarial valuation was performed by Morneau Shepell as of December 31, 2014 and then extrapolated to December 31, 2015.

9. Pension obligations (continued)

Significant long-term assumptions used in the extrapolation are:

Interest	4.50%
Mortality	2014 Public Sector Mortality Table (CPM2014Publ) projected with Improvement Scale B (CPM-B) with size adjustment factors of 131% for males and 123% for females.

The next actuarial valuation for funding purposes is to be performed as of December 31, 2015. As at the date of this report, this valuation is not yet completed.

10. Financial instruments

In the normal course of business, the Plan is exposed to a variety of financial risks: credit risk, interest rate risk, currency risk, liquidity risk and other price risk. The value of investments within the Plan's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions and market news related to specific securities within the Plan. The level of risk depends on the Plan's investment objectives and the type of securities it invests in.

There has been no change in how the Plan manages those risks from the previous year.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Plan. Where the Plan invests in debt instruments, this represents the main concentration of credit risk. The market value of debt instruments includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Plan. All transactions executed by a Plan in listed securities are settled/paid for upon delivery to the custodian. The risk of default is considered minimal, as delivery of securities sold is only made once the custodian has received payment. Payment is made on a purchase once the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

As at December 31, 2015, the Plan invested in debt instruments with the following credit ratings:

Debt instrument by credit rating	Percentage of value	
	2015	2014
AAA	**15.80%**	21.21%
AA	**11.70%**	24.15%

10. Financial instruments (continued)

A	**40.71%**	28.02%
BBB	**15.67%**	11.67%
BB	**7.55%**	7.44%
B	**6.93%**	7.03%
CCC	**1.32%**	0.48%
Non-rated	**0.32%**	0.00%

Credit ratings are obtained from Standard & Poor's, Moody's, Fitch or Dominion Bond Rating Services. Where one or more rating is obtained for a security, the lowest rating has been used. Non-rated debt instruments includes cash and short-term investments.

Management believes that the Plan is not exposed to significant credit risks on its other receivables.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial instruments. The Plan is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

As at December 31, 2015, the Plan's exposure to debt instruments by maturity and the impact on net assets had the yield curve shifted in parallel by 25 basis points with all other variables held constant ("sensitivity analysis"), is as follows:

Debt instruments by maturity date	**2015**	2014
Less than 1 year	**$ 30,323,326**	$ 50,634,261
1-5 years	**50,199,384**	50,398,284
Greater than 5 years	**267,221,402**	234,470,243
Unclassified	**2,595,257**	-
	$ 350,339,369	$ 335,502,788
Sensitivity	**$ 8,712,615**	$ 7,554,685

In practice actual trading results may differ from the above sensitivity analysis and the difference could be material.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Plan. In the current year, the Plan mitigated currency

10. Financial instruments (continued)

risk through the use of forward foreign exchange currency contracts. Forward foreign exchange currency contracts are agreements between two parties, traded over the counter and not on an organized exchange, to purchase or sell currency against another currency at a future date and price. Forward foreign exchange currency contracts are used to hedge against changes in foreign exchange rates.

The Plan is exposed to the following currencies:

	2015		2014	
	Currency Exposure ($)	**Percentage of Net Assets (%)**	Currency Exposure ($)	Percentage of Net Assets (%)
US dollar	**142,490,515**	**20.1**	161,046,534	23.9
Euro	**16,130,278**	**2.3**	20,543,502	3.1
Pounds sterling	**13,054,206**	**1.8**	14,480,059	2.2
Japanese yen	**10,357,020**	**1.5**	13,699,056	2.0
Swiss franc	**6,522,580**	**0.9**	7,989,962	1.2
Hong Kong dollar	**5,769,065**	**0.8**	7,248,210	1.1
Singapore dollar	**5,175,627**	**0.7**	8,623,418	1.3
Other	**34,927,148**	**4.9**	32,667,374	4.9

This amount is based on the market value of the Plan's financial instruments. Other financial assets and financial liabilities that are denominated in foreign currencies do not expose the Plan to significant currency risk.

As at December 31, 2015, if the Canadian dollar strengthened or weakened by one percent in relation to the respective exchange rates, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately $2,344,264 (2014 - $2,662,981). The plan uses forward foreign exchange currency contracts to reduce its exposure to fluctuations in foreign exchange rates. As at December 31, 2015, the amount of currency subject to forward foreign exchange currency contracts is $83,048,000 (2014 - $82,504,000)

In practice, actual trading results may differ from the above sensitivity analysis and the difference could be material.

Liquidity risk

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. Management believes that cash flows generated from its investment assets and monthly contributions will be sufficient to cover its normal operating expenditures. The Plan monitors cash flows to ensure there is sufficient cash on hand to meet forecasted pension benefit payments, operating expenses and other financial obligations

10. Financial instruments (continued)

Other price risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). All investments represent a risk of loss of capital. The portfolio managers of the portfolios moderate this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Plan's investment objectives and strategy. The maximum risk resulting from financial instruments is determined by the market value of the financial instruments. The Plan's overall market positions are monitored on a daily basis by the portfolio managers. Financial instruments held by the Plan are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The statement of financial position classifies securities by market segment.

The impact on net assets of the Plan due to a one percent change in the benchmark, with all other variables held constant as at December 31, 2015 is estimated to be 1.02% or $7.3 million (2014 - 0.99% or $6.7 million). For the purpose of this calculation, historical portfolio returns were compared to the historical index return of an average asset mix commitment.

The historical results may not be representative of the future results, and accordingly the impact on net assets could be materially different.

Fair value disclosure

Investments are classified in a hierarchy of three levels depending on the inputs used to determine fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs used in determining the fair value. If different levels of inputs are used to measure the fair value of an investment, the classification is based on the lowest level input used. The three levels of the fair value hierarchy are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 - inputs for the assets or liabilities that are not based on observable market data.

The following fair value hierarchy table presents the Plan's assets measured at fair value on a recurring basis as of December 31, 2015 (in $ millions):

10. Financial instruments (continued)

	2015				2014			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	Level 1	Level 2	Level 3	Total Fair Value
Fixed income	**$ 255.0**	**$ 94.5**	**$ -**	**$ 349.5**	$ 242.6	$ 87.8	$ -	$ 330.4
Canadian equities	**9.7**	**72.3**	**-**	**82.0**	75.3	41.6	-	116.9
Foreign equities	**73.3**	**71.0**	**-**	**144.3**	98.5	85.8	-	184.3
Real estate	**60.4**	**-**	**-**	**60.4**	25.8	-	-	25.8
Infrastructure	**-**	**-**	**58.6**	**58.6**	-	-	-	-
Derivatives	**-**	**(1.0)**	**-**	**(1.0)**	-	(0.8)	-	(0.8)
Total	**$ 398.4**	**$ 236.8**	**$ 58.6**	**$ 693.8**	$ 442.2	$ 214.4	$ -	$ 656.6

A reconciliation of the changes during the year for those investments that are measured at fair value using level 3 input are as follows:

	2015
Balance beginning of year	**$ -**
Purchases	**50,045,349**
Distributions	**(45,349)**
Investment Income	**60,312**
Expenses	**(3,524)**
Realized gain	**7,591**
Change in unrealized gains	**8,546,470**
Balance end of year	**$ 58,610,850**

11. Capital management

The Plan employs a capital management plan, a Statement of Investment Policies and Goals (SIP&G), that is reviewed annually by the Board of Trustees. The SIP&G formulates investment principles and guidelines which are appropriate to the needs and objectives of the pension plan.

The overall objectives in investing the assets of the Plan are to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained with the assumption of an acceptable degree of risk.

11. Capital Management (continued)

The SIP&G's investment guidelines outline that the Plan's assets shall be invested in fixed income, equity, real estate and infrastructure securities in such proportions as may be established from time to time by the Trustees. The conversion to a shared risk pension plan involved a change to the asset mix. Once fully transitioned, the portfolio will be invested as follows: 30% long bonds, 10% FTSE TMX Canada bond universe, 7.5% U.S. High Yield bonds, 7.5% global government bonds, 10% Canadian equity, 15% foreign equities, 10% real estate and 10% infrastructure. As of December 31, 2015, the Plan is invested in each asset class and continues to transition the final target asset mix.

The Plan's investment in equities must be diversified by industry group and by individual companies. Investments in domestic bonds and short term securities must be diversified by sector and subject to minimum quality constraints. Global fixed income investments must be well diversified across industry sectors, geographical areas and capitalization ranges and also adhering to minimum quality constraints.

12. Commitments

The Plan has unfunded committed investments at December 31, 2015 of $10.5 million to the Bentall Kennedy Prime Canadian Property Fund Ltd. and $21.0 million to the IFM Global Infrastructure Fund. These commitments should be funded over the next several years in accordance with the terms and conditions outlined in each partnership agreement.

On January 26, 2016, the Plan's full commitment to real estate was invested in the Bentall Kennedy Prime Canadian Property Fund Ltd.

13. Investment in plan sponsor

As at December 31, 2015, the Plan held 3.3% of a pooled fixed income fund of $1,970.3 million, of this total, $38.8 million consisted of Province of New Brunswick securities. The Plan also held 26.9% of a long term pooled fixed income fund of $711.1 million. Of this total, $12.2 million consisted of Province of New Brunswick securities.

As at December 31, 2014, the Plan held 5.0% of a pooled fixed income fund of $2,117.2 million of this total, $38.1 million consisted of Province of New Brunswick securities. The Plan also held 21.4% of a long term pooled fixed income fund of $644.7 million. Of this total, $12.5 million consisted of Province of New Brunswick securities.

14. Indemnification

Pursuant to the Agreement and Declaration of Trust, the Plan provides a first lien and charge against the assets of the Plan as indemnification to the Board of Trustees against any liability incurred, including defence costs. The Plan may be required to compensate these individuals in the event of a claim being made against them. The contingent nature of these indemnification obligations prevents the Plan from making a reasonable estimate of the maximum potential payments that may be required. The Plan has not received any claims or made any payments pursuant to such indemnifications.

15. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.