ANNUAL REPORT 2014

PUBLIC SERVICE SHARED RISK PLAN

Public Service Shared Risk Plan
Annual Report 2014

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Department of Human Resources
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Canada

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Glossary

COLA – Cost of Living Adjustment, also known as indexation.

NBIMC – New Brunswick Investment Management Corporation, the investment manager for the PSSRP Trust.

PEBD – Pensions and Employee Benefits Division, a division located in the provincial Department of Human Resources that manages the day-to-day operation of the PSSRP.

Pension Benefits Act – *P*rovincial legislation that governs the Public Service Shared Risk Plan, and other pension plans in New Brunswick.

PSSA – *Public Service Superannuation Act*, the defined benefit pension plan that predated the PSSRP.

PSSRP – Public Service Shared Risk Plan, the target benefit plan created upon conversion of the *PSSA*.

PSSRP Trust – the pension fund for the PSSRP.

Chairperson Letter

On behalf of the Board of Trustees for the Public Service Shared Risk Plan (PSSRP), I am pleased to present the PSSRP's inaugural Annual Report, outlining the activities and accomplishments achieved in this first year of your new pension plan.

2014 was an exciting and challenging year for those involved in the establishment of the PSSRP. In this first year of operation, our Board was particularly focused on developing the policies and documents that will govern the PSSRP as we go forward. This work was essential to ensure that appropriate oversight of the Plan is in place.

During 2014, we also ensured that reciprocal transfer agreements were in place with other pension plans, so that the portability of pension benefits can continue.

In addition to supporting existing Plan members, we welcomed new groups in 2014. Members of the Legislative Assembly joined the plan, along with the President of the New Brunswick Union of Public and Private Employees. The International Brotherhood of Electrical Workers (IBEW) Local 37 and the Atlantic Provinces Special Education Authority (APSEA) were deemed eligible as employers under the Plan, but had not joined as of December 31, 2014.

I would like to note that our Board of Trustees will continue to evolve our governance processes in the coming year. The conversion documents lay out a plan for a 10-member Board, and we have been actively pursuing further appointments which we will announce over the coming months. Having the appropriate governance mechanisms in place is fundamental for the successful oversight of this complex pension plan.

Our Board will also continue to develop stakeholder communications to ensure that we deliver comprehensive and transparent information. We will ensure you receive the necessary details to fully understand how your pension benefits will contribute to your personal retirement goals.

Sincerely,

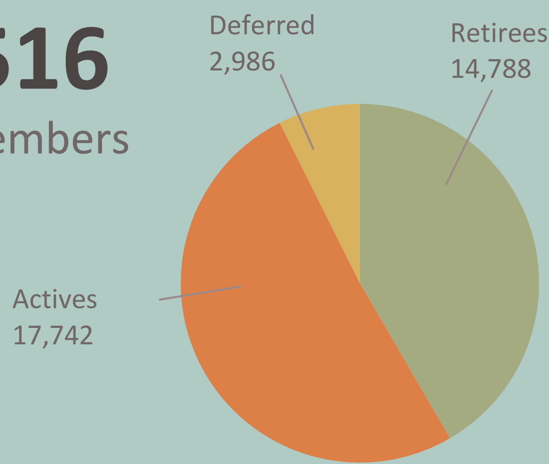
Marilyn Quinn
Chairperson

September 1, 2015
Fredericton, New Brunswick

A Look at the PSSRP *as of Dec. 31, 2014*

35,516

total members



BENEFITS PAID OUT IN 2014

$331.3

million

CONTRIBUTIONS

Active Members

$90.8

million

ACTIVE MEMBERS

Average Age: 46.9 years

Average Salary: $64,076

Average Service: 13.1 years

RETIREES

Average Age: 70.7 years

Average Pension: $22,267

CONTRIBUTIONS

Employers

$126.5

million

PSSRP Governance

Creating the Public Service Shared Risk Plan

On November 20, 2013, the New Brunswick Union of Public and Private Employees (NBUPPE), the New Brunswick Nurses Union (NBNU), IBEW Local 37, the Canadian Union of Public Employees (CUPE) Locals 1252, 1840 and 5017, and the Province of New Brunswick entered into a Memorandum of Understanding to convert the *Public Service Superannuation Act* (*PSSA*) into a shared risk pension plan.

On January 1, 2014, the provincial government repealed the *PSSA* and the pension plan was officially converted to the PSSRP.

The assets of the former *PSSA* were transferred to the PSSRP and became the pension fund, known as the PSSRP Trust. The PSSRP is a registered pension plan under the *Pension Benefits Act* and is subject to the provisions of that *Act* and its Regulations.

An initial six-person Board of Trustees was appointed as of January 1, 2014, and it became the governing body responsible for overseeing the investments and administration of the Plan on behalf of its members.

Governing Documents

The PSSRP is governed by a number of important documents that serve to guide the Board of Trustees in its oversight of the Plan.

Agreement and Declaration of Trust of the Public Service Shared Risk Plan: The Agreement and Declaration of Trust came into effect on January 1, 2014, the conversion date to the PSSRP. This document ensured that the *PSSA* pension fund continues as a trust under the PSSRP. The document also outlined the powers and duties of the Board of Trustees as Plan Administrator.

Public Service Shared Risk Plan Text: The PSSRP Text describes the detailed provisions of the Plan as it applies to eligibility, contribution and benefit calculations, retirement, as well as to the Funding Policy, Investment Policy, and risk management framework required by the *Pension Benefits Act*. Any amendment to the PSSRP Text must be voted by the Board of Trustees, registered with the Superintendent of Pensions, and communicated to members of the Plan.

For a list of amendments made to the Plan Text in 2014, please see Appendix A on page 42.

Funding Policy: The Funding Policy is the tool used by the Board of Trustees to manage the risks inherent in the PSSRP. It provides guidance and rules regarding decisions that may have to be made by the Board of Trustees based on the results of the annual actuarial funding valuation and risk management tests.

The Board is required to regularly monitor the economic and demographic environment and update the Funding Policy or recommend its amendment. Confirmation of the annual review of the Funding Policy must be submitted to the Superintendent of Pensions.

Statement of Investment Policies: The Statement of Investment Policies outlines the investment policy for the PSSRP Trust, taking into account that it must be managed in a way that provides secure pension benefits in the vast majority of economic scenarios.

The Statement of Investment Policies details the asset mix of the PSSRP Trust (how the pension fund is to be invested) and the benchmarks against which the investment returns are measured. It must be reviewed annually by the Board, and the confirmation of this review must be submitted to the Superintendent of Pensions.

The PSSRP governing documents can be found online at www.gnb.ca/pssrp.

Board of Trustees

The Board of Trustees is responsible for the overall governance and administration of the PSSRP in accordance with the *Pension Benefits Act* and the governing documents. These duties include setting the levels of contributions and benefits in accordance with the Funding Policy, granting indexation on benefits (cost of living adjustments, or "COLA"), pension benefits administration, and investment oversight.

In establishing the PSSRP, it was determined that the Board would have an equal number of employee and employer representatives. Five are appointed by the province, one of whom must be a retiree, while one is appointed by NBNU, one by CUPE, one by NBUPPE, one by IBEW Local 37, and one by the Professional Institute of Public Service of Canada (PIPSC). Two observers will also be appointed, one by CUPE and one by NBUPPE. These observers are able to attend board meetings, but do not have voting powers.

An initial Board was established in January 2014, and as of December 31, 2014, this Board was still in place:

Trustees

- Marilyn Quinn, Chair – President, NBNU
- Leonard Lee-White, Vice-Chair – Assistant Deputy Minister, Department of Finance
- Ross Galbraith – Business Manager, IBEW Local 37
- Mark Gaudet – Assistant Deputy Minister, Department of Transportation and Infrastructure
- Ernest MacKinnon – retired CEO, NBIMC, and former provincial Deputy Minister
- Susie Proulx-Daigle – President, NBUPPE

Observers

- Odette Robichaud – President, CUPE Local 1840
- Leigh Sprague – Legal Counsel for NBUPPE

Board Education

Members of the PSSRP Board of Trustees are required to regularly participate in education programs that will enhance their knowledge and understanding of pension administration and investments. Following their appointment, the Trustees and Observers received an orientation on the PSSRP and Plan documents, the pension fund investments, the groups responsible for daily administration of the Plan, as well as a thorough overview by the independent actuary on all aspects of a shared risk pension plan.

The Board of Trustees receives ongoing education through exposure to news and articles of interest, as well as structured presentations. In 2014, the Board received presentations on asset/liability modeling, absolute return equity strategy diversification, private equity, fixed income exposure and interest rate risk, and pension governance best practices.

Board Expenses

Members of the PSSRP Board of Trustees who are not otherwise paid by their employer or union to participate in meetings will receive a per diem of $250. In addition, all reasonable expenses incurred by the Trustees and Observers in order to attend meetings will be reimbursed.

One Trustee was eligible to receive meeting per diems in 2014, and one Trustee and one Observer were reimbursed for travel expenses. Board expenses in 2014, including meetings and educational activities, were $26,420.

The per diems, travel expenses, and reasonable expenses relating to education opportunities are paid by the PSSRP Trust.

Board Meeting Attendance

Trustees are expected to attend Board meetings and the meetings of the committees of which they are a member. The following table indicates the number of meetings held in 2014 and the attendance of the Trustees and Observers.

TRUSTEE / OBSERVER	BOARD	AUDIT COMMITTEE	GOVERNANCE COMMITTEE
MARILYN QUINN	9 / 10	3 / 3	n/a
LEONARD LEE-WHITE	9 / 10	3 / 3	n/a
ROSS GALBRAITH	9 / 10	n/a	5 / 5
MARK GAUDET	9 / 10	3 / 3	n/a
ERNIE MACKINNON	10 / 10	n/a	5 / 5
SUSIE PROULX-DAIGLE	10 / 10	n/a	5 / 5
ODETTE ROBICHAUD (OBSERVER) *	7 / 7	n/a	n/a
LEIGH SPRAGUE (OBSERVER)	8 / 10	n/a	n/a

** Appointed in March 2014*

For a summary of the Board of Trustees' specific activities in 2014, see Appendix B on page 43.

How the PSSRP Operates

as of Dec. 31, 2014

PSSRP Board of Trustees

- Marilyn Quinn, Chair
- Leonard Lee-White, Vice-Chair
- Ross Galbraith
- Mark Gaudet
- Ernest MacKinnon
- Susie Proulx-Daigle

Observers

- Odette Robichaud
- Leigh Sprague

Governance
Sub-Committee

Audit
Sub-Committee

Service Providers

Investment Services

New Brunswick Investment Management Corporation

NB Investment Management Corp.
Société de gestion des placements NB

Administration Services

Pensions and Employee Benefits

New Brunswick / Nouveau Brunswick
Pensions and Employee Benefits | Pensions et avantages sociaux des employés

Actuary in 2014

Morneau Shepell

Auditor in 2014

KPMG

Operation of the PSSRP

Administration Services

The day-to-day administration of the PSSRP is delegated to the Pensions and Employee Benefits Division (PEBD) of the provincial Department of Human Resources, under a renewable two-year service agreement. PEBD is responsible for collecting employee contributions, payment of benefits in accordance with the PSSRP provisions, and assisting Plan members in understanding their pension entitlements. PEBD also provides benefits counselling, prepares annual member statements, communicates with members and stakeholders, and prepares regulatory submissions to the Superintendent of Pensions.

In the first full year of the new plan, PEBD worked closely with the Board of Trustees to:

- Provide 48 pension plan information sessions to more than 5,000 plan members around the province;
- Commence a major project to update the pension administration system that is used to maintain member accounts and perform calculations;
- Implement interim processes to allow for the continuous delivery of service to plan members while system changes took effect;
- Develop a new pension plan booklet and other materials for plan members and employers to reflect the change in plan provisions; and
- Redesign the online pension estimate calculator as well as the Employee Statement of Benefits so that it could be easily used with the calculator to produce pension estimate projections for members.

Investment Management Services

The New Brunswick Investment Management Corporation (NBIMC) is the investment manager of the assets of the PSSRP Trust, as outlined in a five-year, renewable service agreement. NBIMC is responsible for the implementation of the Statement of Investment Policies.

NBIMC also provides investment advice by using its asset/liability modelling and risk management capabilities to project the specific pension plan cash flow data and portfolio optimization tools to model the risks and returns of potential investment strategies. From this work, NBIMC develops recommendations for an asset mix which is presented to the Board of Trustees for review and approval.

NBIMC receives employers' and employees' pension contributions collected by PEBD and invests them in NBIMC Unit Trust Funds (also known as "pooled funds") according to the PSSRP Trust's Statement of Investment Policies. NBIMC also transfers sufficient funds to PEBD to fund the monthly pension benefit payment requirements.

Further information on NBIMC, its services, and NBIMC pooled funds is available at www.nbimc.com.

Actuarial Services

An actuary is an expert in the mathematics of finance, statistics and risk theory. The *Pension Benefits Act* requires that the PSSRP undergo an annual actuarial valuation for funding purposes by a professionally accredited actuary. The Board of Trustees approves the actuarial assumptions used for the valuation.

The actuary is also engaged to periodically provide an actuarial valuation of the pension plan on a going concern basis (i.e., assumes the plan continues to operate normally) and on a solvency basis (i.e., the plan is assumed to be wound up on the valuation date) in accordance with standards set by the Canadian Institute of Actuaries. To prepare this report, the actuary obtains current membership data from PEBD and asset mix information from the investment manager.

Morneau Shepell was appointed as the actuary for the PSSRP for the 2014 plan year.

Auditing Services

The auditor is responsible to express an opinion as to whether the financial statements of the PSSRP have been presented fairly by conducting an audit in accordance with Canadian generally accepted auditing standards.

KPMG was selected as the auditor for the PSSRP for the 2014 plan year.

Cost of Administering the PSSRP

The Board of Trustees is committed to the sound management of costs related to the PSSRP's administration. These include costs incurred by PEBD for collecting contributions and administering pension benefits, costs incurred by NBIMC and other third party managers for investing the pension fund assets, and costs incurred by the Board itself. By entering into service provider agreements with NBIMC and PEBD, the Board of Trustees has ensured that the Plan continues to benefit from their expertise and experience, at a reasonable cost.

$10.2 million
Investment Management Costs
(15.5 basis pts)

$3.1 million
PEBD Administration Costs
($88/per member)
(4.7 basis pts)

Cost per Member

PEBD is a member of Quantitative Services Measurement (QSM), a national pension administration benchmarking organization. QSM includes six other pension plan administrations from across Canada who benchmark service levels and costs. In 2014, PEBD was the second lowest cost service provider among the group, at a cost of $88 per member. This level was achieved despite the fact that PEBD does not benefit from the economies of scale of larger organizations and operates in an extremely complex environment.

2014 PSSRP Highlights

FUNDING POLICY VALUATION RATIO
(page 14)

104.6%

2014 INVESTMENT PERFORMANCE
(page 17)

15-YEAR OPEN GROUP FUNDED RATIO
(page 15)

123.7%

RISK MANAGEMENT GOALS
(page 16)

Primary Goal	Required 97.5% **Achieved 98.55%**
Secondary Goal 1	Required 75% **Achieved 85.9**
Secondary Goal 2	Required 75% **Achieved 97.8%**

ASSETS vs. LIABILITIES
(page 13)

as of Dec. 31, 2014

COST OF LIVING ADJUSTMENT (COLA)

Consumer Price Index 1.49%

COLA TO BE PROVIDED 1.49%

Financial Analysis 2014

This Financial Analysis is prepared by the PSSRP Board of Trustees, and offers the Board's perspective on the Plan's performance from January 1 to December 31, 2014.

Plan Valuation

The purpose of the PSSRP is to:

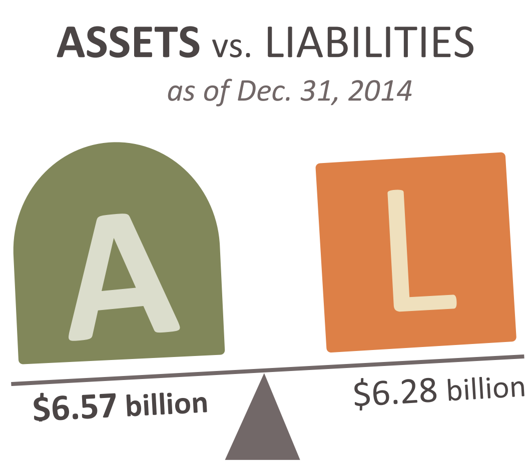
Provide secure pension benefits to members after retirement, and to their beneficiaries

Focus on managing risks so that there is a high degree of certainty that full base benefits will be provided

Provide future cost of living adjustments for current and future retirees to the extent that funds are available

Each year, the Board of Trustee retains an independent actuarial firm to prepare a valuation of the Plan. The valuation compares the amount of money in the pension plan (i.e., Plan's Assets) with an estimate of the total value of benefits earned by active members and retirees (i.e., Plan's Liabilities) at a moment in time.

An estimate of the Plan's Liabilities is calculated by the actuary using a number of economic assumptions (e.g., interest rates) and demographic assumptions (e.g., life expectancy).



The most recent Actuarial Valuation Report for the PSSRP was completed as of January 1, 2015, and approved by the Board of Trustees on September 8, 2015. The *Pension Benefits Act* requires that the funding status of the Plan be measured on two separate bases as part of the valuation.

It is important to note that annual employee and employer contributions that are being made to the PSSRP exceed the normal cost (i.e., cost of one year of service in the Plan). The additional contributions are used to enhance benefit security and to provide for future indexing.

EXCESS CONTRIBUTIONS	
	% OF TOTAL PAYROLL
FUNDING POLICY VALUATION NORMAL COST	12.10%
CONTRIBUTIONS	
MEMBERS	8.25%
EMPLOYERS' INITIAL CONTRIBUTIONS	11.25%
EMPLOYERS' TEMPORARY CONTRIBUTION (FOR 5 YEARS FROM JAN. 1/14)	0.50%
EMPLOYERS' TEMPORARY CONTRIBUTION (FOR 10 YEARS FROM JAN. 1/14)	0.75%
TOTAL	20.75%
EXCESS CONTRIBUTIONS	**8.65%**

The Funding Policy valuation compares the fair market value of the Plan's Assets to the Plan's Liabilities. The Plan's Liabilities are based on the benefits earned up to December 31, 2014, and it assumes the Plan continues indefinitely.

FUNDING POLICY VALUATION	
	DECEMBER 31, 2014 **$ IN MILLIONS**
MARKET VALUE OF ASSETS	$6,567.3
FUNDING POLICY ACTUARIAL LIABILITIES	
ACTIVE MEMBERS	$2,286.3
RETIREES AND SURVIVORS	3,784.6
DEFERRED VESTED MEMBERS	206.4
TOTAL FUNDING POLICY ACTUARIAL LIABILITIES	$6,277.3
FUNDING POLICY VALUATION EXCESS	$290.0
FUNDED RATIO	**104.6%**

15-Year Open Group Funded Ratio

This funding ratio compares the fair market value of the Plan's Assets, plus the present value of excess contributions over the next 15 years, to the Plan's Liabilities.

The Plan's Liabilities are based on the benefits earned up to December 31, 2014, and assumes the plan continues indefinitely. This is an important ratio as it is used to determine the actions, such as granting indexing, to be taken by the Board of Trustees under the Plan's Funding Policy.

The PSSRP has to be in a deficit position (less than 100% funded) for two consecutive years before any action is required under the PSSRP Funding Policy. However, if this does occur the PSSRP Board of Trustees must take action to address the deficit.

The PSSRP is deemed to be in a surplus position when the open group funded ratio exceeds 105%. When this occurs, the PSSRP Board of Trustees is able to use $1/6^{th}$ of the surplus that exists between 105% and 140% funded and 100% on any surplus that exists above 140% funded.

With the open group funded ratio at 123.7% as of December 31, 2014, the PSSRP was found to be in a position to provide a full cost of living adjustment (COLA) to Plan members. The 2015 adjustment is 1.49 per cent, and is based on the increase in the average of the Consumer Price Index (Canada) for the 12-month period ending the preceding June. The cost of living adjustment will be applied on January 1, 2016.

	DECEMBER 31, 2014 $ IN MILLIONS
MARKET VALUE OF ASSETS	$6,567.3
PRESENT VALUE OF EXCESS CONTRIBUTIONS OVER NEXT 15 YEARS	$1,198.0
TOTAL ASSETS WITH EXCESS CONTRIBUTIONS	$7,765.3
FUNDING POLICY ACTUARIAL LIABILITIES	$6,277.3
15-YEAR OPEN GROUP FUNDED RATIO	**123.7%**

Risk Management Results

As a shared risk plan, the PSSRP is required to undergo a series of annual risk management tests to ensure its security and ability to provide long-term benefits to its members. The results of these tests may cause the need for short-term adjustments in any one year to help preserve the long-term financial health of the Plan.

The Risk Management Goals are outlined in the PSSRP Funding Policy. The Plan's actuary has confirmed that the PSSRP has successfully passed these tests as part of its annual actuarial report as of January 1, 2015.

PRIMARY RISK MANAGEMENT GOAL: Achieve at least 97.5% probability that benefits earned would not be reduced over the next 20 years.
2014 RESULT: 98.55%

SECONDARY RISK MANAGEMENT GOAL #1: Provide assumption that PSSRP members and retirees will receive 75% of the Consumer Price Index (CPI) over the next 20 years.
2014 RESULT: 85.9%

SECONDARY RISK MANAGEMENT GOAL #2: Provide assumption that 75% of ancillary benefits (ex. early retirement subsidy) will be provided over the next 20 years.
2014 RESULT: 97.8%

PSSRP Trust Investment Performance

The objectives for the investment strategy are to:

Preserve the value of the Pension Fund, and provide the best possible long-term real return on investments while continuing to achieve the risk management goals as set out in the Funding Policy

Achieve competitive rates of return on each major asset class while avoiding undue investment risk and excessive market volatility

Over a four-year period, provide moving average rates of return in excess of those achieved by passive management of the portfolio. A value added contribution of 0.42%, after costs, is targeted.

Target Asset Mix

Following the establishment of the PSSRP, the Board of Trustees tasked NBIMC with the creation of a target asset mix that would guide the investment of the pension fund. NBIMC reviewed the asset mix set by the Statement of Investment Policies, and further refined it in order to improve returns while providing comparable levels of risk and volatility.

This recommendation was reviewed with the independent actuary and the Board of Trustees to ensure all parties were satisfied that the proposed target asset mix would continue to meet the risk management goals set out in the Plan's Funding Policy. The Board of Trustees then directed NBIMC to transition to the refined target asset mix over a two-year period.

	PSSRP ASSET MIX		TARGET	ACTUAL
			PSSRP ASSET MIX	DECEMBER 31, 2014 ASSET MIX
FIXED INCOME		SHORT TERM ASSETS	1.0%	1.8%
		GOVERNMENT BONDS	17.8%	16.7%
		CORPORATE BONDS	17.7%	15.8%
		REAL RETURN BONDS	5.0%	5.2%
		TOTAL FIXED INCOME	41.5%	39.5%
PUBLIC EQUITY	STANDARD INDICES:	CANADA	10.5%	13.7%
		US	5.0%	5.9%
		EAFE	5.0%	9.8%
			20.5%	29.3%
	LOW VOLATILITY	CANADA	5.0%	4.1%
		US	5.0%	4.7%
		EAFE	5.0%	4.5%
		EMERGING MARKETS	3.0%	0.0%
			18.0%	13.3%
		TOTAL PUBLIC EQUITY	38.5%	42.6%
	PRIVATE EQUITY		4.0%	3.8%
	ABSOLUTE RETURN STRATEGIES		8.0%	7.0%
	REAL ESTATE AND INFRASTRUCTURE		8.0%	7.0%
	TOTAL		**100%**	**100%**

By December 31, 2014, the transition to the refined target asset mix was well underway and at time of publication has been substantially completed. Subsequent to year end, NBIMC launched a new low volatility equity strategy for emerging markets which completes the low volatility asset class allocation.

Rate of Return

The PSSRP's annual nominal investment return of 12.15% and real (after inflation) return of 10.05% for the year ending December 31, 2014, exceeded the long-term funding valuation requirement of 4.75%. This rate of return also exceeded the Investment Policy benchmark rate of return which was 11.12% in 2014.

The overall return added 1.03% of value as compared to the benchmark return. After deducting investment management costs of 0.16%, the net value added was 0.87%, well in excess of the target value added of 0.42%.

The PSSRP's investment returns in 2014 resulted in assets growing from $5.96 billion at January 1, 2014 to $6.56 billion at December 31, 2014, with $700 million in investment income.

2014 RATES OF RETURN, *CALCULATED IN CANADIAN DOLLARS*

	AGGREGATED ASSET CLASS	PORTFOLIO RETURN	BENCHMARK RETURN
FIXED INCOME	NOMINAL BONDS	9.68 %	9.29 %
	CORPORATE BONDS	8.47	8.22
	SHORT-TERM ASSETS	1.28	0.94
PUBLIC EQUITY	CANADIAN	11.06	10.55
	UNITED STATES	29.27	29.36
	INTERNATIONAL	4.37	3.67
	LOW VOLATILITY CANADIAN	18.86	12.91
	LOW VOLATILITY UNITED STATES	33.08	34.65
	LOW VOLATILITY INTERNATIONAL	19.93	19.63
INFLATION LINKED ASSETS	REAL RETURN BONDS	14.29	14.47
	REAL ESTATE / INFRASTRUCTURE	19.42	17.10
ALTERNATIVE ASSETS	ABSOLUTE RETURN	3.94	0.91
	PRIVATE EQUITY	18.05	10.95
	TOTAL PSSRP TRUST INVESTMENT RETURN	**12.15 %**	**11.12 %**

PSSRP Financial Statements

The financial statements of the PSSRP Trust have been prepared and approved by the Board of Trustees. The Board is responsible for the integrity and fair presentation of the statements, including amounts based on best estimates and judgments.

The Board maintains systems of internal control and supporting procedures to provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

The Board is assisted in its responsibilities by its Audit Committee, consisting of three Board members. The Audit Committee reviews the financial statements and recommends them for approval by the Board. The Audit Committee also reviews matters related to accounting, auditing, internal control systems, financial risk management and the scope, planning and audit findings of the internal and external auditors.

Public Service Shared Risk Plan Trust

Financial Statements

December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Public Service Shared Risk Plan

We have audited the accompanying financial statements of Public Service Shared Risk Plan Trust (the Entity), which comprise the statement of net assets available for benefits as at December 31, 2014, the statement of changes in net assets available for benefits for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting in Note 2(a) to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting in Note 2(a) to the financial statements. This includes determining that the basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances, 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.

Auditors' 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 an 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 our 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, we consider 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 net assets available for benefits of the Entity as at December 31, 2014, and the changes in net assets available for benefits for the year then ended in accordance with the basis of accounting in Note 2(a) to the financial statements.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Board of Trustees of the Entity in its oversight capacity and the Province of New Brunswick. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Trustees of the Entity and the Province of New Brunswick and should not be used by parties other than the Board of Trustees of the Entity.

Comparative Information

The statement of changes in net assets available for benefits for the year ended December 31, 2013 are unaudited. As a result we do not express an opinion on them.

KPMG LLP

Chartered Professional Accountants
May 12, 2015
Fredericton, Canada

PUBLIC SERVICE SHARED RISK PLAN TRUST

Statement of Net Assets Available for Benefits

(In thousands of Canadian dollars) As at

		December 31, 2014		January 1, 2014
ASSETS				
Investments *(notes 3 and 4)*	$	6,555,369	$	5,962,309
Contributions receivable from employers *(note 8)*		15,776		12,478
Contributions receivable from employees *(note 8)*		6,172		5,252
Other receivable		26		65
Total Assets		6,577,343		5,980,104
LIABILITIES				
Accounts payable and accrued liabilities *(note 8)*		9,998		3,569
NET ASSETS AVAILABLE FOR BENEFITS	$	6,567,345	$	5,976,535

See accompanying notes to the financial statements.

PUBLIC SERVICE SHARED RISK PLAN TRUST

Statement of Changes in Net Assets Available for Benefits

(In thousands of Canadian dollars)

YEAR ENDED DECEMBER 31

		2014		2013
INCREASE IN NET ASSETS				*(Unaudited)*
Net investment income *(note 6)*	$	718,114	$	703,030
Employee pension contributions *(note 8)*		90,768		77,387
Employer pension contributions *(note 8)*		126,543		111,058
Employer special contributions *(note 8)*		—		16,963
		935,425		908,438
DECREASE IN NET ASSETS				
Payments to Province of New Brunswick for benefits		331,265		312,967
Payments to Province of New Brunswick for expenses		3,135		3,125
Investment management fees		10,215		9,075
		344,615		325,167
NET INCREASE FOR THE YEAR		590,810		583,271
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR		5,976,535		5,393,264
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$	6,567,345	$	5,976,535

See accompanying notes to the financial statements.

Commitments *(note 9)*
Indemnification *(note 10)*

Approved on behalf of the Board of Trustees:

Marilyn Quinn
Chair

Leonard Lee-White
Vice Chair

1. Description of the Plan

The following description is intended as a summary only. For complete information, reference should be made to the plan text.

On January 1, 2014, the defined benefit pension plan created by the *Public Service Superannuation Act* ("PSSA") was converted to the Public Service Shared Risk Plan (the "PSSRP"), a shared risk plan registered under the *Pension Benefits Act* of New Brunswick. The PSSRP is governed by a Board of Trustees consisting of an equal number of representatives appointed by the Province of New Brunswick, as employer, and representatives appointed by the employees covered by the pension plan.

The primary purpose of the PSSRP is to provide secure pensions to plan members upon retirement and until death in respect of their service as plan members. A shared risk pension plan uses a risk management approach set out in its funding policy to ensure that a base pension benefit is provided in most potential future economic scenarios. Accordingly, future cost of living adjustments and other ancillary benefits such as early retirement subsidies will only be provided to the extent that the pension assets are sufficient to pay such benefits as determined by the Board of Trustees in accordance with applicable laws and the plan's funding policy.

All members of the PSSA and certain members of the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick became members of the PSSRP. All new full-time employees, term employees, and personal service contracts signed after February 1, 2014 are required to join the PSSRP. All other employees will become a member of the PSSRP upon the date of completion of twenty-four successive months of employment provided the employee has earned at least 35% of the YMPE in each of the preceding two calendar years.

Initial employee contribution rates of 5.8% of eligible earnings up to the Yearly Maximum Pension Entitlement ("YMPE") and 7.5% of eligible earnings in excess of the YMPE increased to 7.5% and 10.7% respectively effective April 1, 2014. The current employer contributions rates of 8.932% up to the YMPE and 11.55% above YMPE also increased on April 1, 2014 to 11.25% of eligible earnings. In addition, unless the funding level is 140% of the estimated pension obligations, the employer will make temporary contributions of 0.5% of earnings for a five-year period from January 1, 2014, and 0.75% of earnings for the ten-year period from January 1, 2014. Employee and employer contribution rates will become equal after fifteen years. Contribution rates are subject to change in accordance with triggers identified in the Funding Policy for the PSSRP.

Pension benefits vest on the earlier of: (i) five years of continuous employment; or (ii) two years of membership in the PSSRP, including membership in any predecessor plan (the PSSA or the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick). The normal retirement date is at age 65. Early retirement may be taken at any time between the ages of 55 and 65.

1. Description of the Plan *(continued)*

A member's annual pension payable up to age 65 is equal to the sum of:

1) In respect of service before January 1, 2014, the product of:

a) The number of years of pensionable service before January 1, 2014 up to the annual average YMPE, and

b) 2% of the annual average of the best five consecutive years of earnings at January 1, 2014, and c)An early retirement factor; and

2) In respect of service from January 1, 2014, the sum of the product (a), (b) and (c) below for each calendar year or portion thereof:

a) 2% of annualized earnings;

b) The number of hours worked for which contributions are made divided by the full-time equivalent hours;

c) An early retirement factor; and

d) Such cost of living adjustments as may be granted by the Board of Trustees.

A member's annual retirement pension payable after age 65 is equal to the sum of:

1) In respect of service before January 1, 2014, the product of:

a) The number of years of pensionable service before January 1, 2014, and

b) 1.3% of the annual average of the best five consecutive years of earnings at January 1, 2014 up to the annual average YMPE for the three years prior to January 1, 2014, plus 2% of the excess of the annual average of the best five consecutive years of earnings at January 1, 2014 over the annual average YMPE for the three years prior to January 1, 2014;

and

2) In respect of service from January 1, 2014, the sum of (a) and (b) below for each calendar year or portion thereof:

a) 1.4% of annualized earnings up to the YMPE and 2.0% of annualized earnings in excess of the YMPE;

b) The number of hours worked for which contributions are made divided by the full-time equivalent hours; and

c) Such cost of living adjustments as may be granted by the Board of Trustees.

An early retirement factor of 3/12% per month that the pension commences prior to age 60 is applicable to all service earned prior to January 1, 2014, while an early retirement factor of 5/12% per month that the pension commences prior to age 65 is applicable to all service earned on or after January 1, 2014.

A legislative guarantee protects members' base pension benefits that were earned, accrued or vested as of December 31, 2013

1. Description of the Plan *(continued)*

The form of pension must be selected at retirement and includes a joint and survivor pension (with survivor benefit at 50%, 60% or 100% of benefit payable) or a life pension with a guaranteed payment period of either five, ten or fifteen years.

In the case of termination prior to retirement, employees whose pension benefits have not vested will receive a refund of contributions with accumulated interest. All other employees will have a choice of deferring commencement of their pension benefit until age 65 for an unreduced benefit or deferring commencement of their pension until a date between age 55 or later and age 65 for a reduced benefit. An employee terminating before age 55 may also defer their pension between the ages of 55 to 65 (subject to the applicable early retirement reduction) or may transfer their termination value in a lump sum to a locked-in retirement account, a life income fund or to a pension plan offered by their new employer (certain restrictions apply).

In the case of death prior to retirement, the surviving spouse or designated beneficiaries of an employee whose pension has not vested will receive a refund of contributions with accumulated interest. In the case of death when pension benefits have vested, a surviving spouse may receive a monthly pension of 50% of the pension payable at age 65 for their lifetime or the termination value in a lump sum payment. In the case of death when pension benefits have vested and there is no surviving spouse, the designated beneficiary will receive the termination value in a lump sum payment, unless the designated beneficiary is an eligible dependent, in which case they would receive a monthly pension of 50% of the pension payable at age 65 while they are an eligible dependent.

2. Significant Accounting Policies

(a) Accounting entity and basis of presentation

These special purpose financial statements provide information on the PPSRP's net assets available for benefits (the "Trust"). They do not include the pension liabilities of the PSSRP. Consequently, these financial statements do not purport to show the adequacy of the Trust to meet the PSSRP's pension obligations. Such an assessment requires additional information, such as the PSSRP's actuarial report.

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants' ("CPA") of Canada Handbook excluding pension obligations and any resulting surplus or deficit. They are prepared solely for the information and use of the PSSRP Board of Trustees and the Province of New Brunswick. As a result, these financial statements may not be suitable for another purpose.

All investment assets and liabilities are measured at fair value in accordance with IFRS 13, *Fair Value Measurements.* In selecting or changing accounting policies that do not relate to its investment portfolio, Canadian accounting standards for pension plans excluding pension obligations and any resulting surplus or deficit requires the Trust to comply on a consistent basis with either International Financial Reporting Standards ("IFRS") or with Canadian accounting standards for private enterprises. The Trust has chosen to comply on a consistent basis with IFRS.

These financial statements have been prepared in accordance with the significant accounting policies set out below. These financial statements were authorized for issue by the Board of Trustees on May 12, 2015.

2. Significant Accounting Policies *(continued)*

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for investments, which are measured at fair value through the Statement of Changes in Net Assets Available for Benefits.

(c) Financial instruments

(i) Recognition and measurement

Financial assets and financial liabilities are initially recognized in the Statement of Net Assets Available for Benefits on the trade date, which is the date on which the Trust becomes a party to the contractual provisions of the instrument.

All investments of the Trust consist of holdings of units of New Brunswick Investment Management Corporation ("NBIMC") unit trust funds. The Trust classifies all investments as fair value through the Statement of Changes in Net Assets Available for Benefits upon initial recognition.

The fair value of each investment in units of the NBIMC unit trust funds is based on the calculated daily net asset value per unit multiplied by the number of units held, and represents the Trust's proportionate share of the underlying net assets at fair values determined using closing market prices.

The underlying investments held in the NBIMC unit trust funds are valued at fair value as of the date of the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the unit trust funds have access at that date.

The fair value of the financial assets and liabilities traded in active markets (such as exchange-traded derivatives and debt and equity securities) are based on quoted market prices at the close of trading on the reporting date.

If there is no quoted price in an active market, then the NBIMC unit trust funds use valuation techniques that maximize the use of the relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Certain of the Trust's financial assets and financial liabilities such as contributions and other receivables and accounts payable and accrued liabilities are measured at amortized cost, which is the cost at initial recognition, minus any reduction for impairment. The carrying amount of these assets and liabilities approximates fair value due to their short settlement period. At the reporting date, the Trust assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Trust recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate.

(ii) Derecognition

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or are transferred in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

2. Significant Accounting Policies *(continued)*

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration is recognized in the Statement of Changes in Net Assets Available for Benefits as net investment income.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(d) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Trust.

(e) Use of estimates and judgments

The preparation of the Trust's financial statements requires 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 Net Assets Available for Benefits. Significant estimates and judgments are required in determining the reported estimated fair value of private investments, which are included in the underlying investments held in the NBIMC unit trust funds, since these determinations may include estimates of expected future cash flows, rates of return and the impact of future events. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

(f) Taxes

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

(g) Contributions

Contributions from the employers and pension plan members are recorded in the period that payroll deductions are made.

(h) Net investment income

Investment transactions are recognized by the underlying unit trusts as of their trade date. Net investment income includes realized and unrealized gains and losses in the value of the units held in each of the unit trusts.

(i) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies held by the NBIMC unit trust funds are translated at the prevailing rates of exchange at the date of the Statement of Net Assets Available for Benefits. Investment income and expenses are translated at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in net investment income.

2. Significant Accounting Policies *(continued)*

(j) Future changes in accounting policies

The following standards, interpretations and amendments to published standards that are mandatory for future accounting periods, but where early adoption is permitted, have not been duly adopted:

IFRS 9 (effective not earlier than January 1, 2018) – Financial instruments

Management is in the process of assessing the impact of this amendment to this standard and believes that this amendment will not significantly affect the Trust's net assets available for benefits but may affect the disclosures in the financial statements.

3. Investments

The Trust invests in certain pooled unit trust funds established by NBIMC, the investment manager for the Trust. Each unit trust fund has a specific investment mandate. Investing in the unit trust funds enables the Trust to achieve its required asset class weights in accordance with its Statement of Investment Policies.

Following is a description of each unit trust fund in which an interest is held by the Trust as at December 31, 2014:

NBIMC Nominal Bond Fund

This fund invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The performance objective is to add 20 basis points to its benchmark, the FTSE TMX Canada All Government Bond Index, over a four-year moving average.

NBIMC Corporate Bond Fund

This fund invests primarily in investment grade corporate bonds (a minimum of triple-B rated by a major rating agency) paying a nominal rate of interest. The performance objective is to add 20 basis points to its benchmark, the FTSE TMX All Corporate Bond Index, over a four-year moving average.

NBIMC New Brunswick Fixed Income Opportunity Fund

This fund invests primarily in fixed income issues to finance economic activity in New Brunswick. The performance objective is to add 20 basis points to its benchmark, the FTSE TMX Canada All Government Bond Index, over a four-year moving average.

NBIMC Money Market Fund

This fund invests primarily in fixed income securities having a maturity of less than one year. The performance objective is to add 20 basis points to its benchmark. The benchmark is calculated as 93% of the FTSE TMX Canada 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

NBIMC Student Investment Fund

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial capital of $1 million, funded in 1998, has been invested using the same general investment policies and guidelines as are used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSX Total Return Composite Index, 45% FTSE TMX Canada All Government Bond Index, 4.65% FTSE TMX Canada 91-Day Treasury Bill Index and 0.35% Call Loan Rate. NBIMC staff closely monitor the activities of this fund, including executing and processing all transactions on behalf of the students.

3. Investments *(continued)*

NBIMC Canadian Equity Index Fund

This fund invests in physical securities and derivative strategies to gain exposure to various segments of the S&P/TSX Composite Index. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The performance objective is to match the return of the S&P/TSX Total Return Composite Index over four year rolling periods.

NBIMC Low Volatility Canadian Equity Fund

This fund actively invests in securities to gain exposure to the MSCI Canada Minimum Volatility Index (pre-October 1, 2014 – the S&P/TSX Composite Index). The objective is to achieve a long-term rate of return equivalent to this index, net of fees, on an annualized four year rolling average.

NBIMC External Canadian Equity Fund

This fund is managed by external managers and invests in publicly traded Canadian equities. The performance objective is to add 150 basis points to its benchmark, the S&P/TSX Total Return Composite Index, over a four-year moving average.

NBIMC S&P/TSX Completion Index Fund

Managed by an external manager, this fund invests primarily in the companies of the S&P/TSX Completion Index. The performance objective is to exceed the performance of its benchmark, the S&P/TSX Completion Total Return Index, by 150 basis points, net of fees. Effective November 28, 2014, the assets of this fund were sold at fair value to the NBIMC Canadian Equity Index Fund and this fund was terminated.

NBIMC Canadian Equity Active Long Strategy Fund

This fund seeks to add value through prudent selection of individual securities and sector allocations through over and under weighting of the index. The performance objective is to add 150 basis points to its benchmark, the S&P /TSX Total Return Composite Index.

NBIMC External International Equity Fund

This fund is managed by external managers and invests in publicly traded equities in markets in Europe, Australasia and the Far East. The performance objective is to exceed the performance of the benchmark, which is a weighting of the respective country or regional indices (CAD$), by 150 basis points over a four- year moving average.

NBIMC EAFE Equity Index Fund

This fund invests in securities in the MSCI EAFE (Developed Markets) Index (CAD$). The objective is to achieve a rate of return equivalent to the MSCI EAFE (Developed Markets) Net Dividends.

NBIMC Low Volatility International Equity Fund

This fund actively invests in securities in the MSCI EAFE Minimum Volatility Total Return Index, Net (CAD$) (pre-October 1, 2014 – the MSCI EAFE (Developed Markets) Net Dividends Index (CAD$)). The objective is to achieve a long-term rate of return equivalent to this index, net of fees, on an annualized four year rolling average.

3. Investments *(continued)*

NBIMC U.S. Equity Index Fund

This fund passively invests in physical securities and derivatives to gain exposure to the S&P 500 Index. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The performance objective is to match the return of the S&P 500 Total Return Index (CAD$).

NBIMC Low Volatility U.S. Equity Fund

This fund actively invests in securities to gain exposure to the MSCI U.S.A. Minimum Volatility Total Return Index, Net (CAD$) (pre-October 1, 2014 – the S&P 500 Total Return Index (CAD$)). The objective is to achieve a long-term rate of return equivalent to this index, net of fees, on an annualized four year rolling average.

NBIMC Inflation Linked Securities Fund

This fund invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. The performance objective is to add 10 basis points to its benchmark, the FTSE TMX Canada Real Return Bond Index, over a four-year moving average.

NBIMC Canadian Real Estate Fund

This fund invests in Canadian real estate investments, directly through a wholly-owned subsidiary, NBIMC Realty Corp., or indirectly through limited partnerships or similar investment vehicles. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus 4%.

NBIMC Canadian Real Estate Investment Trust Fund

This fund invests in publicly-traded Canadian real estate investment trust securities. The performance objective is to match the return of the S&P/TSX Capped REIT Index.

NBIMC International Real Estate Fund

This fund is managed by an external manager that invests primarily in publicly traded securities of international Real Estate Investment Trusts (REITs). The performance objective is to add 150 basis points to the countries' blended REIT Equity Indices (CAD$), net of fees, over the long-term.

NBIMC Infrastructure Fund

This fund was created to provide additional investment diversification through direct investment in infrastructure through co-investment structures. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus 4%.

NBIMC North American Market Neutral Fund

This fund focuses on adding value through security selection within its universe of the S&P/TSX Composite Index as well as certain publicly traded US-listed stocks. Favored securities are purchased and offset by a corresponding short position in another security within the same sector. The portfolio is supported by a cash underlay and its performance objective is to add 350 basis points annually over a four-year moving average basis to its benchmark. The benchmark is calculated as 93% of the FTSE TMX Canada 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

3. Investments *(continued)*

NBIMC Quantitative Strategies Fund

This fund seeks to add value by investing in either long or short positions where announced mergers or dual class share structures present arbitrage potential. Short positions are supported by cash underlay. The objective is to add 350 basis points over its benchmark. The benchmark is calculated as 93% of the FTSE TMX Canada 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund

This fund invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. The performance objective is to achieve a 4% real rate of return over a long-term investment horizon.

NBIMC Private Equity Fund

This fund is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The performance objective is to exceed the performance of its benchmark, a blend of the respective countries' total return indices (CAD$).

3. Investments *(continued)*

Following are details of unit trust holdings by the Trust:

($ thousands)	Number of Units *(rounded)*	Unit Value *(in dollars)*	Fair Value December 31, 2014	Fair Value January 1, 2014
Fixed Income:				
NBIMC Nominal Bond Fund	434,856	$ 2,493	$ 1,084,291	$ 947,714
NBIMC Corporate Bond Fund	890,656	1,163	1,035,933	425,230
NBIMC New Brunswick Fixed Income Opportunity Fund	2,891	2,970	8,586	8,547
NBIMC Money Market Fund	74,122	1,577	116,869	78,060
NBIMC Student Investment Fund	485	3,182	1,544	1,399
			2,247,223	1,460,950
Equities:				
NBIMC Canadian Equity Index Fund	200,260	3,058	612,352	657,169
NBIMC Low Volatility Canadian Equity Fund	194,215	1,396	271,125	126,941
NBIMC External Canadian Equity Fund	45,523	3,599	163,855	236,078
NBIMC S&P/TSX Completion Index Fund	—	—	—	113,468
NBIMC Canadian Equity Active Long Strategy Fund	92,142	1,302	119,976	129,455
NBIMC External International Equity Fund	85,803	1,729	148,367	144,727
NBIMC EAFE Equity Index Fund	401,090	1,228	492,369	774,564
NBIMC Low Volatility International Equity Fund	187,913	1,557	292,631	178,349
NBIMC U.S. Equity Index Fund	191,188	2,020	386,162	615,862
NBIMC Low Volatility U.S. Equity Fund	160,557	1,924	308,935	191,819
			2,795,772	3,168,432
Inflation Linked Assets:				
NBIMC Inflation Linked Securities Fund	100,800	3,403	342,981	513,364
NBIMC Canadian Real Estate Fund	39,838	3,517	140,121	117,191
NBIMC Canadian Real Estate Investment Trust Fund	114,573	1,105	126,642	115,715
NBIMC International Real Estate Fund	23,348	5,857	136,757	128,081
NBIMC Infrastructure Fund	43,180	1,298	56,061	52,368
			802,562	926,719
Alternative Investments:				
NBIMC North American Market Neutral Fund	117,391	1,289	151,260	86,479
NBIMC Quantitative Strategies Fund	237,858	1,294	307,844	122,381
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	3,443	4,561	15,701	16,161
NBIMC Private Equity Fund	109,578	2,145	235,007	181,187
			709,812	406,208
			$ 6,555,369	$ 5,962,309

4. Fair Value of Financial Instruments

Investments are valued at fair value with changes in fair values over time recognized in net investment income.

The determination of fair value is dependent upon the use of measurement inputs with varying degrees of subjectivity. The level of subjectivity can be classified and is referred to as the fair value hierarchy. The fair value hierarchy levels are:

Level 1 - Quoted market prices in active markets. This is considered to be the most reliable input for fair value measurement. A financial instrument is regarded as quoted in an active market if quoted prices are readily or regularly available from an exchange or prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Inputs (other than quoted prices included within Level 1) that are observable for the investment, either directly or indirectly. These inputs include quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, and inputs other than quoted prices that are observable for the investment. These are inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Inputs that are unobservable that are used to measure fair value when observable inputs are not available. Unobservable inputs reflect subjective assumptions that market participants may use in pricing the investment.

The units held in each NBIMC unit trust fund are classified as a Level 2 investment since the units are priced based on each unit trust net asset value, which is observable, but the units are not traded in an active market.

5. Financial Instrument Risk Management

Financial instruments are exposed to risks such as market, interest rate, credit and liquidity risk.

Under its terms of reference, the PSSRP Board of Trustees has overall responsibility for understanding the principal risks facing the PSSRP. Accordingly, the PSSRP Board of Trustees is responsible for the establishment of a Statement of Investment Policies ("SIP") for the Trust. Day-to-day investment activities and monitoring of risk controls are delegated to NBIMC, which acts in accordance with the SIP. NBIMC produces quarterly reporting of investment performance, policy compliance, and trends and changes in investment risks for the Board of Trustees.

The Board of Trustees, using information from independent actuarial valuations as well as expectations concerning financial markets, is responsible for approval of a recommended investment asset mix that seeks to deliver the long-term investment returns necessary for the sustainability of the PSSRP. This process has the intent of achieving the maximum investment returns possible while meeting the risk management tests in the Funding Policy. The recommended strategic asset allocation is reviewed on at least an annual basis to ensure that it remains appropriate. Once approved, NBIMC is responsible for the implementation of the asset mix decision.

5. Financial Instrument Risk Management *(continued)*

(a) Market Risk: Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk includes foreign currency risk, interest rate risk and pricing risk among others. The principal lever for managing market risk is to invest in widely diversified countries, sectors, and issuers. The Trust holds investments in unit trust funds that invest in active and passive investment strategies and are diversified among domestic and international markets.

Investment strategies used by the unit trust funds may involve the use of financial derivatives such as forward foreign exchange contracts or total return swaps. Investment strategies also include “market neutral” strategies whereby an investment in a long position in one stock is matched with a short position in another stock, typically within the same industry sector. With the limited exception of prudent financing for investments in real property, the SIP for the Trust precludes the use of leverage in the investment portfolio. Accordingly, to the extent that there is market exposure from derivative investments and short positions, each unit trust fund will hold cash underlay equal to the amount of market exposure. Market neutral strategies help to mitigate market risk through adherence to maximum investment limits and stop-loss constraints and have a lower correlation to broad market indices.

NBIMC conducts certain of its investment activities in the unit trust funds on behalf of the Trust by trading through broker channels on regulated exchanges and in the over-the-counter market. Brokers typically require that collateral be pledged against potential market fluctuations when trading in derivative financial instruments or when shorting security positions. As at December 31, 2014, the fair value of securities that have been deposited or pledged with various financial institutions as collateral or margin on account was $263,537 (January 1, 2014 - $107,751) *(see also note 5(c))*.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. All of the Trust’s investments are in Canadian dollar denominated unit trust funds managed by NBIMC, however certain of the unit trust funds invest in assets denominated in foreign currencies or domiciled in foreign jurisdictions. The SIP for the Trust permits hedging of foreign currency exposure at the portfolio manager’s discretion. Approximately 30.3% (January 1, 2014 - 36.5%) of the Trust’s underlying investments are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the U.S. dollar (16.5%; January 1, 2014 -19.2%) and the Euro (4.6%; January 1, 2014 - 6.0%).

A 1% increase or decrease in the value of the Canadian dollar against all other currencies with all other variables are held constant would result in an approximate decrease or increase in the value of the net investment assets at December 31, 2014 of $19,853 (January 1, 2014 - $21,751).

Interest rate risk refers to the effect on the market value of investments due to fluctuation of interest rates. The Trust invests in certain unit trust funds that invest in fixed income securities whose fair values are sensitive to interest rates. The SIP requires NBIMC to adhere to guidelines on duration and yield curve, which are designed to mitigate the risk of interest rate volatility.

If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the net investment assets at December 31, 2014 would be approximately $209,266 (January 1, 2014 - $233,468).

5. Financial Instrument Risk Management *(continued)*

Pricing risk is the risk that equity investments will change in value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Trust is exposed to price risk associated with the underlying equity investments held in pools managed by NBIMC. If equity market prices indices declined by 1%, and all other variables are held constant, the potential loss at December 31, 2014 would be approximately $31,080 (January 1, 2014 - $33,426).

(b) Credit Risk: The Trust is exposed to credit-related risk in the event that a unit trust investment in a derivative or debt security counterparty defaults or becomes insolvent. NBIMC has established investment criteria which are designed to manage credit risk by establishing limits by issuer type and credit rating for fixed income and derivative credit exposure. NBIMC monitors these exposures monthly. Such derivative and short and long-term debt securities are restricted to those having investment grade ratings, as provided by a third party rating agency. In addition, each counterparty exposure is restricted to no more than 5% of total assets. Investment grade ratings are BBB and above for longer term debt securities and R-1 for short- term debt. Any credit downgrade below investment grade is subject to review by the Board of Trustees.

5. Financial Instrument Risk Management *(continued)*

The maximum credit exposure for the Trust as of December 31, 2014 and January 1, 2014 is as follows:

($ thousands)		December 31, 2014		January 1, 2014
Fixed Income				
NBIMC Nominal Bond Fund	$	1,026,941	$	937,488
NBIMC Corporate Bond Fund		968,883		416,889
NBIMC New Brunswick Fixed Income Opportunity Fund		8,586		8,547
NBIMC Money Market Fund		116,869		78,060
NBIMC Student Investment Fund		664		576
		2,121,943		1,441,560
Equities				
NBIMC Canadian Equity Index Fund		451,138		589,986
NBIMC Low Volatility Canadian Equity Fund		921		436
NBIMC External Canadian Equity Fund		84		159
NBIMC S&P/TSX Completion Index Fund		—		295
NBIMC Canadian Equity Active Long Strategy Fund		43,200		65,631
NBIMC EAFE Equity Index Fund		779		2,994
NBIMC Low Volatility International Equity Fund		960		662
NBIMC U.S. Equity Index Fund		613		1,232
NBIMC Low Volatility U.S. Equity Fund		723		343
		498,418		661,738
Inflation Linked Assets				
NBIMC Inflation Linked Securities Fund		337,541		505,798
NBIMC Canadian Real Estate Fund		6,346		—
NBIMC Canadian Real Estate Investment Trust Fund		618		434
NBIMC International Real Estate Fund		645		543
NBIMC Infrastructure Fund		5,160		5,061
		350,310		511,836
Alternative Investments				
NBIMC North American Market Neutral Fund		573		376
NBIMC Quantitative Strategies Fund		2,563		288
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund		—		279
		3,136		943
Contributions receivable		21,948		17,730
Other receivables		26		65
Total	$	2,995,781	$	2,633,872

The quality of the maximum credit exposure is as follows:

($ thousands)		December 31, 2014		January 1, 2014
AAA	$	718,872	$	897,023
AA		962,450		804,236
A		801,154		612,527
BBB		270,295		106,818
R-1		193,918		207,931
Other		49,092		5,337
	$	2,995,781	$	2,633,872

The highest concentration of credit risk at each reporting date is with Government of Canada bonds.

5. Financial Instrument Risk Management *(continued)*

(c) Liquidity Risk: Liquidity risk is the risk of not having sufficient funds available to meet cash demands. Sources of liquidity include pension contributions collected from the employers and employees, cash and readily marketable assets such as government bonds and publicly traded securities. Uses of liquidity include payments to the plan beneficiaries, purchases of securities and settlement of prior commitments for private equity, real estate and infrastructure investments.

The Trust's asset mix is specifically designed to ensure that sufficient liquid assets are available to meet pension benefit obligations as they are required. Other than cash, treasury bills and bankers' acceptances, government bonds are considered the most liquid asset class whereas privately-held debt, equity, real estate and infrastructure investments are considered highly illiquid due to the lack of a readily available market and the longer term to maturity for these investments.

Net liquid assets are defined to include the fair value of all assets excluding private equity, private real estate, infrastructure, New Brunswick regional investments, the fair value of collateral pledged with brokers and counterparties and any unfunded investment commitments. The following table shows the determination of net liquid assets:

($ thousands)		**December 31, 2014**		**January 1, 2014**
Net assets available for benefits	$	6,567,345	$	5,976,535
Less: investment in NBIMC New Brunswick Fixed Income Opportunity Fund *(note 3)*		(8,586)		(8,547)
Less: investment in NBIMC Canadian Real Estate Fund *(note 3)*		(140,121)		(117,191)
Less: investment in NBIMC Infrastructure Fund *(note 3)*		(56,061)		(52,368)
Less: investment in NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund *(note 3)*		(15,701)		(16,161)
Less: investment in NBIMC Private Equity Fund *(note 3)*		(235,007)		(181,187)
Less: collateral pledged *(note 5(a))*		(263,537)		(107,751)
Less: investment commitments *(note 9)*		(200,333)		(193,179)
Net liquid assets	$	5,647,999	$	5,300,151

(d) Securities Lending: The Trust's SIP permits NBIMC to enter into a securities lending arrangement externally with their securities custodian or internally among the unit trust funds that NBIMC manages with the objective of enhancing portfolio returns.

Under the external program, the securities custodian, who is an independent third party, may loan securities owned by the unit trust funds to other approved borrowers in exchange for collateral in the form of readily marketable government-backed securities equal to at least 105% of the value of securities on loan and a borrowing fee. NBIMC has restricted the approved borrowers under the external securities lending program to manage exposure to counterparty credit risk. As at December 31, 2014, underlying securities in the amount of $629,223 (January 1, 2014 - $608,662) were loaned on behalf of the PSSRP.

Under the internal securities lending program, certain unit trust funds may loan securities to a borrowing unit trust fund subject to an intra-fund collateral management agreement and a borrowing fee. As at December 31, 2014, underlying securities in the amount of $32,788 (January 1, 2014 - $29,810) were loaned on behalf of the Trust and $45,638 (January 1, 2014 - $29,246) were borrowed.

6. Net Investment Income

Net investment income (loss) by unit trust fund for the year ended December 31, after allocating net gains (losses) on investments, is as follows:

($ thousands)	2014	2013 *(Unaudited)*
Fixed Income:		
NBIMC Nominal Bond Fund	94,500	(16,399)
NBIMC Corporate Bond Fund	43,102	1,823
NBIMC New Brunswick Fixed Income Opportunity Fund	810	(161)
NBIMC Money Market Fund	1,258	503
NBIMC Student Investment Fund	145	84
	139,815	(14,150)
Equities:		
NBIMC Canadian Equity Index Fund	76,808	87,336
NBIMC Low Volatility Canadian Equity Fund	29,837	16,117
NBIMC External Canadian Equity Fund	27,368	33,219
NBIMC S&P/TSX Completion Index Fund	6,537	13,624
NBIMC Canadian Equity Active Long Strategy Fund	15,855	17,823
NBIMC External International Equity Fund	10,006	38,547
NBIMC EAFE Equity Index Fund	25,315	198,108
NBIMC Low Volatility International Equity Fund	21,828	38,061
NBIMC U.S. Equity Index Fund	122,939	219,791
NBIMC Low Volatility U.S. Equity Fund	56,301	49,975
	392,794	712,601
Inflation Linked Assets:		
NBIMC Inflation Linked Securities Fund	65,311	(66,398)
NBIMC Canadian Real Estate Fund	11,580	14,836
NBIMC Canadian Real Estate Investment Trust Fund	12,257	(5,127)
NBIMC International Real Estate Fund	46,681	13,997
NBIMC Infrastructure Fund	2,533	1,741
	138,362	(40,951)
Alternative Investments:		
NBIMC North American Market Neutral Fund	(793)	5,877
NBIMC Quantitative Strategies Fund	11,072	8,094
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	(406)	1,333
NBIMC Private Equity Fund	37,270	30,226
	47,143	45,530
Net investment income	718,114	703,030

7. Capital

The purpose of the PSSRP is to provide secure pension benefits to plan members and beneficiaries of the plan without an absolute guarantee, but with a risk-focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.

The primary focus is to provide a highly secure base lifetime pension at normal retirement age. However, the intention is that additional benefits may be provided depending on the financial performance of the Trust. 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 sets out a primary and two secondary risk management objectives as follows:

(a) The primary objective is to achieve a 97.5% probability that the past base benefits at the end of each year will not be reduced over a 20-year period.

(b) The secondary objectives are:

(i) on average, provide contingent indexing on base benefits for services rendered on or before the conversion date that is in excess of 75% of the indexation provided under the pre-conversion plan over a 20-year period; and

(ii) on average, over a 20-year period provide other ancillary benefits that exceed 75% of the value of ancillary benefits described in the PSSRP Text at conversion.

The above risk management objectives are measured annually using an asset liability model with future economic scenarios developed using a stochastic process. The Funding Policy sets out the decisions to be made by the Board of Trustees. Depending upon the testing results, these decisions would involve either the funding excess utilization plan or the funding deficit recovery plan that will ensure future changes to contribution rates and benefits are made within the constraints of the above risk management objectives.

8. Related Party Transactions

The Trust is related to the Province of New Brunswick including its departments, agencies, school districts, regional health authorities, crown corporations (including NBIMC) and other crown entities. The Board of Trustees, consisting of an equal number of representatives of the employers and the employees, determines the amounts of contributions to and payments from the Trust.

All of the Trusts' investments included in the Statement of Net Assets Available for Benefits are in unit trust funds that are managed by NBIMC. The Trust has an undivided interest in the underlying assets of the unit trust funds *(see note 3)*. In addition, the NBIMC Canadian Real Estate Fund has made certain of its direct and indirect real estate investments using wholly-owned subsidiary company structures.

Included in the investments in the NBIMC unit trust funds are underlying investments in New Brunswick provincial and municipal bonds that are recorded at their fair values as at December 31, 2014 of $50,559 (January 1, 2014 - $35,965).

Contributions from employers and employees for the year ended December 31, 2014 and December 31, 2013 are as shown in the Statement of Changes in Net Assets Available for Benefits. Contributions receivable from the employers and employees as at December 31, 2014 and January 1, 2014 are as shown in the Statement of Net Assets Available for Benefits.

Payments to the Province of New Brunswick for benefits for the years ended December 31, 2014 and December 31, 2013 are as shown in the Statement of Changes in Net Assets Available for Benefits.

8. Related Party Transactions (continued)

Expenses related to pension administration paid to the Province of New Brunswick for the year ended December 31, 2014 were $3,034 (2013 (unaudited) - $3,125).

Investment management fees paid to NBIMC for the year ended December 31, 2014 were $6,853 (2013 (unaudited) - $5,849).

Accounts payable and accrued liabilities as at December 31, 2014 shown in the Statement of Net Assets Available for Benefits include fees payable to NBIMC in the amount of $1,033 (January 1, 2014 - $781), expenses related to pension administration payable to the Province of New Brunswick in the amount of $1,874 (January 1, 2014 - $254) and an amount payable to the Province of New Brunswick for over- contributions in the amount of $6,247.

9. Commitments

The NBIMC Canadian Real Estate Fund and the NBIMC Private Equity Fund have committed to enter into investments, which may be funded over the next several years in accordance with the terms and conditions agreed to in various partnership agreements. The Trust's share of unfunded commitments is:

($ thousands)	**December 31, 2014**	**January 1, 2014**
NBIMC Canadian Real Estate Fund	25,567	27,837
NBIMC Private Equity Fund	174,766	165,342
	200,333	193,179

10. Indemnification

The Board of Trustees has been named in an application seeking an order to protect the pre-conversion pension benefits of retirees and other claimants. Pursuant to the Agreement and Declaration of Trust, the Board of Trustees are entitled to be indemnified out of the assets of the Trust in respect of any liability, including defence costs, incurred in the performance of their duties as trustees. As a consequence, a request for indemnification may be made against the Trust although to date no such claim has been received and no indemnification payments have been made by the Trust. The contingent nature of these indemnification obligations prevents the Trust from making a reasonable estimate of the maximum potential payments that may be required.

Appendix A

Amendments Made to the PSSRP Text in 2014

SECTION	CHANGE TO PLAN TEXT
ARTICLE 2 - DEFINITIONS	
SUBSECTION 2.22	Approved the eligibility of the President of the New Brunswick Union of Public and Private Employees as a member of the PSSRP as of January 1, 2014.
SUBSECTION 2.23 AND APPENDIX E	Approved the eligibility of Atlantic Provinces Special Education Authority (APSEA) and the International Brotherhood of Electrical Workers, Local 37 as an employer under the PSSRP at a date to be determined by the Board.
SUBSECTION 2.32, 2.33 AND VARIOUS OTHER CONSEQUENTIAL AMENDMENTS	Approved eligibility of New Brunswick Members of the Legislative Assembly (MLAs) to participate as members of the Plan.
SUBSECTION 2.62	Added the rule that vesting would also include “two years of pensionable service.”
ARTICLE 3 – ELIGIBILITY AND PARTICIPATION	
SUBSECTION 3.5	Wording relating to Continuous Service was changed to better align with requirements under the *Pension Benefits Act.*
SUBSECTION 3.9	The age 65 was replaced with the *Income Tax Act* age limit (currently age 71).
SUBSECTION 3.10	Added wording relating to the PSSRP pension when a PSSRP retiree joins the New Brunswick Teachers’ Pension Plan.
SUBSECTION 3.13	Section added to allow employees hired under a Personal Services Contract signed prior to February 1, 2014 to opt out of the PSSRP.
ARTICLE 12 – FORMS OF PENSION BENEFITS	
SUBSECTION 12.1 (IV)	Clarified that any residual payment that is made upon the post-retirement death of a member would be payable to a designated beneficiary.
ARTICLE 23 – PURCHASES OF SERVICE AND RECIPROCAL AGREEMENTS	
VARIOUS SUBSECTIONS	Added Purchase of Service rules for periods following January 1, 2014 and for the cost associated with pre-conversion service following the expiry of the purchase of service window (ended December 31, 2014).
ARTICLE 24 – PRE-RETIREMENT OPTION	
VARIOUS SUBSECTIONS	Added this article, which allows members to work part-time and contribute on a full-time basis up to five years prior to retirement. It had been omitted from the original plan text.

Appendix B

Summary of Board Activities for 2014

The following provides a summary of the activities of the Board of Trustees during its inaugural year:

Policies and Reports

The Board reviewed and approved the following key policies and reports during the year:

- Conversion Plan and Initial Actuarial Valuation Report as of January 1, 2014;
- Initial Funding Policy;
- Initial Statement of Investment Policies followed by amendments that included the change of the target asset mix, permitted deviations and investment policy benchmarks;
- The PSSRP Trust's audited Statement of Financial Position as of January 1, 2014; and
- Various amendments to the Plan Text *(see summary on page 42).*

Board Governance

The Board created both an Audit Committee and a Governance Committee as part of establishing its governance framework, along with the following governance policies:

- Terms of Reference for the Board, the Audit Committee and the Governance Committee;
- Code of Ethics and Business Conduct;
- Disclosure Policy;
- Trustee and Observer Orientation and Education Policy;
- Per Diem and Expense Policy; and
- Guidelines for the Nomination of New Trustees.

Member Services

The Board reviewed and approved the following in support of member services:

- A revised employee booklet;
- A revised Statement of Employee Benefits to be used with the revised pension estimate calculator;
- A Reciprocal Transfer Agreement with the Part-Time and Seasonal Pension Plan;
- Continued participation in the Intra-Provincial Reciprocal Transfer Agreement; and
- The inaugural PSSRP Newsletter (Spring/Summer2014).

Service Provider Engagement and Oversight

The Board engaged the following services providers to assist with the administration and investment of the Plan:

- New Brunswick Investment Management Corporation (NBIMC) for investment services;
- Pensions and Employee Benefits Division of the provincial Department of Human Resources for day-to-day pension administration services;
- Morneau Shepell for actuarial services;
- Osler, Hoskin & Harcourt for legal services;
- KPMG, as the independent auditor for the PSSRP Trust for the 2014 plan year; and
- Grant Thornton for independent audit services relating to contributions and benefits payments for the nine months ending December 31, 2014.

The Board received quarterly investment updates and results from NBIMC and quarterly reports from the Pensions and Employee Benefits Division.

Legal and Regulatory

The Board met all regulatory filing and disclosure requirements outlined under the *Pension Benefits Act* and the *Income Tax Act* (Canada).

The Board also considered information from legal counsel concerning the applicability of the *Right to Information and Protection of Privacy Act*, the *Public Purchasing Act* and the *Official Languages Act* to the Board. It also approved a request by the Auditor General for the minutes of the Board's meetings since inception as well as data from the Actuary.

Appendix C

Public Interest Disclosure Act

As required under ***Section 18 – Report about disclosures*** of the *Public Interest Disclosure Act*, the Board of Trustees hereby report that for 2014:

- there were no disclosures received or acted upon;
- no investigations were therefore commenced due to disclosure receipt;
- no claims had been referred from the Ombudsman under section 23; and
- no investigations were therefore commenced due to a referral receipt.

Appendix D

Global Investment Performance Standards (GIPS®) Compliance Report

NEW BRUNSWICK INVESTMENT MANAGEMENT

Public Service Shared Risk Plan Trust

Ten years ended December 31, 2014

Year Ended December 31	Gross Return %	Net Return %	Benchmark Return %	Composite 3-Yr SD* %	Benchmark 3-Yr SD* %	PSSRP AUM** *(in millions of $CAD)*	Firm AUM** *(in millions of $CAD)*
2014	12.15	11.98	11.12	3.74	3.95	6,555.4	12,219.7
2013	13.06	12.90	12.55	4.21	4.45	5,962.2	10,652.2
2012	8.58	8.44	7.84	4.47	4.68	5,390.3	9,707.6
2011	3.24	3.09	2.49	6.74	7.14	5,028.6	9,081.3
2010	9.23	9.08	9.05	10.35	10.61	4,920.4	8,900.9
2009	14.04	13.89	13.98			4,535.6	8,248.8
2008	(17.18)	(17.35)	(17.13)			3,989.3	7,315.2
2007	5.18	5.04	4.54			4,829.5	8,898.4
2006	10.42	10.28	9.93			4,603.5	8,550.0
2005	14.02	13.90	13.74			4,177.0	7,825.2

** SD means the standard deviation*

***AUM means Assets Under Management*

Composite Description

The Public Service Shared Risk Plan Trust (PSSRP Trust) includes all portfolios managed by New Brunswick Investment Management Corporation (NBIMC) on behalf of the PSSRP Trust, based on that pension plan's objectives and risk management goals. The PSSRP Trust composite includes public equity, fixed income, inflation linked, absolute return, real estate and private equity asset classes.

Composite Creation Date

The PSSRP Trust composite was created January 1, 2014, following the conversion of the Public Service Superannuation Act (PSSA) to the Public Service Shared Risk Plan (PSSRP). Prior to the conversion, the pension funds for the PSSA were included in the Pension Funds composite. The PSSRP is administered by a joint Board of Trustees. NBIMC has created this composite for reporting to PSSRP Board of Trustees.

NBIMC has been the investment manager for this pension fund since March 31, 1996. The historical results for the PSSRP Trust composite are presented on a calendar basis.

NEW BRUNSWICK INVESTMENT MANAGEMENT

Public Service Shared Risk Plan Trust
Ten years ended December 31, 2014

Firm Description

NBIMC is a Crown corporation established under the *New Brunswick Investment Management Corporation Act* of 1994. NBIMC is primarily responsible for acting as investment manager for pension and other public sector trust funds (collectively, the “Funds; and individually, the “Fund”).

The Funds are invested in unit trust funds established by NBIMC to facilitate the collective investment management and administration of these assets. At December 31, 2014, there were 26 active unit trust funds, each with a specific investment mandate. The Funds managed by NBIMC hold units in the unit trust funds in accordance with their investment policy.

A complete list and description of firm composites are available upon request.

Compliance Statement

NBIMC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. NBIMC has been independently verified for the periods December 1, 1996 through December 31, 2014. The verification reports are available upon request.

Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

Calculation Methodology

Composite returns were calculated in Canadian dollars using the aggregate return method on a daily basis. Daily returns were linked geometrically to calculate periodic returns. Returns include dividends net of withholding taxes, interest, as well as realized and unrealized gains and losses as of the last business day of the calendar year.

Performance returns expressed on a gross basis are after the deduction of all trading expenses, but before the deduction of investment management costs and custodial fees.

Under the terms of its investment management agreements, NBIMC charges for its investment management services on a cost recovery basis, allocated prorata to the Funds according to assets under management. Performance returns expressed on a net basis are after the deduction of all expenses charged for the composite assets under management, including trading expenses, custodial fees, and investment management costs.

Public Service Shared Risk Plan Trust

Ten years ended December 31, 2014

The composite performance presented in these schedules may not be indicative of future performance. Readers should also be aware that other performance calculation methods may produce different results, and that the results for specific accounts and for different periods may vary from composite returns presented. Comparisons of investment results should consider qualitative circumstances and should be made only to portfolios with generally similar objectives.

In the calculation and presentation of performance returns, NBIMC is not aware of any instances in which this presentation does not conform with the laws and regulations of any province or territory of Canada in which NBIMC operates.

Additional information regarding NBIMC's policies and procedures for calculating and reporting composite results is available upon request.

Number of Portfolios and Internal Dispersion

The internal dispersion measure and number of portfolios are not presented because the PSSRP Trust is the only portfolio in the composite.

Three Year Annualized Ex-Post Standard Deviation

The 3 year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36 month period.

Sub-advisors

NBIMC enters into sub-advisory agreements whereby certain assets are managed by sub-advisors. Rates of return earned on assets managed by the sub-advisors are included in NBIMC's composite presentations because NBIMC maintains full discretion over the use and choice of sub-advisors.

Derivative instruments and short positions

Futures contracts, forward foreign exchange contracts, exchange traded and over-the-counter options and swaps, and short positions are used in NBIMC's investment management activities.

These derivative instruments are used for various purposes, including:

- to simulate exposure to a particular market index, but with lower transaction costs;
- to enhance performance returns;
- to modify the cash flow characteristics of an investment; or
- to hedge against potential losses due to changes in foreign exchange rates or stock prices

Public Service Shared Risk Plan Trust
Ten years ended December 31, 2014

In using derivative instruments, as described above, NBIMC has established investment criteria, policies and procedures over the extent and use of derivative instruments to manage performance returns and mitigate market risks such as foreign currency, interest rate and pricing risk.

Benchmark Description

The PSSRP Trust's composite blended benchmark is calculated daily using a blend of the asset class benchmarks, based on the beginning daily weights for the respective asset classes. Benchmark returns were calculated using the following indices and weights on December 31, 2014:

Index	Weight (%)
S&P/TSX Composite	14.0
MSCI Canada Minimum Volatility	4.1
S&P 500	6.9
MSCI USA Minimum Volatility	4.7
MSCI EAFE	11.8
MSCI EAFE Minimum Volatility	4.5
FTSE NAREIT All Equity REITS	2.1
S&P/TSX Capped REIT	1.9
CPI + 4%	3.2
FTSE TMX Canada All Government Bond	17.5
FTSE TMX Canada All Corporate Bond	15.8
FTSE TMX Canada Real Return Bond	5.5
FTSE TMX Canada 91-Day T-Bill	7.4
Canadian Call Loan	0.6

Effective December 2005, the S&P/TSX Composite was replaced as a benchmark by the S&P/TSX Equity Index due to the planned introduction of income trust securities into the composite. Effective January 2007, the S&P/TSX Equity Index was replaced as a benchmark by the S&P/TSX Composite Index following completion of extensive research regarding income trusts as a component of this index and due to the decline in the composition of the companies making up the S&P/TSX Equity Index.

Effective April 2008, Canadian dollar benchmarks were implemented for international exposure, in conjunction with a foreign exposure hedging overlay strategy. The benchmark for the passive foreign currency exposure hedging overlay is equal to actual returns because the strategy does not attempt to profit from tactical foreign exchange decisions. The MSCI EAFE index replaced MSCI Europe and the NIKKEI 225; and the S&P500 replaced the Russell 2000.

Effective October 1, 2014, minimum volatility benchmarks replaced the market cap indices for Canadian, US, and EAFE Low Volatility public equity funds.