



NEW BRUNSWICK
Teachers'
— PENSION PLAN —

2021
Annual Report

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NB Teachers' Pension Plan
2021 Annual Report

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GLOSSARY

Actuarial Valuation

A report which is prepared every three years as required by legislation which determines the financial status of the pension plan. It documents the results of the funding valuation, the going concern Actuarial Valuation, a hypothetical wind-up valuation, and the risk management procedures; the most recent Actuarial Valuation prepared for the NBTPP was as at August 31, 2019.

Ancillary Benefits

Benefits that are in addition to the Base Benefit, such as the Indexing Adjustment Benefit (i.e. indexing) and early retirement subsidies.

Cost Certificate

A report as required by legislation which is prepared as at the Plan year end in the years when an Actuarial Valuation is not required. It outlines the extrapolated financial position of the Plan, the estimated contribution requirements and normal cost of benefits to accrue over the plan year following the Cost Certificate plan year end, and a review of any actions which may be required under the terms of the Funding Policy; the last Cost Certificate prepared for the NBTPP was performed as at August 31, 2021.

Indexing Adjustment Benefit (IAB, also known as “indexation”)

The cost of living adjustment applied to NBTPP pension benefits based on all or a portion of the changes in the Consumer Price Index averaged over 12 months.

NBPSPP

The New Brunswick Public Service Pension Plan, member in equal parts with the NBTPP of Vestcor Corp.

NBTPP

The New Brunswick Teachers’ Pension Plan, member in equal parts with the NBPSPP of Vestcor Corp.

NBTPP Fund

The pension fund for the NBTPP.

PBA

The *Pension Benefits Act*, provincial legislation that the New Brunswick Teachers’ Pension Plan is subject to and must comply with for certain provisions as stipulated under the TPPA.

TPPA

The *Teachers’ Pension Plan Act*, provincial legislation that governs the New Brunswick Teachers’ Pension Plan. The TPPA also specifies the PBA provisions applicable to the New Brunswick Teachers’ Pension Plan.

Vestcor Corp.

Formed in July 2016, Vestcor Corp. is as an independent private not-for-profit holding company under the *Vestcor Act* of the New Brunswick Legislature. It is the oversight body for Vestcor Inc. Vestcor Corp. is jointly owned by the New Brunswick Public Service Pension Plan (NBPSPP) and the New Brunswick Teachers’ Pension Plan (NBTPP). For more information, please visit: vestcor.org/about-us.

Vestcor Inc.

Provides investment management and administration services to the NBTPP. For more information, please visit: vestcor.org/about-us.

LETTER FROM THE CHAIR

On behalf of my fellow Trustees and Observers of the New Brunswick Teachers' Pension Plan (NBTPP), I am pleased to share with you the 2021 NBTPP Annual Report.

The purpose of your NBTPP Board has remained consistent: to provide secure lifetime pensions to teachers upon retirement, including Indexing Adjustment Benefits. This is achieved through a carefully risk-managed pension fund. As a Board, we continue to diligently oversee the security of the NBTPP and its finances, and with the ongoing support of those who work at managing the Plan, we are happy to announce that the NBTPP had another successful year in 2021.

As markets began to rebound from the COVID-19 shutdowns in 2020, the NBTPP remained resilient and secure through 2021. Our well-diversified, lower-risk investment portfolio earned a positive return of 9.95% for the year, increasing the Plan's four-year annualized return to 7.70%. The long-term return since the inception of Vestcor's mandate in 1996 is 7.37%, well above the target discount rate of 5.40% recommended by our independent actuary and approved by the Board. In 2021, our Plan grew to \$6.986 billion in investment assets, a net increase of \$467 million through the year.

This financial health has allowed the Plan to provide an Indexing Adjustment Benefit to members, increasing their benefits based on the national Consumer Price Index. The calculation of the Indexing Adjustment Benefit, completed by our independent actuary, was coincidentally the same as 2020 – 1.46% (full indexing). More information about Indexing Adjustment Benefits and how they are calculated for the NBTPP can be found at nbtp.ca.

The Board of Trustees also held the first annual information meeting in 2021, providing members with updated information about the Plan, presentations by service providers, and a live question and answer session. The meeting was held virtually, providing the opportunity for a large number of members to attend safely, respecting social distancing protocols in place due to the COVID-19 pandemic. As a result of the positive feedback following the meeting, we will host our next meeting in a similar format in October 2022. We foresee this becoming an annual event.

Finally, in mid-December, Paul Martin, a member of our Board since 2019, was appointed as the Auditor General for the Province. As a result of this appointment, Mr. Martin resigned from the Board and a new Trustee, Amy Murdock, was named in February 2022. We thank Paul for his contributions to the Board, and welcome Amy in her new role. Her skillset and knowledge will provide additional value to the Board and the Plan.

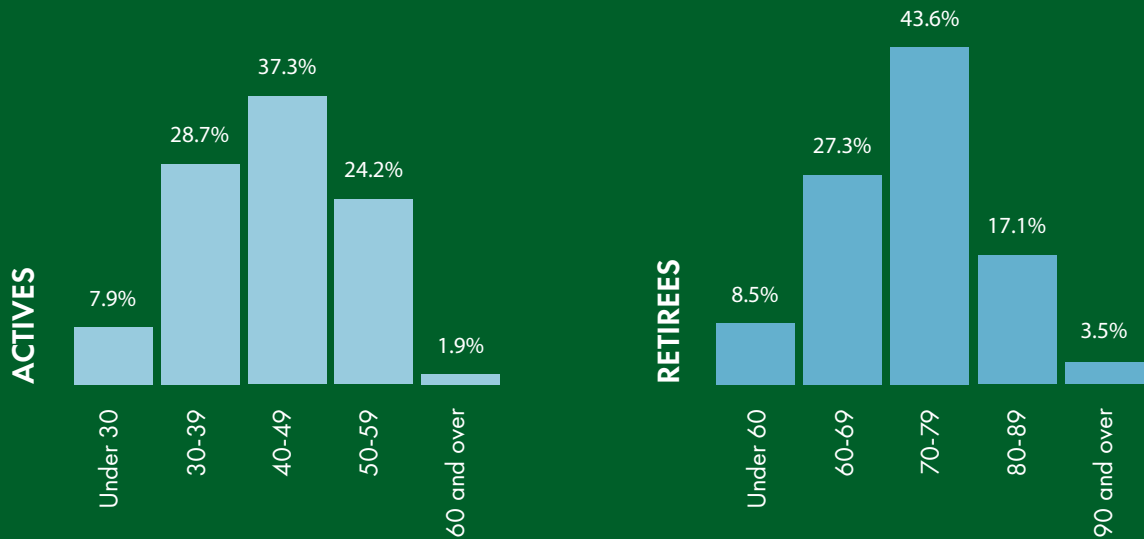
We hope you find this report of our activities in 2021 informative.



Larry Jamieson
Chairperson

June 28, 2022
Fredericton, New Brunswick

MEMBERSHIP HIGHLIGHTS



THE PURPOSE OF THE NBTPP

Provide secure pensions to teachers upon retirement and until death (including subsequent benefits to their spouse and eligible dependents as applicable).

Focus on managing risk so that there is a high degree of security that full base benefits will be provided.

Provide future Indexing Adjustment Benefits and other Ancillary Benefits (e.g. early retirement subsidies) for teachers and retirees to the extent that the funds are available for such benefits.

NBTPP GOVERNANCE

Board of Trustees

The NBTPP Board of Trustees (the “Board”) is the Administrator of the NBTPP (the “Plan”). As Administrator, the Board is responsible for the overall governance and administration of the NBTPP in accordance with the *Teachers’ Pension Plan Act*, the *Pension Benefits Act* and Regulations, the *Income Tax Act* and the Plan’s governing documents. These duties include setting the levels of contributions and benefits in accordance with the Funding Policy, approving investment policy decisions and providing oversight of the pension administration and investment management.

Established in July 2014, the Board consists of eight Trustees. The New Brunswick Teachers’ Federation appoints one half of the Trustees and the other half is appointed by the provincial government. In addition, two Observers are appointed by the New Brunswick Teachers’ Federation. These Observers have the right to attend meetings of the Board of Trustees, but do not have voting powers.

The Board was comprised of the following individuals in 2021:

Larry Jamieson

Chair

Former Executive Director, New Brunswick Teachers’ Association

Jennifer Morrison, CPA, CA

Vice-Chair | Chair of the Audit Committee

Treasurer, University of New Brunswick

Reno Thériault

Trustee | Chair of the Governance Committee

Retired Teacher, and former Executive Director of the Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

Michael Springer

Trustee | Governance Committee

Retired Teacher, and former Director of Teacher Welfare with the New Brunswick Teachers’ Association

Jane Garbutt, ICD.D

Trustee

Senior Vice-President of Corporate Operations and Administration, Ocean Capital Investments Limited

Leonard Lee-White, CFA

Trustee | Governance Committee

Retired Assistant Deputy Minister, Department of Finance and Treasury Board, Province of New Brunswick

Marcel Larocque

Trustee | Audit Committee

Retired Interim Executive Director, Association des enseignantes et des enseignants francophones du Nouveau-Brunswick

Paul Martin*, FCPA, FCA

Trustee | Audit Committee

Comptroller, Province of New Brunswick

Robert Fitzpatrick

Observer

Retired Teacher, and former Executive Director of the New Brunswick Teachers’ Association

Kerry Leopkey

Observer

Executive Director, New Brunswick Teachers’ Federation

*Paul Martin resigned from the Board in December 2021. A new Trustee was appointed in February 2022.

Fiduciary Duty

The Trustees appointed to this Board hold a fiduciary duty towards the Plan, meaning they do not represent the party who appointed them; rather, they must act in the best interest of the NBTPP and its members at all times when administering the affairs of the Plan.

Trustees must abide to a Code of Conduct and Ethics. They are entrusted with the property of another person; in this case, it consists of the pensions and related benefits of the Plan members. Trustees are required by law to place the interests of the Plan and its members above their own, and conduct themselves with the highest standards of integrity, honesty, independence, fairness, openness and competence.

Failure by any of the Trustees to properly exercise their fiduciary duty (e.g., not disclosing or addressing conflicts of interest) can result in disciplinary actions, revocation of the Trustee appointment, or even civil or criminal prosecution.

Board Education

Members of the Board are required to regularly participate in continuing education programs in order to improve effectiveness in their trustee work and make the best decisions for the Plan and its members. The continuing education is designed to enhance their knowledge and understanding of pension governance, administration and investments.

The Board receives ongoing education through the regular collection of news and articles of interest, structured presentations at Board meetings, as well as appropriate conferences and seminars. In 2021, the Board received presentations on the Asset Liability Management Study and Asset Mix Updates, Private Markets, Portfolio Benchmarking, Global Investment Performance Standards (GIPS), and a Mortality Experience Analysis.

The Board continued to utilize the Board of Trustees Growth and Development program established to set out education guidelines in order to assist the Board in meeting its fiduciary duty with regard to education. The program is comprised of trustee orientation and trustee growth and development components which recognize the ongoing evolving nature of the Board's responsibilities.



Board Expenses

Members of the Board who are not otherwise paid by their appointing party to participate in meetings and educational activities receive a per diem of \$250 or \$350 in accordance with the Compensation and Travel Expenses Policy. The increase in per diems shown in the chart below is due to the retirement of a number of Board Members, resulting in their qualifying for a per diem as they were no longer being paid by their appointing party. The Audit Committee also met with a greater frequency in 2021, meeting five times over the course of year rather than the customary two meetings. Finally, reasonable expenses incurred by Trustees and Observers in order to attend meetings and participate in educational activities are reimbursed.

The cost of the Board function for 2021 was \$62,014, compared to \$53,816 in 2020.

	2021	2020
Translation	\$12,469	\$12,956
Meeting Expenses*	-	406
Education	2,927	8,041
Travel	142	172
Per Diem	34,476	22,154
Retainer**	12,000	10,087
	\$62,014	\$53,816

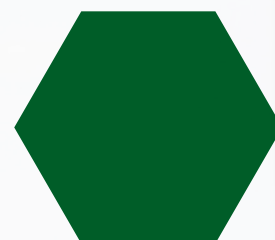
* Meetings continued to be held in a virtual format in 2021 due to the safety protocols surrounding the COVID-19 pandemic.

** Six Trustees were reimbursed for travel and/or education, and five Trustees and one Observer received an annual retainer and per diems.

Vestcor Corp.

Vestcor Corp. is a not-for-profit holding company and oversight body for Vestcor Inc. (Vestcor), the investment management and pension administration company that performs these services for the NBTPP. The NBTPP, together with the NBPSPP, are currently the Members of Vestcor Corp. Vestcor Corp. publishes its own Annual Report, available at vestcor.org/vestcorcorp.

Under the Members' Agreement, the NBTPP has the right to appoint four of the eight directors of the Board of Directors for Vestcor Corp. Also, each Member (the NBTPP and the NBPSPP) proportionately shares in the operating expenses of Vestcor Corp. The NBTPP's share of these expenses, in the amount of \$12,857 (2020 - \$16,339) are included in the administration expenses in Note 11 to the audited financial statements of the NBTPP on page 50.



Board Committees

As outlined within the Board's governing documents, the Board has the ability to establish committees of the Board and delegate certain functions to these committees. Two committees have been established: the Governance Committee and the Audit Committee. The Governance Committee meets quarterly and the Audit Committee meets semi-annually. Both present reports of their meetings and decisions to the full Board for consideration and approval.

Governance Committee

The Governance Committee assists the Board in fulfilling its responsibilities in ensuring that Board governance and stakeholder communications policies and processes follow best practices. This includes matters relating to governance documents, ethics, trustee orientation and education, trustee compensation and board effectiveness.

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities in ensuring the integrity of the NBTPP's financial reporting and disclosure processes, the appointment of external auditors, the adequacy and effectiveness of internal controls, risk management and compliance with legal and regulatory requirements.

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 2021 and the attendance of the Trustees and Observers.

Trustees/Observers	Board	Special*	Audit Committee	Governance Committee
Larry Jamieson, Chair	5/5	2/2	–	–
Jennifer Morrison, Vice-Chair	5/5	2/2	5/5	–
Leonard Lee-White	5/5	2/2	–	4/4
Marcel Larocque	5/5	2/2	5/5	–
Michael Springer	5/5	2/2	–	4/4
Reno Thériault	5/5	2/2	–	4/4
Jane Garbutt	5/5	1/2	–	–
Paul Martin	5/5	2/2	5/5	–
Robert Fitzpatrick (Observer)	5/5	2/2	–	–
Kerry Leopkey (Observer)	5/5	2/2	–	–

* Special: Annual Information Meeting and Board Triennial Assessment Session

For a summary of the Board of Trustees' activities in 2021, see Appendix A on page 19.

GOVERNING DOCUMENTS

The NBTPP 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

The Agreement and Declaration of Trust came into effect on July 1, 2014, the date of conversion from being a defined benefit plan to a target benefit plan. This document ensures that the *Teachers' Pension Act* pension fund continued as a trust fund under the NBTPP. The document also outlines the powers and duties of the Board of Trustees as Plan Administrator.

Plan Text

The Plan Text contains the detailed provisions of the Plan as it applies to eligibility, contribution and benefit calculations, retirement, as well as to the Funding Policy, Statement of Investment Policies, and risk management framework required by the *Teachers' Pension Plan Act* and the *Pension Benefits Act*.

For a list of amendments made to the governing documents in 2021, please refer to the NBTPP newsletters available at nbtp.ca. Updated versions of these documents are also available online.

Funding Policy

The Funding Policy is the tool used by the Board of Trustees to manage the risks inherent in the NBTPP. It provides guidance and rules regarding decisions that may have to be made by the Board of Trustees based on the results of the actuarial funding valuations 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 NBTPP 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 NBTPP Trust (i.e., 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.

OPERATION OF THE NBTPP

Plan Administration Services

The Board has an administration agreement with Vestcor to conduct the day-to-day administration of the NBTPP. Vestcor collects employee contributions and pays out benefits in accordance with the Plan provisions. They also provide pension services to help members understand their benefit entitlements.

Vestcor prepares annual statements for each member, communicates with members and stakeholders through semi-annual newsletters and other communication tools, and prepares regulatory submissions to the Superintendent of Pensions and the Canada Revenue Agency.

The logo for Vestcor, featuring the word "VESTCOR" in a dark blue, sans-serif font. The letter "O" is stylized with a green outline and a green horizontal bar underneath it.

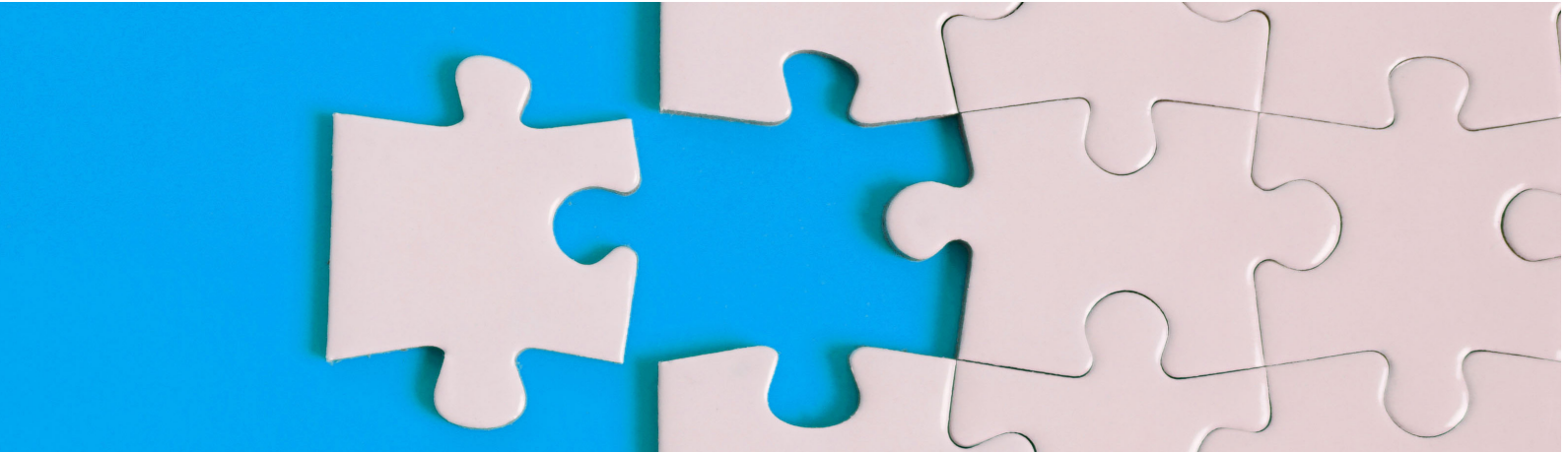
Investment Management Services

Vestcor is also the investment manager for the NBTPP, as outlined in an investment management agreement. Vestcor is responsible for the implementation of the NBTPP Statement of Investment Policies.

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

Vestcor receives employers' and employees' pension contributions and invests them in a diversified mix of asset classes according to the NBTPP Statement of Investment Policies. Vestcor also transfers sufficient funds from the pension fund to provide for the monthly pension benefit payment requirements.

Further information on Vestcor is available at vestcor.org.



Actuarial Services

An actuary is an expert in the mathematics of finance, statistics and risk theory. The *Teachers' Pension Plan Act* requires that the NBTPP undergo an Actuarial Valuation by a professionally accredited actuary at least once every three years following the July 1, 2014 conversion date. The Board of Trustees approves the actuarial assumptions used for the valuation.

The Actuarial Valuation of the pension plan is conducted on a funding and a going concern basis (i.e., both assume the Plan continues to operate indefinitely) and on an hypothetical wind-up basis (i.e., assumes the Plan is to be wound up on the valuation date) in accordance with standards set by the Canadian Institute of Actuaries. To prepare these valuations, the actuary obtains current membership data and asset mix information from Vestcor.

In the years in which an Actuarial Valuation Report is not undertaken, a Cost Certificate with respect to the funding basis is prepared.

LifeWorks (formerly known as Morneau Shepell) was reappointed as the actuary for the preparation of the NBTPP Cost Certificate as at August 31, 2021.



Auditing Services

The external auditor is responsible for expressing an independent opinion as to whether the financial statements of the NBTPP have been presented fairly by conducting an audit in accordance with Generally Accepted Auditing Standards.

KPMG was reappointed as the auditor for the NBTPP for 2021.





COST OF MANAGING THE PLAN

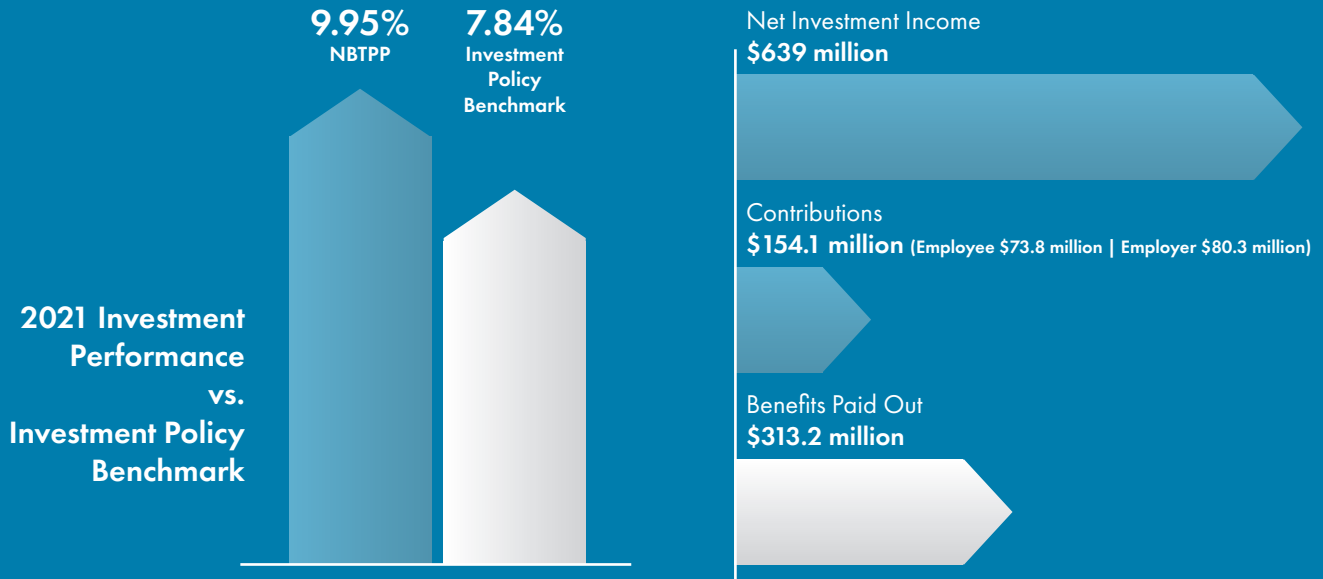
Costs related to managing the plan, referred to as the “Administration Costs” in the Statement of Changes in Net Assets in the audited financial statements, consist of pension administration services and investment management services provided by Vestcor and the NBTTP’s share of the operating costs of Vestcor Corp. These costs are further itemized in Note 11 to the audited financial statements (see page 50).

The costs for the year ended December 31, 2021 totaled \$11,613,000 compared to \$9,895,000 for the same period in 2020, an increase of \$1,718,000. This increase consists of \$1,687,000 of investment management costs which include investment manager performance related expenses and custody fees, and \$31,000 of administration costs.

As a percentage of average pension fund assets, total Administration Costs were 0.172% in 2021 compared to 0.155% in 2020. The Plan continues to benefit from the cost competitiveness of its investment and administration service provider as this expense is significantly lower than would be charged by other private sector service providers.

FINANCIAL STATEMENT HIGHLIGHTS

Year ended December 31, 2021



COST CERTIFICATE HIGHLIGHTS

At August 31, 2021

Funding Valuation Ratio - 110.4%



Assets vs. Liabilities



COST CERTIFICATE

The most recent Cost Certificate was prepared as at August 31, 2021 and reviewed and approved by the Board of Trustees on December 7, 2021. In preparing a Cost Certificate, the actuary calculates the financial position of the NBTPP by using the actual asset value at August 31 of a given year and the estimated plan liabilities, which are extrapolated from the date of the last completed Actuarial Valuation.

An Actuarial Valuation must be completed for the NBTPP as at August 31, every three years. The next one is scheduled for 2022. In the years in which an Actuarial Valuation is not prepared, the actuary prepares a Cost Certificate.

As of this most recent Cost Certificate, the funded ratio of the NBTPP is **110.4%** as compared to 103.4% in 2020.

Copies of the Plan's Actuarial Valuation Reports and Cost Certificates are available at nbtp.ca.

Indexing Adjustment Benefit

In accordance with the NBTPP governing documents, when in a position to do so, the Plan provides for an annual Indexing Adjustment Benefit (IAB), up to a maximum of 4.75% each year. Active members were awarded a 1.46% increase to their benefits earned up to December 31, 2020. Retirees had 75% of the Indexing Adjustment Benefit (as per the Plan Text) or 1.10% applied to their monthly benefits effective January 1, 2022. This was based on the Consumer Price Index (CPI) as determined by Statistics Canada for the 12-month period ending June 30, 2021, which was 1.46%. For retired or deferred members of the NBTPP who terminated during 2021, a blended rate was calculated based on the number of months the member was active and the number of months the member was retired.

Actives
1.46%
Effective Jan. 1, 2022

Retirees
1.10%
Effective Jan. 1, 2022

INVESTMENT PERFORMANCE

The Plan's assets are invested in accordance with the Statement of Investment Policies, which outlines the requirement to manage the Fund in a manner that recognizes the interdependency of the Plan's liabilities and expected cash flows for the base benefits and ancillary benefits, the closed group funded ratio, the Funding Policy, the risk management goals and the application of the risk management procedures.

The investment objectives are as follows:

- In the long term, to preserve the capital value of the Pension Trust, and to 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. The target asset mix (policy portfolio) may experience uneven returns from year-to-year consistent with general economic and investment cycles, but a diversified portfolio of long-term assets will partially mitigate the variability of the returns.
- Over shorter time periods, to achieve competitive rates of return on each major asset class while avoiding undue investment risk and excessive market volatility.
- Over the medium term, to provide moving average rates of return in excess of the policy benchmark returns. A value-added contribution of 0.42%, after deducting all investment management costs is the four-year target.



Asset Mix

The actual asset mix and the permitted deviations as at December 31, 2021, based on the NBTPP Board of Trustees' review and amendments approved on September 18, 2021, are shown in the table below:

Asset Class December 31, 2021	Actual	Target	Permitted Deviations
Fixed Income			
Short-Terms Assets (Cash)	0.4%	1.00%	± 2.0%
Government Bonds	15.8%	16.0%	± 4.0%
Corporate Bonds	15.4%	16.0%	± 4.0%
Total Fixed Income	31.6%	33.0%	
Inflation-Linked			
Real Return Bonds	5.0%	5.0%	± 2.0%
Real Estate	5.0%	6.0%	± 2.0%
Infrastructure	5.0%	5.0%	± 2.0%
Total Inflation-Linked	15.0%	16.0%	
Absolute Return Strategy	8.0%	8.0%	± 2.0%
Public Equity			
Canadian	5.9%	4.3%	± 2.0%
Canadian Small-Cap	1.0%	1.0%	± 1.0%
Global Developed Markets (ex Canada)	8.6%	10.5%	± 4.0%
Global Developed Markets (ex Canada) SmallCap	0.4%	1.7%	± 1.0%
Total Public Equity	15.9%	17.5%	
Low Volatility Equity			
Canada	5.0%	4.3%	± 2.0%
Global Developed Markets (ex Canada) Low Volatility	12.6%	11.2%	± 4.0%
Emerging Markets	4.0%	5.0%	± 2.0%
Total Low Volatility Equity	21.6%	20.5%	
Private Equity	7.2%	5.0%	± 2.0%
Active Asset Mix	0.7%		

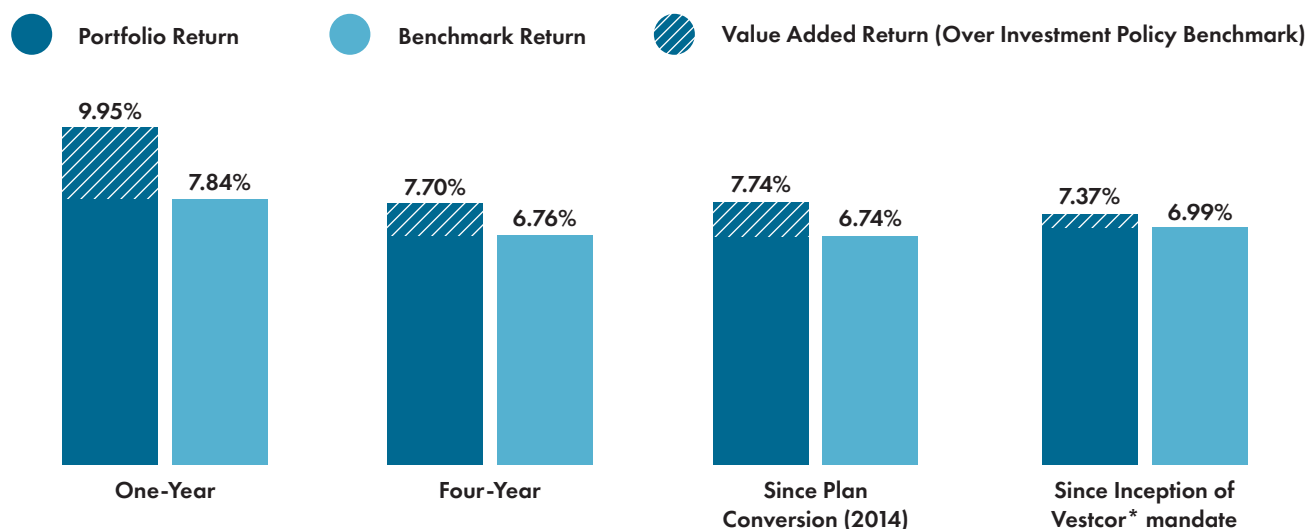
The slight deviations of the asset class weights between the actual and target asset mixes are due to Market Price Movements. In other words, as asset prices change, weights naturally change as well. Vestcor is authorized to allow weights for asset classes to slightly deviate from policy weights to minimize transaction costs; however, weights are rebalanced to policy weights once deviations go beyond an allowable range. With respect to the Global Developed Markets (ex Canada) SmallCap asset class, the deviation is a result of a change in the Plan's investment policy weight and a transition plan is in place to increase the weighting in this asset class to bring it up to its target weight.

Long-Term Returns

The chart below illustrates the gross nominal return compared to the benchmark return for the one-year period, the four-year period, and the twenty-five year period that Vestcor has managed the pension fund. The investment strategy of the Plan has been developed to meet a long-term actuarial return requirement that will maintain the provision of future pension benefits. While global financial markets can have short-term periods of low or even negative returns, the long-term sustainability of the Plan is very dependent on the long-term investment returns achieved over time.

Investment Performance as at December 31, 2021

Nominal return



The investment program achieved a positive nominal investment return of 9.95% which exceeded the policy benchmark of 7.84% in 2021. This resulted in approximately \$639 million in investment income, which, along with active member contributions, added \$466 million in total funds to the NBTPP after Plan expenses and retiree benefit payments. More importantly, both the longer term four-year annualized return of 7.70%, and the return since the inception of Vestcor's* mandate in 1996 of 7.37%, remain in excess of the discount rate set by the independent actuary.

The overall nominal return in excess of the portfolio benchmark resulted in 2.11% of gross value added for the year. After deducting investment management costs of 0.14%, the net value added to the pension fund for the year was 1.97%. The longer-term four-year gross value added was 0.94% with both the one year and four-year periods well in excess of the long-term target value added of 0.42%.

* Formerly the NB Investment Management Corporation; since 1996.

The one-year gross nominal returns by asset class compared to their respective benchmark returns are shown in the table below:

2021 Returns by Asset Class

Calculated in Canadian Dollars

Asset Class	Return	Benchmark	Value Added
Fixed Income			
Short-Term Assets (Cash)	0.25%	0.17%	0.09%
Government Bonds	-2.55%	-2.97%	0.42%
Corporate Bonds	-1.51%	-1.34%	-0.17%
Inflation-Linked			
Real Return Bonds	1.70%	1.84%	-0.14%
Real Estate	17.66%	10.62%	7.04%
Infrastructure	7.04%	5.33%	1.71%
Absolute Return Strategy	6.69%	0.17%	6.52%
Public Equity			
Canadian	25.22%	25.09%	0.13%
Canadian Small-Cap	30.68%	20.27%	10.41%
Global Developed Markets (ex Canada)	18.27%	18.35%	-0.08%
Global Developed Markets (ex Canada) SmallCap*	2.79%	2.05%	0.74%
Low Volatility Equity			
Canada	23.96%	26.08%	-2.12%
Global Developed Markets (ex Canada)	14.07%	12.20%	1.86%
Emerging Markets	5.70%	4.65%	1.05%
Private Equity	34.31%	21.20%	13.11%
Active Asset Mix Position			0.06%
Total	9.95%	7.84%	2.11%

*Start date of December 17, 2021

For general commentary regarding investment performance, market events and the behaviour of asset classes, please visit vestcor.org/marketupdate. Information is added on a quarterly basis.

The audited financial statements for the NBTPP are available on page 22, and provide detailed information on the Plan's performance for the year ended December 31, 2021.

APPENDIX A

Summary of Board Decisions and Accomplishments for 2021

The following provides a summary of the activities of the Board of Trustees from January to December 2021 (other than regular business and standing items).

Plan Documents and Oversight

The Board reviewed and approved the following governing and other supporting items for the Plan:

- The Cost Certificates as at August 31, 2020 and August 31, 2021;
- The adoption of the extrapolated termination value funded ratio of 103.4% as at August 31, 2020 for purposes of calculating lump sum payments from the Plan for termination dates on or after March 23, 2021;
- The adoption of the extrapolated termination value funded ratio of 110.4% as at August 31, 2021 for purposes of calculating lump sum payments from the Plan for termination dates on or after December 7, 2021;
- The annual review and amendments to the Funding Policy to reflect changes to the discount rate, the mortality assumption for males, and housekeeping items;
- The annual review and amendments to the Statement of Investment Policies to reflect changes to benchmark names for consistency and housekeeping items;
- The KPMG Audit Findings Report for the audit of the NBTPP for the fiscal year ended December 31, 2020;
- The Financial Statements of the NBTPP for the year ended December 31, 2020, as audited by KPMG;
- Completed the Canadian Association of Pension Supervisory Authorities' Pension Plan Administrator Governance Self-Assessment Questionnaire (CAPSA Guideline No. 4: Pension Plan Governance);
- Signed a Reciprocal Transfer Agreement with the Government of Canada Public Service Pension Plan; and
- Amendments to the Plan Text:
 - Appendix A was amended to reflect the Indexing Adjustment Benefit awarded as at January 1, 2021.
 - Section 2 of Appendix E was amended to stipulate that a "Teacher" contributing under the NBTPP who subsequently becomes a Deputy Minister with the Department of Education and Early Childhood Development would not be considered a "Teacher" for the purpose of continuing participation in the NBTPP. This is consistent with what has been the administrative practice under the former *Teachers' Pension Act*.

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

Board Governance

The Board reviewed and amended, as required, the following policies and practices as part of its annual review of its governance framework:

- Terms of Reference for the Board, the Audit Committee and the Governance Committee;
- The Code of Conduct and Ethics;
- The Disclosure Policy;
- The Language Policy;
- The Compensation and Travel Expenses Policy;
- The Trustee and Observer Orientation and Education Policy;
- The Guidelines for the Nomination of Trustees;
- The Audit Partner Rotation Policy; and
- The Engagement Plan with the Sponsoring Parties.

The Board also continued to work on the establishment of a risk management framework for the NBTPP.

Member Services and Communications

The Board reviewed and approved the following items to support pension benefits administrative services for the Plan members:

- The 2021 spring and fall newsletters;
- The Plan Member Booklet review (required at least once every five years);
- The 2020 NBTPP Annual Report;
- The inaugural NBTPP Annual Information Meeting, held virtually October 13, 2021

Service Provider Engagement

The Board engaged the following service providers:

- Vestcor Inc. for pension benefits administration and investment management services;
- LifeWorks (formerly known as Morneau Shepell) for actuarial services;
- KPMG as the external auditor for the NBTPP financial statements for the year ended December 31, 2021;
- BoardWorks Consulting for the Board Triennial Effectiveness Assessment; and
- KPMG as a consultant for the review of the NBTPP Risk Management Framework.

APPENDIX B

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 2021:

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

APPENDIX C

NBTPP Financial Statements

The financial statements of the NBTPP 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, risk management as well as the scope, planning and findings of audits performed by the external auditors.



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the New Brunswick Teachers' Pension Plan

Opinion

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

- the statement of financial position as at December 31, 2021
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document entitled "Annual Report".



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

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

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

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

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



We also:

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

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

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

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

Chartered Professional Accountants
Fredericton, Canada
June 28, 2022

NEW BRUNSWICK TEACHERS' PENSION PLAN**Statement of Financial Position***(In thousands of Canadian dollars)***AS AT DECEMBER 31**

	2021	2020
ASSETS		
Investments <i>(notes 3 and 4)</i>	\$ 6,985,531	\$ 6,518,225
Contributions receivable from employers <i>(note 12)</i>	9,371	9,078
Contributions receivable from employees <i>(note 12)</i>	9,534	9,444
Other receivable	1,331	1,672
Total assets	7,005,767	6,538,419
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 12)</i>	3,013	1,667
Net assets available for benefits	7,002,754	6,536,752
Pension obligations <i>(note 6)</i>	6,259,100	6,136,000
SURPLUS	\$ 743,654	\$ 400,752

*See accompanying notes to financial statements.*Commitments *(note 13)*Indemnification *(note 14)*

Approved on behalf of the Board of Trustees:



Larry Jamieson
Chair



Jennifer Morrison
Vice Chair

NEW BRUNSWICK TEACHERS' PENSION PLAN
Statement of Changes in Net Assets Available for Benefits
(In thousands of Canadian dollars)
YEAR ENDED DECEMBER 31

	2021	2020
Increase in net assets		
Net investment income <i>(note 9)</i>	\$ 638,657	\$ 429,516
Employer pension contributions <i>(note 12)</i>	80,260	75,234
Employee pension contributions <i>(note 12)</i>	73,795	72,576
	792,712	577,326
Decrease in net assets		
Pension benefits <i>(note 10)</i>	313,238	306,007
Refunds and transfers <i>(note 10)</i>	1,859	1,819
Administration expenses <i>(note 11)</i>	11,613	9,895
	326,710	317,721
Increase in net assets available for benefits	466,002	259,605
Net assets available for benefits, beginning of year	6,536,752	6,277,147
Net assets available for benefits, end of year	\$ 7,002,754	\$ 6,536,752

See accompanying notes to financial statements.

NEW BRUNSWICK TEACHERS' PENSION PLAN
Statement of Changes in Pension Obligations
(In thousands of Canadian dollars)
YEAR ENDED DECEMBER 31

	2021	2020
Pension obligations, beginning of year	\$ 6,136,000	\$ 5,697,200
Change in pension obligations:		
Interest accrued on benefits	326,400	324,800
Normal actuarial cost	133,600	114,400
Changes in actuarial assumptions	(21,800)	307,400
Benefits paid	(315,100)	(307,800)
	123,100	438,800
Pension obligations, end of year	\$ 6,259,100	\$ 6,136,000

See accompanying notes to the financial statements.

NEW BRUNSWICK TEACHERS' PENSION PLAN

Notes to Financial Statements

(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

1. Description of the Pension Plan

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

On July 1, 2014, the defined benefit pension plan created by the *Teachers' Pension Act* ("TPA") was repealed and converted to the New Brunswick Teachers' Pension Plan (the "NBTPP" or "Plan") pursuant to the *Teachers' Pension Plan Act* (the "TPPA" or "Act") of New Brunswick. The NBTPP is governed by a Board of Trustees consisting of an equal number of individuals appointed by the Province of New Brunswick, as employer, and representatives appointed by the New Brunswick Teachers' Federation.

The primary purpose of the NBTPP is to provide pensions to eligible teachers after retirement and until death in respect of their service as teachers, and their survivors. A further purpose is to provide secure pension benefits to teachers without an absolute guarantee but with a risk-focused management approach delivering a high degree of certainty that full lifetime pensions will be payable in the vast majority of potential future economic scenarios.

All members of the TPA became members of the NBTPP. A future employee will become a member of the NBTPP on the first date of employment as a teacher.

Employee contribution rates of 7.3% of eligible earnings up to the Yearly Maximum Pension Entitlement ("YMPE") and 9.0% of eligible earnings in excess of the YMPE increased to 8.5% of eligible earnings up to the YMPE and 10.2% of eligible earnings in excess of the YMPE respectively, effective July 1, 2014. Each contribution rate will increase by 0.5% respectively each July 1st until July 1, 2017, where the rates of 10.0% of eligible earnings up to the YMPE and 11.7% of eligible earnings in excess of the YMPE will remain in place until July 1, 2029. These rates are subject to adjustment as may be required under the limitations imposed by the Funding Policy from time to time.

Previously, the employer contributions were equal to the employees' contributions plus special payments as determined by an actuary. For the five years commencing July 1, 2014, the employer contribution rates are 11.5% up to the YMPE and 13.2% above the YMPE, subject to adjustment as may be required under the limitations imposed by the Funding Policy. For the next five years commencing July 1, 2019, the employer contribution rates will be 10.75% up to the YMPE and 12.45% above the YMPE, subject to adjustment under the Funding Policy. For the subsequent five years commencing July 1, 2024, the employer contribution rates will be 10.0% up to YMPE and 11.7% above the YMPE, subject to adjustment under the Funding Policy.

On July 1, 2029, the required contribution amounts for teachers and the employers shall be equal. The contribution amounts shall be determined based on the average contribution rate produced by the formula of 9.25% of eligible earnings up to the YMPE and 10.95% of eligible earnings above the YMPE for teachers who are plan members at the time, and 9.75% shall be added to such amount. The sum shall then be divided by two.

Pension benefits vest on the earliest of: (i) five years of employment as a teacher; (ii) two years of pensionable service; or (iii) two years of membership in the NBTPP and TPA. The normal retirement date is the first of the month following the later of attaining age 65 or the vesting date. Early retirement may be taken at the earliest of age 55 or 35 years of pensionable service or the sum of age plus years of pensionable service reaches 80 points (84 if the member became a teacher after July 1, 2014).

NOTES TO FINANCIAL STATEMENTS

1. Description of the Pension Plan (*continued*)

A member's annual normal retirement pension ("lifetime pension") is equal to the sum of:

- A. In respect of service before July 1, 2014, the product of:
 - (i) the number of years of the member's pensionable service before July 1, 2014, and
 - (ii) 1.3% of the annual average of the best five consecutive years of earnings at July 1, 2014, up to the annual average YMPE for 2014, 2013 and 2012, plus 2% of the excess of the annual average of the best five consecutive years of earnings at July 1, 2014 over the annual average YMPE for 2014, 2013 and 2012;

And

- B. In respect of service from July 1, 2014, the sum of (i) and (ii) for each calendar year (or prorated for a portion thereof):
 - (i) 1.3% of the member's annualized earnings for the calendar year, up to the YMPE for the calendar year; and
 - (ii) 2.0% of the portion of the member's annualized earnings for the calendar year that are in excess of the YMPE for the calendar year.

Pensions accrued above are subject to regular indexing every January 1st following July 1, 2014 equal to 100% of the increase in the Consumer Price Index (CPI) (subject to a maximum of 4.75%) while the teacher is active, and equal to 75% of CPI (subject to a maximum of 4.75%) after the teacher's termination of employment, and contingent on the NBTPP's financial condition as outlined in the Funding Policy.

The normal form of pension is a pension payable in equal monthly instalments commencing on the member's pension commencement date and continuing throughout the lifetime of the member. For a member with a spouse or common-law partner at the time of the member's death, 50% of the member's pension (before application of reductions for early retirement) continues to such spouse or common-law partner. Should the member have dependent children at the time of his/her death, such dependent children may be entitled to a pension if there is no spouse or common-law partner or after the death of such spouse or common-law partner. A minimum amount of pension equal to the member's contributions with interest to retirement will be payable in total. Optional forms of pension are also available on an actuarially equivalent basis.

Early retirement is permitted as of the earliest of age 55, or 35 years of pensionable service or the age at which the member reaches 80 points (or 84 points if the member became a teacher after July 1, 2014).

On early retirement, an annual bridge benefit is payable in addition to the lifetime pension. The annual bridge benefit is payable to age 65 or to the death of the member, if earlier, and is equal to the sum of:

- A. In respect of service before July 1, 2014, the product of:
 - (i) the number of years of the member's pensionable service before July 1, 2014, and
 - (ii) 0.7% of the annual average of the best five consecutive years of earnings at July 1, 2014 up to the annual average YMPE for 2014, 2013 and 2012;

And

- B. In respect of service from July 1, 2014, for each calendar year (or prorated for a portion thereof), 0.7% of the member's annualized earnings for the calendar year up to the YMPE for the calendar year.

NOTES TO FINANCIAL STATEMENTS

1. Description of the Pension Plan (*continued*)

The portions of the lifetime pension and bridge benefit accrued for service up to July 1, 2014 are unreduced if the pension and bridge commence payment upon or after fulfillment of one of the following criteria:

- Achievement of the 87 points rule (age plus years of pensionable service)
- Age 60 and 20 years of pensionable service
- 35 years of pensionable service
- Age 65, with 5 years of continuous service or 2 years of pensionable service or plan membership.

If payment commences before any of these criteria are met, the normal retirement pension and bridge benefit shall each be reduced by 5/12% per month that the pension and bridge commencement date precedes the first day of the month in which the criterion is met.

The portions of the lifetime pension and bridge benefit accrued for service on and after July 1, 2014 are reduced by 5/12% per month that the pension and bridge commencement date precedes the first day of the month following the first of the following events:

- Achievement of the 91 points rule
- Age 62 and 20 years of pensionable service
- 35 years of pensionable service
- Age 65, with 5 years of continuous service or 2 years of pensionable service or plan membership.

If a member terminates employment or dies prior to achieving 5 years of continuous service or 2 years of pensionable service or plan membership, the member is entitled to a refund of the total amount of his/her contributions to the NBTPP and the TPA, if any, with interest.

If a member terminates employment before age 55 but after achieving 5 years of continuous service or 2 years of pensionable service or plan membership, the member may elect to receive:

- i. A deferred lifetime pension payable from the normal retirement date equal to the accrued pension to which the member is entitled as at his/her date of termination in accordance with the formula specified above for the normal retirement pension; or
- ii. To transfer the termination value calculated in accordance with the TPPA, to a registered retirement savings arrangement as allowed under the *Pension Benefits Act*.

2. Significant Accounting Policies**(a) Basis of presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal year, but they do not portray the funding requirements of the Plan (*note 7*) or the benefit security of individual plan members.

These financial statements have been prepared on a calendar year basis to conform with the Plan's deemed tax year end. These financial statements present the financial position, the changes in net assets available for benefits and the changes in pension obligations for the year ended December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (*continued*)

All investment assets and liabilities are measured at fair value in accordance with International Financial Reporting Standards (“IFRS”) 13, *Fair Value Measurements*. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Plan to comply on a consistent basis with either IFRS in Part I of the CPA Handbook or with Canadian accounting standards for private enterprises in Part II of the CPA Handbook. The Plan 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 June 28, 2022.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for investments, which are measured at fair value in the Statement of Financial Position.

*(c) Financial instruments**(i) Classification, recognition and measurement*

Financial assets and financial liabilities are initially recognized in the Statement of Financial Position on the trade date, which is the date on which the Plan becomes a party to the contractual provisions of the instrument. A financial asset or liability is measured initially at fair value. Transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits as incurred.

Financial assets, on initial recognition, are required to be classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) according to the business model used for managing them and their contractual cash flow characteristics. Financial liabilities are classified as measured at amortized cost unless they are measured at FVTPL.

Financial assets that are held for trading or managed as part of a portfolio whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Plan has entered into an investment management agreement with Vestcor Inc. (“Vestcor”) to manage its pension fund assets on a fully discretionary basis. Certain of the Plan’s investments consist of units of pooled funds and limited partnerships offered by Vestcor (the “Vestcor Investment Entities”). The investments are managed and their performance is evaluated on a fair value basis. As such, the Plan classifies all investments as FVTPL with changes in fair value being recognized in net investment income in the Statement of Changes in Net Assets Available for Benefits.

The fair value of each investment in units of the Vestcor Investment Entities is based on the calculated daily net asset value per unit multiplied by the number of units held, and represents the Plan’s proportionate share of the underlying net assets at fair values determined using closing market prices.

The underlying investments held in the Vestcor Investment Entities 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 Vestcor Investment Entities have access at that date.

The fair value of the underlying securities in the Vestcor Investment Entities that are traded in active markets (such as exchange-traded derivatives, debt and equity securities) are based on quoted market prices at the close of trading on the reporting date.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (*continued*)*(c) Financial instruments (continued)*

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

Certain of the Plan's financial assets and financial liabilities such as contributions and other receivables and accounts payable and accrued liabilities are subsequently 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 Plan assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Plan 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.

(ii) Derecognition

The Plan 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.

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

(d) Pension obligations

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

(e) Functional and presentation currency

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

(f) Use of estimates and judgments

The preparation of the Plan'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 Financial Position. 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 Vestcor Investment Entities and the measurement of the pension obligations, since these determinations may include estimates of expected future cash flows, rates of return, rates of retirement, mortality, rates in termination, discount rates and the impact of future events. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)*(f) Use of estimates and judgments(continued)*

The COVID-19 pandemic continues to evolve and the economic environment in which the Plan operate continues to be subject to sustained volatility, which could impact the financial results of the Plan, as the duration of the COVID-19 pandemic remains uncertain.

(g) Taxes

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

(h) Contributions

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

(i) Net investment income

Net investment income represents the changes in fair value, realized and unrealized, in the value of the units held in each of the Vestcor Investment Entities.

(j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies held within the Vestcor Investment Entities are translated at the prevailing rates of exchange at the date of the Statement of Financial Position. 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.

3. Investments

The Plan invests in units of the Vestcor Investment Entities, consisting of unit trust funds and limited partnership structures. Each Vestcor Investment Entity has a specific investment mandate. Investing in the Vestcor Investment Entities enables the Plan to achieve its required asset class weights in accordance with its Statement of Investment Policies (“SIP”). Following is a description of each Vestcor Investment Entity (“entity”) in which the Plan invested during the year ended December 31, 2021:

NBIMC Nominal Bond Fund

This entity 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. Its benchmark is the FTSE Canada All Government Bond Index.

NBIMC Corporate Bond Fund

This entity invests primarily in investment grade corporate bonds (a minimum of triple-B rated by a major rating agency) paying a nominal rate of interest. Its benchmark is the FTSE Canada All Corporate Bond Index.

NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund

This entity invests primarily in fixed income issued to finance economic activity in New Brunswick. Its benchmark is the FTSE Canada All Government Bond Index.

NBIMC Money Market Fund

This entity invests primarily in fixed income securities having a maturity of less than one year. Its benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate.

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)*NBIMC Student Investment Fund*

This entity is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. The overall benchmark for this entity is composed of 50% S&P/TSX Composite Total Return Index, 45% FTSE Canada All Government Bond Index, 4.65% FTSE Canada 91 Day T-Bill Index and 0.35% One-day Canadian Call Loan Rate. The activities of this entity are closely monitored by Vestcor staff who execute and process all transactions on behalf of the students

NBIMC Canadian Equity Index Fund

This entity invests in physical securities and derivative strategies to gain exposure to various segments of the S&P/TSX Composite Total Return Index. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. Its benchmark is the S&P/TSX Composite Total Return Index.

NBIMC Canadian Small Cap Equity Fund

This entity invests primarily in listed Canadian equities but may also use other investments such as exchange traded funds, listed or over-the-counter derivatives, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is the S&P/TSX Small Cap Total Return Index.

NBIMC Low Volatility Canadian Equity Fund

This entity actively invests in securities to gain exposure to the MSCI Canada Minimum Volatility Total Return Index, Gross. Its benchmark is the MSCI Canada Minimum Volatility Total Return Index, Gross.

NBIMC External Canadian Equity Fund

This entity is managed by external managers and invests in publicly traded Canadian equities. Its benchmark is the S&P/TSX Composite Total Return Index.

NBIMC External International Equity Fund

This entity is managed by external managers and invests in publicly traded equities in markets in Europe, Australasia and the Far East. Its benchmark is the MSCI EAFE Total Return Index in \$C, Net.

NBIMC EAFE Equity Index Fund

This entity invests in securities in the MSCI EAFE Total Return Index in \$C, Net. Its benchmark is the MSCI EAFE Total Return Index in \$C, Net.

Vestcor International Small Cap Equity Fund

This entity invests primarily in small cap equities listed on exchanges or otherwise domiciled in countries considered to be Developed Markets (excluding Canada) according to the benchmark index provider, but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its benchmark tracking target or otherwise manage risk. Its benchmark is the MSCI World ex Canada Small Cap Total Return Index in \$C, Net.

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)*Vestcor Low Volatility International Equity Fund*

This entity invests primarily in equities listed on exchanges or otherwise domiciled in countries considered to be Developed Markets (excluding Canada) according to the benchmark index provider, but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its benchmark tracking target or otherwise manage risk. Its benchmark is the MSCI World Ex Canada Minimum Volatility Total Return Index (USD) in \$C, Net.

NBIMC Low Volatility Emerging Markets Equity Fund – Class N

This entity actively invests in securities in the MSCI Emerging Markets Minimum Volatility Total Return Index in \$C, Net. Its benchmark is the MSCI Emerging Markets Minimum Volatility Total Return Index in \$C, Net.

NBIMC U.S. Equity Index (2017) Fund

This entity 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. Its benchmark is the S&P 500 Total Return Index in \$C.

NBIMC Inflation Linked Securities Fund

This entity invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. Its benchmark is the FTSE Canada Real Return Bond Index.

NBIMC Canadian Real Estate Fund

This entity invests in private Canadian real estate investments, directly through a wholly owned subsidiary, NBIMC Realty Corp., or indirectly through limited partnerships or similar investment vehicles. Its benchmark is a 4% real rate of return.

NBIMC Canadian Real Estate Investment Trust Fund

This entity invests in publicly traded Canadian real estate investment trust (REIT) securities. Its benchmark is the S&P/TSX Capped REIT Total Return Index.

NBIMC Non-Canadian Private Real Estate Fund

This entity invests in private non-Canadian real estate investments directly or indirectly through limited partnerships or similar investment vehicles. Its benchmark is a 4% real rate of return.

Vestcor Investments Private Real Estate, L. P.

This entity invests in private domestic and international real estate investments through co-investments, limited partnerships or similar investment vehicles. Its benchmark is a 4% real rate of return.

Vestcor Investments Private Real Estate 2, L. P.

This entity invests in private domestic and international real estate investments through co-investments, limited partnerships or similar investment vehicles. Its benchmark is a 4% real rate of return.

Vestcor Real Estate Fund Feeder Inc.

This entity is a real estate investment corporation that has invested in the Vestcor Real Estate Fund Limited Partnership (VREFLP). VREFLP invests directly in private domestic real estate investments. Its benchmark is a 4% real rate of return.

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)*NBIMC International Real Estate (2017) Fund*

This entity invests primarily in publicly traded securities of international REITs. Its benchmark is the countries' blended REIT Equity Indices in \$C (currently FTSE NAREIT All Equity REIT Total Return Index in \$C), net of fees.

NBIMC Public Infrastructure (2017) Fund

This entity provides additional investment diversification by providing infrastructure-like exposure with enhanced liquidity. Its benchmark is a 4% real rate of return.

NBIMC Infrastructure Fund

This entity provides additional investment diversification through direct investment in infrastructure through co-investment structures. Its benchmark is a 4% real rate of return.

Vestcor Investments Infrastructure, L. P.

This entity provides additional investment diversification through direct investment in infrastructure through co-investment structures. Its benchmark is a 4% real rate of return.

NBIMC Quantitative Strategies (2017) Fund

This entity adds 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 benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index and 7% of the One-day Canadian Call Loan Rate.

NBIMC Quantitative Equity Strategic Beta (2017) Fund

This entity adds value by investing in either long or short positions, primarily in equities in the MSCI ACWI Index. Short positions are supported by cash underlay. The benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate.

NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund

This entity invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. Its benchmark is a 4% real rate of return.

NBIMC Private Equity Fund

This entity is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. Its benchmark is a weighted average of S&P/TSX, S&P 500 and MSCI EAFE total return indices in \$C.

Vestcor Investments Private Equity, L. P.

This entity is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. Its benchmark is a weighted average of the S&P/TSX, S&P 500 and MSCI EAFE total return indices in \$C.

NBIMC Asset Mix Strategy Fund

This entity adds value through active tactical asset mix decisions by Vestcor's internal Asset Mix Strategy Committee.

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

Following are details of the Plan's investment holdings as at December 31:

(\$ thousands)	Number of Units (rounded)	Unit Value (in dollars)	Fair Value 2021	Fair Value 2020
Fixed Income				
NBIMC Nominal Bond Fund	351,429	3,126	\$ 1,098,490	\$ 1,003,550
NBIMC Corporate Bond Fund	722,576	1,492	1,078,196	1,017,760
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund	814	3,729	3,037	3,779
NBIMC Money Market Fund	15,744	1,713	26,972	14,376
NBIMC Student Investment Fund	528	4,965	2,623	2,337
			2,209,318	2,041,802
Equities				
NBIMC Canadian Equity Index Fund	62,095	5,572	345,966	333,280
NBIMC Canadian Small Cap Equity Fund	48,388	1,502	72,685	64,838
NBIMC Low Volatility Canadian Equity Fund	144,774	2,424	350,894	320,486
NBIMC External Canadian Equity Fund	9,640	6,668	64,280	64,729
NBIMC External International Equity Fund	32,081	3,180	102,025	118,192
NBIMC EAFE Equity Index Fund	108,369	2,147	232,666	224,467
Vestcor International Small Cap Equity Fund	30,000	1,028	30,838	—
NBIMC Low Volatility International Equity Fund	—	—	—	404,353
Vestcor Low Volatility International Equity Fund	778,252	1,127	877,123	—
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	221,701	1,245	275,990	265,850
NBIMC U.S. Equity Index (2017) Fund	46,171	5,808	268,162	284,819
NBIMC Low Volatility U.S. Equity (2017) Fund	—	—	—	441,871
			2,620,629	2,522,885
Inflation-Linked Assets				
NBIMC Inflation Linked Securities Fund	76,503	4,558	348,667	326,035
NBIMC Canadian Real Estate Fund	9,479	7,437	70,493	122,200
NBIMC Canadian Real Estate Investment Trust Fund	5,799	2,116	12,268	16,731
NBIMC Non-Canadian Private Real Estate Fund	6,286	1,094	6,875	6,591
Vestcor Investments Private Real Estate, L. P. – Series I	13,585	1,382	18,772	17,339
Vestcor Investments Private Real Estate, L. P. – Series III	28,303	1,198	33,903	19,933
Vestcor Investments Private Real Estate 2, L. P. – Series I	12,942	1,302	16,851	16,010
Vestcor Investments Private Real Estate 2, L. P. – Series II	2,764	760	2,101	411
Vestcor Real Estate Fund Feeder Inc.	156,974	1,109	174,107	76,279
NBIMC International Real Estate (2017) Fund	1,260	12,650	15,933	52,097
NBIMC Public Infrastructure (2017) Fund	50,595	1,326	67,092	102,522
NBIMC Infrastructure Fund	59,309	2,387	141,586	130,967
Vestcor Investments Infrastructure, L. P. – Series I	22,776	1,783	40,613	33,531
Vestcor Investments Infrastructure, L. P. – Series II	11,364	1,446	16,428	14,032
Vestcor Investments Infrastructure, L. P. – Series III	23,966	1,155	27,688	21,231
Vestcor Investments Infrastructure, L. P. – Series IV	51,509	1,052	54,199	25,965
			1,047,576	981,874

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

(\$ thousands)	Number of Units (rounded)	Unit Value (in dollars)	Fair Value 2021	Fair Value 2020
Alternative Investments				
NBIMC Quantitative Strategies (2017) Fund	147,432	1,959	288,786	278,567
NBIMC Quantitative Equity Strategic Beta (2017) Fund	207,828	1,305	271,158	240,612
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	133	8,876	1,184	2,976
NBIMC Private Equity Fund	31,256	7,518	234,991	255,703
Vestcor Investments Private Equity, L. P., Series I	103,660	1,611	166,961	99,687
Vestcor Investments Private Equity, L. P., Series II	44,427	1,616	71,797	25,440
Vestcor Investments Private Equity, L. P., Series III	21,255	1,255	26,683	2,109
			1,061,560	905,094
Tactical Asset Allocation				
NBIMC Asset Mix Strategy Fund	29,961	1,550	46,448	66,570
			\$ 6,985,531	\$ 6,518,225

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.

Pooled fund units are classified as a Level 2 investment since the units are priced based on each pooled fund net asset value, which is observable, but the units are not traded in an active market. As at December 31, 2021 the fair value of investments classified as Level 2 was \$6,335,428 (2020 - \$6,166,259).

Units in each of the Vestcor Investments Private Real Estate, L.P., Vestcor Investments Private Real Estate 2, L.P., Vestcor Real Estate Fund Feeder Inc., Vestcor Investments Infrastructure, L.P. and Vestcor Investments Private Equity, L.P. are Level 3. There were no significant transfers between Level 2 and Level 3 during the year (2020 - nil). As at December 31, 2021 the fair value of investments classified as Level 3 was \$650,103 (2020 - \$351,966).

NOTES TO FINANCIAL STATEMENTS

4. Fair Value of Financial Instruments (continued)

The Vestcor Investments Private Real Estate, L. P. holds investments in international real properties, indirectly through wholly owned holding companies invested in limited partnership structures. At December 31, 2021, an increase or decrease of 25 bps in the capitalization rate used by the independent property appraisers would have led to a decrease or increase in the valuation of this entity's investments in the amount of \$4,484 or \$5,154 respectively (2020 - \$2,134 or \$1,983 respectively). The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The Vestcor Investments Private Real Estate 2, L. P. holds investments in international real properties, indirectly through wholly owned holding companies invested in limited partnership structures. At December 31, 2021, an increase or decrease of 25 bps change in the capitalization rate used by the independent property appraisers would have led to a decrease or increase on the valuation of this entity's investments in the amount of \$1,377 or \$1,525 respectively (2020 - \$1,231 or \$1,353 respectively). The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The Vestcor Real Estate Fund Feeder Inc. holds an interest in the Vestcor Real Estate Fund Limited Partnership (VREFLP). VREFLP holds investments in Canadian real properties indirectly through co-investments. At December 31, 2021, an increase or decrease of 25 bps change in the capitalization rate used by the independent property appraisers would have led to a decrease or increase on the valuation of this entity's investments in the amount of \$13,765 or \$14,896 respectively (2020 - \$6,702 or \$8,030). The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The Vestcor Investments Infrastructure, L. P. invests indirectly through co-investments in certain underlying infrastructure assets. The independent valuations received for each of the entity's investments suggest an aggregate range of values of \$130,974 to \$154,849 as at December 31, 2021 (2020 - \$89,677 to \$102,755). It is reasonably possible that the valuations used by this entity may require material adjustment to the carrying amount of its investments. The maximum exposure to loss in this entity is the carrying value of its investments plus uncalled commitments (*note 13*).

The Vestcor Investments Private Equity, L. P. invests in units of limited partnerships managed by well-known, experienced general partners. Excluding the publicly traded holdings, a 1% increase or decrease in the per unit net asset values reported by the limited partnerships would increase or decrease the carrying value of investments in this entity at December 31, 2021 by \$2,654 (2020 - \$1,272). It is reasonably possible that the valuations used by the entity may require material adjustment to the carrying value of its investments. The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The following table shows the changes in fair value measurement in Level 3 of the fair value hierarchy:

Year ended December 31, 2021	Fair Value, beginning of year \$	Gains in profit or (loss) \$	Purchases \$	Sales \$	Fair Value, end of year \$
Vestcor Investments Private Real Estate, L. P.	37,272	4,912	14,590	(4,099)	52,675
Vestcor Investments Private Real Estate 2, L. P.	16,421	2,611	2,105	(2,185)	18,952
Vestcor Real Estate Fund Feeder Inc.	76,279	10,440	90,770	(3,382)	174,107
Vestcor Investments Infrastructure, L. P.	94,759	12,510	39,534	(7,875)	138,928
Vestcor Investments Private Equity, L. P.	127,235	69,455	76,743	(7,992)	265,441

NOTES TO FINANCIAL STATEMENTS

4. Fair Value of Financial Instruments (*continued*)

Year ended December 31, 2020	Fair Value, beginning of year \$	Gains in profit or (loss) \$	Purchases \$	Sales \$	Fair Value, end of year \$
Vestcor Investments Private Real Estate, L. P.	77,600	(97)	8,485	(48,716)	37,272
Vestcor Investments Private Real Estate 2, L. P.	18,708	853	1,166	(4,306)	16,421
Vestcor Real Estate Fund Feeder Inc.	3,564	1,093	72,117	(495)	76,279
Vestcor Investments Infrastructure, L. P.	64,505	4,330	31,050	(5,126)	94,759
Vestcor Investments Private Equity, L. P.	81,686	19,996	37,574	(12,021)	127,235

5. Financial Instrument Risk Management

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

(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. A factor impacting all securities traded in a market would include geopolitical risk. The principal lever for managing market risk is to invest in widely diversified countries, sectors, and issuers. The Plan holds investments in pooled funds that invest in active and passive investment strategies and are diversified among domestic and international markets.

Investment strategies used by the Vestcor Investment Entities 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 (*note 8*) 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 Vestcor Investment Entity 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.

Vestcor conducts certain of its investment activities in the Vestcor Investment Entities on behalf of the Plan 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, 2021, the fair value of the Plan’s underlying securities that have been deposited or pledged with various financial institutions as collateral or margin on account was \$464,485 (2020 - \$295,308) (*note 5(c)*).

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. All of the Plan’s investments are in Canadian dollar denominated Vestcor Investment Entities; however, certain of the Vestcor Investment Entities invest in assets denominated in foreign currencies or domiciled in foreign jurisdictions. The SIP permits hedging of foreign currency exposure at the portfolio manager’s discretion. Approximately 33.1% (2020 - 34.1%) of the Plan’s underlying investments are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the U.S. dollar of 20.1% (2020 – 19.0%) and the Euro of 3.6% (2020 - 3.9%).

NOTES TO FINANCIAL STATEMENTS

5. Financial Instrument Risk Management (continued)

A 1% absolute increase or decrease in the value of the Canadian dollar against all other currencies with all other variables held constant would result in an approximate decrease or increase in the value of the net investment assets at December 31, 2021 of \$23,132 (2020 - \$22,244).

Interest rate risk refers to the effect on the market value of investments due to fluctuation of interest rates. The Plan invests in certain Vestcor Investment Entities that invest in fixed income securities whose fair values are sensitive to interest rates. The SIP requires Vestcor 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, 2021 would be approximately \$229,528 (2020 - \$214,788).

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 Plan is exposed to price risk associated with the underlying equity investments held in the Vestcor Investment Entities. If equity market price indices declined by 1%, and all other variables are held constant, the potential loss at December 31, 2021 would be approximately \$29,224 (2020 - \$28,451).

(b) **Credit Risk:** The Plan is exposed to credit-related risk in the event that a pooled fund investment in a derivative or debt security counterparty defaults or becomes insolvent. Vestcor 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. Vestcor 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.

The quality of the aggregate credit exposure in the underlying Vestcor Investment Entities at December 31 is as follows:

(\$ thousands)	2021	2020
AAA	\$ 840,437	\$ 656,470
AA	675,850	789,703
A	582,426	516,732
BBB	399,731	325,343
R-1	63,547	39,964
Other	62,474	73,328
	\$ 2,624,465	\$ 2,401,540

The highest concentration of credit risk at each year end is with Government of Canada bonds.

(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 as well as redemption of units in Vestcor Investment Entities. Uses of liquidity include payments to the plan beneficiaries, plan service providers and purchases of units of Vestcor Investment Entities.

The Plan'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, the most liquid asset class is government bonds 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.

NOTES TO FINANCIAL STATEMENTS

5. Financial Instrument Risk Management (continued)

Net liquid assets are defined to include the fair value of all assets excluding private equity, private real estate, private infrastructure, New Brunswick regional investments, and the Plan's proportionate share of the fair value of collateral pledged with brokers and counterparties, and any unfunded investment commitments. Net liquid assets is a non-GAAP measure.

The following table shows the determination of net liquid assets as at December 31:

(\$ thousands)		2021		2020
Net assets available for benefits	\$	7,002,754	\$	6,536,752
Less investment in:				
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund (note 3)		(3,037)		(3,779)
NBIMC Canadian Real Estate Fund (note 3)		(70,493)		(122,200)
NBIMC Non-Canadian Private Real Estate Fund (note 3)		(6,875)		(6,591)
Vestcor Investments Private Real Estate, L. P. (note 3)		(52,675)		(37,272)
Vestcor Investments Private Real Estate 2, L. P. (note 3)		(18,952)		(16,421)
Vestcor Real Estate Fund Feeder Inc. (note 3)		(174,107)		(76,279)
NBIMC Infrastructure Fund (note 3)		(141,586)		(130,967)
Vestcor Investments Infrastructure, L. P. (note 3)		(138,928)		(94,759)
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund (note 3)		(1,184)		(2,976)
NBIMC Private Equity Fund (note 3)		(234,991)		(255,703)
Vestcor Investments Private Equity, L. P. (note 3)		(265,441)		(127,235)
Collateral pledged (note 5(a))		(464,485)		(295,308)
Investment commitments (note 13)		(287,218)		(274,970)
Net liquid assets	\$	5,142,782	\$	5,092,292

(d) **Securities Lending:** The Plan's SIP permits Vestcor to enter into a securities lending arrangement externally with their securities custodian or internally among the Vestcor Investment Entities 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 Vestcor Investment Entities 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. Vestcor has restricted the approved borrowers under the external securities lending program to manage exposure to counterparty credit risk. As at December 31, 2021, underlying securities in the amount of \$1,285,879 (2020 - \$1,145,579) were loaned on behalf of the Plan.

Under the internal securities lending program, certain Vestcor Investment Entities may loan securities to a borrowing Vestcor Investment Entity subject to an intra-fund collateral management agreement and a borrowing fee. The internal securities lending program was closed in 2021.

NOTES TO FINANCIAL STATEMENTS

6. Pension Obligations

(a) Actuarial Methodology: On conversion of the TPA from a defined benefit plan to a target benefit plan, an actuarial valuation report was prepared by Morneau Shepell, the independent actuary to document:

- the results of the initial funding valuation, as required under paragraph 17(1) of the TPPA;
- the Conversion Plan as required under sub-paragraph 100.6(2)(a)(i) of the *Pension Benefits Act (New Brunswick)*; and
- the results of the going-concern actuarial valuation as required under paragraph 16(1) of the TPPA in order to determine the maximum eligible employer contribution for the NBTPP under paragraph 147.2(2) of the *Income Tax Act (Canada)*.

The TPPA requires that a funding valuation be prepared at least once every three years and be submitted to the Superintendent of Pensions. In the years in which an actuarial valuation report is not submitted to the Superintendent of Pensions, a cost certificate with respect to the funding policy is prepared in accordance with section 9 of regulation 91-195 and submitted to the Superintendent of Pensions. The most recent triennial funding valuation was prepared as of August 31, 2019 by the independent actuary. The results of this valuation have been extrapolated to December 31, 2021. The next funding valuation is expected to be prepared no later than August 31, 2022.

The funding valuation actuarial liabilities and normal cost were calculated using the accrued benefit actuarial cost method in accordance with the requirements of paragraph 17(9) of the TPPA.

The funding policy valuation actuarial liabilities are equal to the actuarial present value of benefits earned by members for services prior to the valuation date, taking into account the actuarial assumptions. The actuarial liabilities take into account the increases in accrued pensions due to regular cost-of-living adjustments granted to active and retired members.

The funding valuation normal cost is equal to the actuarial present value of benefits expected to be earned by members in the year following the valuation date.

The extrapolation is based on the most recent actuarial valuation conducted for the Plan. The valuation results are then projected to:

1. Increase the pension obligation with interest to the date of the extrapolation using the applicable discount rate;
2. Increase the pension obligation by the current benefit costs based on actual contributions to the Plan plus interest to the date of the extrapolation; and
3. Decrease the pension obligation by the actual benefit payments made during the period to the date of the extrapolation.

NOTES TO FINANCIAL STATEMENTS

6. Pension Obligations (continued)

(b) Actuarial Assumptions: The main assumptions used in determining the funding valuation actuarial liabilities as of the respective extrapolation dates, and normal cost for the year following the extrapolation dates are as follows:

	December 31, 2021	December 31, 2020
Discount rate	5.40% per annum	5.40% per annum
Inflation rate	2.10% per annum	2.10% per annum
Indexing of active members' accrued pensions	100% of inflation*	100% of inflation*
Indexing of retiree pensions	75% of inflation*	75% of inflation*
Mortality	<p>Regular Members: CPM 2014 Public Sector Table generational mortality using improvement scale CPM-B with an adjustment factor of 0.95 for males and 0.90 for females.</p> <p>Disabled Members: CPM 2014 Public Sector Table generational mortality using improvement scale CPM-B with an adjustment factor of 1.50 for both males and females.</p>	<p>Regular Members: CPM 2014 Public Sector Table generational mortality using improvement scale CPM-B with an adjustment factor of 0.90 for both males and females.</p> <p>Disabled Members: CPM 2014 Public Sector Table generational mortality using improvement scale CPM-B with an adjustment factor of 1.50 for both males and females.</p>
Number of years before unreduced retirement age according to provisions in effect at December 31, 2013:	<p>Under 10 years: 20% at 81 points, 35% at 85 points, 35% at 87 points, 10% at 90 points, but not later than attainment of 35 years of service or age 60</p> <p>Over 10 years: 20% at 81 points, 40% at 89 points, 40% at 91 points, but not later than attainment of 35 years of service or age 62</p>	<p>Under 10 years: 20% at 81 points, 35% at 85 points, 35% at 87 points, 10% at 90 points, but not later than attainment of 35 years of service or age 60</p> <p>Over 10 years: 20% at 81 points, 40% at 89 points, 40% at 91 points, but not later than attainment of 35 years of service or age 62.</p>
Termination of employment	None	

*Inflation is adjusted down by 0.10% (2020 – 0.10%) for purposes of indexing to take into account the impact of the 4.75% cap applied under the Plan for indexing purposes.

Changes in actuarial assumptions during 2021 resulted in a net decrease in the pension obligations of \$21,800 (2020 – net increase of \$307,400).

(c) Experience gains: Experience gains represent the change in the pension obligations due to the difference between expected experience and actual results. During 2021 experience gains were nil (2020 - nil).

(d) Sensitivity analysis: The discount rate used to estimate the present value of pension obligations has a significant effect on the pension obligation at the end of the year. As of December 31, 2021, a decrease of 100 basis points in the discount rate would have increased the pension obligation by \$886,200 (2020 - \$851,600).

(e) Funding valuation assets: The financial position of the Plan on a funding basis is determined by deducting the funding valuation actuarial liabilities from the funding valuation asset value.

NOTES TO FINANCIAL STATEMENTS

7. Funding Policy

The following is only a summary of the main features of the funding policy and should not be relied upon for a formal interpretation of the terms of the funding policy.

The funding policy is the tool required pursuant to the Act that the Board of Trustees uses to manage the risks inherent in a target benefit plan. The funding policy provides guidance and rules regarding decisions that must, or may, as applicable, be made by the Board of Trustees concerning funding levels, contributions and benefits.

The purpose of the NBTPP is to provide a highly secure lifetime pension at retirement and maintain scheduled escalated adjustments at their target level if the Plan can afford it.

The funding policy sets out two financial goals that underlie the Plan's objectives:

- (a) The Funding Goal is to achieve a closed group funding ratio of 100% plus a Contingency Reserve of 10%.
- (b) The Risk Management Goal is to achieve at least a 97.5% probability that the past base benefits at the end of each year will not be reduced over a 20-year period:

The above risk management goal is measured at every triennial actuarial valuation 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. These decisions are based on the closed group funded ratio calculated as the market value of the assets divided by the funding liabilities. Depending upon the level of the closed group funded ratio, decisions may have to be made under either a funding deficit recovery plan or a funding excess utilization plan.

The funding deficit recovery plan is triggered when over a three-year moving average:

- the closed group funded ratio of the Plan falls below 100%; and
- contributions in excess of normal cost are not enough to bring the closed group funded ratio above 100% over 15 years.

If this occurs, the following actions in order of priority must be taken to return the closed group funded ratio to 100% (including the impact of the contributions in excess of the normal cost) over 15 years:

1. Maximum increase in total contributions of 3.0% of earnings (shared equally between the employer and the employees), provided the total increase is at least equal to 1.0% of earnings.
2. Reduction in the following benefits, in the order indicated:
 - a. Reduce the level of escalated adjustments applicable to future service of active members until eliminated;
 - b. Reduce the level of future escalated adjustments applicable to the post-retirement period for all retirees and their survivors until eliminated;
 - c. Reduce the level of future escalated adjustments applicable the past service of active members for the pre-retirement period until eliminated;
 - d. Reduce other ancillary benefits and future accrual rates such that the amount of savings, when combined with c. above, equates to an amount of no more than 10% of payroll over 15 years;
 - e. At the discretion of the Board of Trustees, reduce the base benefits of active employees (subject to a certain maximum); and
 - f. As a last resort, reduce the base benefits of retirees and claimants in the same proportion as active members under e. above, and for all participants equally thereafter, to the extent necessary to bring the funded ratio to 100% over 15 years.

NOTES TO FINANCIAL STATEMENTS

7. Funding Policy (*continued*)

The funding excess utilization plan is triggered when the closed group funded ratio is in excess of 100%. At that time, the Board of Trustees must take or consider taking the following actions in the order of priority:

1. Reverse any benefit reductions implemented as part of funding deficit recovery plan, in the reverse order in which they were implemented, such that the closed group funded ratio is still expected to reach 100% within 15 years after the reversal;
2. Establish a contingency reserve of at least 15% of the funding liabilities of the Plan;
3. If the closed group funded ratio exceed 115%, apply a reduction in total contributions of 3% of earnings (shared equally between the employer and the employees);
4. If the closed group funded ratio exceeds 120%, reinstate any lost cost-of-living adjustments due to the implementation of past funding deficit recovery plans; and
5. If all the above steps have been taken, the Board of Trustees may propose benefit changes provided various criteria of risk management are met, and other conditions, and such proposals are approved by the Superintendent of Pension and submitted to the Parties.

The maximum amount that can be spent on benefit improvements in 4. and 5. above is $1/5^{\text{th}}$ of the funds that make up the excess of the closed group funded ratio over 110% at the valuation date that triggered the action.

The funding policy also provides a description of the main actuarial assumptions to be used in the funding valuation, as well as the process to be followed for its annual review.

8. Capital

The capital of the NBTPP is represented by the net assets available for benefits. The NBTPP must be managed in a manner which recognizes the interdependency of the SIP, the risk management goals set out in the funding policy and applicable regulatory requirements.

The Board of Trustees is responsible for the establishment of a SIP, including approval of a recommended investment asset mix that seeks to deliver the long-term investment returns necessary for the sustainability of the NBTPP. Determining the asset mix requires information from independent actuarial valuations as well as expectations concerning financial markets and uses a portfolio optimization process. 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. The SIP was last reviewed and approved by the Board of Trustees on February 9, 2022.

Once approved, Vestcor is responsible for the implementation of the asset mix decision including day-to-day investment activities and monitoring of investment risk controls. Vestcor produces quarterly reporting of investment performance, policy compliance, and trends and changes in investment risks for the Board of Trustees.

The Board-approved SIP outlines the following investment objectives:

- i. In the long term, to preserve the capital value of the Pension Fund but also provide the best possible long-term real return on investments while continuing to achieve the risk management goals;
- ii. Over shorter time periods, to achieve competitive rates of return on each major asset class while avoiding undue investment risk and excessive market volatility; and
- iii. Over the medium term, to provide rates of return in excess of those achieved by passive management of the policy portfolio. A value added contribution of 0.50%, after deducting all investment management costs, is the portfolio's target four-year moving average rate of return.

NOTES TO FINANCIAL STATEMENTS

9. Net Investment Income

Net investment income represents the changes in fair value, realized and unrealized, in the units held in each of the Vestcor Investment Entities. Net investment income (loss) for the year ended December 31 is as follows:

<i>(\$ thousands)</i>	Realized Gains (Loss)	Unrealized Gains (Loss)	2021 Net Investment Income
Fixed Income			
NBIMC Nominal Bond Fund	\$ 14,557	\$ (38,324)	\$ (23,767)
NBIMC Corporate Bond Fund	—	(14,438)	(14,438)
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund	505	(496)	9
NBIMC Money Market Fund	88	5	93
NBIMC Student Investment Fund	—	286	286
	15,150	(52,967)	(37,817)
Equities			
NBIMC Canadian Equity Index Fund	31,120	49,051	80,171
NBIMC Canadian Small Cap Equity Fund	5,787	12,766	18,553
NBIMC Low Volatility Canadian Equity Fund	14,453	57,472	71,925
NBIMC External Canadian Equity Fund	8,759	4,622	13,381
NBIMC External International Equity Fund	15,562	(3,870)	11,692
NBIMC EAFE Equity Index Fund	15,572	9,440	25,012
NBIMC Low Volatility International Equity Fund	117,296	(119,030)	(1,734)
Vestcor International Small Cap Equity Fund	—	838	838
Vestcor Low Volatility International Equity Fund	5,936	98,775	104,711
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	4,925	10,711	15,636
NBIMC U.S. Equity Index (2017) Fund	53,604	16,793	70,397
NBIMC Low Volatility U.S. Equity (2017) Fund	193,527	(181,568)	11,959
	466,541	(44,000)	422,541
Inflation-Linked Assets			
NBIMC Inflation-Linked Securities Fund	—	7,415	7,415
NBIMC Canadian Real Estate Fund	42,272	(24,928)	17,344
NBIMC Canadian Real Estate Investment Trust Fund	1,626	3,745	5,371
NBIMC Non-Canadian Private Real Estate Fund	15	(13)	2
Vestcor Investments Private Real Estate, L.P.	599	4,313	4,912
Vestcor Investments Private Real Estate 2, L.P.	206	2,405	2,611
Vestcor Real Estate Fund Feeder Inc.	164	10,276	10,440
NBIMC International Real Estate (2017) Fund	14,702	(391)	14,311
NBIMC Public Infrastructure (2017) Fund	5,223	1,525	6,748
NBIMC Infrastructure Fund	1,484	2,164	3,648
Vestcor Investments Infrastructure, L.P.	698	11,812	12,510
	66,989	18,323	85,312

NOTES TO FINANCIAL STATEMENTS

9. Net Investment Income (continued)

(\$ thousands)	Realized Gains (Loss)	Unrealized Gains (Loss)	2021 Net Investment Income
Alternative Investments			
NBIMC Quantitative Strategies (2017) Fund	3,425	19,292	22,717
NBIMC Quantitative Equity Strategic Beta (2017) Fund	673	11,271	11,944
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	1,375	(1,333)	42
NBIMC Private Equity Fund	53,905	5,416	59,321
Vestcor Investments Private Equity, L.P.	2,382	67,073	69,455
	61,760	101,719	163,479
Tactical Asset Allocation			
NBIMC Asset Mix Strategy Fund	8,613	(3,471)	5,142
Net investment income	\$ 619,053	\$ 19,604	\$ 638,657

(\$ thousands)	Realized Gains (Loss)	Unrealized Gains (Loss)	2020 Net Investment Income
Fixed Income			
NBIMC Nominal Bond Fund	\$ 55,773	\$ 35,409	\$ 91,182
NBIMC Corporate Bond Fund	12,328	67,685	80,013
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund	486	(255)	231
NBIMC Money Market Fund	399	(38)	361
NBIMC Student Investment Fund	—	196	196
	68,986	102,997	171,983
Equities			
NBIMC Canadian Equity Index Fund	13,179	25,957	39,136
NBIMC Canadian Small Cap Equity Fund	4,684	10,752	15,436
NBIMC Low Volatility Canadian Equity Fund	14,248	(27,968)	(13,720)
NBIMC External Canadian Equity Fund	—	4,107	4,107
NBIMC External International Equity Fund	21,032	(13,649)	7,383
NBIMC EAFE Equity Index Fund	10,726	15,133	25,859
NBIMC Low Volatility International Equity Fund	9,925	(28,221)	(18,296)
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	1,958	2,189	4,147
NBIMC U.S. Equity Index (2017) Fund	30,937	11,432	42,369
NBIMC Low Volatility U.S. Equity (2017) Fund	22,814	(24,761)	(1,947)
	129,503	(25,029)	104,474

NOTES TO FINANCIAL STATEMENTS

9. Net Investment Income (continued)

(\$ thousands)	Realized Gains (Loss)	Unrealized Gains (Loss)	2020 Net Investment Income
Inflation-Linked Assets			
NBIMC Inflation-Linked Securities Fund	11,609	28,501	40,110
NBIMC Canadian Real Estate Fund	20,281	(19,893)	388
NBIMC Canadian Real Estate Investment Trust Fund	(224)	(1,471)	(1,695)
NBIMC Non-Canadian Private Real Estate Fund	4	(1,656)	(1,652)
Vestcor Investments Private Real Estate, L.P.	4,924	(5,021)	(97)
Vestcor Investments Private Real Estate 2, L.P.	147	706	853
Vestcor Real Estate Fund Feeder Inc.	(4)	1,097	1,093
NBIMC International Real Estate (2017) Fund	5,980	(6,726)	(746)
NBIMC Public Infrastructure (2017) Fund	5,262	(7,488)	(2,226)
NBIMC Infrastructure Fund	2,344	2,060	4,404
Vestcor Investments Infrastructure, L.P.	1,129	3,201	4,330
	51,452	(6,690)	44,762
Alternative Investments			
NBIMC Quantitative Strategies (2017) Fund	3,980	24,237	28,217
NBIMC Quantitative Equity Strategic Beta (2017) Fund	3,721	1,598	5,319
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	14,776	(11,460)	3,316
NBIMC Private Equity Fund	23,292	26,917	50,209
Vestcor Investments Private Equity, L.P.	544	19,452	19,996
	46,313	60,744	107,057
Tactical Asset Allocation			
NBIMC Asset Mix Strategy Fund	(890)	2,126	1,236
Other			
U.S. state income tax recovery	4	—	4
Net investment income	\$ 295,368	\$ 134,148	\$ 429,516

NOTES TO FINANCIAL STATEMENTS

10. Pension Benefits

A breakdown of pension benefits by type is as follows:

<i>(\$ thousands)</i>		2021		2020
Retirements	\$	290,724	\$	284,101
Terminations		766		737
Disability		7,431		7,457
Survivor		14,910		14,672
Other		1,266		859
	\$	315,097	\$	307,826

These benefits are presented in the Statement of Changes in Net Assets Available for Benefits as:

<i>(\$ thousands)</i>		2021		2020
Pension benefits	\$	313,238	\$	306,007
Refunds and transfers		1,859		1,819
	\$	315,097	\$	307,826

11. Administrative Expenses

The Plan is charged by its service providers, including Vestcor, a related party, for professional and administrative services. The following is a summary of these administrative expenses:

<i>(\$ thousands)</i>		2021		2020
Plan administration fees:				
Office and administration services (note 12)	\$	1,640	\$	1,634
Consulting		87		35
Legal and regulatory fees		11		11
Actuarial services		25		109
Audit fees		38		37
Member communications		104		68
Board of Trustees		62		54
		1,967		1,948
Investment management costs:				
Investment management fees (note 12)		8,155		6,694
Securities custody		406		374
		8,561		7,068
HST		1,085		879
	\$	11,613	\$	9,895

NOTES TO FINANCIAL STATEMENTS

12. Related Party Transactions

The Plan is related to the Province of New Brunswick including its departments, agencies, school districts, regional health authorities, crown corporations and other crown entities. The Board of Trustees determines the amounts of contributions to and payments from the Plan.

Pursuant to the *Vestcor Act*, on July 8, 2016 the Plan is a member of a not-for-profit, non-share company, Vestcor Corp. On October 1, 2016 Vestcor Corp. acquired a 100% interest in two operating companies: Vestcor Investment Management Corporation and Vestcor Pension Services Corporation then were amalgamated to become Vestcor Inc. on January 1, 2018. Vestcor is the sole shareholder of Vestcor Investments General Partner, Inc. As at December 31, 2021, Vestcor Investments General Partner, Inc. is the general partner in four limited partnerships in which the Plan holds a limited partnership interest: Vestcor Investments Private Real Estate, L. P., Vestcor Private Real Estate 2, L. P., Vestcor Investments Infrastructure, L. P. and Vestcor Investments Private Equity, L. P. (*note 3*).

All of the Plan's investments included in the Statement of Financial Position are in Vestcor Investment Entities which entitle the Plan to an undivided interest in the underlying assets (*note 3*). In addition, the NBIMC Canadian Real Estate Fund and NBIMC Private Equity Fund have made certain of their direct and indirect real estate investments using wholly owned subsidiary company structures.

Included in the investments in the Vestcor Investment Entities are underlying investments in New Brunswick provincial and municipal bonds that are recorded at their fair values as at December 31, 2021 of \$18,118 (2020 - \$24,769).

Pension administration expenses and investment management fees paid to Vestcor for the year are described in note 11. At December 31, 2021 amounts owing to Vestcor for investment management fees of \$3,754 (2020 - \$2,444) and for pension administration expenses of \$251 (2020 - \$159) are included in accounts payable and accrued liabilities in the Statement of Financial Position. The Plan has a receivable in the amount of \$867 (2020 - \$1,078) due from Vestcor for funds advanced as part of an administration system conversion project.

13. Commitments

The following entities 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 Plan's share of unfunded commitments as at December 31 is:

<i>(\$ thousands)</i>	2021	2020
NBIMC Canadian Real Estate Fund	\$ 2,383	\$ 2,118
NBIMC Non-Canadian Private Real Estate Fund	3,134	4,175
Vestcor Investments Private Real Estate, L. P.	51,103	52,703
Vestcor Investments Private Real Estate 2, L. P.	57,425	10,219
Vestcor Real Estate Fund Feeder Inc.	2,076	4,791
Vestcor Investments Infrastructure, L.P.	38,130	32,426
NBIMC Private Equity Fund	47,700	58,228
Vestcor Investments Private Equity, L. P.	85,267	110,310
	\$ 287,218	\$ 274,970

NOTES TO FINANCIAL STATEMENTS

14. Indemnification

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