cbe+

Pension Plan

2022 ANNUAL REPORT

Your CBE in 2022

18,900

active, retired,
& deferred members

in New Brunswick & around the world.

See page 2 for more details.

Based on the financial health of the CBE Pension Plan (the Plan) in 2022, your Board of Trustees (the Board) was able to grant a Cost of Living Adjustment (COLA) effective January 1, 2024 of

5.59%*

Meet your Board and learn about their accomplishments in 2022 on pages 4 and 52.

*Based on changes in Canada's Consumer Price Index (CPI).

2022
133.6%

2021
139.1%

2020
124.6%

Plan Actuarial Valuation

The Plan Actuarial Valuation measures the CBE Pension Plan's assets against its liabilities. The liabilities of the Plan represents **your pension, and the pensions of all the other members in the CBE**. One of the most important elements of the Actuarial Valuation is called the **15-year Open Group Funded Ratio**. This ratio is used to determine the funds available to the Board of Trustees to provide benefit improvements to members, such as granting COLA, as defined in the Funding Policy. The ratios for the past three years can be found to the left.

For a more thorough explanation and more information, see page 13.

2022 Long-Term Investment Performance

6.20%
Four-year Annualized Gross Investment Return as at Dec. 31, 2022 (page 17)

$640.6 million
Growth in Investment Assets over Four-years from Dec. 31, 2018 to Dec. 31, 2022

$2.807 billion
in Assets as at Dec. 31, 2022

The Statement of Investment Policies details how the pension fund is to be invested. Its focus is to provide stable, long-term results for the Plan and its members.

Read more about Investment Performance on page 15.

Shared Risk Plan for Certain Bargaining Employees of NB Hospitals (CBE Pension Plan)
2022 Annual Report

Published by the
CBE Pension Plan Board of Trustees

P.O. Box 6000
Fredericton, NB E3B 5H1

ISBN: 978-1-4605-3554-7

CHAIRPERSON LETTER

On behalf of the Board of Trustees of the CBE Pension Plan, I am pleased to introduce our inaugural Annual Report.

The Board has been working diligently to expand the educational resources available to our members, and to help them better understand the Plan. This Annual Report furthers these efforts, while also bolstering our commitment to transparency. We are also pleased to provide our first Annual Information Meeting, to be held on November 29 entirely online, in an effort to reach as many members as possible.

These educational efforts are more important than ever as pension plans worldwide navigate a challenging economic environment, increased geopolitical concerns, and turbulent financial markets. Indeed, in 2022, the CBE Pension Plan experienced its first negative return for a calendar year since its conversion to a shared risk plan, with an investment return of-2.12%. That being said, the relatively modest negative return for the year served to demonstrate that the lower-risk design of the CBE Pension Plan is working as intended, as average Canadian pension plans experienced more significant negative returns, averaging -10.3% for the same period*.

The prudent, lower risk approach taken by the CBE means that in positive markets, our returns may not be as strong as the average pension plan, but when markets take a downturn, we expect to be better insulated from the steep declines that those other plans may experience. Most importantly, the CBE continued to perform very favourably over the long term. The four-year annualized return was 6.20% at December 31, 2022. This exceeded the discount rate set for the Plan of 5.0%, which represents the net investment rate of return that the Plan needs to conservatively earn over the long term to ensure the Plan's sustainability for current and future retirees.

There is also no question that the Plan remains secure and sustainable for all members. Further evidence of the sound management and stable finances of the CBE Pension Plan include the fact that:

- The Board has been able to approve a full cost of living adjustment (COLA) every year since the Plan's conversion. Despite rising inflation, this year is no exception. A COLA of 5.59% was granted to all active, retired, and deferred members effective January 1, 2024. This is the highest COLA granted by the Plan to date.
- The most recent actuarial valuation estimates that the Plan is 133.6% funded, and important risk management tests were all surpassed. More information on this can be found on page 13.

I would like to take a moment to recognize the contributions of two departed Board members, Mark Thompson and René Boudreau. Beginning in 2004 Mark served on the predecessor Board of Directors, and was an original Board member of the current Shared Risk Pension Plan. René Boudreau resigned from the CBE Board of Trustees in May of 2023, due to professional commitments. We thank both of them for their diligent work.

We remain accountable to you, the Plan members. Should you have any questions about your CBE Pension Plan, please do not hesitate to reach out to your Board of Trustees at info@cbenb.ca. We are proud to represent you and continue to work diligently in securing the CBE Pension Plan as an important source of retirement income.

[signed by]

Tom Maston, CPA, CA, CHE
Chairperson
September 21, 2023

*The RBC Investor & Treasury Services (RBCITS) median Canadian defined benefit pension plan gross pre-fee return for 2022 was -10.3%.

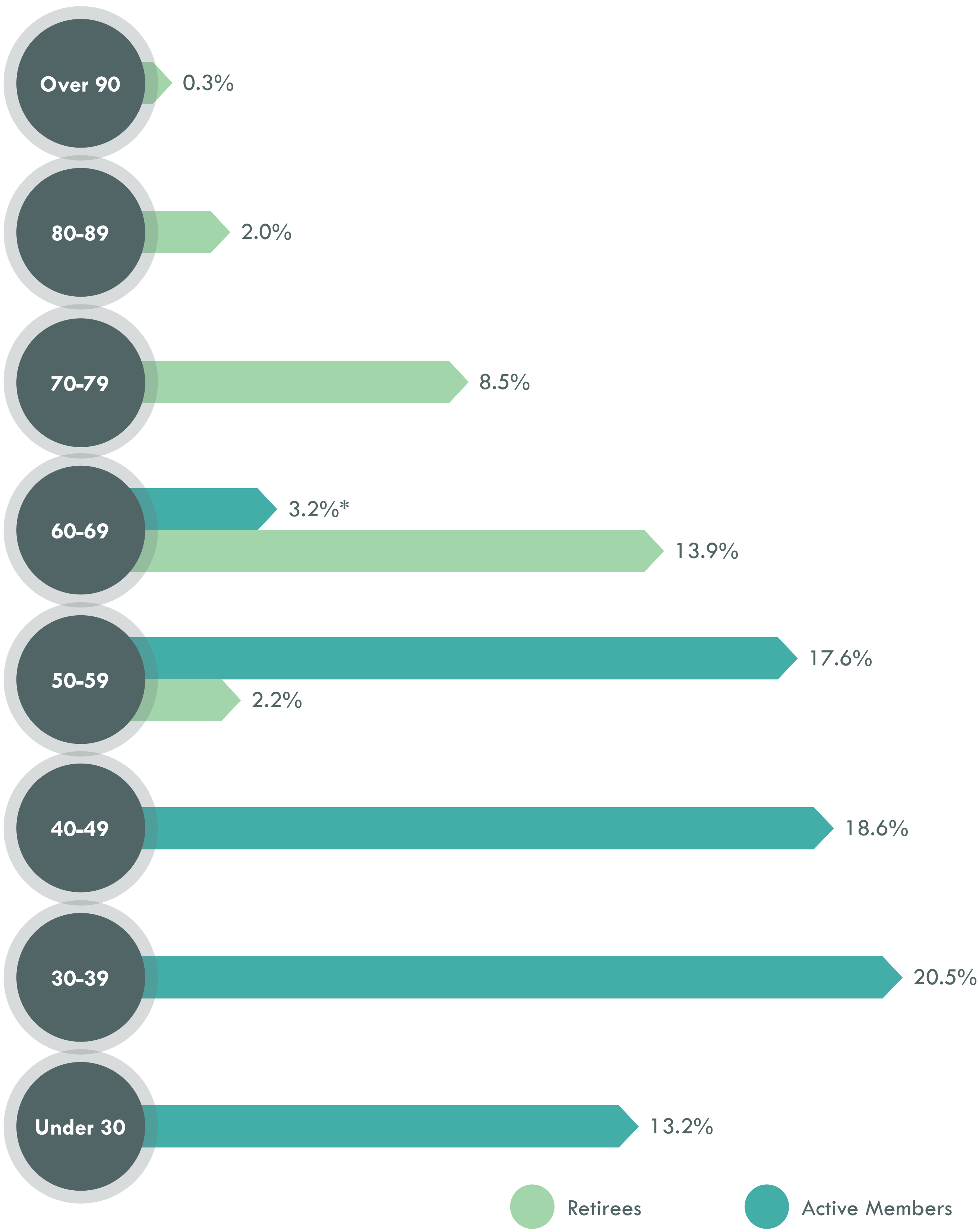
MEMBERSHIP IN 2022

11,516
Active Members

3,156
Deferred Members

4,228
Retirees & Survivors

Age Distribution



*60 and over

PLAN GOVERNANCE

BOARD OF TRUSTEES

The Board is responsible for the overall governance and administration of the CBE Pension Plan (the "Plan") in accordance with the New Brunswick *Pension Benefits Act*, 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;
- granting indexation on benefits (cost of living adjustments, or "COLA");
- approving investment policy decisions;
- providing oversight of pension administration and investment management;
- hiring an accredited actuary to provide an independent valuation of the pension obligations; and
- hiring an external auditor to independently examine the fair presentation of the financial statements.

The Board is composed of ten Trustees and three Observers. Five Trustees have been appointed by the unions who signed the CBE's Memorandum of Understanding, and five Trustees have been appointed by the provincial government. Of the five appointed by the unions, three are appointed by the New Brunswick Nurses Union (NBNU) and two by the New Brunswick Union of Public and Private Employees (NBU).

As outlined in the Board Agreement and Declaration of Trust, the positions of Chair and Vice-Chair of the Board are elected for a two-year term, renewable once. Due to this provision, Susie Proulx-Daigle's second term as Chairperson ended March 31, 2023. Effective April 1, 2023, the position of Chairperson was subsequently filled by Tom Maston, while his position as Vice-Chair was filled by Matt Hiltz. Susie Proulx-Daigle remains as a Trustee, allowing the Board to continue benefitting from her vast experience and expertise.

Biographies of the Trustees are available on the following pages.

Susie Proulx-Daigle - Chairperson (term as Chairperson ended March 31, 2023)
Susie is currently serving her seventh term as President of the New Brunswick Union (NBU). She also sits at the negotiating table for all NBU collective agreements. She is also a trustee for the New Brunswick Public Service Pension Plan and a member of the Standing Committee on Insured Benefits. In addition, she is the National Vice-President for the National Union of Public and General Employees. Susie is a graduate of Harvard University's Harvard Trade Union Program and has also completed the International Foundation of Employee Benefit Plans' Master of Trust Management Standards program.

Tom Maston, CPA, CA, CHE - Vice-Chairperson (appointed Chairperson effective April 1, 2023)
Tom worked in the New Brunswick health care system for 28 years as a regional health authority Vice-President and Assistant Deputy Minister. He retired in 2019 after serving for five years as Deputy Minister of Health (Government of New Brunswick). He also worked as a financial manager for several years in the private sector. He is a Chartered Professional Accountant and is a Certified Health Executive with the Canadian College of Health Leaders. He remains active in various initiatives and in 2020 he was the recipient of the National Mentorship Award from the Canadian College of Healthcare Executives.

Matt Hiltz - Trustee (appointed Vice-Chairperson effective April 1, 2023)
Matt has a Law Degree from the University of New Brunswick and is a member of the Law Society of New Brunswick, the Canadian Bar Association and the Canadian Association of Labour Lawyers. He provides legal advice and representation to the New Brunswick Nurses Union on a variety of legal, policy, and legislative initiatives, as well as, acting as the Union's Chief Negotiator for its three collective agreements. Matt has also continued his education, as a trustee, with the International Foundation of Employee Benefit Plans, having most recently completing its Master of Trust Management Standards course.

René Boudreau - Trustee (resigned as Trustee on May 19, 2023)
René is the former Assistant Deputy Minister responsible for Policy, Public Education and Engagement with the Department of Environment and Local Government (Government of New Brunswick). Previously, he had served as Associate Deputy Minister for Corporate Services and Francophone Affairs as well as Chair of the Board of EM/ANB Inc. with the Department of Health. Over the last 20 years, René has worked as a senior executive within the public sector in Saskatchewan and New Brunswick in a wide range of fields such has intergovernmental affairs, postsecondary education and research, innovation and economic development, digital government as well as more recently in healthcare.

Paula Doucet - Trustee
Paula is the President of the New Brunswick Nurses Union (NBNU) and she has held this position since October 2016. Prior to being elected President, she held the position of Vice-President for 13 years, as well as second Vice President of the NB Federation of Labour from 2010- 2015. Paula has been a Registered Nurse for 27 years and was working at the Chaleur Regional Hospital in Bathurst in the Emergency department before being elected President of the NBNU in 2016. To gain better knowledge and understanding of pension plans, Paula started on the CBE Pension Plan Board as an Observer in 2014 before being appointed as a trustee in 2016. She continues to participate annually in pension education sessions and International Foundation of Employee Benefit Plan conferences to continue learning good governance and fiduciary roles and responsibilities. In 2022, Paula completed the Master of Trust Management Standards course. Paula also serves as a trustee on the NB Public Service Pension Plan.

Richard Luton - Trustee
Richard is the Managing Director Capital Markets, Treasury Division (Government of New Brunswick), and has many years of experience providing advice and managing programs in investments, debt management and risk management on behalf of government and the private sector, including pension plans. He is a Chartered Financial Analyst and received a Master's Degree in Economics from Western University and has completed the International Foundation of Employee Benefit Plans' Advanced Trust Management Standards program.

Marilyn Quinn - Trustee
Marilyn is a retired registered nurse and the past president of the New Brunswick Nurses Union, a position she held from 2004 to 2016 advocating for registered nurses both at the negotiating table and in the workplace. Marilyn also serves as a trustee and past chairperson on the New Brunswick Public Service Pension Plan. She has participated at numerous national pension conferences and has completed the International Foundation of Employee Benefit Plans' Master of Trust Management Standards program.

Maria Richard - Trustee

Maria has been 1st Vice-President of the New Brunswick Nurses Union (NBNU) since 2017. Prior to being elected Vice-President of the NBNU, she was the Community Care Representative for six years. Maria started on the CBE Pension Plan as an Observer in 2015 before being appointed as a trustee in 2020. Maria has just completed the International Foundation of Employee Benefit Plan's Advanced Trust Management Standards Program. She has been involved with the NBNU as a Local President and has sat on numerous negotiating committees for the last 28 years. Maria is a Public Health Nurse in Moncton, New Brunswick, and has been a Registered Nurse for 36 years.

Vicki Squires - Trustee

Vicki is a retired Health Care Executive with extensive experience in leadership, labour relations and management as both the Vice-President and Corporate Director of Organizational Development for Horizon Health Network (Government of New Brunswick). She was a trustee for the CBE Employee's pension plan and transitioned to the CBE Pension Plan in 2012. She has a bachelor's degree in Foods and Nutrition, a Master's Degree in Business, as well as Certificates in Health Care Administration. She has also completed the Advanced Trust Management Standards program. She served as President of the Certain Bargaining Employees Union for a number of years and was a Director of the Board of the former New Brunswick Public Employee's Association.

Mark Thompson - Trustee

Mark is the Director of Corporate Support Services for the Department of Health. A graduate of the University of New Brunswick with a degree in Business Administration, Mark has worked in the healthcare field for almost 30 years. He has extensive experience in the areas of healthcare administration, finance and support services. Mark has been a member of the Board of Trustees of the Certain Bargaining Employees Pension Plan for New Brunswick Hospitals since 2004. He also currently sits on the Board of Directors of Ambulance New Brunswick as well as a member of the Board of Directors of Safety Services New Brunswick.

Lisa Watters - Trustee

Lisa is the Director of the Specialized Health Care Component, and sits on the Board of Directors for the New Brunswick Union. She has been active in the Union since 1998, serving on many committees, including Negotiations and Labour Management. Lisa is a past board member of the District Education Council for Anglophone North, and the Miramichi Public Transit Commission. Lisa is the Social Work Supervisor at the Miramichi Regional Hospital. Lisa has a Bachelor of Social Work degree from McGill University.

Leigh Sprague - Observer

Leigh is the Executive Director of the New Brunswick Union (NBU). Leigh has a Law Degree from the University of New Brunswick and is a member of the Law Society of New Brunswick and the Canadian Association of Labour Lawyers. He provides legal advice and representation to the NBU. He works with the Board of Directors on policy and planning, and provides advice on legal, legislative, and political developments which may impact the union. He serves as the Union's Chief Negotiator for its largest collective agreements and has oversight over all of NBU's bargaining activity. He also represents the union on certain external committees, Boards, and working groups. He has completed the International Foundation of Employee Benefit Plans' Master of Trust Management Standards program.

Catherine Little - Observer

Catherine is the Hospital Part III representative for the New Brunswick Nurses Union Board of Directors and has been an active union member for over twenty years. Catherine has been a trustee in training for the CBE since March 2020. Catherine has completed her Foundations of Trust Management Standards with plans to continue with pension education sessions and courses with the International Foundation of Employee Benefit Plans. Catherine has been a registered nurse for 23 years and works in the Saint John Regional Hospital Emergency Department.

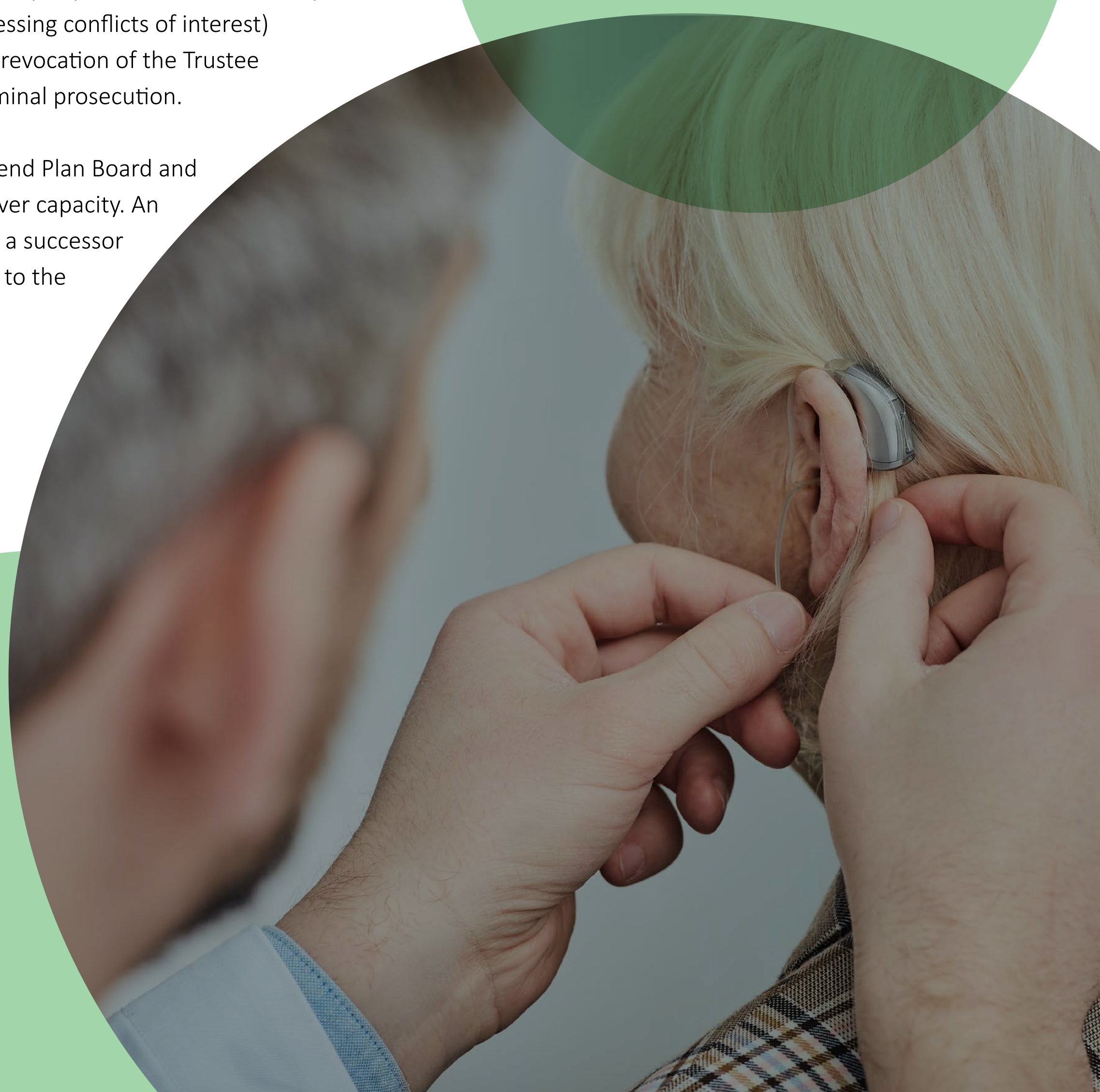
Fiduciary Duty of Trustees and Observers

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

Trustees are entrusted with the property of another person; in this case, it consists of the funds for 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.

The role of the Observer is to attend Plan Board and Committee meetings in an observer capacity. An Observer is typically identified as a successor Trustee to be formally appointed to the Board in the event of a vacancy.



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 in the areas of pension governance, administration and investments.

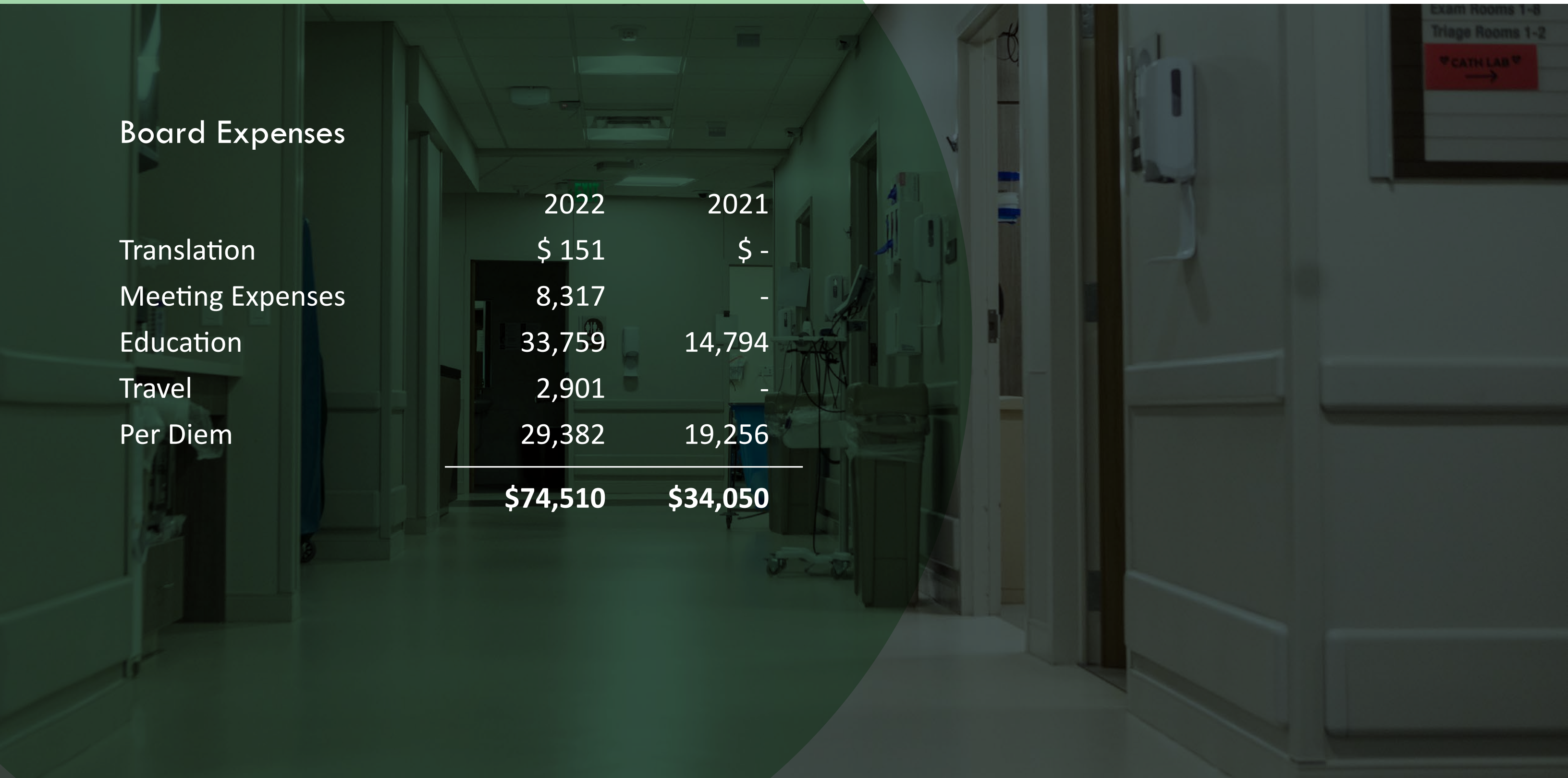
The Board receives ongoing education through the timely review of news, articles of interest, presentations at Board meetings, and attendance at applicable conferences and seminars. In 2022, presentation topics included: Real Assets and Private Equity Update, Asset Mix Updates, Global Investment Performance Standards (GIPS), updates on the Shared Risk Plan Research Project, Economic Assumptions, and various ad-hoc financial market updates.

BOARD EXPENSES

Members of the Board who are not otherwise paid by their sponsoring party (employer or union who appointed them to the Board) to participate in meetings and educational activities receive a per diem of $250. In addition, reasonable expenses incurred by Trustees and Observers in order to attend meetings and participate in educational activities are reimbursed. In 2022, the Board conducted the biennial compensation review which concluded that the CBE Pension Plan Per Diem and Travel Policy is in line with its peers and that no changes were necessary to the current compensation arrangement for Board members.

The Board continued to strictly adhere to the CBE Pension Plan Per Diem and Travel Policy. In 2022, three Trustees were eligible to receive per diems, and seven Trustees were reimbursed for travel and/ or education expenses, as outlined below. The increase in per diems in 2022 was due to the Board meeting with a greater frequency during the year.

The cost of the Board functions for 2022 was $74,510 compared to $34,050 in 2021.



Board Expenses

	2022	2021
Translation	$ 151	$ -
Meeting Expenses	8,317	-
Education	33,759	14,794
Travel	2,901	-
Per Diem	29,382	19,256
	$74,510	**$34,050**

BOARD COMMITTEES

As outlined within the Plan's governing documents (refer to the next page for a summary of these documents), the Board has the ability to establish and delegate certain functions to committees. Three committees have been established:

- the Governance Committee;
- the Audit Committee; and
- the Investment Committee.

All committees present reports of their meetings and decisions to the full Board for consideration and approval, when warranted.

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 Plan governing documents, ethics, Trustee orientation and education, Trustee compensation, risk management, etc. The Governance Committee meets at a minimum of four times per year.

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities in ensuring the integrity of the CBE's financial reporting and disclosure processes, the appointment of the external auditors, the adequacy and effectiveness of internal controls, risk management and compliance with legal and regulatory requirements. The Audit Committee meets at a minimum of two times per year.

Investment Committee

The Investment Committee assists the Board in fulfilling its responsibilities of ensuring the investment oversight of the pension fund (the "Trust") established under the Plan. The Investment Committee meets at a minimum of four times per year.

Meeting Attendance

Trustees are expected to attend Board and Committee meetings for which they are a member. The following table indicates the number of meetings held in 2022 and the attendance of the Trustees and Observers.

	Board Meetings	Strategic Planning Sessions	Ad-Hoc Risk Management Committee	Audit Committee	Governance Committee	Investment Committee
S. Proulx-Daigle (Chair)[1]	4/4	2/2	-	-	-	-
T. Maston (Vice-Chair)[2]	4/4	2/2	1/1	2/2	-	4/4
R. Boudreau[3]	3/3	2/2	-	-	-	-
V. Squires	4/4	2/2	1/1	-	5/5	4/4
M. Quinn	4/4	2/2	1/1	2/2	-	4/4
M. Hiltz[4]	4/4	2/2	-	-	5/5	-
R. Luton	4/4	2/2	-	-	-	4/4
L. Watters	4/4	2/2	-	1/2	-	-
P. Doucet	4/4	2/2	-	-	5/5	-
M. Richard	4/4	2/2	1/1	-	-	-
M. Thompson[5]	1/1	-	-	-	-	-
L. Sprague (Observer)	4/4	2/2	-	-	-	2/4
C. Little (Observer)	3/4	0/2	-	-	1/5	-
F. Finn (Observer)[6]	0/1	0/2	-	-	-	-

The table above provides the attendance records for Trustees appointed to the Committees of the Board, however, all Trustees are invited to attend the Committee meetings as guests.

[1]S. Proulx-Daigle's Chairperson term expired March 31, 2023.
[2]T. Maston was appointed as Chairperson on April 1, 2023.
[3]R. Boudreau was an Observer and was appointed to Trustee effective May 1, 2022.
[4]M. Hiltz appointed Vice-Chairperson on April 1, 2023.
[5]M. Thompson resigned effective April 30, 2022.
[6]F. Finn appointed as an Observer on September 1, 2022.

For a summary of the Board of Trustees' activities in 2022, see Appendix A.

GOVERNING DOCUMENTS

The Plan is governed by (i.e., conducts its affairs based on) a number of important documents that serve to guide the Board in its oversight of the Plan. Current versions of these documents are available at cbenb.ca.

Agreement and Declaration of Trust

The Agreement and Declaration of Trust came into effect August 29, 2013, shortly after the Plan converted from a defined benefit plan to a shared risk plan on July 1, 2012. This document ensured that the Pension Plan for CBE Employees of New Brunswick Hospitals continued as a trust under the CBE Pension Plan. The document also outlines the powers and duties of the Board as Plan Administrator.

Funding Policy

The Funding Policy is the tool used by the Board to manage the risks inherent to the Plan. It provides guidance and rules regarding decisions that may have to be made by the Board based on the results of the annual actuarial funding valuation and risk management tests (as described on page 13).

The Funding Policy is reviewed by the Board annually, taking into account economic and demographic information that could impact the Plan, and confirmation of this review must be submitted to the Superintendent of Pensions.

Plan Text

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

Statement of Investment Policies

The Statement of Investment Policies outlines the investment policy for the CBE Pension Plan Fund.

The Statement of Investment Policies details how the pension fund is to be invested, considering that it must be managed in a way that provides secure pension benefits in the vast majority of economic scenarios. The target asset mix of the CBE Pension Plan Fund and the benchmarks against which the investment returns are measured are also included. It must be reviewed annually by the Board, and confirmation of this review must be submitted to the Superintendent of Pensions.

OPERATIONS OF THE PLAN

SERVICE PROVIDERS

Administration Services

The Board has an administration agreement in place with Vestcor Inc. (Vestcor) to manage the day-to-day administration of the Plan. Vestcor collects employee and employer contributions and pays out benefits in accordance with the Plan provisions. They also provide pension services to help members understand their benefit entitlements. In 2022, Vestcor had over 4,400 contacts with Plan members through phone, email, mail, as well as in-person meetings.

In addition, Vestcor prepares annual statements for each member, assists the Board in its communication with members and stakeholders through semi-annual newsletters and other communication tools, provides member services, supports Board functions and education, and prepares regulatory submissions to the Superintendent of Pensions and the Canada Revenue Agency.

Investment Management Services

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

Vestcor also provides investment advice to the Board. By using a variety of tools and expertise, Vestcor provides projections and develops recommendations for the Plan's asset mix which are presented to the Board for review and approval.

Vestcor invests the employers' and employees' pension contributions into a diversified mix of asset classes according to the CBE Pension Plan Statement of Investment Policies. Vestcor also transfers sufficient funds from the CBE Pension Plan Fund to provide for the monthly pension benefit payment requirements to retirees, survivors and beneficiaries.

Further information on Vestcor is available at vestcor.org.

VESTCOR

External Auditing Services

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

Grant Thornton LLP was reappointed as the auditor for the Plan for 2022.

Investment Advisory Services

The investment consultant is responsible for providing investment advisory services for the Plan.

Ellement was appointed as the investment consultant for the Plan for 2022.

Actuarial Services

An actuary is an expert in the mathematics of finance, statistics and risk theory. The *Pension Benefits Act* requires that the Plan undergo an annual actuarial valuation by a professionally accredited actuary. The Board approves the actuarial assumptions used for the valuation. To prepare this report, the actuary obtains current membership data and asset mix information from Vestcor.

TELUS Health (formerly LifeWorks) was reappointed as the actuary for the Plan for 2022.

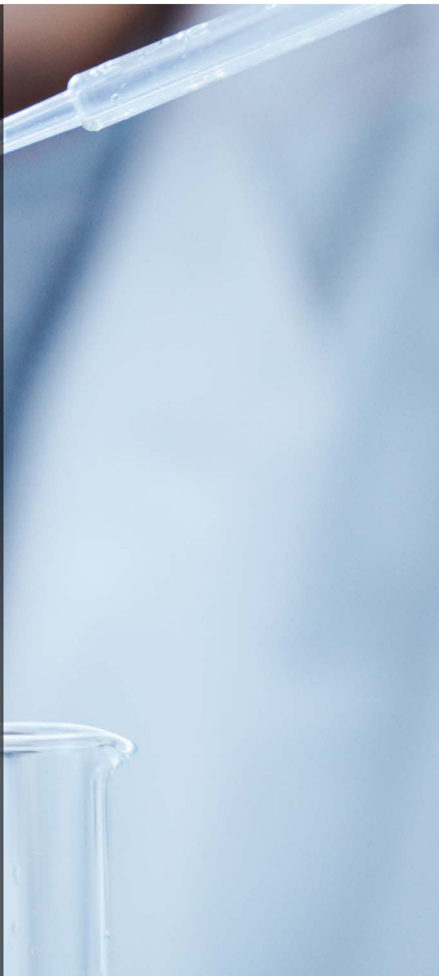
COST OF ADMINISTERING THE CBE PENSION PLAN

Administration costs for the Plan, as shown in the Statement of Changes in Net Assets in the audited financial statements for the year ended December 31, 2022, consist of the cost of the pension administration services and investment management services provided by Vestcor as well as the costs of the Board functions described on page 8. These costs are further itemized in Note 11 of the audited financial statements on page 51.

Total Administration Costs for the year ended December 31, 2022 were $6.4 million compared to $5.9 million for the same period in 2021, an increase of $0.5 million. Of this increase, $0.3 million related to an increase in pension administration services and $0.2 million was related to an increase in investment management fees.

As a percentage of average pension fund assets, total administration costs increased to 0.229% in 2022 compared to 0.219% in 2021.

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.

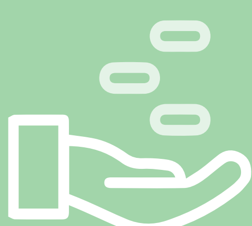


PLAN VALUATION

The purpose of the CBE Pension Plan is to:

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

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



Grow members’ pension benefits through increases (e.g., cost of living adjustments) to the extent that funds are available.

As mentioned on page 12, each year, the Board retains an independent actuarial firm to prepare a valuation of the Plan (also referred to as an actuarial valuation, or a funding policy valuation). The valuation compares at a moment in time the Plan's assets with the Plan's liabilities.

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

The most recent Actuarial Valuation Report was prepared as at December 31, 2022 and reviewed and approved by the Board on September 21, 2023.

FUNDING STATUS OF THE PLAN, AS PER THE ACTUARIAL VALUATION REPORT

15-Year Open Group Funded Ratio

- This is an important ratio as it measures the Plan’s ability to provide the benefits earned to date. It is also used to determine the actions to be taken by the Board under the Plan’s Funding Policy, such as granting cost of living adjustments. This ratio compares the fair market value of the Plan’s assets, plus the present value of contributions in excess of those required to fund base benefits being accrued over the next 15 years, to the Plan’s liabilities at December 31st of every year.
- As at December 31, 2022, the Plan’s open group funded ratio is 133.6% as compared to 139.1% in 2021.

Termination Value Funded Ratio

- This ratio compares the fair market value of the Plan’s assets to the Plan’s liabilities at December 31st of every year and is used in the calculation of a member’s benefits on termination of employment, death, marriage breakdown or retirement.
- As at December 31, 2022, the Plan had $2.807 billion in assets and $2.535 billion in liabilities for a termination value funded ratio of 110.7%.

For a copy of the full report, visit cbenb.ca.

RISK MANAGEMENT RESULTS

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

The risk management goals are outlined in the CBE Pension Plan Funding Policy. The Plan's actuary has confirmed that the Plan has successfully passed these tests as part of its annual Actuarial Valuation Report as at December 31, 2022.

Primary Risk Management Goal

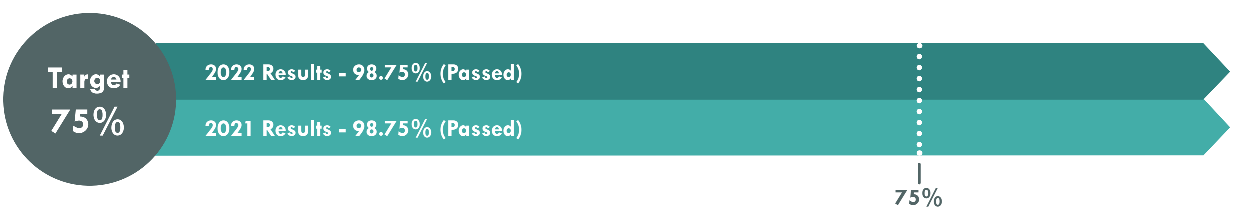
Achieve at least a 97.5% probability that benefits earned would not be reduced over the next 20 years.

Secondary Risk Management Goal #1

The Plan is expected to be able to provide indexing (COLA) of 75% or more of CPI to members over the next 20 years.

Secondary Risk Management Goal #2

Achieve at least a 75% probability that ancillary benefits (e.g., early retirement subsidy) will be provided over the next 20 years.



INVESTMENT PERFORMANCE

INVESTMENT OBJECTIVES

In the **long term**, the objective is to preserve the assets of the Plan and secure the pensions of all plan members. The aim is to provide the best possible long term investment returns while achieving the strict risk management goals of the Plan. The investment portfolio of the Plan follows a diversified target asset mix designed to achieve these objectives based on the characteristics of the Plan while achieving a rate of return above and beyond the rate of return required to fund base benefits.

This lower-risk approach means that the target asset mix may see returns that are lower than average when markets are strong, but perform above average during weaker markets. The intent of the Plan's well-diversified portfolio is to minimize the long-term effects of market fluctuations.

Over the **medium term**, the target of the Plan's active investment management is to provide an average rate of return of 0.50% (or 50 basis points) higher than what would be achieved through passive management of the portfolio. This value-added contribution is the portfolio's target active four-year moving average rate of return, after deducting all investment management costs.

Over **shorter time periods**, the objective is to achieve strong rates of return on each major asset class while avoiding unnecessary investment risk and market volatility.

The CBE Fund is invested in accordance with the Statement of Investment Policies (SIP). A copy of the SIP is available at cbenb.ca

ASSET MIX

The Board last reviewed and confirmed their approval of the Statement of Investment Policies (SIP) on February 11, 2022, which included an updated target asset mix. The Board approved amendments to reflect the changes to the investment management strategy that resulted from the Asset Liability management (ALM) study which was completed in 2021. As the Plan's investments are still being transitioned to the updated target asset mix, the table below includes the target asset mix both prior to, and as of, February 11, 2022, as well as the actual asset mix as at December 31, 2022.

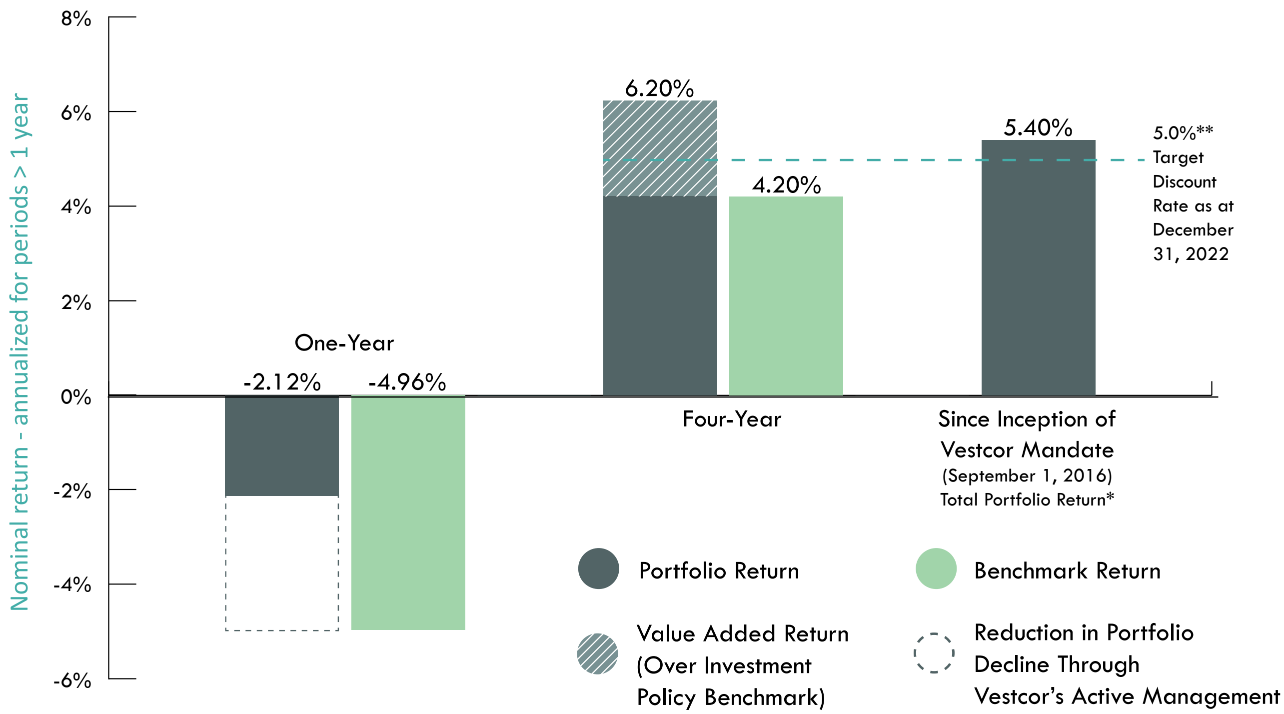
	Actual	Target as of Feb. 11, 2022	Target Prior to Feb. 11, 2022
Fixed Income			
Short-Term Assets	0.8%	0.0%	0.0%
Canadian Government Bonds	16.7%	17.5%	17.0%
Canadian Corporate Bonds	18.7%	20.0%	19.0%
Global High Yield Bonds	3.5%	5.0%	4.0%
Inflation-Linked			
Real Estate	13.0%	11.0%	14.0%
Infrastructure	11.3%	11.0%	11.0%
Absolute Return Strategy	5.6%	7.5%	-
Public Equity			
Canadian	3.5%	4.0%	3.0%
Canadian Small Cap	0.5%	0.0%	0.5%
Global Developed Markets ex Canada)	7.0%	8.0%	7.25%
Global Developed Markets (ex Canada) Small Cap	0.1%	0.0%	2.0%
Emerging Markets	0.0%	-	3.0%
Minimum Volatility Equity			
Canadian	3.9%	4.0%	3.0%
Global Developed Markets (ex Canada)	7.3%	8.0%	7.25%
Emerging Markets	3.8%	4.0%	3.0%
Private Equity	4.3%	0.0%	6.0%
Total	100.0%	100.0%	100.0%
Absolute Return Overlay	5.0%	-	10.0%

A transition plan is underway because of a change in the SIP. While the Plan's investments are being transitioned to the updated target mix, primarily as private market investment opportunities arise, larger deviations are expected between the actual and target weights for certain investments. The deviations of the asset class weights between the actual and target asset mixes are due to allowable deviations to accommodate market price movements, or to provide prudent asset transitions to new SIP targets. The Plan's investment manager, Vestcor, is authorized to allow weights for asset classes to slightly deviate from policy weights within allowable ranges to minimize transaction costs.

2022 RETURNS

The nominal return (the rate of return without adjusting for inflation) of the fund was -2.12 % for the year ended December 31, 2022 which was the first time since the Plan's conversion to a shared risk plan that the fund earned a negative return for a calendar year. In comparison, the median annual return for defined pension plans in Canada for the same period was -10.3%, as reported by RBC Investor & Treasury Services. The defensive positioning of invested assets provided significant protection against broader declines and the fund exceeded the policy benchmark of -4.96% in 2022. This resulted in approximately $25.1 million in investment losses, which along with active member contributions, resulted in total funds declining by $6 million after Plan expenses and retiree benefits.

The chart below illustrates the nominal return compared to the benchmark return for the one-year, four-year, as well as the approximately six year period that Vestcor has managed the pension fund.



The overall nominal return, before investment management fees, in excess of the portfolio benchmark, resulted in 2.84% of gross investment value added. After deducting investment management costs of 0.15%, the net value added to the pension fund was 2.69%.

Helpful Definitions

Active Management: An investment strategy used by management with the goal of outperforming an industry benchmark or index.
Annualized Rate of Return: The return of an investment for a given period of less than one year that is calculated as if the rate were for a full year.
Benchmark: An industry standard against which rates of return can be measured, such as equity and bond market indices developed by stock exchanges and investment dealers.
Nominal Rate of Return: The rate of return on an investment without adjusting for inflation.

For even more helpful definitions, you can find a glossary at vestcor.org/glossary.

*Including assets that had yet to be transitioned to Vestcor's management.
**Discount rate increased from 4.75% to 5.00% on December 31, 2022.

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

2022 Rates of Return, calculated in Canadian Dollars

	Return	Benchmark	Value Added
Fixed Income			
Short-Term Assets (Cash)	2.02%	1.81%	0.22%
Canadian Government Bonds	-12.06%	-12.34%	0.28%
Canadian Corporate Bonds	-9.51%	-9.87%	0.36%
Global High Yield Bonds	-12.06%	-11.59%	-0.47%
Inflation-Linked			
Real Estate	6.19%	4.90%	1.29%
Infrastructure	19.57%	8.90%	10.6%
Absolute Return Strategy	8.43%	1.81%	6.63%
Public Equity			
Canadian	-4.99%	-5.84%	0.85%
Global Developed Markets	-9.48%	-12.03%	2.55%
Canadian Small Cap*	-9.14%	-16.32%	7.18%
Global Developed Markets (ex Canada) Small Cap ***	-0.66%	0.14	-0.80%
Minimum Volatility Equity			
Canadian	-0.99%	-1.08%	0.09%
Global Developed Markets (ex Canada)	-1.10%	-3.52%	2.42%
Emerging Markets	-6.72%	-7.70%	0.97%
Private Equity*	9.19%	-6.38%	15.56%
Active Asset Mix Position			0.04%
Absolute Return Overlay**			0.12%
Total	-2.12%	-4.96%	2.84%

*Start date of April 1, 2022
**Start date of March 31, 2022
***Start date of May 2, 2022

For general commentary regarding 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 CBE are available on the following page and provide detailed information on the Plan's performance for the year ended December 31, 2022.

The Total Fund Report prepared by Vestcor for the Plan is included on page 54. This additional report follows the Global Investment Performance Standards (GIPS®) of the Chartered Financial Analysts' Institute. Vestcor's policies and procedures used in preparing that report are independently verified.

CBE PENSION PLAN FINANCIAL STATEMENTS

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

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

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

The Plan is referred to as the Shared Risk Plan for Certain Bargaining Employees of N.B. Hospitals throughout the financial statements, as this remains the Plan's legal name.

Grant Thornton

Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals

Financial Statements

December 31, 2022

Grant Thornton

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

Opinion

We have audited the financial statements of the Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals as at December 31, 2022, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals 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 Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals 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 Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals 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.

We 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.

Grant Thornton LLP

Fredericton, Canada
June 22, 2023

Chartered Professional Accountants

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS

Statement of Financial Position
(In thousands of Canadian dollars)
AS AT DECEMBER 31

		2022		2021
ASSETS				
Investments *(notes 3 and 4)*	$	2,784,860	$	2,793,785
Contributions receivable from employers		7,441		6,980
Contributions receivable from employees		8,197		6,274
Other receivables		9,394		8,221
Total assets		2,809,892		2,815,260
LIABILITIES				
Accounts payable and accrued liabilities		2,439		1,999
Net assets available for benefits		2,807,453		2,813,261
Pension obligations *(note 6)*		2,627,700		2,472,700
SURPLUS	$	179,753	$	340,561

See accompanying notes to the financial statements.

Commitments *(note 13)*
Indemnification *(note 14)*

Approved on behalf of the Board of Trustees:

Tom Maston
Chair

Matt Hiltz
Vice Chair

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Statement of Changes in Net Assets Available for Benefits
(In thousands of Canadian dollars)
YEAR ENDED DECEMBER 31

		2022		2021
Increase in net assets				
Net investment income *(note 9)*	$	—	$	238,328
Employer pension contributions – current		65,869		48,812
Employer pension contributions – prior service		11		40
Employee pension contributions – current		65,959		48,797
Employee pension contributions – prior service		457		614
Reciprocal transfers		1,150		2,084
		133,446		338,675
Decrease in net assets				
Net Investment Loss *(note 9)*		25,074		—
Pension benefits *(note 10)*		107,830		97,329
Administration expenses *(note 11)*		6,350		5,863
		139,254		103,192
(Decrease) increase in net assets available for benefits		(5,808)		235,483
Net assets available for benefits, beginning of year		2,813,261		2,577,778
Net assets available for benefits, end of year	$	2,807,453	$	2,813,261

See accompanying notes to the financial statements.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Statement of Changes in Pension Obligations
(In thousands of Canadian dollars)
YEAR ENDED DECEMBER 31

		2022		2021
Pension obligations, beginning of year	$	2,472,700	$	2,272,100
Change in pension obligations:				
Change in actuarial assumptions		(82,700)		79,600
Interest accrued on benefits		113,300		105,400
Experience loss (gain)		5,800		3,100
Improvements to accrued pensions		3,900		3,000
Net transfers and other actions		1,600		2,700
Normal actuarial cost		87,000		69,500
Benefits paid		(107,800)		(97,300)
Cost of living adjustment		133,900		34,600
		155,000		200,600
Pension obligations, end of year	$	2,627,700	$	2,472,700

See accompanying notes to the financial statements.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

1. Description of the Plan

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

On July 1, 2012, the Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals was converted to the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals. This model, governed by the Board of Trustees, introduced changes to address the funding deficiency in the Plan. The Plan is reported as a continuation of the pre-existing Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals. The shared risk model provides additional funding through increased member and employer contributions. It also introduces risk management procedures, funding goals and sharing of benefit risks to prudently manage the variability of funding results over time.

The shared risk pension model is not defined in existing accounting standards. Under current standards, a pension plan must be accounted for as either a defined contribution plan or a defined benefit plan. Determining the appropriate accounting treatment for these plans requires a high degree of professional judgement. Based on research performed, enabling legislation and specific plan documents, management has concluded that the defined benefit method represents appropriate accounting treatment for the Plan at this time.

(a) General

The Plan is a shared risk pension plan covering employees who are members of the New Brunswick Nurses Union, the New Brunswick Union of Public and Private Employees (Specialized Health Care Professionals and Paramedical), union staff members of the New Brunswick Nurses Union (effective July 1, 2013), and union staff members of the New Brunswick Union of Public and Private Employees (effective October 1, 2015).

Full-time and part-time employees of these groups are required to join the Plan immediately. Effective July 1, 2014, all other employees of these groups (e.g. casuals, temporary employees, etc.) are required to join the Plan if certain eligibility criteria are met.

(b) Funding policy

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

(c) Pension benefits

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

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

1. Description of the Plan *(continued)*

(c) Pension benefits

I. For each year (or part year) of pensionable service on and after July 1, 2012:
1.4% X annualized pensionable earnings accrued during the year up to the YMPE for the year
Plus
2.0% X annualized pensionable earnings accrued during the year in excess of the YMPE for the year multiplied by number of hours worked (and contributed) / 1950 hours.

II. For all pensionable service between January 1, 1990 and June 30, 2012:
Pensionable service X 1.3% X best 5 year average earnings at June 30, 2012 up to the average YMPE at the same date
Plus
Pensionable service X 2.0% X best 5 year average earnings at June 30, 2012 in excess of the average YMPE at the same date.

III. For all pensionable service prior to January 1, 1990:
Pensionable service X 2.0% X best 5 year average earnings at June 30, 2012

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

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

Normal retirement age is 65 at which time unreduced pension benefits are available with five or more years of continuous employment, two or more years of pensionable service, or two or more years of plan membership. Reduced benefits are available between age 55 and age 65 with five or more years of continuous employment, two or more years of pensionable service, or two or more years of plan membership. A member who elects to take an early retirement will also receive a temporary bridge benefit payable to age 65 equal to $27 per month per year of pensionable service.

(d) Death benefits

If a member dies prior to retirement and before completing one of the following criteria; five years continuous employment; two years of pensionable service; or two years of membership in the Plan, the benefit payable to the member's surviving spouse (or the member's beneficiary if there is no spouse) is a refund of the member's own contributions with accumulated interest.

If a member dies prior to retirement and has completed five or more years of continuous employment, two or more years of pensionable service, or has two years or more of membership in the Plan, the member's surviving spouse (or the member's beneficiary if there is no spouse) will receive a lump sum equal to the termination value amount the member would have received if the member had terminated just before death.

Shared Risk Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

1. Description of the Plan *(continued)*

(d) Death benefits *(continued)*

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

(e) Benefits on termination

A member who is terminated and who has less than five years of continuous employment, less than two years of pensionable service, and less than two years of membership in the Plan will receive a refund of the member's own contributions with accumulated interest.

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

(f) Income Taxes

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

(g) Reciprocal transfer agreements

The Board of Trustees may, in its discretion, from time to time, enter into reciprocal agreements with the sponsors of other pension plans. Effective June 11, 2017, the Board of Trustees entered into a new reciprocal transfer agreement between the Plan and the Pension Plan for Employees of New Brunswick Union of Public and Private Employees. A reciprocal agreement is also in place between the Plan and the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

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) of 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.

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, 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 ("ASPE") in Part II of the CPA Handbook. The Plan has chosen to comply on a consistent basis with ASPE.

These financial statements have been prepared in accordance with the significant accounting policies set out below.

(b) Basis of measurement

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

(c) Financial instruments

(i) 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 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 of financial assets 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.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

2. Significant Accounting Policies (continued)

The fair value of each investment 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 Vestcor has 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.

If there is no quoted price in an active market, then Vestcor uses 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.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

2. Significant Accounting Policies *(continued)*

(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 pension obligation, 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 on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

(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 and accrued up to year-end for payroll periods that extend to the subsequent fiscal year.

(i) Net investment income

Investment transactions are recognized by the underlying Vestcor Investment Entities as of their trade date. Net investment income includes interest, dividends, and realized and unrealized gains and losses 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 by 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.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

3. Investments

The Plan invests primarily 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 and Goals ("SIPG"). Following is a description of each Vestcor Investment Entity ("entity") in which the Plan invested during the year ended December 31, 2022:

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 International High Yield Fixed Income Fund

This entity is managed by external managers and actively invests in securities in the Barclays U.S. Corporate High Yield Total Return Index $C Hedged.

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.

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.

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3. Investments *(continued)*

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 publicly-traded 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 smallcap 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 Smallcap Total Return Index in $C, Net.

Vestcor Low Volatility International Equity Fund

This entity 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.

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.

Vestcor Investments Private Real Estate, L. P.

This fund invests in private domestic and international real estate investments through co-investments, limited partnerships or similar investment vehicles. The benchmark is the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return.

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3. Investments *(continued)*

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. The benchmark is the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total 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. The benchmark is the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return.

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 REITS 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 inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus 4%.

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 seeks to add value by investing in either long or short positions where announced mergers or dual class share structures present arbitrage potential. Short positions are supported by cash underlay. The benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% 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.

Vestcor Absolute Return Overlay Fund

This entity was created to add value by providing clients with the ability to deploy an absolute return overlay. The entity invests primarily in units of the NBIMC Quantitative Strategies (2017) Fund and the NBIMC Quantitative Equity Strategic Beta (2017) Fund and shorting units of the NBIMC Money Market Fund.

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3. Investments *(continued)*

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.

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

($ thousands)	Number of Units *(rounded)*	Unit Value *(in dollars)*	Fair Value 2022	Fair Value 2021
Fixed Income				
NBIMC Nominal Bond Fund	116,685	2,749	$ 458,196	$ 504,448
NBIMC Corporate Bond Fund	381,678	1,350	515,429	545,900
NBIMC International High Yield Fixed Income Fund	88,479	1,086	96,111	108,115
NBIMC Money Market Fund	9,790	1,748	17,113	14,098
			1,086,849	1,172,561
Equities				
NBIMC Canadian Equity Index Fund	15,474	5,248	81,213	96,538
NBIMC Canadian Small Cap Equity Fund	9,606	1,475	14,171	—
NBIMC Low Volatility Canadian Equity Fund	44,608	2,400	107,048	112,786
NBIMC External Canadian Equity Fund	2,368	6,428	15,219	15,787
NBIMC External International Equity Fund	6,070	2,956	17,942	23,662
Vestcor International Small Cap Equity Fund	3,320	898	2,980	—
NBIMC EAFE Equity Index Fund	25,157	1,973	49,639	59,346
Vestcor Low Volatility International Equity Fund	181,197	1,115	201,974	222,151
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	88,941	1,161	103,279	110,296
NBIMC U.S. Equity Index (2017) Fund	24,822	5,020	124,619	68,891
Gryphon Global Equity Fund	25	2,351	59	57
			718,143	709,514
Real Estate and Infrastructure				
Vestcor Investments Private Real Estate, L. P. – Series III	19,149	1,313	25,145	13,547
Vestcor Investments Private Real Estate 2, L. P. – Series II	2,074	784	1,627	840
Vestcor Investments Private Real Estate 2, L. P. – Series III	7,857	1,067	8,382	—
Vestcor Real Estate Fund Feeder Inc.	82,443	1,237	101,961	64,498
NBIMC International Real Estate (2017) Fund	3,571	9,796	34,979	42,492
NBIMC Public Infrastructure (2017) Fund	10,371	1,359	14,098	57,754
Vestcor Investment Infrastructure, L. P. – Series III	15,113	1,304	19,706	16,386
Vestcor Investment Infrastructure, L. P. – Series IV	34,225	1,263	43,226	32,576

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3. Investments *(continued)*

($ thousands)	Number of Units *(rounded)*	Unit Value *(in dollars)*	Fair Value 2022	Fair Value 2021
Real Estate and Infrastructure				
Vestcor Investment Infrastructure, L. P. – Series V	10,190	1,051	10,713	—
Fiera Properties Core Pension Trust	87,990	1,817	159,900	165,220
BlackRock Granite Property Fund, Inc.	6,325	1,742	11,019	9,573
BlackRock Asia Property Fund IV	7,636	1,477	11,277	12,500
BlackRock Europe Property Fund IV	626	5,616	3,517	3,711
Global Diversified Infrastructure Fund	182,101	270	49,198	42,923
Macquarie Infrastructure Partners III, L.P.	55,416	3,741	207,337	153,126
			702,085	615,146
Alternative Investments				
NBIMC Quantitative Strategies (2017) Fund	37,550	2,213	83,091	113,398
NBIMC Quantitative Equity Strategic Beta (2017) Fund	51,986	1,354	70,376	110,048
Vestcor Absolute Return Overlay Fund	9,347	583	5,450	—
Vestcor Investments Private Equity, L. P. – Series II	23,167	1,883	43,629	37,360
Vestcor Investments Private Equity, L. P. – Series III	49,086	1,326	65,091	35,658
Vestcor Investments Private Equity, L. P. – Series V	9,663	1,050	10,146	—
			277,783	296,564
			$ 2,784,860	$ 2,793,785

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.

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

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.

There are eleven investments classified as level 3:

Fiera Properties Core Fund

This fund invests in a diversified portfolio of Canadian real estate properties with a market value of $159,900 (2021 – $165,220). This is an open fund with no active market for its units and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

BlackRock Granite Property Fund, Inc.

This fund invests in US real property and real estate related investments with a market value of $11,019 (2021 – $9,573). This is an open fund with no active market for its units and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

BlackRock Asia Property Fund IV

This limited partnership invests in real estate properties across the Asia Pacific region with a market value of $11,277 (2021 – $12,500). This closed-end fund has no active market for its units and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy. This fund commenced on October 5, 2015 and will continue to operate until April 7, 2024.

BlackRock Europe Property Fund IV

This limited partnership invests in real estate related assets in Europe with a market value of $3,517 (2021 – $3,711). This closed-end fund has no active market for its units and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy. This fund commenced on October 15, 2015 and will continue to operate until April 14, 2024.

Global Diversified Infrastructure Fund

This fund invests in a diversified portfolio of mature, global unlisted infrastructure assets with a market value of $49,198 (2021 – $42,923). This is an open fund with no active market for its units and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

Macquarie Infrastructure Partners III, L.P.

This limited partnership invests global infrastructure assets with a market value of $207,337 (2021 – $153,126). This closed-end fund has no active market for its units and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy. This fund commenced on August 30, 2013 and will continue to operate until September 30, 2024.

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

The Vestcor Investments Private Real Estate, L. P.

This limited partnership invests in private domestic and international real estate investments through co-investments, limited partnerships or similar investment vehicles with a market value of $25,145 (2021 – $13,547). There is no active market for the units of this limited partnership and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

The Vestcor Investments Private Real Estate 2, L. P.

This limited partnership invests in private domestic and international real estate investments through co-investments, limited partnerships or similar investment vehicles with a market value of $10,009 (2021 – $840). There is no active market for the units of this limited partnership and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

The 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 with a market value of $101,961 (2021 – $64,498). There is no active market for the units of this limited partnership and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

The Vestcor Investments Infrastructure, L. P.

This limited partnership provides additional investment diversification through direct investment in infrastructure through co- investment structures with a market value of $73,645 (2021 – $48,962). There is no active market of the units of this limited partnership and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

The Vestcor Investments Private Equity, L. P.

This limited partnership invests primarily in non-publicly traded securities of U.S. and European companies through co-investments, limited partnerships or similar investment vehicles with a market value of $118,866 (2021 – $73,018). There is no active market of the units of this limited partnership and no published net asset value as of December 31, 2022 and is therefore classified as a level 3 investment in the fair value hierarchy.

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

The levels of input for valuation of the Entities' financial instruments at FVTPL as at December 31, 2022 are as follows:

	December 31, 2022 $	Level 1 $	Level 2 $	Level 3 $
Fixed Income				
NBIMC Nominal Bond Fund	458,196	—	458,196	—
NBIMC Corporate Bond Fund	515,429	—	515,429	—
NBIMC International High Yield Fixed Income Fund	96,111	—	96,111	—
NBIMC Money Market Fund	17,113	—	17,113	—
Equities				
NBIMC Canadian Equity Index Fund	81,213	—	81,213	—
NBIMC Canadian Small Cap Equity Fund	14,171	—	14,171	—
NBIMC Low Volatility Canadian Equity Fund	107,048	—	107,048	—
NBIMC External Canadian Equity Fund	15,219	—	15,219	—
NBIMC External International Equity Fund	17,942	—	17,942	—
NBIMC EAFE Equity Index Fund	49,639	—	49,639	—
Vestcor International Small Cap Equity Fund	2,980	—	2,980	—
Vestcor Low Volatility International Equity Fund	201,974	—	201,974	—
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	103,279	—	103,279	—
NBIMC U.S. Equity Index (2017) Fund	124,619	—	124,619	—
Gryphon Global Equity Fund	59	59	—	—
Real Estate and Infrastructure				
Vestcor Investments Private Real Estate, L. P.	25,145	—	—	25,145
Vestcor Investments Private Real Estate 2, L. P.	10,009	—	—	10,009
Vestcor Real Estate Fund Feeder Inc.	101,961	—	—	101,961
NBIMC International Real Estate (2017) Fund	34,979	—	34,979	—
NBIMC Public Infrastructure (2017) Fund	14,098	—	14,098	—
Vestcor Investments Infrastructure, L. P.	73,645	—	—	73,645
Fiera Properties Core Pension Trust	159,900	—	—	159,900
BlackRock Granite Property Fund, Inc.	11,019	—	—	11,019
BlackRock Asia Property Fund IV	11,277	—	—	11,277
BlackRock Europe Property Fund IV	3,517	—	—	3,517
Global Diversified Infrastructure Fund	49,198	—	—	49,198
Macquarie Infrastructure Partners III, L.P.	207,337	—	—	207,337
Alternative Investments				
NBIMC Quantitative Strategies (2017) Fund	83,091	—	83,091	—
NBIMC Quantitative Equity Strategic Beta (2017) Fund	70,376	—	70,376	—
Vestcor Absolute Return Overlay Fund	5,450	—	5,450	—
Vestcor Investments Private Real Estate, L. P.	118,866	—	—	118,866
	2,784,860	59	2,012,927	771,874

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

The levels of input for valuation of the Entities' financial instruments at FVTPL as at December 31, 2021 are as follows:

	December 31, 2021 $	Level 1 $	Level 2 $	Level 3 $
Fixed Income				
NBIMC Nominal Bond Fund	504,448	—	504,448	—
NBIMC Corporate Bond Fund	545,900	—	545,900	—
NBIMC International High Yield Fixed Income Fund	108,115	—	108,115	—
NBIMC Money Market Fund	14,098	—	14,098	—
Equities				
NBIMC Canadian Equity Index Fund	96,538	—	96,538	—
NBIMC Low Volatility Canadian Equity Fund	112,786	—	112,786	—
NBIMC External Canadian Equity Fund	15,787	—	15,787	—
NBIMC External International Equity Fund	23,662	—	23,662	—
NBIMC EAFE Equity Index Fund	59,346	—	59,346	—
Vestcor Low Volatility International Equity Fund	222,151	—	222,151	—
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	110,296	—	110,296	—
NBIMC U.S. Equity Index (2017) Fund	68,891	—	68,891	—
Gryphon Global Equity Fund	57	57	—	—
Real Estate and Infrastructure				
Vestcor Investments Private Real Estate, L. P.	13,547	—	—	13,547
Vestcor Investments Private Real Estate 2, L. P.	840	—	—	840
Vestcor Real Estate Fund Feeder Inc.	64,498	—	—	64,498
NBIMC International Real Estate (2017) Fund	42,492		42,492	—
NBIMC Public Infrastructure (2017) Fund	57,754	—	57,754	—
Vestcor Investments Infrastructure, L. P.	48,962	—	—	48,962
Fiera Properties Core Pension Trust	165,220	—	—	165,220
BlackRock Granite Property Fund, Inc.	9,573	—	—	9,573
BlackRock Asia Property Fund IV	12,500	—	—	12,500
BlackRock Europe Property Fund IV	3,711	—	—	3,711
Global Diversified Infrastructure Fund	42,923	—	—	42,923
Macquarie Infrastructure Partners III, L.P.	153,126	—	—	153,126
Alternative Investments				
NBIMC Quantitative Strategies (2017) Fund	113,398	—	113,398	—
NBIMC Quantitative Equity Strategic Beta (2017) Fund	110,148	—	110,148	—
Vestcor Investments Private Real Estate, L. P.	73,018	—	—	73,018
	2,793,785	57	2,205,810	587,918

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

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

Year ended December 31, 2022	Fair Value, beginning of period $	Gains (losses) in profit or loss $	Purchases $	Sales $	Fair Value, end of period $
Vestcor Investments Private Real Estate, L.P.	13,547	1,988	15,092	(5,482)	25,145
Vestcor Investments Private Real Estate 2, L.P.	840	(148)	10,207	(890)	10,009
Vestcor Real Estate Fund Feeder Inc.	64,498	8,911	33,334	(4,782)	101,961
Vestcor Investments Infrastructure, L.P.	48,962	9,608	17,899	(2,825)	73,645
Fiera Properties Core Pension Trust	165,220	18,627	965	(24,912)	159,900
BlackRock Granite Property Fund, Inc.	9,573	1,305	898	(757)	11,019
BlackRock Asia Property Fund IV	12,500	(1,862)	1,046	(407)	11,277
BlackRock Europe Property Fund IV	3,711	(125)	294	(363)	3,517
Global Diversified Infrastructure Fund	42,923	6,017	919	(661)	49,198
Macquarie Infrastructure Partners III, L.P.	153,126	72,446	13,340	(31,575)	207,337
Vestcor Investments Private Equity, L.P.	73,018	9,934	36,865	(951)	118,866
	587,918	126,701	130,859	(73,605)	771,874

Year ended December 31, 2021	Fair Value, beginning of period $	Gains (losses) in profit or loss $	Purchases $	Sales $	Fair Value, end of period $
Vestcor Investments Private Real Estate, L.P.	7,965	1,155	5,096	(669)	13,547
Vestcor Investments Private Real Estate 2, L.P.	164	141	535	—	840
Vestcor Real Estate Fund Feeder Inc.	27,164	3,814	34,749	(1,229)	64,498
Vestcor Investments Infrastructure, L.P.	28,170	4,238	20,142	(3,588)	48,962
Fiera Properties Core Pension Trust	145,085	25,673	1,121	(6,659)	165,220
BlackRock Granite Property Fund, Inc.	11,327	1,105	449	(3,308)	9,573
BlackRock Asia Property Fund IV	13,962	1,112	631	(3,205)	12,500
BlackRock Europe Property Fund IV	6,214	102	367	(2,972)	3,711
Global Diversified Infrastructure Fund	40,724	2,661	632	(1,094)	42,923
Macquarie Infrastructure Partners III, L.P.	129,642	38,064	6,876	(21,456)	153,126
Vestcor Investments Private Equity, L P.	16,057	12,820	44,424	(283)	73,018
	426,474	90,885	115,022	(44,463)	587,918

There were no transfers between Level 1, Level 2 and Level 3 in the current or prior period.

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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. 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 SIPG *(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, 2022, 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 $119,800 (2021 – $182,831) *(see note 5(c))*.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. The SIPG permits hedging of foreign currency exposure at the portfolio manager’s discretion. Approximately 26.1% (2021 – 23.2%) 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 17.7% (2021 – 15.0%), Japanese Yen of 1.2% (2021 – 1.3%) and the Euro of 2.2% (2021 – 1.6%).

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, 2022 of $7,277 (2021 – $6,493).

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

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
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AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

5. Financial Instrument Risk Management *(continued)*

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, 2022 would be approximately $67,424 (2021 – $83,597).

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

The impact on net assets of the Plan due to a 1 percent change in the benchmark, using historical correlation between the Plan's return as compared to the Plan's benchmark return, with all other variables held constant, as at December 31, 2022 is estimated to be $14,311 (2021 – $15,285).

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

(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 that 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 investments of the Plan's investment in pooled funds at December 31 is as follows:

($ thousands)	**2022**	**2021**
AAA	$ 226,287	$ 255,486
AA	273,449	305,202
A	261,816	278,143
BBB	198,229	202,343
R-1	55,314	48,034
Other	7,595	10,294
	$ 1,022,690	$ 1,099,502

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

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5. Financial Instrument Risk Management *(continued)*

(c) Liquidity Risk: Liquidity risk is the risk of not having sufficient funds available to meet cash demands. Sources of liquidity include pension contributions collected from the employers and employees as well as redemption of units in pooled funds. Uses of liquidity include payments to the plan beneficiaries, plan service providers and purchases of units of pooled funds.

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 real estate and infrastructure investments are considered highly illiquid due to the lack of a readily available market and the longer term to maturity for these investments.

Net liquid assets are defined to include the fair value of all assets excluding private real estate, private infrastructure, and the Plan's proportionate share of the fair value of collateral pledged with brokers and counterparties, and any unfunded investment commitments.

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

($ thousands)		**2022**		**2021**
Net assets available for benefits	$	2,807,453	$	2,813,261
Less investment in:				
Vestcor Investments Private Real Estate, L. P.		(25,145)		(13,547)
Vestcor Investments Private Real Estate 2, L. P.		(10,009)		(840)
Vestcor Real Estate Fund Feeder Inc.		(101,961)		(64,498)
Vestcor Investments Infrastructure, L. P.		(73,645)		(48,962)
Fiera Properties Core Pension Trust		(159,900)		(165,220)
BlackRock Granite Property Fund, Inc.		(11,019)		(9,573)
BlackRock Asia Property Fund IV		(11,277)		(12,500)
BlackRock Europe Property Fund IV		(3,517)		(3,711)
Global Diversified Infrastructure Fund		(49,198)		(42,923)
Macquarie Infrastructure Partners III, L.P.		(207,337)		(153,126)
Vestcor Investments Private Equity, L. P.		(118,866)		(73,018)
Collateral pledged *(note 5(a))*		(119,754)		(182,831)
Investment commitments *(note 13)*		(239,453)		(138,843)
Net liquid assets	$	1,676,372	$	1,903,669

(d) Securities Lending: The Plan's SIPG 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.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
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AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

5. Financial Instrument Risk Management *(continued)*

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, 2022, underlying securities in the amount of $396,549 (2021 – $418,001) were loaned on behalf of the Plan.

6. Pension Obligations

The funding policy valuation actuarial liabilities and normal costs were calculated using the accrued benefit (or unit credit) actuarial cost method in accordance with the requirement of paragraph 14(7)(a) of Regulation 2012-75 under the Act. The last actuarial valuation was performed as of December 31, 2021 by TELUS Health, a firm of consulting actuaries.

The funding policy valuation actuarial liabilities at December 31, 2022 is based on an extrapolation of the funding policy liability at December 31, 2021. The pension obligations do not take into account the impact of any future salary increases or the impact of any future cost-of-living adjustments that may be granted by the Board of Trustees in accordance with the Plan terms and the Funding Policy.

This approach provides a shared risk benefit to members with a high degree of certainty, but without an absolute guarantee.

Significant long-term assumptions used in the December 31, 2021 valuation as well as the December 31, 2022 extrapolation are:

Interest	4.75% (2021 – 4.50%)
Mortality	2014 Public Sector Mortality Table (CPM 2014 Publ) projected using Improvement Scale B (CPM-B) with size adjustments factors of 115% for both males and females (2021 - 115% for both males and females).

The next actuarial valuation for funding purposes, which was not complete as at the date of this report, is to be performed as of December 31, 2022.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
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7. 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 shared risk 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 Plan is to provide secure pension benefits to plan members and beneficiaries of the plan without an absolute guarantee, but with a risk-focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.

The funding policy sets out a primary and two secondary risk management objectives as follows:

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

(b) The secondary objectives are:

(i) on average, provide contingent indexing on base benefits for services that is in excess of 75% of the Consumer Price Index (“CPI”) over the next 20-year period; and

(ii) achieve at least a 75% probability that ancillary benefits described in the Plan Text can be provided over the next 20 years.

The above risk management objectives were measured at conversion and the primary risk management objective is tested annually using an asset liability model with future economic scenarios developed using a stochastic process.

The funding policy sets out the decisions to be made by the Board of Trustees. These decisions are based on the 15 year open group funded ratio calculated as the sum of the present value of excess contributions over the normal cost for base and ancillary other than the potential future cost-of-living adjustments plus the market value of the assets divided by the funding policy liabilities. Depending upon the result, these decisions may involve either a funding deficit recovery plan or a funding excess utilization plan that will ensure future changes to contribution rates and benefits are made within the constraints of the above risk management objectives.

The funding deficit recovery plan is triggered if the open group funded ratio of the Plan falls below 100% for two successive plan year ends. The summarized actions that must be taken, in order of priority are:

1. Increase in contribution rates of up to a maximum of 1.0% for both employees and employer; then
2. Change the early retirement rules for post-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 65;
3. Change the early retirement rules for pre-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 60;
4. Reduce base benefit accrual rates for future service after the date of implementation of the deficit recovery plan by not more than 5%; then
5. Reduce base benefits on a proportionate basis for all members for both past and future service in equal proportions.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
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7. Funding Policy *(continued)*

The funding excess utilization plan is triggered when the open group funded ratio exceeds 105%. The actions that can be taken depend on whether the base or ancillary benefits have ever been reduced and such reduction was not subsequently reversed on the priority below:

1. Reverse previously reduced base benefits with respect to future payments after the date of reversal until all previous reductions to base benefits have been eliminated; then
2. Reverse reductions in ancillary benefits other than contingent indexing with respect to future payments until all previous reductions have been reversed.

If base and/or ancillary benefits have never been reduced or after all previous reductions have been reversed for future payments then the Board may take the action with respect to the excess available for utilization in the following order of priority:

1. Provide indexing of base benefits up to full CPI since the last date full CPI was achieved;
2. Provide further increases in base benefits of members who were not in receipt of a pension at the actuarial valuation report date that triggered the action such that base benefits are upgraded to a final five year average as at the same date (or such shorter averaging period as applicable for those with less than 5 years of service at that date);
3. Provide a further increase to retired members such that a final average formula is reasonably replicated for each retired member at their retirement date and indexed to full CPI thereafter subject to any limitation imposed under the Income Tax Act;
4. Provide a lump sum payment representing a reasonable estimate of missed increased payments up to the levels of benefits arising out of Steps 2 and 3;
5. Establish a reserve to cover the next ten years of potential contingent indexing; then provided the secondary risk management goals are met,
6. Apply contribution adjustments of up to 2%;
7. Improve the normal form of pension for all members who are not in receipt of a pension;
8. Improve the bridge pension for all members eligible for a bridge pension whether or not in pay; then
9. Improve the early retirement rules for service after June 30, 2012 provided that the Board of Trustees considers life expectancy experience as it develops.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
(In thousands of Canadian dollars)

AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

8. Capital

The capital of the Plan is represented by the net assets available for benefits. The Plan must be managed in a manner which recognizes the interdependency of the SIPG, 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 SIPG, including approval of a recommended investment asset mix that seeks to deliver the long-term investment returns necessary for the sustainability of the Plan. 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 SIPG was last reviewed and approved by the Board of Trustees on February 11, 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, investment policy compliance, and trends and changes in investment risks for the Board of Trustees.

The Board-approved SIPG outlines the following investment objectives:

i. In the long term, preserve the capital value of the Pension Fund, and provide the best possible long-term real return on investments while continuing to achieve the risk management goals as set out in the Funding Policy and the regulations under the *Pension Benefits Act*. It is understood that the 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; and

ii. Over shorter time periods, achieve competitive rates of return on the total Pension Fund and each major asset class while avoiding undue investment risk and excessive market volatility.

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
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9. Net Investment Income

Net investment income (loss) by fund for the year ended December 31 is as follows:

($-thousands)			2022
	Realized	**Unrealized**	**Net Investment income**
Fixed Income			
NBIMC Nominal Bond Fund	$ 918	$ (61,188)	$ (60,270)
NBIMC Corporate Bond Fund	—	(52,566)	(52,566)
NBIMC International High Yield Fixed Income Fund	—	(12,988)	(12,988)
NBIMC Money Market Fund	170	50	220
	1,088	(126,692)	(125,604)
Equities			
NBIMC Canadian Equity Index Fund	3,793	(8,726)	(4,933)
NBIMC Canadian Small Cap Equity Fund	—	(1,026)	(1,026)
NBIMC Low Volatility Canadian Equity Fund	1,571	(2,597)	(1,026)
NBIMC External Canadian Equity Fund	—	(568)	(568)
NBIMC External International Equity Fund	892	(2,758)	(1,866)
NBIMC EAFE Equity Index Fund	1,108	(5,946)	(4,838)
NBIMC International Small Cap Equity Fund	(20)	—	(20)
Vestcor Low Volatility International Equity Fund	1,797	(4,382)	(2,585)
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	—	(7,428)	(7,428)
NBIMC U.S. Equity Index (2017) Fund	857	(11,796)	(10,939)
Gryphon Global Equity Fund	3	4	7
	10,001	(45,223)	(35,222)
Inflation-Linked Assets			
Vestcor Investments Private Real Estate, L. P.	633	1,355	1,988
Vestcor Investments Private Real Estate 2, L. P.	46	(193)	(147)
Vestcor Real Estate Fund Feeder Inc.	530	8,381	8,911
NBIMC International Real Estate (2017) Fund	1,526	(10,190)	(8,664)
NBIMC Public Infrastructure (2017) Fund	3,233	(4,126)	(893)
Vestcor Investments Infrastructure, L. P.	323	9,284	9,608
Fiera Properties Core Trust Fund	11,131	7,496	18,627
BlackRock Granite Property Fund, Inc.	296	1,009	1,305
BlackRock Asia Property Fund IV	116	(1,978)	(1,862)
BlackRock Europe Property Fund IV	221	(346)	(125)
Global Diversified Infrastructure Fund	99	5,918	6,017
Macquarie Infrastructure Partners III, L. P.	18,188	54,258	72,446
	36,342	70,868	107,210

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
Notes to Financial Statements
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AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

9. Net Investment Income *(continued)*

($ thousands)			2022
	Realized	Unrealized	Net Investment income
Alternative Investments			
NBIMC Quantitative Strategies (2017) Fund	11,069	1,333	12,402
NBIMC Quantitative Equity Strategic Beta (2017) Fund	5,486	(2,549)	2,937
NBIMC Absolute Return Overlay Fund	—	3,260	3,260
Vestcor Investments Private Equity, L. P.	59	9,875	9,934
	16,614	11,919	28,533
Other Income	9	—	9
	$ 64,054	$ (89,128)	$ (25,074)

($ thousands)			2021
	Realized	Unrealized	Net Investment income
Fixed Income			
NBIMC Nominal Bond Fund	$ 3,127	$ (13,453)	$ (10,326)
NBIMC Corporate Bond Fund	—	(7,275)	(7,275)
NBIMC International High Yield Fixed Income Fund	2,847	1,980	4,827
NBIMC Money Market Fund	26	1	27
	6,000	(18,747)	(12,747)
Equities			
NBIMC Canadian Equity Index Fund	4,872	15,922	20,794
NBIMC Low Volatility Canadian Equity Fund	2,776	20,142	22,918
NBIMC External Canadian Equity Fund	883	2,405	3,288
NBIMC External International Equity Fund	1,487	1,213	2,700
NBIMC EAFE Equity Index Fund	551	5,121	5,672
NBIMC Low Volatility International Equity Fund	10,654	(10,979)	(325)
Vestcor Low Volatility International Equity Fund	1,595	25,017	26,612
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	900	5,334	6,234
NBIMC U.S. Equity Index (2017) Fund	24,453	(587)	23,866
NBIMC Low Volatility U.S. Equity (2017) Fund	36,233	(32,431)	3,802
Gryphon Global Equity Fund	—	(4)	(4)
	84,404	31,153	115,557

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
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9. Net Investment Income *(continued)*

($ thousands)			2021
	Realized	Unrealized	Net Investment income
Inflation-Linked Assets			
Vestcor Investments Private Real Estate, L. P.	58	1,097	1,155
Vestcor Investments Private Real Estate 2, L. P.	—	141	141
Vestcor Real Estate Fund Feeder Inc.	63	3,751	3,814
NBIMC International Real Estate (2017) Fund	15,802	9,781	25,583
NBIMC Public Infrastructure (2017) Fund	1,935	3,602	5,537
Vestcor Investments Infrastructure, L. P.	98	4,140	4,238
Fiera Properties Core Trust Fund	2,078	23,595	25,673
BlackRock Granite Property Fund, Inc.	867	238	1,105
BlackRock Asia Property Fund IV	889	223	1,112
BlackRock Europe Property Fund IV	1,823	(1,721)	102
Global Diversified Infrastructure Fund	124	2,537	2,661
Macquarie Infrastructure Partners III, L. P.	11,031	27,033	38,064
	34,768	74,417	109,185
Alternative Investments			
NBIMC Quantitative Strategies (2017) Fund	2,004	6,720	8,724
NBIMC Quantitative Equity Strategic Beta (2017) Fund	370	4,413	4,783
Vestcor Investments Private Equity, L. P.	22	12,798	12,820
	2,396	23,931	26,327
Other Income	6	—	6
	$ 127,574	$ 110,754	$ 238,328

10. Pension benefits

A breakdown of pension benefits by type is as follows:

($ thousands)	2022	2021
Retirements	$ 95,221	$ 87,429
Terminations	8,150	5,441
Survivor	2,618	2,932
Marriage breakdown	182	105
Phased retirement	1,659	1,422
	$ 107,830	$ 97,329

SHARED RISK PENSION PLAN FOR CERTAIN BARGAINING EMPLOYEES OF NEW BRUNSWICK HOSPITALS
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AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2022

11. Administration Expenses

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

($ thousands)		2022		2021
Plan administration:				
Administration services	$	1,623	$	1,418
Actuarial services		196		212
Audit fees		40		32
Legal and regulatory fees		45		55
Investment performance monitoring		9		-
Board of Trustees		75		34
		1,988		1,751
Investment management costs:				
Investment management fees		3,598		3,413
Securities custody		149		140
		3,747		3,553
HST		615		559
	$	6,350	$	5,863

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.

Included in the Plan's investments are New Brunswick provincial and municipal bonds of $6,427 (2021 - $6,926).

13. Commitments

The Plan has made capital commitments of $237,433 (2021 - $138,843).

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.

APPENDIX A

Summary of Board Decisions and Accomplishments for 2022

The following provides a summary of the activities of the Board of Trustees from January to December 2022 (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:

- Amendments to the Plan Text:
  - Amended to reflect changes to the *Pension Benefits Act* with respect to religious exemption from CBE Pension Plan enrollment;
  - Amended to reflect the addition of all New Brunswick Union (NBU) staff under the participating groups of the phased retirement program;
  - Amended to document the benefit increase associated with the Steps 2-4 Increase of the Funding Policy; and
  - Amended to document the awarding of indexing (cost of living adjustment- COLA) as at January 1, 2023 of 5.56%.
- Conducted their annual review of the Statement of Investment Policies and approved amendments to reflect the changes to the investment management strategy that resulted from the Asset Liability management (ALM) study which was completed in 2021.
- Conducted their annual review of the Funding Policy and approved amendments to reflect a revised discount rate of 4.75% per annum.
- Approved the audited financial statements for the Plan for the year ended December 31, 2021.
- Approved the Plan Actuarial Valuation Report as at December 31, 2021.

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

Board Governance

The Board reviewed and approved amendments to the following policies and practices as part of its annual review of its governance framework:

- Terms of Reference for the Board, the Audit Committee, the Governance Committee and the Investment Committee;
- Audit Partner Rotation Policy;
- Code of Conduct and Ethics;
- Communications Policy;
- Disclosure Policy;
- Discount Rate Selection Policy;
- Document Retention Policy;
- Orientation and Education Policy;
- Per Diem and Travel Expense Policy; and
- Trustee Nomination Guidelines.

The Board received the following presentations as part of their ongoing education program:

- Internally Conducted Compensation Review Report for Boards of Trustees and / or Corporate Boards;
- Real Assets, and
- Private Equity.

The Board appointed John T. Dinner Board Governance Services to facilitate the development of a Board Strategic Plan (CBE Pension Plan 2023-2024 Strategic Plan).

The Board of Trustees, assisted by the Vestcor Inc.'s Risk Management Team, began the development and monitoring of a Risk Management Framework including a Risk Register and the establishment of Key Risk Indicators.

Member Services and Communications

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

- Spring and Fall 2022 Newsletters; and
- Posting of a Money Matters resource on the Plan's website.

Service Provider Engagement

The Board engaged the following service providers:

- Vestcor Inc. for pension administration services and investment management services;
- TELUS Health (formerly LifeWorks) for actuarial services for the 2022 plan year;
- Grant Thornton as the 2022 external auditor for the financial statements;
- Ellement Consulting Group as Investment Advisor / Performance Measurement;
- Osler, Hoskin & Harcourt LLP for legal services; and
- John T. Dinner Board Governance Services to facilitate the development of a Board Strategic Plan.

APPENDIX B

CBE Pension Plan Composite
Six years and four months ended December 31, 2022

Year Ended December 31	Full Gross Return[2] %	Net Return %	Total Fund Benchmark Return %	Full Gross Return[2] 3-Yr Annualized %	Total Fund Benchmark Return 3-Yr Annualized %	Total Fund 3-Yr SD[3] %	Total Fund Benchmark 3-Yr SD[3] %	Total Fund AUM[4] (in millions of $CAD)	Total Vestcor AUM[4] (in millions of $CAD)
2022	-2.12	-2.27	-4.96	4.54	2.31	6.86	6.29	2,751.3	19,883.1
2021	9.31	9.17	6.07	9.13	7.45	5.95	5.02	2,793.7	21,018.0
2020	6.78	6.65	6.21	7.09	5.89	5.88	4.97	2,561.4	19,442.0
2019	11.36	11.21	10.11	7.76	6.39	3.77	3.08	2,395.0	18,536.7
2018	3.29	3.15	1.52	n/a	n/a	n/a	n/a	2,144.2	16,901.6
2017	8.80	8.68	7.73	n/a	n/a	n/a	n/a	1,764.5	16,645.4
2016[1]	3.80	3.73	2.26	n/a	n/a	n/a	n/a	908.1	15,706.5

[1] Four months ended December 31, 2016
[2] Supplemental information
[3] SD means standard deviation
[4] AUM means assets under management

Composite Description

The CBE Pension Plan includes all portfolios managed by Vestcor Inc. (Vestcor) on behalf of the CBE, based on that pension plan's objectives and risk management goals. The CBE composite includes public equity, fixed income, inflation linked, absolute return, real estate, infrastructure and private equity asset classes.

Composite Creation Date

The inception date of this Total Fund is September 1, 2016 and the historical results are presented on a calendar basis.

VESTCOR

CBE Pension Plan Composite
Six years and four months ended December 31, 2022

Firm Description

Vestcor was established pursuant to the *New Brunswick Investment Management Corporation Act* proclaimed on March 11, 1996 and was continued on October 1, 2016 and amalgamated on January 1, 2018 pursuant to the *Vestcor Act*. Vestcor provides investment management and advisory services for pension, trust, and endowment entities and funds.

The composite funds are invested in unit trust funds, separate accounts, and limited partnerships, established by Vestcor to facilitate the collective investment management and administration of these assets. The funds managed by Vestcor are held in accordance with each composite's investment policy.

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

Compliance Statement

Vestcor claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Vestcor has been independently verified for the periods December 1, 1996 through December 31, 2022. The verification reports are available upon request.

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

Calculation Methodology

Composite returns were calculated in Canadian dollars using the aggregate return method on a daily basis. Daily returns were linked geometrically to calculate periodic returns. Returns include dividends net of withholding taxes, interest, as well as realized and unrealized gains and losses as of the last business day of the reporting period. Performance returns expressed on a full gross basis are after the deduction of all trading expenses, but before the deduction of investment management costs and custodial fees.

Under the terms of its investment management agreements, Vestcor charges for its investment management services on a cost recovery basis, allocated pro rata to its clients according to their share of Vestcor's total assets under management. Performance returns expressed on a net basis are after the deduction of all expenses charged for the composite assets under management, including trading expenses, custodial fees, and investment management costs.

VESTCOR

CBE Pension Plan Composite
Six years and four months ended December 31, 2022

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

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

Additional information regarding Vestcor's policies and procedures for valuing portfolios, calculating and reporting composite results, and preparing compliant presentations, is available upon request.

Number of Portfolios and Internal Dispersion

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

Three-Year Annualized Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark daily returns, aggregated to a monthly basis, over the preceding 36 month period.

Sub-advisors

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

Derivative Instruments and Short Positions

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

These derivative instruments are used for various purposes, including:
- to simulate exposure to a particular market index, but with lower transaction costs;
- to enhance performance returns;
- to modify the cash flow characteristics of an investment; or
- to hedge against potential losses due to changes in foreign exchange rates or stock prices.

VESTCOR

CBE Pension Plan Composite
Six years and four months ended December 31, 2022

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

Benchmark Description

The CBE's composite blended benchmark is calculated daily using a blend of the asset class benchmarks, based on the beginning daily weights for the respective asset classes. Benchmark returns were calculated using the following indices and weights on December 31, 2022:

Index	Weight (%)
S&P/TSX Composite Total Return Index	3.53
S&P/TSX Small Cap Total Return Index	0.51
MSCI Canada Minimum Volatility Total Return Index, Gross	3.92
MSCI World (ex. Canada) Total Return Index in $C, Net	7.04
MSCI World (ex. Canada) Minimum Volatility Total Return Index in $C, Net	7.39
MSCI World (ex. Canada) Small Cap Total Return Index in $C, Net	0.11
MSCI Emerging Markets Minimum Volatility (USD) Total Return Index in $C, Net	3.75
Bloomberg Barclays Global High Yield Total Return Index Hedged $C	3.50
MSCI USA IMI REIT Index in $C, Gross	1.29
MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return	11.99
MSCI World Total Return Index in $C, Net	4.25
FTSE Canada All Government Bond Index	16.75
FTSE Canada All Corporate Bond Index	18.81
FTSE Canada 91-Day T-Bill Index	5.94
One-day Canadian Call Loan Rate	0.45
4% Real Return*	10.77

**Inflation is defined as the percentage change in the twelve-month average CPI-Canada All Items Index*

Effective March 30, 2017, the benchmark for Absolute Return Strategies changed from a 4% Real Return to a blend of the FTSE TMX Canada 91 Day T-bill Index and the One-day Canadian Call Loan Rate.

Effective October 1, 2017, the benchmark for Global Market Cap Equity changed from the MSCI World (ex Canada) Total Return Index in $C, Net to a blend of the S&P 500 Total Return Index in $C and MSCI EAFE Total Return Index in $C, Net. The benchmark for Canadian bonds changed from a blend of the FTSE TMX Canada Universe Bond Index and the FTSE TMX Canada Long Term Overall Bond Index, to a blend of the FTSE TMX Canada All Government Bond Index for Government bonds and the FTSE TMX Canada All Corporate Bond Index for Canadian corporate bonds.

Effective July 1, 2018, the FTSE NAREIT All Equity REITS Total Return Index in $C benchmark replaced the CPI+4% for the Public Real Estate Fund.

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Effective July 1, 2018, a blend of the FTSE TMX Canada 91 Day T-Bill Index and the One-day Canadian Call Loan Rate benchmark replaced the FTSE All Government Bond Index for the Money Market Fund.

In July of 2018, FTSE Russell announced the rebranding of the FTSE TMX Canada Indices to the FTSE Canada Indices.

Effective October 1, 2020, the MSCI USA IMI REIT Index in $C, Net replaced the FTSE NAREIT All Equity REITS Total Return Index in $C for the U.S. Public Real Estate Funds.

Effective January 1, 2021, the MSCI USA IMI REIT Index in $C, Gross replaced the MSCI USA IMI REIT Index in $C, Net for the U.S. Public Real Estate Funds.

Effective April 1, 2021, the MSCI World (ex. Canada) Minimum Volatility Total Return Index in $C, Net replaced the MSCI EAFE Minimum Volatility (USD) Total Return Index in $C, Net and the MSCI USA Minimum Volatility (USD) Total Return Index in $C, Net for the US and EAFE Low Volatility Funds.

Effective January 1, 2022, the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return replaced the 4% Real Return for all Private Real Estate Funds.

Effective April 1, 2022, the MSCI World (ex. Canada) Total Return Index in $C, Net replaced the S&P 500 Total Return Index in $C and the MSCI EAFE Total Return Index in $C, Net for the US and EAFE Public Market Funds.

Effective April 1, 2022, the MSCI World Total Return Index in $C, Net replaced the S&P/TSX Composite Total Return Index, the S&P 500 Total Return Index in $C and the MSCI EAFE Total Return Index in $C, Net for all Private Equity Funds.

APPENDIX C

Summary of Plan Valuation

The funding policy valuation compares the fair market value of the Plan's assets to the Plan's liabilities. The Plan's liabilities are based on the benefits earned as at the valuation date, assuming the Plan continues indefinitely.

Funding Policy Valuation	December 31, 2022 $ in millions	December 31, 2021 $ in millions
Market Value of Net Assets	2,807.5	2,813.3
Funding Policy Actuarial Liabilities		
Active Members	1,105.2	1,085.8
Retirees and Survivors	1,234.6	1,124.6
Deferred Vested and Suspended Members	195.6	184.2
Outstanding Refunds	0.3	1.2
Total Funding Policy Actuarial Liabilities	2,535.7	2,395.8
Funding Policy Valuation Excess	271.8	417.5
Termination Value Funded Ratio	**110.7%**	**117.4%**

On December 31, 2022 the funding policy valuation excess decreased to $271.8 million from $417.5 million on December 31, 2021 as a result of the following:

Changes in Funding Policy Valuation Excess	$ in millions
Investment return on actuarial value of assets was lower than assumed	(165.7)
Total contributions exceeded normal cost	48.6
Impact of changes in assumptions (discount rate and interest rate on required member contributions)	84.7
Cost of indexing and other Funding Policy steps provided on January 1, 2023	(137.9)
Various other increases and decreases	24.6
Change in Funding Policy Valuation Excess from December 31, 2021 to December 31, 2022	**(145.7)**

Summary of Plan Valuation

Open Group Funded Ratio

The Open Group Funded Ratio compares the fair market value of the Plan's assets, plus the present value of excess contributions over the next 15 years, to the Plan's liabilities. This is an important ratio as it is used to determine the actions, such as granting indexing, to be taken by the Board under the Plan's Funding Policy.

The excess contributions for the year following the valuation date are as follows:

Excess Contributions	$ in millions
Funding Policy Valuation Normal Cost	78.3
Contributions	
Members	62.3
Employers	62.3
Total Contributions	124.6
Excess Contributions for the Year 2023	**46.3**

The present value of the above excess contributions for the 15-year period following December 31, 2022 are equal to $580.6 million and are used in the calculation of the Open Group Funded Ratio.

Open Group Funded Ratio	December 31, 2022 $ in millions	December 31, 2021 $ in millions
Market Value of Net Assets	2,807.5	2,813.3
Present Value of Excess Contributions Over Next 15 Years	580.6	519.8
Total Assets including the Present Value of Excess Contributions	3,388.1	3,333.1
Funding Policy Actuarial Liabilities	2,535.7	2,395.8
Open Group Funded Ratio	**133.6%**	**139.1%**

The Plan is in a position to provide benefit improvements, such as a cost of living adjustment (COLA), when the open group funded ratio exceeds 105% and the primary risk management test is met. When this occurs, the Board is able to use up to 1/5th of the excess that exists between a ratio of 105% and 140% (as of the December 31, 2022 Actuarial Valuation Report) in addition to 100% of any excess that exists above a ratio of 140% to grant benefit improvements found under the Funding Policy such as COLA.

With the open group funded ratio at 133.6% as at December 31, 2022, the Plan was in a position to award to Plan members a cost of living adjustment (COLA) of 5.59%. This COLA will be applied on January 1, 2024. It represents the maximum that can be awarded by the Board which is equal to the increase in the average of the Consumer Price Index (Canada) for the 12-month period ending the preceding June.

The Plan has to be in a deficit position (which would be the case if the open group funded ratio was less than 100%) for two consecutive years before any corrective action (such as a contribution increase or a benefit reduction) is required under the Plan's Funding Policy.