



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

**Financial Statements**

**December 31, 2023**

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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, 2023, 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, 2023, 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.

Fredericton, Canada  
June 20, 2024

*Grant Thornton LLP*

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**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Investments <i>(notes 3 and 4)</i>	\$ 3,022,826	\$ 2,784,860
Contributions receivable from employers	7,803	7,441
Contributions receivable from employees	8,408	8,197
Other receivables	10,375	9,394
<b>Total assets</b>	<b>3,049,412</b>	<b>2,809,892</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,167	2,439
Net assets available for benefits	3,046,245	2,807,453
Pension obligations <i>(note 6)</i>	2,771,600	2,627,700
<b>SURPLUS</b>	<b>\$ 274,645</b>	<b>\$ 179,753</b>

*See accompanying notes to the financial statements.*

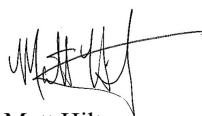
Commitments *(note 13)*

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**

	<b>2023</b>	<b>2022</b>
<b>Increase in net assets</b>		
Net investment income <i>(note 9)</i>	\$ 230,092	\$ —
Employer pension contributions – current	65,673	65,869
Employer pension contributions – prior service	25	11
Employee pension contributions – current	66,415	65,959
Employee pension contributions – prior service	372	457
Reciprocal transfers	870	1,150
	<b>363,447</b>	<b>133,446</b>
<b>Decrease in net assets</b>		
Net investment loss <i>(note 9)</i>	—	25,074
Pension benefits <i>(note 10)</i>	117,740	107,830
Administration expenses <i>(note 11)</i>	6,915	6,350
	<b>124,655</b>	<b>139,254</b>
<b>Increase (decrease) in net assets available for benefits</b>	<b>238,792</b>	<b>(5,808)</b>
<b>Net assets available for benefits, beginning of year</b>	<b>2,807,453</b>	<b>2,813,261</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 3,046,245</b>	<b>\$ 2,807,453</b>

*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**

	<b>2023</b>	<b>2022</b>
<b>Pension obligations, beginning of year</b>	\$ 2,627,700	\$ 2,472,700
Change in pension obligations:		
Change in actuarial assumptions	(84,700)	(82,700)
Interest accrued on benefits	125,900	113,300
Experience (gain) loss	(7,300)	5,800
Improvements to accrued pensions	700	3,900
Net transfers and other actions	1,300	1,600
Normal actuarial cost	83,000	87,000
Benefits paid	(117,700)	(107,800)
Cost of living adjustment	142,700	133,900
	<b>143,900</b>	<b>155,000</b>
<b>Pension obligations, end of year</b>	<b>\$ 2,771,600</b>	<b>\$ 2,627,700</b>

*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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023:

*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.

*Vestcor Alternative Fixed Income, L.P.*

This entity invests primarily in a global diversified portfolio of fixed income securities including bank loans, sovereign debt and private debt. Investment can be made directly or through co-ownership, limited partnerships or similar pooled structures. Its benchmark is the FTSE Canada Short Term Overall Bond Index.

*NBIMC Money Market Fund*

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

*Vestcor Long Term Money Market Fund*

This entity invests primarily in fixed income securities having a maturity of less than three years. Its benchmark is the FTSE Canada 365 Day T-Bill Index.

*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.

**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, 2023**

**3. Investments (continued)**

*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.

*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 Active Equity Fund*

This entity invests primarily in equities listed on exchanges or otherwise domiciled in countries considered to be Developed Markets (excluding Canada) according to the benchmark 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) 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.

**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, 2023**

**3. Investments (continued)**

*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.

*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.

**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, 2023**

**3. Investments (continued)**

*NBIMC Public Infrastructure (2017) Fund*

This entity provides additional investment diversification by providing infrastructure-like exposure with enhanced liquidity. Its benchmark is the MSCI World Infrastructure Index (USD) in \$C, Net.

*Vestcor Investments Infrastructure, L. P.*

This entity provides additional investment diversification through direct investment in infrastructure through co-investment structures. Its benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus 4%.

*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 Global Alternative Risk Premia Fund*

This fund invests in equities, exchange traded funds, listed or OTC derivatives, and other securities to allow the fund to achieve its return target or manage risk. Favored securities are held long with offsetting positions held short to achieve positive exposure to a diversified portfolio of alternative risk premia strategies. 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.

*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.



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**AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2023**

**3. Investments (continued)**

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

<i>(\$ thousands)</i>	<b>Number of Units (rounded)</b>	<b>Unit Value (in dollars)</b>	<b>Fair Value 2023</b>	<b>Fair Value 2022</b>
<b>Fixed Income</b>				
NBIMC Nominal Bond Fund	151,660	2,923	\$ 443,308	\$ 458,196
NBIMC Corporate Bond Fund	397,760	1,466	583,164	515,429
NBIMC International High Yield Fixed Income Fund	100,066	1,237	123,780	96,111
Vestcor Alternative Fixed Income, L.P.	2,527	1,057	2,670	—
NBIMC Money Market Fund	5,239	1,840	9,641,	17,113
Vestcor Long Term Money Market Fund	75,228	1,024	77,029	—
			1,239,592	1,086,849
<b>Equities</b>				
NBIMC Canadian Equity Index Fund	12,893	5,866	75,629	81,213
NBIMC Canadian Small Cap Equity Fund	9,934	1,547	15,364	14,171
NBIMC Low Volatility Canadian Equity Fund	32,658	2,611	85,283	107,048
NBIMC External Canadian Equity Fund	2,136	7,040	15,037	15,219
NBIMC External International Equity Fund	4,337	3,453	14,974	17,942
Vestcor International Small Cap Equity Fund	55,137	989	54,541	2,980
NBIMC EAFE Equity Index Fund	24,019	2,276	54,659	49,639
Vestcor International Active Equity Fund	6,786	1,044	7,085	—
Vestcor Low Volatility International Equity Fund	175,897	1,208	212,505	201,974
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	92,130	1,315	121,151	103,279
NBIMC U.S. Equity Index (2017) Fund	21,759	6,211	135,142	124,619
Gryphon Global Equity Fund	—	—	—	59
			791,370	718,143
<b>Real Estate and Infrastructure</b>				
Vestcor Investments Private Real Estate, L. P. – Series III	24,541	1,275	31,288	25,145
Vestcor Investments Private Real Estate, L. P. – Series IV	1,144	974	1,114	—
Vestcor Investments Private Real Estate 2, L. P. – Series II	3,579	748	2,676	1,627
Vestcor Investments Private Real Estate 2, L. P. – Series III	7,517	998	7,501	8,382
Vestcor Real Estate Fund Feeder Inc.	96,540	1,191	114,932	101,961
NBIMC International Real Estate (2017) Fund	3,573	10,272	36,699	34,979
NBIMC Public Infrastructure (2017) Fund	4,464	1,397	6,235	14,098
Vestcor Investment Infrastructure, L. P. – Series III	16,499	1,363	22,483	19,706

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**3. Investments (continued)**

<i>(\$ thousands)</i>	<b>Number of Units (rounded)</b>	<b>Unit Value (in dollars)</b>	<b>Fair Value 2023</b>	<b>Fair Value 2022</b>
<b>Real Estate and Infrastructure</b>				
Vestcor Investment Infrastructure, L. P. – Series IV	39,423	1,267	49,934	43,226
Vestcor Investment Infrastructure, L. P. – Series V	18,481	1,060	19,594	10,713
Fiera Properties Core Pension Trust	85,018	1,767	150,199	159,900
BlackRock Granite Property Fund, Inc.	6,067	1,522	9,235	11,019
BlackRock Asia Property Fund IV	6,236	1,224	7,634	11,277
BlackRock Europe Property Fund IV	722	5,835	4,211	3,517
Global Diversified Infrastructure Fund	181,075	280	50,677	49,198
Macquarie Infrastructure Partners III, L.P.	43,564	4,383	190,931	207,337
			705,343	702,085
<b>Alternative Investments</b>				
NBIMC Quantitative Strategies (2017) Fund	27,418	2,248	61,635	83,091
NBIMC Quantitative Equity Strategic Beta (2017) Fund	33,378	1,425	47,557	70,376
Vestcor Global Alternative Risk Premia Fund	3,053	1,023	3,123	—
Vestcor Absolute Return Overlay Fund	42,629	49	2,080	5,450
Vestcor Investments Private Equity, L. P. – Series II	23,445	2,537	59,485	43,629
Vestcor Investments Private Equity, L. P. – Series III	59,151	1,429	84,501	65,091
Vestcor Investments Private Equity, L. P. – Series V	17,827	1,244	22,178	10,146
Vestcor Investments Private Equity, L. P. – Series VI	1,574	615	968	—
Vestcor Investments Private Equity, L. P. – Series VII	3,783	1,320	4,994	—
			286,521	277,783
			\$ 3,022,826	\$ 2,784,860

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**4. Fair Value of Financial Instruments**

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

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

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

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

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

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**AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2023**

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

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 \$150,199 (2022 – \$159,900). This is an open fund with no active market for its units and no published net asset value as of December 31, 2023 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 \$9,235 (2022 – \$11,019). This is an open fund with no active market for its units and no published net asset value as of December 31, 2023 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 \$7,634 (2022 – \$11,277). This closed-end fund has no active market for its units and no published net asset value as of December 31, 2023 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 \$4,211 (2022 – \$3,517). This closed-end fund has no active market for its units and no published net asset value as of December 31, 2023 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 \$50,677 (2022 – \$49,198). This is an open fund with no active market for its units and no published net asset value as of December 31, 2023 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 \$190,931 (2022 – \$207,337). This closed-end fund has no active market for its units and no published net asset value as of December 31, 2023 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 \$32,402 (2022 – \$25,145). There is no active market for the units of this limited partnership and no published net asset value as of December 31, 2023 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 \$10,177 (2022 – \$10,009). There is no active market for the units of this limited partnership and no published net asset value as of December 31, 2023 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 \$114,932 (2022 – \$101,961). There is no active market for the units of this limited partnership and no published net asset value as of December 31, 2023 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 \$92,011 (2022 – \$73,645). There is no active market of the units of this limited partnership and no published net asset value as of December 31, 2023 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 \$172,126 (2022 – \$118,866). There is no active market of the units of this limited partnership and no published net asset value as of December 31, 2023 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, 2023 are as follows:

	December 31, 2023 \$	Level 1 \$	Level 2 \$	Level 3 \$
<b>Fixed Income</b>				
NBIMC Nominal Bond Fund	443,308	—	443,308	—
NBIMC Corporate Bond Fund	583,164	—	583,164	—
NBIMC International High Yield Fixed Income Fund	123,780	—	123,780	—
Vestcor Alternative Fixed Income, L.P.	2,670	—	2,670	—
NBIMC Money Market Fund	9,641	—	9,641	—
Vestcor Long Term Money Market Fund	77,029	—	77,029	—
<b>Equities</b>				
NBIMC Canadian Equity Index Fund	75,629	—	75,629	—
NBIMC Canadian Small Cap Equity Fund	15,364	—	15,364	—
NBIMC Low Volatility Canadian Equity Fund	85,283	—	85,283	—
NBIMC External Canadian Equity Fund	15,037	—	15,037	—
NBIMC External International Equity Fund	14,974	—	14,974	—
NBIMC EAFE Equity Index Fund	54,659	—	54,659	—
Vestcor International Active Equity Fund	54,541	—	54,541	—
Vestcor International Small Cap Equity Fund	7,085	—	7,085	—
Vestcor Low Volatility International Equity Fund	212,505	—	212,505	—
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	121,151	—	121,151	—
NBIMC U.S. Equity Index (2017) Fund	135,142	—	135,142	—
<b>Real Estate and Infrastructure</b>				
Vestcor Investments Private Real Estate, L. P.	32,402	—	—	32,402
Vestcor Investments Private Real Estate 2, L. P.	10,177	—	—	10,177
Vestcor Real Estate Fund Feeder Inc.	114,932	—	—	114,932
NBIMC International Real Estate (2017) Fund	36,699	—	36,699	—
NBIMC Public Infrastructure (2017) Fund	6,235	—	6,235	—
Vestcor Investments Infrastructure, L. P.	92,011	—	—	92,011
Fiera Properties Core Pension Trust	150,199	—	—	150,199
BlackRock Granite Property Fund, Inc.	9,235	—	—	9,235
BlackRock Asia Property Fund IV	7,634	—	—	7,634
BlackRock Europe Property Fund IV	4,211	—	—	4,211
Global Diversified Infrastructure Fund	50,677	—	—	50,677
Macquarie Infrastructure Partners III, L.P.	190,931	—	—	190,931
<b>Alternative Investments</b>				
NBIMC Quantitative Strategies (2017) Fund	61,635	—	61,635	—
NBIMC Quantitative Equity Strategic Beta (2017) Fund	47,557	—	47,557	—
Vestcor Alternative Risk Premia Fund	3,123	—	3,123	—
Vestcor Absolute Return Overlay Fund	2,080	—	2,080	—
Vestcor Investments Private Real Estate, L. P.	172,126	—	—	172,126
	3,022,823	—	2,188,291	834,535

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**AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2023**

**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
	\$	\$	\$	\$
<b>Fixed Income</b>				
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	—
<b>Equities</b>				
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	—	—
<b>Real Estate and Infrastructure</b>				
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
<b>Alternative Investments</b>				
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)**

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

<b>Year ended December 31, 2023</b>	<b>Fair Value, beginning of period \$</b>	<b>Gains (losses) in profit or loss \$</b>	<b>Purchases \$</b>	<b>Sales \$</b>	<b>Fair Value, end of period \$</b>
Vestcor Investments Private Real Estate, L.P.	25,145	(876)	11,154	(3,021)	32,402
Vestcor Investments Private Real Estate 2, L.P.	10,009	(675)	1,575	(732)	10,177
Vestcor Real Estate Fund Feeder Inc.	101,961	(4,247)	25,338	(8,120)	114,932
Vestcor Investments Infrastructure, L.P.	73,645	2,227	20,106	(3,967)	92,011
Fiera Properties Core Pension Trust	159,900	(4,312)	1	(5,390)	150,199
BlackRock Granite Property Fund, Inc.	11,019	(1,356)	406	(834)	9,235
BlackRock Asia Property Fund IV	11,277	(1,916)	468	(2,195)	7,634
BlackRock Europe Property Fund IV	3,517	162	687	(155)	4,211
Global Diversified Infrastructure Fund	49,198	1,729	664	(914)	50,677
Macquarie Infrastructure Partners III, L.P.	207,337	32,029	7,963	(56,398)	190,931
Vestcor Investments Private Equity, L.P.	118,866	24,466	30,227	(1,433)	172,126
	<b>771,874</b>	<b>47,231</b>	<b>98,589</b>	<b>(83,159)</b>	<b>834,535</b>

<b>Year ended December 31, 2022</b>	<b>Fair Value, beginning of period \$</b>	<b>Gains (losses) in profit or loss \$</b>	<b>Purchases \$</b>	<b>Sales \$</b>	<b>Fair Value, end of period \$</b>
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
	<b>587,918</b>	<b>126,701</b>	<b>130,859</b>	<b>(73,605)</b>	<b>771,874</b>

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



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**AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2023**

**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, 2023, 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 \$71,042 (2022 – \$119,800) (*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 27.3% (2022 – 26.1%) of the Plan’s underlying investments are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the U.S. dollar of 18.1% (2022 – 17.7%), Japanese Yen of 1.3% (2022 – 1.2%) and the Euro of 2.4% (2022 – 2.2%).

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, 2023 of \$8,250 (2022 – \$7,277).

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.

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**AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2023**

**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, 2023 would be approximately \$69,560 (2022 – \$67,424).

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, 2023 is estimated to be \$14,880 (2022 – \$14,311).

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:

<i>(\$ thousands)</i>	<b>2023</b>	<b>2022</b>
AAA	\$ 210,331	\$ 226,287
AA	299,252	273,449
A	261,348	261,816
BBB	303,193	198,229
R-1	70,215	55,314
Other	6,698	7,595
	<b>\$ 1,151,037</b>	<b>\$ 1,022,690</b>

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:

<i>(\$ thousands)</i>	<b>2023</b>		<b>2022</b>	
Net assets available for benefits	\$	3,046,245	\$	2,807,453
Less investment in:				
Vestcor Investments Private Real Estate, L. P.		(32,402)		(25,145)
Vestcor Investments Private Real Estate 2, L. P.		(10,177)		(10,009)
Vestcor Real Estate Fund Feeder Inc.		(114,932)		(101,961)
Vestcor Investments Infrastructure, L. P.		(92,011)		(73,645)
Fiera Properties Core Pension Trust		(150,199)		(159,900)
BlackRock Granite Property Fund, Inc.		(9,235)		(11,019)
BlackRock Asia Property Fund IV		(7,634)		(11,277)
BlackRock Europe Property Fund IV		(4,211)		(3,517)
Global Diversified Infrastructure Fund		(50,677)		(49,198)
Macquarie Infrastructure Partners III, L.P.		(190,931)		(207,337)
Vestcor Investments Private Equity, L. P.		(172,126)		(118,866)
Collateral pledged (note 5(a))		(71,042)		(119,754)
Investment commitments (note 13)		(263,736)		(239,453)
<b>Net liquid assets</b>	<b>\$</b>	<b>1,876,932</b>	<b>\$</b>	<b>1,676,372</b>

(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.

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**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, 2023, underlying securities in the amount of \$364,319 (2022 – \$396,549) 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, 2022 by TELUS Health, a firm of consulting actuaries.

The funding policy valuation actuarial liabilities at December 31, 2023 is based on an extrapolation of the funding policy liability at December 31, 2022. 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, 2022 valuation as well as the December 31, 2023 extrapolation are:

Interest	5.00% (2022– 4.75%)
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 (2022 - 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, 2023.

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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.

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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.

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**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 December 14, 2023.

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.

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**9. Net Investment Income**

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

<i>(\$-thousands)</i>	<b>2023</b>		
	<b>Realized</b>	<b>Unrealized</b>	<b>Net Investment income</b>
<b>Fixed Income</b>			
NBIMC Nominal Bond Fund	\$ (1,406)	27,656	26,250
NBIMC Corporate Bond Fund	195	45,602	45,797
NBIMC International High Yield Fixed Income Fund	6	14,554	14,560
Vestcor Alternative Fixed Income, L. P.	—	33	33
NBIMC Money Market Fund	711	(12)	699
Vestcor Long Term Money Market Fund	—	1,753	1,753
	(494)	89,586	89,092
<b>Equities</b>			
NBIMC Canadian Equity Index Fund	5,496	3,453	8,949
NBIMC Canadian Small Cap Equity Fund	(6)	730	724
NBIMC Low Volatility Canadian Equity Fund	9,728	(2,114)	7,614
NBIMC External Canadian Equity Fund	700	699	1,399
NBIMC External International Equity Fund	1,699	753	2,452
NBIMC EAFE Equity Index Fund	3,553	4,350	7,903
Vestcor International Active Equity Fund	—	299	299
NBIMC International Small Cap Equity Fund	2,741	—	2,741
Vestcor Low Volatility International Equity Fund	1,097	15,715	16,812
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	55	13,854	13,909
NBIMC U.S. Equity Index (2017) Fund	6,791	21,277	28,068
Gryphon Global Equity Fund	(20)	(34)	(54)
	31,834	58,982	90,816
<b>Inflation-Linked Assets</b>			
Vestcor Investments Private Real Estate, L. P.	244	(1,120)	(876)
Vestcor Investments Private Real Estate 2, L. P.	(33)	(642)	(675)
Vestcor Real Estate Fund Feeder Inc.	878	(5,125)	(4,247)
NBIMC International Real Estate (2017) Fund	—	1,698	1,698
NBIMC Public Infrastructure (2017) Fund	1,106	(1,017)	89
Vestcor Investments Infrastructure, L. P.	611	1,616	2,227
Fiera Properties Core Trust Fund	2,376	(6,688)	(4,312)
BlackRock Granite Property Fund, Inc.	285	(1,641)	(1,356)
BlackRock Asia Property Fund IV	91	(2,007)	(1,916)
BlackRock Europe Property Fund IV	76	86	162
Global Diversified Infrastructure Fund	206	1,523	1,729
Macquarie Infrastructure Partners III, L. P.	38,437	(6,408)	32,029
	44,277	(19,725)	24,552



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**9. Net Investment Income (continued)**

*(\$ thousands)*

			<b>2023</b>
	<b>Realized</b>	<b>Unrealized</b>	<b>Net Investment income</b>
<b>Alternative Investments</b>			
NBIMC Quantitative Strategies (2017) Fund	6,660	(5,695)	965
NBIMC Quantitative Equity Strategic Beta (2017) Fund	4,119	(1,465)	2,654
Vestcor Global Alternative Risk Premia Fund	—	70	70
NBIMC Absolute Return Overlay Fund	1,439	(3,962)	(2,523)
Vestcor Investments Private Equity, L. P.	179	24,287	24,466
	12,397	13,235	25,632
	\$ 88,014	142,078	230,092

*(\$ thousands)*

			<b>2022</b>
	<b>Realized</b>	<b>Unrealized</b>	<b>Net Investment income</b>
<b>Fixed Income</b>			
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)
<b>Equities</b>			
NBIMC Canadian Equity Index Fund	3,793	(8,726)	(4,933)
NBIMC Low Volatility Canadian Equity Fund	—	(1,026)	(1,026)
NBIMC External Canadian Equity Fund	1,571	(2,597)	(1,026)
NBIMC External International Equity Fund	—	(568)	(568)
NBIMC EAFE Equity Index Fund	892	(2,758)	(1,866)
NBIMC Low Volatility International Equity Fund	1,108	(5,946)	(4,838)
Vestcor Low Volatility International Equity Fund	(20)	—	(20)
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	1,797	(4,382)	(2,585)
NBIMC U.S. Equity Index (2017) Fund	—	(7,428)	(7,428)
NBIMC Low Volatility U.S. Equity (2017) Fund	857	(11,796)	(10,939)
Gryphon Global Equity Fund	3	4	7
	10,001	(45,223)	(35,222)

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**9. Net Investment Income *(continued)***

<i>(\$ thousands)</i>	<b>2022</b>		
	<b>Realized</b>	<b>Unrealized</b>	<b>Net Investment income</b>
<b>Inflation-Linked Assets</b>			
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
	<b>36,342</b>	<b>70,868</b>	<b>107,210</b>
<b>Alternative Investments</b>			
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
	<b>16,614</b>	<b>11,919</b>	<b>28,533</b>
Other Income	9	—	9
	<b>\$ 64,054</b>	<b>(89,128)</b>	<b>(25,074)</b>

**10. Pension benefits**

A breakdown of pension benefits by type is as follows:

<i>(\$ thousands)</i>	<b>2023</b>		<b>2022</b>	
Retirements	\$	106,776	\$	95,221
Terminations		6,054		8,150
Survivor		2,876		2,618
Marriage breakdown		—		182
Phased retirement		2,034		1,659
	<b>\$</b>	<b>117,740</b>	<b>\$</b>	<b>107,830</b>

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**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:

<i>(\$ thousands)</i>	<b>2023</b>	<b>2022</b>
Plan administration:		
Administration services	\$ 1,732	\$ 1,623
Actuarial services	186	196
Audit fees	57	40
Legal and regulatory fees	61	45
Investment performance monitoring	19	9
Board of Trustees	58	75
	<b>2,113</b>	<b>1,988</b>
Investment management costs:		
Investment management fees	3,974	3,598
Securities custody	148	149
	<b>4,122</b>	<b>3,747</b>
HST	680	615
	<b>\$ 6,915</b>	<b>\$ 6,350</b>

**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 \$8,495 (2022 - \$6,427).

**13. Commitments**

The Plan has made capital commitments of \$263,736 (2022 - \$237,433).

**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.