VESTCOR

ANNUAL REPORT 2023

BOARD OF DIRECTORS

CORPORATE OFFICERS

JOHN A. SINCLAIR
President and Chief Executive Officer

BRENT HENRY, CPA, CA
Chief Financial Officer

YING WU, CFA
Chief Compliance Officer

JONATHAN SPINNEY, CFA
Chief Investment Officer

MARILYN MCCONNELL, CPA, CGA
Chief Pensions and Benefits Officer

JENNIE NOEL-THÉRIAULT, GPC.D
Corporate Secretary

CONTACT INFORMATION

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A Partner in Creating and Delivering Sustainable Financial Security.

We are:

- Located in Fredericton, New Brunswick.
- The largest investment manager in Atlantic Canada.
- An integrated investment management, pension and benefits administration organization created by the Legislative Assembly of New Brunswick under the *Vestcor Act.*
- An independent, not-for-profit company.
- Jointly owned by the New Brunswick Public Service Pension Plan and the New Brunswick Teachers' Pension Plan.

We provide:

- Global investment management services to ten different client groups.
- Administration services to eleven pension plans and four employee benefits plans.
- Innovative, cost effective, and prudent investment and benefit administration services that address the needs of public sector funds.
- Access to sustainable financial security, impacting the overall wellbeing of thousands of individuals and hundreds of organizations.

Our accountability:

- Oversight of the tailored services we provide our clients is done by our independent, expert Board of Directors, who are appointed by our owners.
- We are regulated by the New Brunswick Financial and Consumer Services Commission as both an Investment Fund Manager and Portfolio Manager.
- We provide a significant amount of public disclosure on our investment performance and operational results, including the annual, externally audited financial reporting information contained within this Annual Report. Our public reporting and disclosure can be accessed through our website **vestcor.org**.

$21 BILLION

in Assets Under Management

24

CLIENTS

42

THOUSAND
Benefit Program Members

111

THOUSAND

Pension Plan Members

95%

MEMBER SERVICES SATISFACTION AMONG PENSION PLAN MEMBERS

FOUR-YEAR AVERAGE RETURNS OF

4.94%

with an average of 0.95% per year in net value-added returns

Achieved with much lower risk than comparable defined benefit plans, as required by our clients' target benefit plan regulations.

732.7 MILLION

dollars of additional return over client investment policy benchmarks over the last four years.

MANAGEMENT EXPENSE RATIO OF

0.14%

of Total Funds Under Management

Vestcor is among the most cost-effective investment managers in Canada.

WHO WE ARE

Vestcor Inc. (Vestcor) is an integrated investment management, pension and benefits administration organization that was created by the Legislative Assembly of New Brunswick under the *Vestcor Act*. We are an independent not-for-profit company who is not an agent of the Crown and is jointly owned by the New Brunswick Public Service Pension Plan and the New Brunswick Teachers' Pension Plan.

Our strategic mission is "To provide innovative, cost effective, and prudent investment and benefit administration services that address the needs of public sector funds". Oversight of the tailored services provided to our clients, a number of risk-controlled target benefit pension plans and other pools of investment capital, is provided by an independent expert Board of Directors appointed by our owners. We are regulated by the New Brunswick Financial and Consumer Services Commission as both an Investment Fund Manager and Portfolio Manager.

Vestcor provides a significant amount of public disclosure on our investment performance and operational results including the annual externally audited financial reporting information contained within this Annual Report. All of our public reporting and disclosure can be accessed through our website vestcor.org.

Located in Fredericton, New Brunswick, we are the largest investment manager in Atlantic Canada providing global investment management services to 11 different client groups representing approximately $20.9 billion in assets under management. We also provide administration services to 11 pension plans and four employee benefits plans.

2023 HIGHLIGHTS

VESTCOR INVESTMENT DIVISION:

- Client portfolios for which we provide investment advice continued to exceed their overall long-term investment risk and return targets, while also remaining strong versus other pension fund and diversified investment manager alternatives.
- While Total Fund performance lagged client benchmarks by 0.97% in 2023, our long-term four-year investment performance outperformed client investment policy benchmarks net of all investment management costs by 0.95%. This represents approximately $732.7 million of additional return over client investment policy benchmarks over the four-year period.
- Our annual Management Expense Ratio (MER) remained low at 0.14% of total funds under management.
- Assets under management ended the year at $20.9 billion.
- We released our second Responsible Investment Report which included climate related greenhouse gas emissions disclosure for our consolidated core public securities investment portfolio utilizing the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

VESTCOR ADMINISTRATION DIVISION:

- Delivered key administration services within 98.5% of applicable client targets through a period of continued significant member service and application volumes.
- Facilitated a number of hybrid client trustee meetings, educational sessions, onboarding opportunities, communication activities, and strategic education sessions for our clients' Boards of Trustees.
- Expenses remained low versus other public sector peers. In a 2022 comparator survey, our total cost for pension administration services was $101 per plan member, which was the second lowest and approximately $45 below the average amongst this peer survey group.
- Member Services satisfaction survey results remained very strong, while the volume of requests continued to increase. Over 7,400 applications were processed and 36,000 member inquiries were answered.

MESSAGE FROM THE CHAIRPERSON

On behalf of the Board of Directors (the Board) and the management team of Vestcor Inc. (Vestcor), I am pleased to introduce our 2023 Annual Report in my inaugural year as Vestcor's Chairperson.

I was very pleased to have been appointed Chairperson on May 31, 2023 by my peer Directors, as per the process outlined in the *Vestcor Act*. The Board greatly appreciates the contributions that our former Chairperson, Michael Walton, made to the Board over the past decade, and we are glad that he was able and willing to remain on the Board as Vice-Chairperson to help with the transition of this important role. As per our past practice, the following Annual Report provides a thorough accounting of Vestcor's pension and benefits administration, investment, and corporate service operating activities in a format consistent with our prior Annual Reports.

I am also pleased to advise that our independent, not-for-profit business model continues to align well with our clients' objectives, while also cost effectively delivering excellent value through a customized focus on client goals and service requirements.

OUR GOVERNANCE FOCUS

The Board continues to be assisted in its responsibilities for the independent governance, stewardship and strategic direction of our organization by three Committees: the Audit Committee, the Human Resources & Compensation Committee, and the Governance Committee. Ad Hoc Committees are also formed from time to time to assist with special Board projects and initiatives.

Our governance model is focused on providing input and oversight with respect to annual corporate business plan goals and objectives, and their link to industry best practices. Specific reports from each of the Board Committees are provided within this Report.

As reported last year, our Board received the results of an overall governance review of our organization by an independent external consultant as part of our ongoing commitment to continuous improvement. While the results confirmed the effectiveness of our Board governance processes, it did provide feedback on a few evolving governance policies and best practices for our consideration. The Board developed a workplan during 2023 to review this feedback through our committee structure and successfully addressed a number of related items during the year.

DIRECTOR APPOINTMENTS

Vestcor Director appointments are set with staggered terms to provide for the opportunity to annually refresh Director membership while also reducing the risk of having a concentration of term expirations. In June 2023, we had two Director terms expire and I am pleased to advise that Michel Allain (FCIA, FSA) and Timothy Mawhinney (FCIA, FSA, CERA) were each reappointed with new three-year terms by our Vestcor Corp. shareholders.

In addition to these reappointments, and as set out in the Vestcor Guidelines for the Nomination of New Directors, our Board of Directors formed an Ad-Hoc Nominating Committee to further assist with the replacement of two vacant Director positions. Daniel Murray (CPA, CA), who had served on the Board as one of our inaugural Vestcor Directors since 2016, retired from his position when his term expired in June 2022. Lori Clark (CPA, CMA, ICD.D) unfortunately resigned from her position in July 2023 due to a change in her employment commitments. Dan and Lori had both been engaged Directors who played an important role in our Board and Governance Committee activities.

The Ad-Hoc Nominating Committee, as per our Guidelines for the Nominations of New Directors and with the assistance of an external search consultant, reviewed a number of applications from interested individuals. The Committee nominated three Director candidates based on their skills, experience, and alignment of values. We were pleased to have Courtney Pringle-Carver, Steven Wolff, and Suzanne Young join our Board effective November 21, 2023, upon approval by Vestcor Corp, as required by the *Vestcor Act*. Each of these Directors have completed our Board orientation program and have begun active participation with their fellow Directors. We look forward to their contributions.

PRESIDENT AND CHIEF EXECUTIVE OFFICER TRANSITION

Vestcor announced in July that our long serving President and Chief Executive Officer (CEO) had advised that he intended to retire in early 2024 after a successful 20-year period leading the organization. The Board expeditiously established an Ad Hoc CEO Search Committee, led by Tanya Chapman, Chair of the Human Resources and Compensation Committee, to conduct a national search process with the assistance of an external search firm. A robust interviewing process was undertaken for this critically important role.

On February 6, 2024, the Board announced the appointment of Sean Hewitt (CFA, ICD.D) as Vestcor's new President and CEO effective April 15, 2024. The Board is confident that his experience and strategic approach will benefit Vestcor and our clients over the long term, by providing tremendous value and looking for ways to continuously improve the organization.

ACCOUNTABILITY AND DISCLOSURE

Transparency and accountability continue to be an important focus of our Board. Vestcor works to achieve this by providing a significant amount of public disclosure on our website at vestcor.org, including detailed investment performance, operational results, compensation analysis and disclosure, and annual financial reporting information.

Our Corporate and Investment Entity financial statements are both externally audited by a national public accounting firm who has access to specific pension fund and investment expertise. Total Fund investment performance is reported under the policies and procedures set out by the Global Investment Performance Standards (GIPS®) and is verified and reported through an independent external auditor examination. Compensation arrangements continue to be subject to oversight by our Board of Directors and are based on industry best practices that are periodically reviewed and supported by the advice of external expert compensation consulting firms.

As we reported last year, and as a significant advancement of our prior extensive internal control reporting framework, we successfully completed our first SOC 1 Type 1 Report. It had been externally audited in accordance with CSAE 3416, on the Suitability of the Design of our Controls of our Investment Management and Pension and Benefits Administration System as of December 31, 2021. This year, our management team successfully completed an externally audited Type 2 Report which detailed the suitability of our controls over the full year of 2022. This audited Type 2 report will now be provided annually to interested clients and other applicable counterparties.

Lastly it remains important to continue to recognize the support and accountability oversight activities of our Vestcor Corp. Shareholder Board (vestcor.org/vestcorcorp).

CLIENT ENGAGEMENT

Vestcor was very pleased to be able to meet in person, for the first time since the COVID-19 pandemic, with a number of our clients through our annual Client Forum on June 19th and 20th. Since 2019, we have used the public release of this Annual Report to provide an opportunity for Vestcor Directors and senior management to meet with our various client trustee groups and review our operational highlights, answer any questions associated with this Report, and also provide more detailed updates on timely investment and administration areas of mutual interest amongst our clients. It was great to be able to interact in person once again, and we look forward to hosting similar annual in-person events in the future.

We also re-engaged with our clients later in 2023 with our biennial Vestcor Client Satisfaction Survey process. We are happy to report that the survey results highlighted an overall satisfaction score of 86% with Vestcor's services, while 14% of respondents reported a score of either neutral or unknown. A smaller group of volunteer respondents subsequently participated in an independently facilitated focus group activity to provide us with additional feedback. We are currently in the process of analyzing this information and look forward to sharing the results and our resultant planned operational responses with clients later in the year.

NOTE OF APPRECIATION

I would like to thank our Directors for their ongoing commitment to Vestcor's oversight, and our ongoing governance improvement efforts.

On behalf of the Board, I would also like to thank our employees for their continued commitment to our organization. They truly embody Vestcor's values, remaining client focused and result driven. Their professionalism and support for the cost-effective approach of the organization is exemplary.

I cannot close this Report without acknowledging John Sinclair's tremendous contributions, over the 20+ years, that led to the success of Vestcor and its predecessor organization, the New Brunswick Investment Management Corporation. His vision, skills and perseverance proved that an independent, not for profit, purpose driven entity, which provides best in class investment management and administration services, can be created and thrive right here in New Brunswick. The Board thanks John for the leadership and dedication he has provided to Vestcor over these many years, and his continued support during the transition.

I trust this Annual Report provides a thorough accounting of our corporate activities during 2023, and note that a significant amount of other performance and governance related material is available on our website at vestcor.org.

We continue to be available to address any questions or receive feedback by contacting us at comments@vestcor.org at your convenience.

Sincerely, [signed by]

David Losier, Chairperson
Vestcor Inc.

March 25, 2024
Fredericton, New Brunswick

REPORT FROM THE PRESIDENT AND CEO

On behalf of our employees and senior management, I am pleased to present our 2023 annual report, detailing another successful year of service to our clients and their members. We are pleased to report that Vestcor continued to be able to assist our clients in meeting their long-term objectives during an uncertain and variable period in both financial markets and our operating environment.

Global financial markets began the year challenged by higher inflation rates, higher interest rates, and uncertain equity markets. The year ended however in a wave of euphoria with both equity and fixed income markets strongly rallying on the belief that inflation concerns had ended, and global central banks would begin aggressively decreasing their interest rates in early 2024.

Our Pension and Benefits Administration team continued to successfully meet the majority of their key-performance indicators while also accommodating significant volume increases across several member service areas, addressing a number of unique employer compensation adjustment items, and preparing for provincial pension reform issues that will impact our clients.

We also continued to prudently grow the services we provide to our clients and in turn continue to strengthen our team of pension professionals and related infrastructure.

SUCCESSFUL LONG-TERM PERFORMANCE CONTINUES

Our lower risk investment strategies have helped our clients continue to realize long-term investment returns that exceed their strategic targets. This performance allows them to continue to meet their various funding objectives, especially during a period with much higher inflation indexing requirements.

Administration services have also been able to meet client objectives and retain their very high member service satisfaction survey scores during a period of significantly increased transaction processing volumes and member service requests.

Vestcor's long-term strategic focus has continued to support our performance during the uncertain and volatile times of recent years with the assistance of our long-serving enterprise risk management framework and related processes. We were pleased that during 2023 we were also able to assist three of our larger clients implement their own, similar risk frameworks.

We also continue to provide very cost-effective services to our clients versus other third-party alternatives. Investment management services were provided at a consistent low overall management expense ratio of approximately 0.14%

during the year, while Administration based client expenses remained well within annual client budgets and at the lower end of peer comparators.

During 2023 we were also able to add two new client groups to our service platform. We were pleased to add a total portfolio investment mandate with the Training Completions Fund of the Province of New Brunswick's Post-Secondary Education, Training and Labour department, while we have also added a new board support and financial services mandate with the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers.

In consideration of the ongoing interest and continued client growth in our services, our management team and our Board developed a strategic client growth plan during the year to help guide our future work in this area. We continue to look forward to prudently expanding our public sector pension plan client base in situations where our services efficiently meet their needs.

INVESTMENT MANAGEMENT

Our lower-risk investment management approach continues to perform well in an uncertain volatile market environment. Total fund returns ended 2023 at 7.50% while our longer term 5-year and 10-year annualized returns were 6.27% and 6.73% respectively.

The investment capital under our management remained well protected during the higher inflationary period and global banking system concerns experienced in the earlier part of 2023, while still being able to realize strong returns when sentiment changed in the fourth quarter as both equity and fixed income markets rallied on the news of lower inflation and potential aggressive central bank interest rate cut expectations.

While our long-term investment portfolio returns continued to remain strong for those shared risk / target benefit clients who we provide investment management advice, they also continue to realize much lower experienced risk than most other traditional defined benefit pension plans. As mentioned earlier, Vestcor's much lower investment management costs also continue to provide additional comparative benefits to our clients.

Long-term returns relative to our clients' investment policy benchmarks remained strong even after experiencing a more difficult year in 2023. The strong relative performance of our Quantitative Investments and Fixed Income teams helped to offset some of the challenges experienced by our Equity and Real Asset teams. Continued market uncertainty and the rapid change in market sentiment which occurred near year end resulted in our investment performance underperforming client benchmarks net of investment expenses by 0.97% during the year. Over the longer term however the very strong performance experienced over the past few years more than offset 2023's challenges with our four-year investment performance outperforming client benchmarks net of investment expenses by 0.95% per year. This performance has provided our clients with additional returns totaling over $732 million of investment earnings over their investment policy benchmarks during the four-year period.

Total assets under management increased in 2023 to $20.9 billion from $19.9 billion in the prior year. This increase in assets resulted from $686 million in net investment interest and dividend income, a $725 million increase in net investment valuations, client payouts of $(1,013) million and $658 million of additional client capital contributions.

Specific client performance is reported to their members through their own communication process, and many of these reports are available through their respective websites, linked from vestcor.org.

PENSION AND BENEFITS ADMINISTRATION

Our Pension and Benefits Administration teams continued to perform well while also continuing to be impacted by additional transactional processing volumes and member inquiries in 2023. While significant progress was made on the member record changes and pension retroactivity adjustments we reported on last year, the finalization of additional provincial government labour relation agreements during 2023 has kept the volume of this activity relatively high.

Even with this additional workload our Administration team was able to effectively adjust to these challenges and meet the majority of our more aggressive KPI targets that we set out with our clients during the year, and our Member Services team continues to be recognized with very strong member satisfaction scores with respect to the responsive assistance they provide to member issues and inquiries.

The Vestcor Communications team remained very active during the year in assisting many of our client trustees with their respective communications strategies. A combination of semi-annual newsletters, annual reports, information webinars, and annual member information meetings continue to keep our client's membership well informed about their plan. We are pleased that our support of these many communication initiatives continues to be well received by the related feedback that we receive.

Our Board Support Services team have continued to make an increased contribution in facilitating how our client group Trustees continue to execute their duties effectively, and as was noted above they have recently increased their activities through the addition of services to a new client in 2023.

CORPORATE DEVELOPMENTS

Vestcor's ability to continue to provide our cost-effective specialized client services relies heavily on a combination of the skills of our professional in-house investment and pension and benefits management teams and a world class information technology network.

Our management team continues to work closely with the Human Resources and Compensation Committee of our Board to ensure that we continue to focus on our Human Resources Strategic Plan and particularly its leadership development and succession planning components. We were pleased to have implemented a number of the recommendations from our 2022 Workplace Environment Survey and related Focus Group activities during the year and continue to closely monitor our pandemic response plans through our Occupational Health and Safety Committee.

Having the capability to trade financial securities securely and efficiently in the global financial markets from New Brunswick is a critical operational factor for our business. This capability in combination with efficient and secure member processing information continues to be a significant focus of management and our Board. During the year we completed major enhancements to our information technology network. Our 24 hours a day, 365 days per year network monitoring capabilities have been materially enhanced along with the completion of an upgrade to our remote work capabilities.

SUSTAINABILITY PROGRESSION

Vestcor continues to advance our investment sustainability efforts through our Responsible Investment Guidelines (vestcor.org/rig) and our related annual Responsible Investment Report (vestcor.org/responsibleinvestment).

In 2022, we were very pleased to have released our inaugural Responsible Investment Report, outlining how we incorporate environmental, social, and governance information into our investment and risk management processes to assist in making investments in long-term sustainable opportunities. The Report also included a section on climate-related greenhouse gas emissions disclosure for our consolidated core public securities investment portfolio utilizing the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

An updated Report published in late 2023 provided two key enhancements; we were able to significantly enhance our carbon emissions measurement coverage from 53% of the portfolio at year end 2021 to a much larger 83% proportion of our assets under management at year end 2022, and we were able to determine that the overall carbon emissions of our investment portfolio measured in the prior year had declined by approximately nine percent.

Vestcor looks forward to continuing to utilize sustainability information in our investment decision process as investee companies work towards meeting their specific global climate targets. We are also looking forward to closely working with a number of our larger investment management clients to provide them with data specific to their own portfolio in 2024.

In addition to our internal sustainability activities, we continue to endorse the Canadian Coalition of Good Governance (CCGG) Stewardship Principles through our membership in their organization, and we actively participate in the activities of the Pension Investment Association of Canada (PIAC). Each organization allows us to compare best practices alongside several other Canadian-based institutional investors while also using our combined resources to assist the companies we invest in to meet their various responsibility goals and objectives.

OUTLOOK

At the time of writing this letter there are encouraging signs that the global economy is well on its way to a more normalized environment. Economic growth has moderated to more traditional levels in most economies, inflation levels are reverting to central bank target levels, and most corporate earnings remain strong.

However consistent with the past few years there remains a great deal of uncertainty, especially with respect to the geopolitical situation. A concerning increase in regional armed conflicts and a number of uncertain election situations scheduled for the year ahead have the potential to significantly impact global financial markets. We will continue to take a more cautious investment approach considering the number of challenges and risks that remain.

Our forecasts suggest that our Administration team will continue to be faced with the higher member service volume levels realized over recent years, while also needing to be ready for the potential of significantly higher volume requirements that may arise from the recent Province of New Brunswick pension reform activities. Management and staff are continuing to build on our operational capacity in anticipation of these impacts through a combination of ongoing efficiency advancements and additional resources.

In closing, I would like to recognize the contributions of three long serving members of the Vestcor team who retired during the year: Linda Smith – Pension Payroll Specialist, Raymond David – Senior Communications Analyst and Charline DeLong – Data Services Administrator were long serving employees who spent a significant portion of their careers with the Province of New Brunswick's Pension and Employee Benefit Division before it was transitioned into Vestcor. I would like to thank each of them on behalf of the Vestcor organization for their many years of dedicated service.

As noted by our chairperson in his preceding letter, this will be my last Vestcor Annual Report Letter. I would like to thank the many directors of our Board who served during my tenure as President and CEO for their confidence and support. I have truly appreciated the opportunity to work with such an engaged group of employees who together have built a world class pension and benefits investment and administration organization in New Brunswick that continues to create and deliver sustainable financial security for our clients and their stakeholders.

Questions and comments are always welcome at comments@vestcor.org or by telephone through our Reception team at 1 800-561-4012.

Sincerely, [signed by]

John A. Sinclair, President and Chief Executive Officer
Vestcor Inc.

Fredericton, New Brunswick
March 25, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion & Analysis (MD&A) is provided to enable the reader to interpret the material trends, the results and the financial condition of the organization. Key elements of the annual financial statements are explained, and this MD&A should be read in conjunction with these annual financial statements and related notes.

Additionally, this MD&A may contain forward-looking statements reflecting management's objectives, outlook and expectations which involve risks and uncertainties. Forward-looking statements are usually preceded by words such as "believe", "expect", "may", "could", "intend", "continue" and "estimate". We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements.

This Management's Discussion & Analysis provides an outline of the operations for Vestcor for the year ended December 31, 2023. Our operations consist of two business lines: Administration Services and Investment Management Services. These lines of business are supported by three divisions – Administration, Investment and Corporate Services. The audited financial statements for the various Vestcor Investment Entities for the year ended December 31, 2023 are available on our website at vestcor.org/annualreports. The Vestcor Investment Entities are pooled investment funds structured as either unit trust funds for which Vestcor serves as trustee or as limited partnerships for which a wholly owned subsidiary of Vestcor, Vestcor Investments General Partner, Inc., serves as general partner. These Vestcor Investment Entities have been created to facilitate the efficient investment of assets into separate investment strategies that deliver our clients' asset mix decisions.

CLIENTS AND SERVICES

Vestcor provides both pension and benefits administration services as well as investment management services to a wide range of public sector clients. In total, Vestcor provides services to 24 clients at December 31, 2023. Administration activities cover approximately 111,000 pension plan members, over 42,000 employee benefit plan members and investment assets under management (AUM) at December 31, 2023 were $20.9 billion.

We continue to strive towards realizing our corporate vision of being the public sector's provider of choice for pension and benefit administration services and investment management services by providing assistance in any or all of the following service offerings:

- Investment Management (Equity, Fixed Income, Inflation Linked, Alternative Investments)
- Investment Strategy Advice
- Compliance and Performance Measurement Services
- Pension Plan Administration
- Employee Benefits Plan Administration
- Client Trustee Governance Services and Support
- Financial Reporting
- Risk Management
- Communications

Clients are free to engage in some, or all, of the services provided by Vestcor. Vestcor incurs expenses in connection with its services as investment manager and in connection with its services as a pension and benefits plan administrator. It is important to note however that the expenses for each of these service areas are allocated to the respective clients of those service areas.

Investment management expenses are allocated to investment clients based on their proportionate share of total assets under management on the day an invoice is processed. If a client requires a more specific investment service, the costs to provide that service are fully allocated to that client.

For clients who use our plan administration services, the cost of our human resources to provide those services is allocated according to an annual evaluation of effort expended. Information systems and other general office and business costs are allocated based on a periodic historical analysis of transaction volumes and number of members in each plan.

CORPORATE HIGHLIGHTS

OBJECTIVE	TARGET	YEAR ENDED DECEMBER 31, 2023 ACTUAL	4 YEAR ANNUALIZED
Trade-Matching Efficiency:			
Securities Custodian	Regulatory 90% + 2.5%	94.4%	96.1%
Prime Broker #1	Regulatory 90% + 2.5%	97.5%	95.4%
Prime Broker #2	Regulatory 90% + 2.5%	97.4%	96.6%
Prime Broker #3	Regulatory 90% + 2.5%	96.9%	95.2%
Budget Efficiency *(excluding performance incentives)*	100%	92.5%	91.9%
Absenteeism (%)	<= 2%	1.5%	1.4%
IT Network Availability	99%	99.9%	99.9%
IT Applications Availability			
Administration system	99%	99.9%	98.9%
Portfolio management system	99%	100.0%	99.9%

ADMINISTRATION HIGHLIGHTS

The Vestcor Administration team is responsible for the day-to-day operations of 11 pension plans as well as 4 employee benefit programs, representing approximately 111,000 pension plan members and 42,000 employee benefit members. Our members include employees from the provincial public service sector, the education sector, provincial health authorities, crown corporations, and other quasi-public sector organizations.

The Administration team is divided into four areas: Member Services, Plan Operations and Pension Policy, Communications, and Board and Committee Support Services. Highlights for 2023 from each of these areas are as follows:

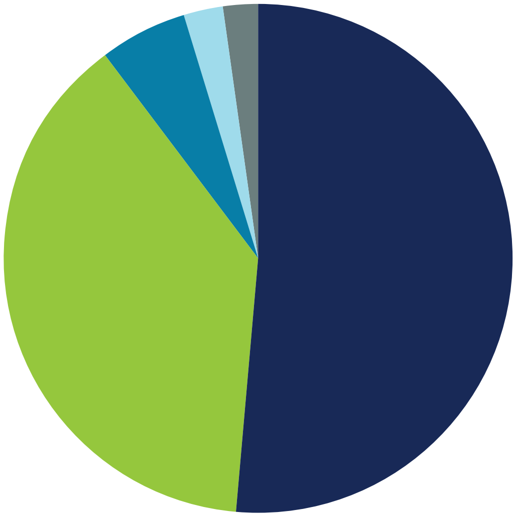
MEMBER SERVICES

In 2023, the Member Services team had over 36,000 contacts with plans members through telephone calls, emails and visits to our office, a slight increase from 35,800 contacts in 2022.

In addition, the team provided member education sessions. In 2023, 47 member education sessions were provided, 30 in person and 17 virtually, and were attended by 2,180 individuals. The member sessions provided them with the opportunity to learn more about the provisions of their pension and employee benefit plans.

Member Services Satisfaction Survey Results

To ensure that we continued to meet the needs of our clients, Vestcor administered client satisfaction surveys, as initially launched in 2017. The surveys were sent to members who received a specific service from Vestcor during the year relating to pension estimates, purchases of service, terminations, or retirements.



PLAN OPERATIONS AND PENSION POLICY

During 2023, 7,459 applications were processed, and the volume of requests received increased by 5.9% over the number of requests received in 2022. Pension Estimates showed the highest increase in volume at 22% when compared to 2022. In order to continuously improve the service delivery provided to plan members, service delivery standards were modified in 2023 to decrease the target delivery time in all application types. The new standards and the results for most of the applications processed in 2023 are provided in the table below.

SERVICE	TARGET	2023 NUMBER PROCESSED	2023 ACHIEVED	2022 ACHIEVED*
Purchase of Service Requests	97.5% within 58 days	825	98.9%	90.0%
Pension Estimates	97.5% within 43 days	1,958	97.9%	98.8%
Retirements	97.5% within 43 days	2,099	99.3%	99.5%
Terminations	97.5% within 29 days	2,000	98.3%	98.4%
Marriage Breakdowns	97.5% within 40 days	175	96.3%	100.0%

*Based on previous standards with longer delivery times

MEMBER AND CORPORATE COMMUNICATIONS

Focus on effective and intentional communication remained the priority, as the Communications team supported clients through the existing complexities of engaging plan members. A new approach to communication plans was provided to several pension plan clients, further supporting them in achieving the goals of their own strategic plans, as they relate to communications. We have redoubled our efforts to present very complex information to members in a way that resonates with them and responds to their needs. The goal, as always, is to meet members where they are, presenting them with the tools and knowledge they need when it comes to one of their most valuable assets, their pension.

In 2023, the team developed and distributed a record number of educational pension and employee benefits newsletters, information meetings, and client annual reports. Member webcasts were introduced, offered in a membership-wide format virtually, improving reach and accessibility. These expanded efforts have paid dividends as member interaction with these publications and events has steadily increased.

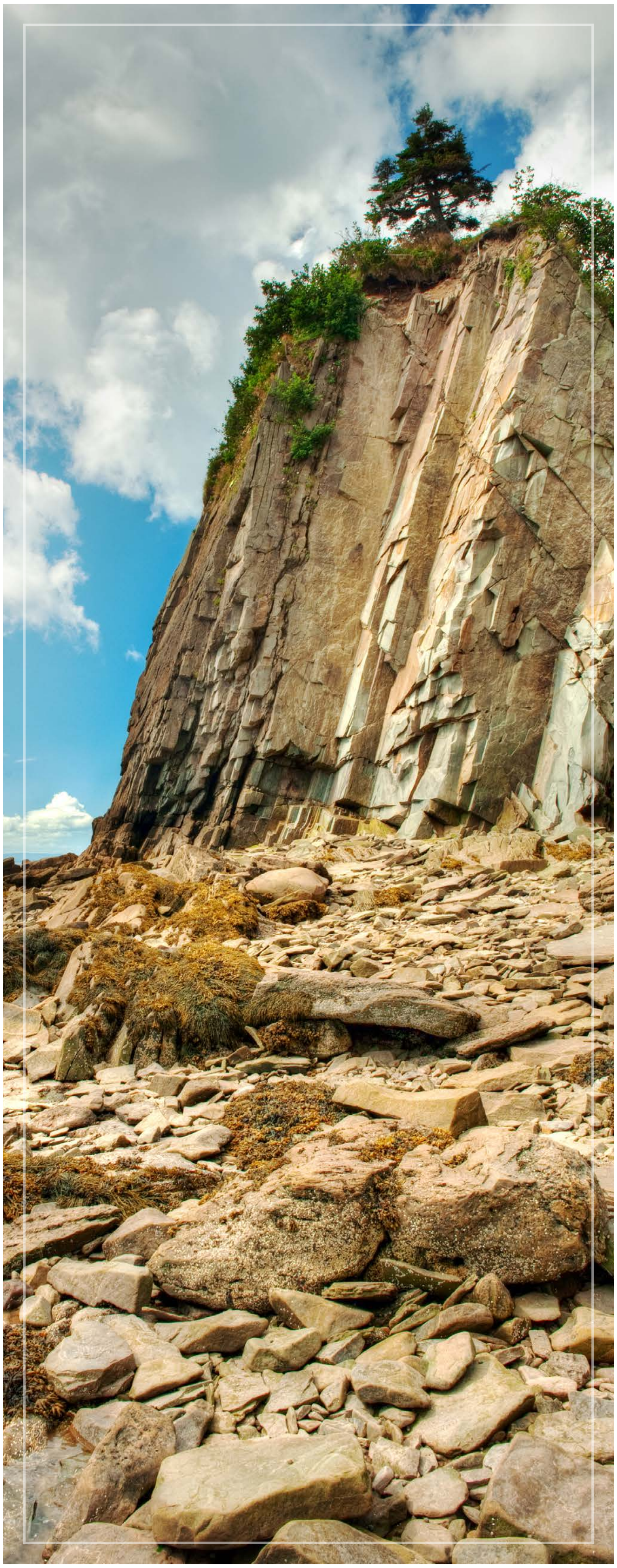
From a corporate perspective, the team supported the organization's focus on client education, with the return of the in-person Vestcor Client Forum. This conference-style event provided clients with important presentations, as well as networking opportunities to share successes and opportunities. Client webcasts continued to be provided as needed for timely, cost-effective dissemination of information. The biennial client satisfaction survey was administered, and focus groups were added to obtain more in-depth results. A representative sample of our clients responded to the survey, and the overall satisfaction rate with Vestcor's services was 86%. No negative scores were received. The exercise provided guidance and validation in support of our strategic and operational focus moving forward.

BOARD SUPPORT SERVICES

Vestcor has continued to successfully adapt its board support services delivery model to meet the evolving needs of the various clients. In 2023, client meetings continued to be offered in various formats (e.g., in-person, hybrid and / or virtual). In this regard, the team was able to seamlessly continue to provide robust operational support to our various client boards and committees.

In addition to regular client meetings, the Board Support Services team assisted the various clients with their respective nomination and onboarding processes, coordinated multiple in-person and virtual educational opportunities and conducted research resulting in the development of governance material to assist these groups in achieving their governance and fiduciary objectives and to deliver on their respective mandates and strategic initiatives.

These activities included providing best practices to client boards related to topics such as board governance, effectiveness, responsible investment, and risk management; support regarding the drafting of internal board policies; the delivery of various externally facilitated sessions such as board strategic planning initiatives, board triennial assessment and the establishment of risk management frameworks and providing oversight of the pension plans' regulatory and legal requirements. In order to continue providing a full complement of governance services to its clients, the Board Support Services team continues to participate in ongoing professional development relevant to the ongoing and increasing needs of the various boards and committees.



ADMINISTRATION DIVISION COSTS

Vestcor administration clients continue to benefit from our cost-effective not-for-profit model and our focus on their specific needs and service requirements.

Our overall Administration Division costs of $12.0 million increased by approximately $969 thousand, or 8.8%, versus the prior year.

		YEAR ENDED DECEMBER 31, 2023 ($ thousands)		YEAR ENDED DECEMBER 31, 2022 ($ thousands)
Salaries and benefits	$	7,947	$	7,213
Information systems		1,344		1,233
Client directed administration		682		648
Office rent		511		500
Office and business		425		372
Professional services		368		318
Amortization		676		700
	$	11,953	$	10,984

The Administration Division expenses include salaries and benefits for approximately 92 employees on a full-time, part-time, casual or contract basis. Salaries and benefits for the year ended December 31, 2023 were 10.2% higher than the costs in 2022. This reflects an increase in the number of administration employees from 84 at the end of 2022 to 92 at the end of 2023 along with a modest annual compensation increase. Further information on Vestcor's compensation program can be found in the Compensation Discussion and Analysis section of this Annual Report (see page 47).

Information systems costs continued to represent a sizable portion of the Administration Division's annual expenditures. For 2023, we saw an increase in information system costs of 9.0%. This increase was due to the expansion of our network backup capabilities and adding additional cyber security monitoring protections. This is in addition to the regular inflationary increases on these services which was much higher in 2023 given the economic conditions.

Office rent costs, office and business costs and amortization costs all remained consistent with the prior year.

In 2023, we saw an increase of 15.6% in professional services as a result of the completion of the audit of our inaugural of our Service Organization Controls Type 2 Report.

To validate that we are providing cost effective pension administration services, we take part in an annual benchmarking survey with other Canadian pension administrators. From the most recently completed survey, our total cost for pension administration services was $101 per plan member. Our cost per member was the second lowest amongst the survey group and $45 per member less than the average cost of the participants.

INVESTMENT HIGHLIGHTS

The following description of the investment management services covers the year ended December 31, 2023.

ASSETS UNDER MANAGEMENT

Assets under management (AUM) at December 31, 2023 were approximately $20.9 billion consisting of the following client mandates:

CLIENT	2023 ($ millions)			2022 ($ millions)		
New Brunswick Public Service Pension Plan (NBPSPP)	$	9,234.4	44.1%	$	8,819.2	44.4%
New Brunswick Teachers' Pension Plan (NBTPP)		6,788.7	32.4%		6,527.8	32.8%
Provincial Court Judges' Pension Plan (Judges)		59.8	0.3%		57.1	0.3%
New Brunswick Power Corporation (NBPC):						
Point Lepreau Decommissioning Fund		477.3	2.3%		446.2	2.3%
Point Lepreau Used Fuel Management Fund		244.7	1.2%		241.9	1.2%
Nuclear Fuel Waste Trust		207.0	1.0%		187.0	0.9%
Shared Risk Plan for Academic Employees of University of New Brunswick (AESRP)		445.8	2.1%		417.9	2.1%
University of New Brunswick Endowment Fund (UNBE)		64.9	0.3%		64.2	0.3%
Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (CBE)		3,022.6	14.4%		2,751.4	13.8%
Shared Risk Plan for City of Fredericton (CoF)		263.6	1.3%		247.6	1.3%
Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc. (FPHR)		101.9	0.5%		100.2	0.5%
Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc. (FPSAL)		21.4	0.1%		22.6	0.1%
PNB Training Completions Fund		7.1	0.0%		-	-
Total AUM	$	20,939.2	100.0%	$	19,883.1	100.0%

Each client mandate invests in a specific and unique combination of units of the Vestcor Investment Entities. Some clients have previously entered directly in investment opportunities for which oversight is now provided by Vestcor portfolio managers.

INVESTMENT PERFORMANCE DEFINITIONS

Investment performance consists of any income and realized and unrealized capital gains or losses achieved on a portfolio(s) of assets over a defined length of time. Vestcor measures and reports returns in Canadian dollars using the aggregate return method on a daily basis. Daily returns are linked geometrically to calculate periodic returns.

Investment returns expressed on a gross basis are after the deduction of all trading and other directly associated expenses but before the deduction of Vestcor's investment management costs (see page 23).

Investment returns expressed on a net basis are after the deduction of all investment management expenses charged for the assets under management.

In addition to investment performance, a significant consideration in portfolio management is the amount of investment risk. Investment risk is the probability or likelihood of an investment loss relative to the expected return.

TOTAL FUND PERFORMANCE OBJECTIVES

Vestcor's main investment performance objectives can be summarized as follows:

a. The **primary investment performance objective** is to achieve the long-term return and risk performance that meet each client's specific return and risk targets, and

b. The **secondary investment performance objective** is to exceed the investment performance benchmarks, over the long-term net of all investment management costs, by the value-added target(s) published in each client's respective Investment Policy Statement or other such directives/guidelines.

Client specific returns are reported to their members through the communication activities of their respective organizations.

RELATIVE PERFORMANCE VERSUS BENCHMARKS

As noted, our **secondary investment performance objective** is to add value (i.e., returns in excess of benchmarks) above our clients' various asset class benchmarks through active management strategies. This added value is expected to first cover all investment management costs and subsequently targets an additional 50 basis points (0.50%) per annum. This value-added target was increased in 2022 as it had been 42 bps in previous years. This is a key measure for our clients and accordingly is also a key measure considered in Vestcor's variable performance compensation incentives.

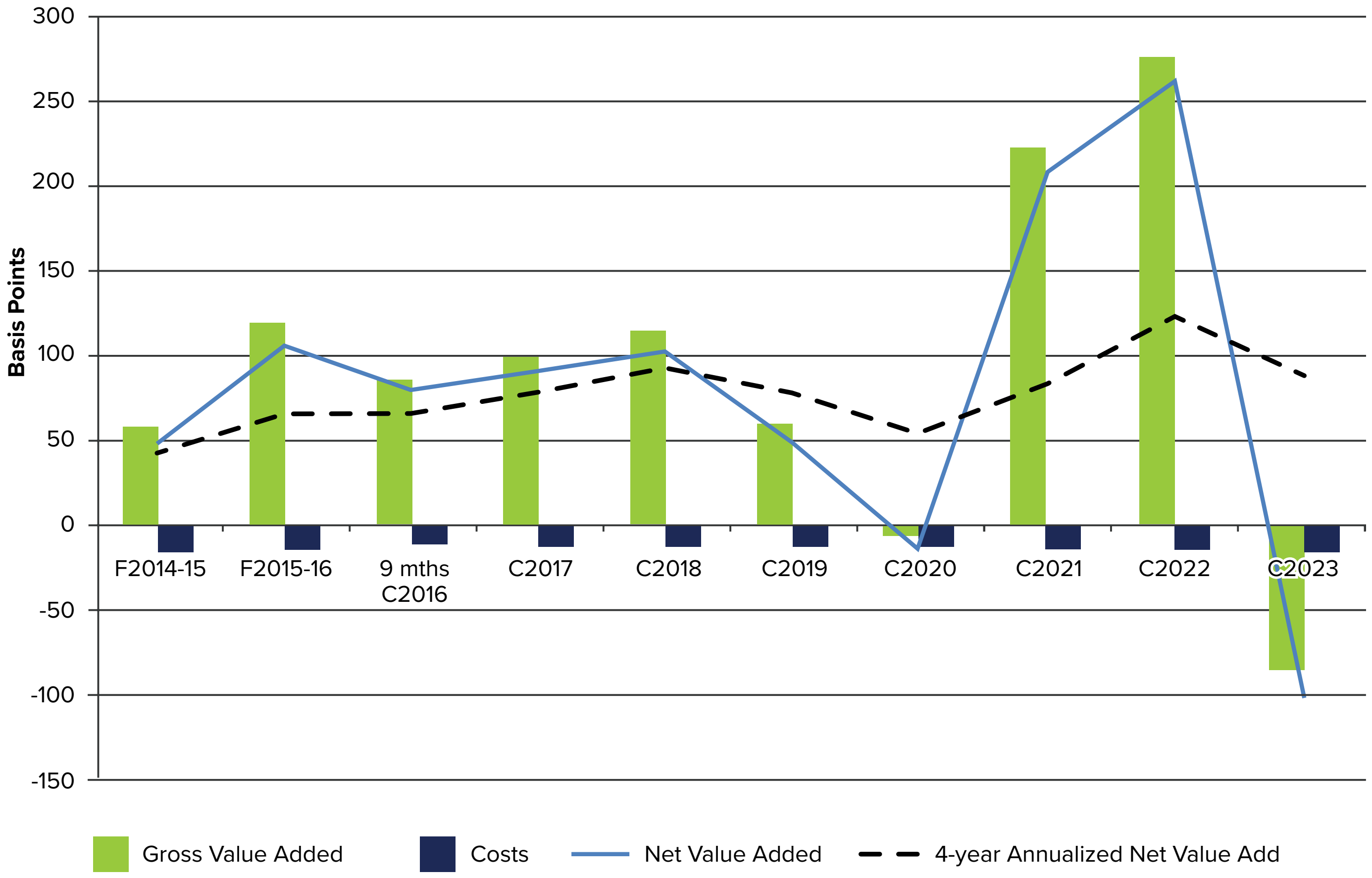
SECONDARY INVESTMENT PERFORMANCE OBJECTIVE

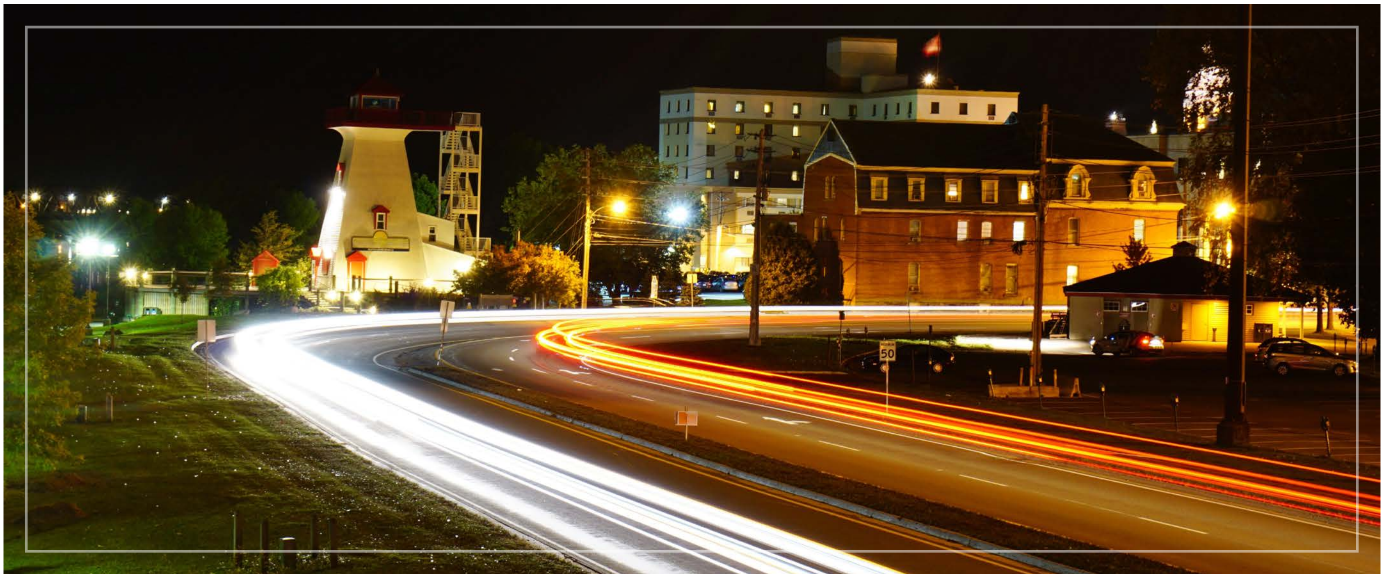
OBJECTIVE	LONG-TERM TARGETS	YEAR ENDED DECEMBER 31, 2023 ACTUAL	4 YEAR ANNUALIZED	ANNUALIZED SINCE INCEPTION (1996)
Net Relative Return (in basis points (bps) after all investment management expenses)	>= 50 bps per annum	(97.4)	95.4	29.9

As discussed in more detail in the following Annual Performance by Asset Class section, the general economy was very resilient with most asset classes having positive returns for the calendar year. In equity markets, returns primarily came from a few large, capitalized technology companies. On the fixed income side, the interest rate increases made by global central banks over the last couple of years to control inflation has resulted in the fixed income asset class producing meaningful positive returns for the first time in a number of years. For alternative investments, returns for the year were mixed with absolute returns, private equity and infrastructure having positive returns, while real estate returns were negative. Overall, this resulted in a total nominal return of 7.50% for the calendar year. Active management was challenged during the period given the concentration of the returns within very few companies in the equity market, the valuation lag on private equity versus its very strong public markets benchmarks, and with valuation declines impacting the real estate sector due to an increase in capitalization rates. As a result, investment performance lagged our combined benchmark of 8.34% by 83.5 basis points on a gross basis, and 97.4 basis points on a net basis.

However, our more important longer-term four year annualized value-added return, net of costs, continues to remain very strong at approximately 95.4 basis points or approximately $732.7 million in additional value over the four fiscal years. The four fiscal year term aligns well with our clients' long-term investment objectives and remains the most significant term used to measure our active management performance. The following chart shows the history of our value-added activities over our most recent ten fiscal reporting periods.

RESULTS OF ACTIVE MANAGEMENT





INVESTMENT MANAGEMENT COSTS

An important consideration in assessing investment performance is the cost incurred. Although the industry standard for investment performance is to report gross returns, it is the return net of costs that contributes to client asset growth. All else being equal, lower costs result in higher comparative net returns and help to maximize the assets available to fund client objectives.

Investment management costs are influenced by many factors. Industry cost comparisons prove that it is generally more efficient to manage assets internally than to outsource the investment process to third parties. Also, passive investment strategies, those strategies that are designed to replicate a market index, are less expensive than active strategies which depend on expert judgment to differentiate return opportunities from the benchmark.

Investment structure also impacts total costs. For example, private market investments can be made directly, through limited partnerships, co-investments or through fund of funds structures. These structures may incur management and carried interest fees, interest expenses, taxes, asset acquisition and/or disposition expenses, and other related charges that get reflected in the net asset value of the investments. This complexity continues to make cost transparency and monitoring an ongoing challenge in the investment industry.

Vestcor Investment Entities incur transaction costs associated with the trading of securities in each portfolio. For portfolios holding publicly traded securities, these may include broker commissions and securities borrowing fees which are dependent upon the volume of trading activity undertaken. These costs are reflected in the net asset value of the investment pools rather than in the corporate financial statements.

Lastly, an important factor for consideration is that Vestcor operates under a not-for-profit business model, compared to third party “for-profit” investment managers. This model not only results in considerable cost savings for our clients, but also provides for a better alignment in ensuring investment advice is truly in the best interests of specific client requirements.

Vestcor’s independently audited corporate financial statements (see page 71) reflect the following investment management costs to manage the $20.9 billion of AUM for the year ended December 31, 2023:

	2023 ($ thousands)		2022 ($ thousands)	
Internal Operational Expenses	$	24,979.8	$	23,648.4
Third Party Service Providers				
Investment counsel fees		3,507.9		4,451.5
Securities custody fees		20.6		15.8
Total Investment Management Costs	$	28,508.3	$	28,115.7
Total AUM	$	20,939,237.7	$	19,883,123.0

Using our technology systems for global trading activities, our investment management professionals internally manage the majority of the AUM from our location in Fredericton, New Brunswick. This permits significant cost savings to the benefit of our clients. At December 31, 2023, Vestcor internally managed approximately $16.8 billion or 80% of client AUM (2022 - $16.3 billion and 82% respectively).

The costs incurred to manage investment strategies **internally**, measured against average internally managed AUM for the year ended December 31, 2023, were 0.129% or 12.9 basis points (bps) (2022 – 12.1 bps).

Approximately $4.2 billion, or 20% of investments, are **externally** managed as at December 31, 2023 (2022 - $3.6 billion and 18% respectively). These mandates arise when it is not cost effective to manage a desired investment opportunity or a specific strategy internally. Of this, $3.0 billion of assets are related to externally managed private investments and $1.2 billion are related to publicly traded mandates.

External costs to manage private investments may include direct and indirect manager fees, carried interest, professional fees and other associated expenses. These costs are not included in the Vestcor investment management costs but instead have been deducted in reporting the investment performance of each pooled fund as per industry practice (see *Vestcor Investment Entities Performance* on page 67). The audited financial statements for each of the Vestcor Investment Entities are available on our website at vestcor.org/annualreports.

The costs of externally managed publicly traded investments are charged directly to Vestcor Inc. in its capacity as trustee of these pooled funds and are reflected in the Statement of Operations and Changes in Net Assets in Vestcor's audited financial statements on page 71. Measured on average externally managed AUM, these **external** costs were 35.4 bps for the year ended December 31, 2023 (2022 – 52.2 bps).

In total, investment management costs reflected in Vestcor's audited financial statements for the year ended December 31, 2023 were approximately 14.0 bps of average AUM. This is slightly higher than the investment management costs of 13.7 bps for the year ended December 31, 2022. This slight increase in costs was due to a modest cost of living increase for existing staff along with the addition of some new investment positions, increases in information systems costs to expand our network backup capabilities and cyber security protections, and an increase in professional services as a result of completing our inaugural Service Organization Controls Type 2 report audit.

We benchmark our investment management costs annually. We continue to compare favourably to publicly available information offered by other public sector peer funds. We also participate in an annual survey of defined benefit pension plans conducted by CEM Benchmarking Inc. Through this benchmarking activity, we conservatively believe that our costs continue to be approximately 19 bps lower than the average of our peers and up to 39 bps lower than other Canadian defined benefit pension plan asset managers. This cost differential means that for the year ended December 31, 2023 our clients were able to retain anywhere from approximately $39 to $80 million due to our lower cost advantage. This significant cost advantage has been a cornerstone of our service delivery value since our inception over twenty-five years ago.

ANNUAL PERFORMANCE BY ASSET CLASS

The following discussion of annual investment performance is organized by each major Vestcor investment asset class, along with a more detailed breakdown by asset class sub-portfolio.

Vestcor offers a pooled fund structure consisting of unit trust funds, as well as limited partnership structures for private investments, through which clients can customize their specific investment allocations to achieve their unique investment objectives. For the investment performance by pooled fund, please refer to the Vestcor Investment Entities Performance (page 67). The audited financial statements for the Vestcor Investment Entities for the year ended December 31, 2023 are available on our website at vestcor.org/annualreports.

MARKET COMMENTARY

- 2023 was a strong year for public market investors, with both bonds and stocks producing strong gains. A broad measure of global equities gained over 19% in Canadian dollar terms, while a similarly broad market measure for the Canadian bond universe earned nearly 6.7%. As a result, public market diversified investors likely earned on average high single digit to low double digit returns for the full year, a strong rebound from 2022.
- Private markets, in contrast, had a somewhat more challenging year, with Real Estate in particular grappling with both higher interest rates and continued challenges in the commercial office market. Most private equity investors, even in the absence of specific portfolio challenges, struggled to keep pace with the rapidly advancing public stock market in the final months of the year.
- Central banks continued to tighten policy in the first half of the year, and North American inflation continued to moderate somewhat throughout the year.

A strong 4th quarter for both bonds and stocks resulted in 2023 being a solid year for diversified portfolios despite a slow and choppy start to the year that persisted through much of the first three quarters. For the full year, global stocks gained approximately 19% in Canadian dollar terms, while Canadian dollar bonds rallied strongly in Q4 to finish the year up more than 6%. Overall, diversified public market portfolios had a strong year in 2023.

Once again, U.S. stocks had the strongest results during the past year. Diversified stock market benchmarks representing Canada, the U.S., global developed markets, and global emerging markets equities gained approximately 12%, 23%, 15% and 7% in Canadian dollar terms. In the U.S., the extreme concentration in that market persisted throughout much of the year, with the so-called "Magnificent Seven"[1] stocks contributing nearly 60% of the total gains for the U.S. market for 2023. Concentrated markets, with the largest few stocks outperforming much of the rest of the universe, typically present a challenging environment for active managers, with limited opportunities to pick outperforming securities.

While public markets had strong gains for the year, private markets, particularly certain segments of private equity and private real estate, continued to experience challenges. Overall, while certain segments of private markets performed strongly in 2023, including certain private debt and infrastructure strategies, the increasing dry powder in these markets, that is, the amount of money that global investors have committed to invest but have yet to actually deploy, suggests that investors globally are taking a prudent approach to deploying capital in these markets, with a slower pace of deployment as a risk mitigation approach in the face of an uncertain environment.

Interest rates, particularly in the medium term, experienced significant volatility throughout the second half of the year. Going into the month of May, the Canadian 10-year government bond had an approximate yield to maturity of just under 3%. Over the following 5 months, this rate moved steadily higher as central bank short-term rate hikes and the improving economic growth picture resulted in investors significantly reassessing the appropriate level of rates. However, with the rapid decline in inflation, and the associated increase in the probability of future short-term rate cuts in 2024, interest rates on medium term maturity bonds significantly reversed course in Q4, with the Canadian 10-year declining from a high of nearly 4.2% to approximately 3% by year end, significantly boosting bond returns for the full year in the process. The 10-2 year interest rate spread, which had become significantly negative by mid-year (generally a negative signal for future economic growth) recovered significantly to a more modestly negative level by year end.

Inflation, which reached a year-over-year ("YoY") peak of approximately 9% for the U.S. economy in mid-2022, began a strong decline late in that year and into the first half of 2023. Ultimately, while central banks continued to raise rates and project a strong anti-inflation bias, the YoY inflation rate stabilized at just over 3% in the latter part of 2023, finishing 2023 with a full year price level change of 3.4%. With inflation apparently moderating significantly, and employment continuing to grow at a solid pace, it appears that central banks, particularly the U.S. Federal Reserve, have come close to achieving a so-called "soft landing" as of the end of 2023. However, market pricing implies a significant probability of short-term rate cuts in 2024, suggesting that investors still consider the potential for a growth slowdown in the near to medium term as a significant likelihood.

Additionally, geopolitical issues remain a concern for investors around the globe. Pockets of conflict throughout parts of the middle east and eastern Europe, continued challenges in the relationship between China and the rest of the world, and the upcoming U.S. elections all provide issues that will at times dominate the news cycle in the coming year.

Overall, despite the significant volatility and pockets of uncertainty in certain markets, medium to long-term expectations for investors remain solid. Interest rates, while lower than the 2023 highs, remain reasonable contributors to total portfolio returns, and while valuations in certain markets such as the U.S. appear somewhat high relative to the long-run experience, there remain significant opportunities for global equity investors to improve the return profile of their portfolios. Economic growth in general has remained solid while employment in many markets and most sectors continues to expand.

[1] *Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, & Tesla*

FIXED INCOME PORTFOLIOS

OBJECTIVES

Vestcor provides a number of fixed income focused portfolios that allow clients to access a broad mix of both maturity term and credit quality exposures. These portfolios can be combined to represent standard industry benchmarks or used separately to provide more customized exposure to fit specific investment objectives or requirements.

PERFORMANCE SUMMARY AS AT DECEMBER 31, 2023

PORTFOLIO	AUM[1] ($ millions)	ONE-YEAR ANNUAL RETURN		FOUR-YEAR ANNUALIZED RETURN	
		Portfolio %	Benchmark %	Portfolio %	Benchmark %
Short Term Assets	$ 282	5.27	4.68	2.14	1.86
Nominal Bonds	3,151	6.32	6.11	(0.03)	(0.48)
Corporate Bonds	3,886	8.55	8.37	1.22	1.17
International High Yield	200	13.88	12.67	1.83	1.52
Real Return Bonds	750	2.16	1.99	0.14	0.15
Long-Term Money Market Fund[2]	197	2.37	2.53	-	-
Alternative Fixed Income[3]	18	3.23	3.20	-	-

[1] *Includes cross-fund ownership interests*
[2] *Start date August 4, 2023*
[3] *Start date October 30, 2023*

OVERVIEW

Interest rates moved steadily higher in the first nine months of 2023 before quickly reversing course and moving lower. The benchmark Canadian 10-year bond yield increased from 3.3% at the beginning of the year to a high of over 4.2% before ending the year modestly lower at 3.1%. Canadian fixed income investors in general earned significantly positive returns for the year, with a broad universe benchmark gaining approximately 6.7% for the year, compared to a gain of roughly 8.4% for a corporate bond universe.

Short term rates moved modestly higher during the year, with the Bank of Canada raising rates three times to raise the target for the overnight lending rate from 4.25% at the beginning of 2023 to 5% in July, before entering a prolonged pause for the remainder of the year. In the U.S., the Federal Reserve raised rates on four occasions, increasing the target for the Federal Funds Rate from 4.5% to 5.5%.

Vestcor's fixed income portfolios continued to evolve throughout the year in reaction to changing market conditions and client needs. The Long-Term Money Market Fund is intended to target opportunities in shorter dated fixed income markets and allow clients to better manage liquidity risk and maturity profiles in money market instruments in anticipation of the cessation of the Canadian Dollar Offer Rate (CDOR) in mid-2024. The Fund was initiated during the year and grew to a size of nearly $200 million by year end. Additionally, Vestcor began implementation of Alternative Fixed Income strategies, targeting non-traditional sources of return in Canadian and global fixed income markets, in October 2023.

PUBLIC EQUITY PORTFOLIOS

OBJECTIVES

We provide three main types of geographically diverse public equity investment portfolios: standard market capitalization-based portfolios targeting large and mid-capitalization companies, small-cap portfolios, and low volatility equity portfolios. These portfolios are used to help clients gain exposure to the long-term economic growth in global regions on both an active and passively managed basis, with clients benefitting from Vestcor's total portfolio approach to shift active risk to markets where it is most beneficial, while maintaining the efficiency of passive management in certain more competitive markets where evidence warrants a less aggressive approach.

Vestcor's clients have generally migrated to an approach to global equity that implements separate Canadian, Global Developed Markets, and Global Emerging Markets strategies.

PERFORMANCE SUMMARY AS AT DECEMBER 31, 2023

PORTFOLIO	AUM[1] ($ millions)	ONE-YEAR ANNUAL RETURN		FOUR-YEAR ANNUALIZED RETURN	
		Portfolio %	Benchmark %	Portfolio %	Benchmark %
Market Capitalization Weighted:					
Canadian Equity	$ 616	11.27	11.75	8.73	8.58
Canadian Small Cap Equity	264	4.83	4.79	11.90	6.58
Global Developed Markers (ex Canada) Equity	1,755	21.14	20.90	8.98	8.94
International Small Cap Equity[2]	378	10.24	12.98	-	-
Low Volatility:					
Canadian Equity	635	8.82	11.59	6.96	8.25
Global Equity[3]	2,099	8.38	4.16	-	-
Emerging Markets Equity	855	13.25	5.99	2.89	2.04

[1] *Includes cross-fund ownership interests*
[2] *Start date December 20,2021*
[3] *Start date April 1st, 2021*

OVERVIEW

Global public equity markets performed strongly in 2023, with market capitalization indices returning between 7% to 21% in Canadian dollar terms depending on their composition. Performance was, however, highly concentrated in a select subset of names. For the U.S. market, the so-called Magnificent Seven stocks[1] strongly outperformed the broad market and due to their large size, accounted for more than half the total gains of the U.S. stock market during the year. By year end, both Apple and Microsoft were larger in market capitalization than all companies in the S&P/TSX Composite Index.

Highly concentrated markets generally result in challenging conditions for active management, although Vestcor's total portfolio approach to active risk budgeting has resulted in minimal exposure to active equity strategies in the highly efficient U.S. market. Vestcor's global equity strategies, particularly the Global Developed Markets and Emerging Markets Low Volatility strategies, produced strong performance during the year.

[1] *Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, & Tesla*

ALTERNATIVE INVESTMENT PORTFOLIOS

OBJECTIVES

Vestcor offers many non-traditional alternative investment strategies which help provide clients with additional diversification benefits and exposure to investments which may help reduce their overall portfolio risk from the more traditional public equity and fixed income markets. Our Absolute Return Strategies are internally managed portfolios that are deployed for clients on both a standalone basis as well as through an overlay approach on total assets that consist primarily of publicly traded securities designed to provide stable returns with a low correlation to standard public market equity index returns.

PERFORMANCE SUMMARY AS AT DECEMBER 31, 2023

		ONE-YEAR ANNUAL RETURN		FOUR-YEAR ANNUALIZED RETURN	
PORTFOLIO	AUM[1] ($ millions)	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Absolute Return Strategies	$ 2,136	3.28	4.68	6.38	1.86
Private Equity	1,578	10.15	20.45	18.25	9.35
Real Estate	1,925	(4.26)	(1.74)	4.44	4.41
Infrastructure	1,527	7.39	9.10	8.58	7.22

[1] *Includes cross-fund ownership interests*

OVERVIEW

We manage separate internal portfolios that provide exposure to a variety of securities, markets and strategies managed using both traditional and quantitative approaches. Meaningful allocations to these portfolios combined with a well-developed risk budgeting framework allow the strategy to achieve the goal of positive, low-risk returns without taking on the unintended risk exposures that can often be found in traditional multi-strategy absolute return portfolios such as hedge funds. While each strategy is managed in a diversified and prudent manner by a particular portfolio management team, we additionally employ a combined portfolio risk budgeting approach to ensure risk is efficiently managed and budgeted through all market environments. By shifting capital and risk allocations to the most favorable locations, where necessary, the strategy has been successful in producing significant positive returns with minimal correlation to traditional markets and less than half the volatility of traditional hedge funds.

In 2023, the Absolute Return Strategy experienced a challenging market environment and generated returns of 3.28%. Over the medium and longer term, these funds have however produced strong benchmark outperformance, relative to a standard money market benchmark due to strict market neutrality constraints on all exposures.

Vestcor's private equity portfolio is diversified across geography, sector and currency, and investments are made through a combination of commitments to external funds, co-investments alongside fund managers and direct internally managed investments. In 2023, the portfolio gained approximately 10.15% but was unable to keep pace with strong public equity market benchmarks, particularly in the 4th quarter of the year. Over the longer-term four-year period, private equity has returned in excess of 18% per year, outperforming the portfolio's Public Equity benchmark by approximately 9% annually.

The Real Estate portfolio has two components: North American Real Estate Investment Trust (REIT) securities, and private real estate in the form of limited partnership interests, direct co-investments and direct holdings. Vestcor's Real Assets team continued to deploy significant capital in direct Real Estate investments during the year. Real Estate investments in general have experienced a challenging environment post-COVID, with commercial office properties continuing to experience valuation and performance challenges, and market-wide interest rate increases providing upward pressure on discount rates (and correspondingly, downward pressure on real property valuations).

Vestcor's Infrastructure portfolio also has two components: first, private infrastructure in the form of both fund commitments into limited partnerships as well as co-investments (diversified by geography, currency and by asset type) and second, an internal public infrastructure portfolio that is designed to facilitate liquidity for private infrastructure opportunities. In 2023, the combined strategy earned returns of 7.39%, compared to a benchmark return of 9.1%. Longer-term performance for Vestcor's infrastructure portfolio remains above benchmark at 8.58% per year.

TOTAL FUND PERFORMANCE SUMMARY AS AT DECEMBER 31, 2023

Below is a summary of the investment performance returns on all Vestcor management assets since its inception in April 1996.

	1 Yr %	2 Yrs %	3 Yrs %	4 Yrs %	5 Yrs %	10 Yrs %	Since Inception %
Vestcor Total Funds	7.50	1.78	4.28	4.94	6.27	6.73	6.94
Benchmark	8.34	0.70	2.83	3.86	5.28	5.75	6.52

RISK MANAGEMENT

Vestcor faces a number of risks in fulfilling our various client mandates. A summary of our recently updated Enterprise Risk Management Framework, available at vestcor.org/corporate, provides guidance and structure for ensuring that the organization can assess and adapt to emerging risks.

Risk management is a key element in helping provide stability to both pension plan contributions and benefits, and making sure that our investment management activities do not bring undue risk to our clients' assets. All decisions are made in a risk context that not only focuses on the expected returns of our activities but also on the potential gains or losses that could be realized by those activities.

BOARD OVERSIGHT

Although management has the primary responsibility for managing risk, under its terms of reference, the Board of Directors is responsible for understanding the risks and the systems that management has put in place to mitigate and manage those risks. The Board is assisted in this responsibility through the efforts of its Committees to which certain risk oversight has been delegated. However, the Board maintains specific responsibility for the oversight of fiduciary, business strategy and investment risk.

Within the Board structure, the Human Resources & Compensation Committee focuses on risks relating to our employees and work environment. These include the leadership of the President and CEO, the ability to attract and retain qualified and motivated staff, leadership development and succession plans, and our Human Resource policies and practices. The Governance Committee focuses on the leadership and effectiveness of the Board and the reputation and public image of Vestcor. The Audit Committee focuses on oversight of financial risks including risks relating to the systems of internal control and financial reporting as well as cybersecurity and fraud risk.

INTERNAL AUDIT FUNCTION

The Audit Committee of the Board uses an independent internal audit function, consisting of internal employees and external independent audit consultants, to assist the Committee in ensuring that the internal controls and information systems used by Vestcor are appropriate and effective. The internal audit function reports directly to the Audit Committee. Internal audit pursues a rotating, risk-focused examination of an audit universe that covers the expanse of Vestcor's corporate policies and processes.

MANAGEMENT ACTIVITIES

Vestcor has an independent Risk team overseen by the Director of Risk Management. The Director of Risk Management is responsible for the development, communication and administration of Vestcor's Enterprise Risk Management Framework, leads the Enterprise Risk Management Council and reports directly to the Chair of the Audit Committee.

Vestcor uses various internal Risk Management Committees to monitor and address issues arising from the Enterprise Risk Management Framework.

These committees have cross-functional membership, including management and non-management positions with overlap among the committees, providing a rich opportunity for sharing perspectives and insights:

Enterprise Risk Management Council (ERMC)	In accordance with its Terms of Reference, the ERMC is responsible for reviewing the status of the Enterprise Risk Management Framework on a quarterly basis in advance of presenting the quarterly risk matrix report and key risk indicators to the Audit Committee and advising the President and CEO of areas of emerging risk. In fulfilling this mandate, the ERMC reviews: • a quarterly key risk indicators report; • weekly Capital at Risk and Policy Asset Mix Capital at Risk analyses, including identification of risk proxies; • a quarterly client liquidity analysis; • monthly counterparty exposure reports; • quarterly securities lending compliance reports; • results from management's annual fraud risk assessment; and • recommendations from internal audit reviews.
Investment Risk Management Committee (IRMC)	In accordance with its Terms of Reference, the IRMC: • monitors investment risk measures; • reviews the results of asset mix stress testing and back-testing; • considers risks associated with new investment strategies and products; and • proposes procedures to measure and monitor investment risk, subject to the approval of the Chief Investment Officer and within the parameters established by the Board and our clients.
Trade Management Oversight Committee (TMOC)	In accordance with its Terms of Reference, the TMOC: • monitors trading policies and practices; • approves broker selection to ensure best trade execution possible; and • manages exposure to broker counterparty risk.
Information Technology Risk Management Committee (ITRMC)	In accordance with its Terms of Reference, the ITRMC: • assists in the development of IT strategy and future direction; • approves new application risk assessments; • monitors adherence to IT policies and processes; and • oversees cybersecurity risks.

Business Continuity Plan Team (BCP)	In accordance with its Terms of Reference, the BCP: • develops and implements the Business Continuity Plan, including disaster recovery and pandemic preparedness; • discusses possible disaster scenarios; and • uses passive and active scenario testing to practice response protocols.
Occupational Health & Safety Committee	In accordance with its Terms of Reference, the Occupational Health & Safety Committee considers physical environment risks.
Privacy Committee	Under its Terms of Reference, the Privacy Committee: • oversees all client / plan member privacy activities; • develops policies, procedures and safeguards regarding privacy; • ensures ongoing staff training and awareness; • monitors policy compliance; and • investigates and responds to incidents and complaints.
Valuation Committee	In accordance with its Terms of Reference, the Valuation Committee: • reviews the valuations for all private local opportunity investments and spread-based fixed income securities; • reviews the valuations for other non-publicly traded securities classified as Level 2 or Level 3 under International Financial Reporting Standards; and • maintains the valuation procedures manual in accordance with sound business practices and effective internal controls.

CORPORATE GOVERNANCE

Vestcor was established under the *Vestcor Act* in 2016 as a private not-for-profit corporation that is indirectly owned by its Members, currently the NBPSPP and NBTPP ("the Founding Members") through a shareholder corporation, Vestcor Corp.

APPOINTMENT OF BOARD OF DIRECTORS

Vestcor's Board of Directors is appointed by Vestcor Corp. based on recommendations from Vestcor's Board of Directors who may utilize the assistance of an Ad Hoc Nominating Committee. A skills matrix was developed by the Board to ensure an appropriate diversity of Board experience and skills. A professional executive search firm may also be engaged to assist the Committee in the solicitation and evaluation of interested applicants against this skills matrix.

The *Vestcor Act*, a Members' Agreement and the corporate by-laws set out the duties and responsibilities of the Board of Directors. Also, under a Director Independence Policy that seeks to minimize potential conflicts with respect to Board operations, the current Board operates with ten independent directors and one non independent as per the Policy.

A primary consideration of the Board is to oversee Vestcor's activities as a pension and benefits administrator and investment manager for the funds under management. The Board ensures that, as required under the *Vestcor Act*, all Vestcor's transactions are conducted on a purely commercial basis, and that decisions and actions are based on sound business practices in the best interest of our clients.

The Board is responsible for the stewardship and strategic direction of Vestcor. Its duties include establishment of the corporate purpose, mission, vision and values, maintaining an effective relationship with the President and CEO, and oversight of the business planning process, financial position and results, risk management, internal controls and information systems, human resources, communications and stakeholder relations. To ensure its ongoing effectiveness, the Board performs a self-assessment against these responsibilities.

The Board is assisted in its endeavors by the efforts of three Committees: the Audit Committee, the Human Resources & Compensation Committee and the Governance Committee, whose reports follow. The Human Resources & Compensation Committee and Board review and approve corporate officers who are responsible for the day-to-day management of the organization.

Additional information about our corporate governance practices is available on our website at vestcor.org/governance. This includes: our governing statutes, Board composition, Board and Committee Terms of Reference, Nomination Guidelines, Director Orientation and Education Policy, and Code of Ethics and Business Conduct.

BOARD ATTENDANCE

Board members are expected to attend the Board meetings and meetings of committees of which they are a member. The following table provides the number of regular meetings held and attendance by each of the appointed Directors.

APPOINTED DIRECTOR	BOARD[5]	AUDIT COMMITTEE	GOVERNANCE COMMITTEE	HUMAN RESOURCES & COMPENSATION COMMITTEE
David Losier[1]	6/6	4/4	4/4	4/4
Michael Walton[2]	6/6	4/4	4/4	4/4
Michel Allain	6/6	n/a	n/a	4/4
Tanya Chapman	5/6	n/a	3/4	4/4
Lori Clark[3]	2/3	n/a	2/2	n/a
Michel Doiron	6/6	n/a	n/a	3/4
Eleanor Marshall	6/6	4/4	4/4	2/2
Tim Mawhinney	6/6	4/4	2/2	n/a
Courtney Pringle-Carver[4]	1/1	n/a	n/a	n/a
Cathy Rignanesi	6/6	4/4	4/4	n/a
Steven Wolff[4]	1/1	n/a	n/a	n/a
Suzanne Young[4]	1/1	n/a	n/a	n/a

[1] Appointed as Board Chairperson on May 31, 2023. Board Vice-Chairperson from January 1, 2023 to May 30, 2023.
[2] Appointed as Board Vice-Chairperson on May 31, 2023. Board Chairperson from January 1, 2023 to May 30, 2023.
[3] Resigned from the Board of Directors effective July 5, 2023.
[4] New Directors appointed on November 21, 2023.
[5] The Board held three ad hoc meetings while the Governance Committee held one ad hoc meeting, both with 100% attendance. In addition, the Board established the following ad hoc committees of the Board, all with 100% attendance: Ad Hoc Chairperson Nomination Committee which met once, Ad Hoc Nominating Committee which met three times and an Ad Hoc CEO Search Committee which met nine times.

The Governance Committee approved a recommendation to the Vestcor Inc. Board of Directors that T. Mawhinney and M. Allain be reappointed to an additional term by the Vestcor Corp. Board of Directors. Both Directors were subsequently reappointed by the Vestcor Corp. Board of Directors for an additional three-year term at its June 19, 2023 meeting. In addition, an Ad Hoc Nominating Committee was established in July 2023 to explore hiring an external recruitment firm to assist in filling the current two vacant Director positions and identify the timing of any potential future vacancies. The Ad Hoc Nominating Committee retained the services of the external recruiting firm, Knightsbridge Robertson Surette, to assist in filling the current two vacant positions. Considering the talent pool of candidate identified by Knightsbridge Robertson Surette, and that the *Vestcor Act* does not preclude having more than ten Directors on the Vestcor Inc. Board of Directors, the Ad Hoc Nominating Committee recommended the appointment of three new Directors. As per the guidelines for the nomination of new directors, the Ad hoc Nominating Committee provided the formal final reappointment recommendations to the Vestcor Inc. Board of Directors. A formal resolution was subsequently provided to the Vestcor Corp. Board of Directors for approval effective November 21, 2023.

Ongoing Director education includes exposure to relevant news and articles of interest as well as a program of educational sessions. In 2023, these educational sessions included a presentation on Vestcor's 2023 Responsible Investment Report including the Task Force on Climate Related Financial Disclosures, updates on the Vestcor Absolute Return Investment and Overlay Strategy, updates on the International Sustainability Standards Board – ESG Trends, updates on Pension Industry Compensation Trends, a presentation on a Vestcor Client Growth Plan Framework, and the opportunity to attend the live CAPSA's Stakeholder Information Session - Pension Plan Risk Management Guidelines. Directors also attended the client educational webinars hosted by Vestcor in 2023 including Managing Risks: Strategic Advancements, Information Technology Risk Management, Risk Management Reporting Update including liquidity risk management and asset class risk allocation forecasting and a Responsible Investment Update. Vestcor also has a corporate membership in the Institute of Corporate Directors to ensure that directors and management have ready access to evolving best governance practices.

BOARD DECISIONS

Major decisions made by the Vestcor Board during the year ended December 31, 2023, outside of the matters referred to it by the various Board Committees (see *Board Committee Reports* on the following pages) included:

- Approval of the formal Board Chairperson Appointment process;
- Approval of the appointment of D. Losier as Board Chairperson, M. Walton as Board Vice-Chairperson and T. Mawhinney as a member of the Governance Committee effective May 31, 2023;
- Approval of the establishment of the Ad hoc Nominating Committee to address the two vacant Director positions and consider the timing of any potential future vacancies;
- Approval of the establishment of the CEO Search Committee to address the upcoming President and Chief Executive Officer retirement in 2024;
- Recommend to the Vestcor Corp. shareholder the reappointment of two existing Directors, to the Vestcor Inc. Board of Directors on June 19, 2023 and the nomination of three new Directors on November 21, 2023;
- Approval of the 2023 Incentive Plan compensation payments including the individual award factor based on 2023 business plan accomplishments;
- Approval of revisions to the Investment Authorities including the daily blotter and settlement limits and trading transaction limits;
- Approval of revisions to the Vestcor Investment Entity Profiles benchmark, the creation of a short-term bond and a long-term money market fund Vestcor Investment Entity profiles and minor administrative changes;
- Approval of the updated Vestcor Responsible Investment Report;
- Recommendation to the shareholder of reconfirming the appointment of KPMG as independent auditor for the Vestcor Group for the year ending December 31, 2023, which was approved;
- Approval of the 2024 Annual Corporate Business Plan and weightings for Incentive Plan purposes;
- Recommendation to the shareholder of the 2024 operating and capital expenditure budgets for Vestcor Inc., which were approved;
- Approval of the 2024 draft objectives for the President and CEO;
- Approval of the 2024 Board and Committees' reporting calendar; and
- Approval of the composition of the Board Committees' membership effective December 4, 2023.

BOARD COMMITTEE REPORTS

The following are highlights of the Board Committee Reports for the year ended December 31, 2023.

REPORT OF THE AUDIT COMMITTEE

Under its Terms of Reference, the Audit Committee is responsible for assisting the Board in its oversight of the integrity of Vestcor's financial reporting and disclosure processes. This oversight includes:

- monitoring the financial affairs of Vestcor and the Vestcor Investment Entities, including the selection of accounting policies to be followed in the preparation of financial statements and the transparency of financial disclosures;
- appointment of qualified and independent external auditors including an annual assessment of the quality of the external audit and a periodic review of the Committee's policies respecting audit partner rotation and pre-approval of the external auditor's audit and non- audit fees and their impact on the auditor's independence;
- the selection, evaluation, retention and performance of the internal audit function including completeness of the audit universe, approval of the terms of the annual audit plan and a regular assessment of the effectiveness of the internal audit function;
- adequacy and effectiveness of Vestcor's internal controls and management information systems used to produce accurate, appropriate and timely management and financial information;
- robustness of management's enterprise risk management program and strategies to identify and mitigate financial risks; and
- compliance with legal and regulatory matters.

Management is responsible for the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining appropriate accounting policies, processes, procedures and systems of internal control to ensure compliance with accounting standards and applicable laws and regulations. The external auditor is responsible for planning and carrying out an audit of the annual financial statements.

At the beginning of each year the Committee establishes its objectives under these Terms of Reference for the upcoming year and reports on its success at meeting those objectives annually as part of an assessment of its own effectiveness. At each meeting, the Committee evaluates its meeting agenda against its Terms of Reference to ensure that it has fulfilled its responsibilities.

In accordance with its Terms of Reference, the Committee accomplished, among other things, the following in or relating to the year ended December 31, 2023:

Financial Statements and Other Statements	• Reviewed and recommended to the Board for approval certain client's Total Fund Reports for the Global Investment Performance Standards (GIPS®) asset owners in accordance with the standards for the year ended December 31, 2023 for: o New Brunswick Public Service Pension Plan Total Fund; o New Brunswick Teachers' Pension Plan Total Fund; o Provincial Court Judges' Pension Plan Total Fund; o Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals Total Fund; o Shared Risk Plan for the City of Fredericton Total Fund; and o Low Volatility Global Equity Total Fund. • Reviewed the New Brunswick Hourly Paid Employees of Fraser Papers Inc. and the New Brunswick Salary Paid Employees of Fraser Papers Inc. Total Fund Reports in accordance with GIPS for the year ended September 30, 2023 and recommended to the Board for approval; • Reviewed the Shared Risk Plan for Academic Employees of the University of New Brunswick Total Fund Report in accordance with GIPS® for the year ended June 30, 2023 and recommended its approval by the Board; • Reviewed the Environmental Reclamation Total Fund Report in accordance with GIPS® for the year ended March 31, 2023 and recommended its approval by the Board; • Reviewed the audited financial statements for the Vestcor Investment Entities for the year ended December 31, 2023 and recommended to the Board for approval; • Reviewed the audited financial statements for Vestcor for the year ended December 31, 2023 and recommended to the Board for approval; • Reviewed the draft Vestcor Annual Report material for the year ended December 31, 2023 and recommended approval by Board subject to the review and approval by each of the Governance and Human Resources & Compensation Committees of material relating to those committees; • Reviewed the draft press release announcing the publication of the Vestcor Annual Report for the year ended December 31, 2023 and recommended to the Board for approval; • Reviewed quarterly unaudited financial statements for the Vestcor Investment Entities and Vestcor together with management's certifications regarding changes in accounting policies, significant accounting estimates, adequacy of internal controls over financial reporting, and subsequent events; • Monitored the completion of corporate and client financial reporting activities; and • Approved the Vestcor Valuation Policies for investment securities.

Internal Control and Information Systems	• Received the 2022 Service Organization Controls (SOC1) Type 2 Assurance Findings Report and recommended to the Board for approval the proposed 2023 SOC1 Type 2 Assurance Planning Report; • Reviewed and recommended to the Board for approval the Service Organization Controls (SOC 1) Type 2 report (period of time report); • Received and reviewed a quarterly report related to the Vestcor Enterprise Risk Management Framework, including the Enterprise Risk Matrix and Key Risk Indicators; and • Received an update to the Vestcor Five-Year IT Strategic Plan.
Risk Management	• Completed the annual review of the Fraud Risk Management Policy and recommended to the Board for approval; • Reviewed an annual listing of Vestcor's major suppliers; • Received and reviewed a revised version of the Vestcor Enterprise Risk Management Framework and recommended its approval to the Board; • Reviewed and approved management's recommendations regarding the Corporate Insurance Program and recommended renewal to the shareholder; • Completed the annual review of the Risk Manager's mandate, role and responsibilities; and • Reviewed and approved the Chief Compliance Officer's Annual Securities Compliance Report.
Internal Audit	• Received quarterly Internal Audit Reports outlining work conducted by the Internal Audit function including recommendations and management's responses; • Conducted the annual review and approved the Internal Auditors' Terms of Reference; • Received and approve various recommendations from the research of external high-level review of Internal Audit functions; • Approved the 2024 Internal Audit Plan including projects, budget, updated audit universe and professional development plan for the Manager, Internal Audit; • Received and reviewed the annual confirmation of the Internal Auditor's independence; • Approved scope and the engagement for Deloitte to conduct a fraud risk scenario refresh project; and • Met in camera quarterly with the Internal Auditor.

External Audit	• Reviewed and recommended for approval by the Board the External Auditor's engagement, audit plan, timing, staffing and fees for the Vestcor financial statements for the year ended December 31, 2023, and the Vestcor Investment Entities' financial statements for the year ended December 31, 2023; • Pre-approved all non-audit, tax and other services to be performed by the External Auditor in accordance with the Audit Committee's Pre-Approval Policy for Audit and Non-Audit Services; • Reviewed the External Auditor's Audit Findings Report for the year ended December 31, 2023 and obtained confirmation of the External Auditor's independence; • Met in camera with the External Auditor; • Received management's feedback concerning the effectiveness and quality of the External Audit; • Completed an External Auditor Assessment resulting in a recommendation to the shareholder for the re-appointment of the External Auditor for the December 31, 2023 audit; and • Reviewed and reconfirmed the Hiring Policy respecting Employees and Partners of the External Auditor as originally approved to ensure appropriate independence of the External Audit is maintained.
Committee Objectives	• Received the results of an evaluation conducted by each director after each Audit Committee meeting to assist in identification of improvements to meeting content and efficiency; and • Reviewed the Audit Committee's accomplishments for the year ending December 31, 2023 and established the 2024 Committee objectives.
Other	• Conducted the annual review of the Audit Committee's Terms of Reference and recommended amendments to the Board for approval; • Received and reviewed a quarterly cybersecurity monitoring update and cybersecurity dashboard; • Received quarterly reporting of legal and regulatory compliance; • Received a quarterly status report of class action litigation in which Vestcor has participated as a claimant pursuant to Vestcor's Responsible Investment Guidelines; and • Reviewed the IT team's annual Cyber Security Self-Assessment.

This report has been approved by the members of the Audit Committee.

C. Rignanesi (Chairperson), E. Marshall, T. Mawhinney, M. Walton, S. Young, D. Losier (ex officio)

REPORT OF THE GOVERNANCE COMMITTEE

Under its Terms of Reference, the Governance Committee is responsible for assisting the Board of Directors in fulfilling its obligations by providing a focus on governance and public policy to enhance Vestcor's performance and ensure that its governance and communications policies and practices meet evolving best practices. To accomplish this, the Committee annually reviews the terms of reference for the Board and each Board committee, all Board policies, and the Nomination Guidelines for new directors, oversees the Corporate Communications Policy, Director Orientation and Education programs and the Code of Ethics and Business Conduct. The Governance Committee may or will also recommend to the Board appropriate processes for Board, Chairperson, Director and Committee effectiveness assessments.

At the beginning of each year the Committee establishes its objectives under these Terms of Reference for the upcoming year and reports on its success at meeting those objectives annually as part of an assessment of its own effectiveness. At each meeting, the Committee evaluates its meeting agenda against its Terms of Reference to ensure that it has fulfilled its responsibilities.

In accordance with its Terms of Reference, the Committee accomplished, among other things, the following in or relating to the year ending December 31, 2023:

Governance Documents and Initiatives	• Conducted the annual review of and recommended to the Board for approval revisions to the Terms of Reference for the Board of Directors for Vestcor and for each of the Governance, Audit and Human Resources & Compensation Committees; • Completed the annual review of the Director Orientation and Education Policy, Code of Ethics and Business Conduct, Director Nomination Guidelines and Directors' Terms and Skills Competency Matrix and recommended their approval by the Board; • Completed the triennial review of the Board Operations Policy, the Corporate Information Confidentiality Policy and the Director Independence Policy and recommended their approval by the Board; and • Reviewed the draft Corporate Governance disclosure for the 2023 Annual Report and recommended its approval by the Board.
Ethics	• Reviewed the annual compliance by staff and directors with the Code of Ethics and Business Conduct; and • Received each quarter a status report of compliance by staff with the Code of Ethics and Business Conduct.

Director Nominations	• Made a recommendation to the Board that the nomination of two existing directors be recommended to our Vestcor Corp. shareholder effective July 1, 2023. • Approved the recommendation from the Ad Hoc Director Nominating Committee to recommend to our Vestcor Corp. shareholder the appointment of three new directors effective November 21, 2023. • Subsequent to the Vestcor Corp. approval of the appointment of three new directors, worked with the Board Chairperson in recommending to the Board for approval the composition of the Board Committees' membership effective December 4, 2023; • Received each quarter a status report of compliance by Directors as Permitted Individual pursuant to provincial securities regulation; and • Reviewed the annual Director compliance as Permitted Individuals pursuant to provincial securities regulation.
Directors' Compensation	• Approved a Report of Directors' Compensation and Expenses for the year ended December 31, 2023; and • Approved a Report of the President and CEO's travel expense claims for the year ended December 31, 2023.
Director Orientation and Education	• Renewed a corporate membership in the Institute of Corporate Directors to provide valuable training and resource material for both management and Directors.
Board Effectiveness	• Received, reviewed and recommended to the Board for approval a formal Board Chairperson Appointment process; • Received the results of an evaluation conducted by each Director after each Board meeting to assist in identification of improvements to meeting content and efficiency; • Retained the services of the external firm BoardWorks Consulting Inc. to conduct a peer assessment process; and • Reviewed the Board's accomplishments for the year ended December 31, 2023 and discussed objectives for enhancing Board effectiveness in 2024.
Communications and Public Policy	• Received a status update on the Vestcor Inc. 2023-2024 Strategic Corporate Communications Plan; and • Received a quarterly Media Monitoring Report from the Communications team.
Committee Objectives	• Received the results of an evaluation conducted by each director after each Governance Committee meeting to assist in identification of improvements to meeting content and efficiency; and • Reviewed the Governance Committee's accomplishments for the year ending December 31, 2023 and discussed objectives for enhancing its effectiveness in 2024 including the ongoing monitoring of the Board Governance Improvements Objectives 2023-2025 resulting from the 2022 external governance review.

This report has been approved by the members of the Governance Committee.

E. Marshall (Chairperson), T. Chapman, T. Mawhinney, C. Pringle-Carver, C. Rignanesi, M. Walton, D. Losier (ex officio)

REPORT OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE

Under its Terms of Reference, the Human Resources and Compensation Committee (HRCC) is responsible for assisting the Board of Directors to fulfill its obligations relating to the compensation of employees, leadership succession, and human resources policies and practices. In doing so, the HRCC conducts an annual performance appraisal for the President and CEO, oversees changes to the Compensation Philosophy, compensation, employee benefits and incentive plans, organizational structure, leadership development and succession, monitors management's compliance with employment-related regulatory and legislative matters and oversees risk management systems related to Vestcor's human resources.

At the beginning of each year, the Committee establishes its objectives under these Terms of Reference for the upcoming year and reports on its success at meeting those objectives annually as part of an assessment of its effectiveness. At each meeting, the Committee evaluates its meeting agenda against its Terms of Reference to ensure that it has fulfilled its responsibilities.

In accordance with its Terms of Reference, the Committee accomplished, among other things, the following in or relating to the year ended December 31, 2023:

Evaluation of the CEO	• Set the CEO strategic priorities, goals and objectives for the year ending December 31, 2023; • Conducted the annual performance evaluation for the President and CEO; and • Determined the incentive compensation allocation for the President and CEO based on a review of the President and CEO's performance against the strategic objectives and business plan targets for the year ended December 31, 2023 and recommended to the Board for approval.
Compensation and Employee Benefits	• Reviewed a comparison of relative value-added long-term return target components in the Vestcor Incentive Plan against peers and recommended to the Board for approval; • Reviewed the absolute return target components of the Vestcor Incentive Plan and recommended to the Board for approval; • Reviewed the individual business plan Key Performance Indicator success weightings of the Annual Corporate Business Plan for the year ended December 31, 2023 and recommended to the Board for approval; • Reviewed corporate results for the year ended December 31, 2023 versus the Annual Corporate Business Plan and recommended approval by the Board of the overall Corporate Scorecard incentive compensation pool and the Individual Incentive performance pool awards for the year ended December 31, 2023; • Reviewed the updated Vestcor Compensation Backgrounder and Frequently Asked Questions documents and recommended to the Board for approval; and • Received the annual analysis of Vestcor's Pay Equity Status.
Severance	• N/A – No severance arrangements referred to the Committee in 2023.
Code of Business Conduct and Ethics	• N/A – No concerns referred by the Governance Committee occurred in 2023.

Organizational Structure	• Received a proposed updated organizational structure outline in conjunction with the development of the 2024 budget. Management provided an employee resource overview which identified a number of proposed new positions which will assist with the adoption of new investment management activities and additional oversight / audit activities, increased work volume challenges / growth needs, and back-up / succession support.
Leadership Development and Succession	• Received progress updates from the Ad-Hoc CEO Recruitment Search Committee on the hiring process for a successor upon the pending retirement of the President and CEO; • Reviewed the updated Succession Plans for senior management positions, including emergency replacement plans, and recommended approval by the Board; • Reviewed management's leadership gap assessment and development plans for identified senior leadership succession candidates; and • Received regular updates on management's recruiting efforts.
Human Resources Planning and Policies	• Received quarterly Vestcor HR Strategic Plan - 3-Year Workplan status updates; and • Received a proposed updated organizational structure outline in conjunction with the development of the 2024 budget. The proposed structure included long-term opportunities within the Investment, Finance and Administration teams to position Vestcor to meet increased client needs and future growth opportunities in terms of both additional clients and potential additional service offerings, as indicated in the 2019 – 2024 Corporate Strategic Plan.
Compliance Monitoring	• Received quarterly certification from management as to regulatory compliance with various employment standards and legislative requirements.
Risk Management	• Monitored action plans taken by management to address the results of the 2022 Biennial Workplace Environment Survey and the subsequent recommendations made by the internal employee Workplace Environment Focus Group to enhance employee satisfaction; • Monitored quarterly key performance indicators related to human resource matters including position vacancies, absenteeism, retention, and professional development; and • Monitored the risk management areas for which the Committee had been delegated oversight responsibilities including the President and CEO's leadership effectiveness, performance, integrity, and ability to attract and retain qualified personnel.
Annual Committee Objectives	• Conducted the review of the Committee's Terms of Reference to ensure the adequacy of its mandate and responsibilities in relation to evolving best practices and recommended approval by the Board; and • Established the Committee's objectives for the year ended December 31, 2023 in the form of a Committee dashboard and reviewed subsequent achievements throughout the year.

Other	• Each quarter, conducted and reviewed a meeting evaluation to assess the efficiency and effectiveness of the Committee function; and • Reviewed the draft Compensation Discussion and Analysis section of the Vestcor 2023 Annual Report and recommended its approval by the Board.

ANNUAL CEO COMPENSATION ASSESSMENT

As noted above, the annual performance review for the President and CEO is assigned to the HRCC through their Terms of Reference.

In reviewing the performance of the President and CEO against the business plan targets for the year ended December 31, 2023, the HRCC determined that both corporate business plan and individual targets were substantially achieved and awarded a performance target multiplier of 1.56. Continuing strong investment returns resulted in an awarded investment performance target multiplier of 1.91.

Further detail on the President and CEO compensation components is included in the following Compensation Discussion and Analysis.

This report has been approved by the members of the Human Resources & Compensation Committee.
T. Chapman (Chairperson), M. Allain, M. Doiron, M. Walton, S. Wolff, D. Losier (ex officio)

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis explains the processes followed by Vestcor that have been applied in the current year and are expected to be applied to Vestcor in future.

COMPENSATION GOVERNANCE

The Board of Directors is responsible for the oversight of Vestcor's compensation principles, policies and programs. The Board approves the compensation program and awards, including the compensation of the President and CEO, based on recommendations made by the Human Resources & Compensation Committee (HRCC). The HRCC may at their discretion retain independent expert human resource consultants to provide advice regarding compensation related issues.

The Board also has the authority to interpret, change and discontinue compensation program components at their discretion. They may also, at their sole discretion, require reimbursement, reduction or forfeiture of any compensation related amounts determined in error to the extent permitted by law.

HRCC MANDATE

The HRCC assists the Board in fulfilling its obligations relating to the establishment of policies for compensation of employees, leadership succession planning, and setting of human resource policies and practices.

The Committee is composed of five Directors and the Chairperson who acts on the Committee in an ex officio capacity. The Committee meets a minimum of three times each year. External human resources consultants may be used from time to time to assist the Committee with fulfilling its mandate.

The HRCC's Terms of Reference are available at vestcor.org/governance, under "Board Committees" and "The Human Resources & Compensation Committee".

Key responsibilities include:

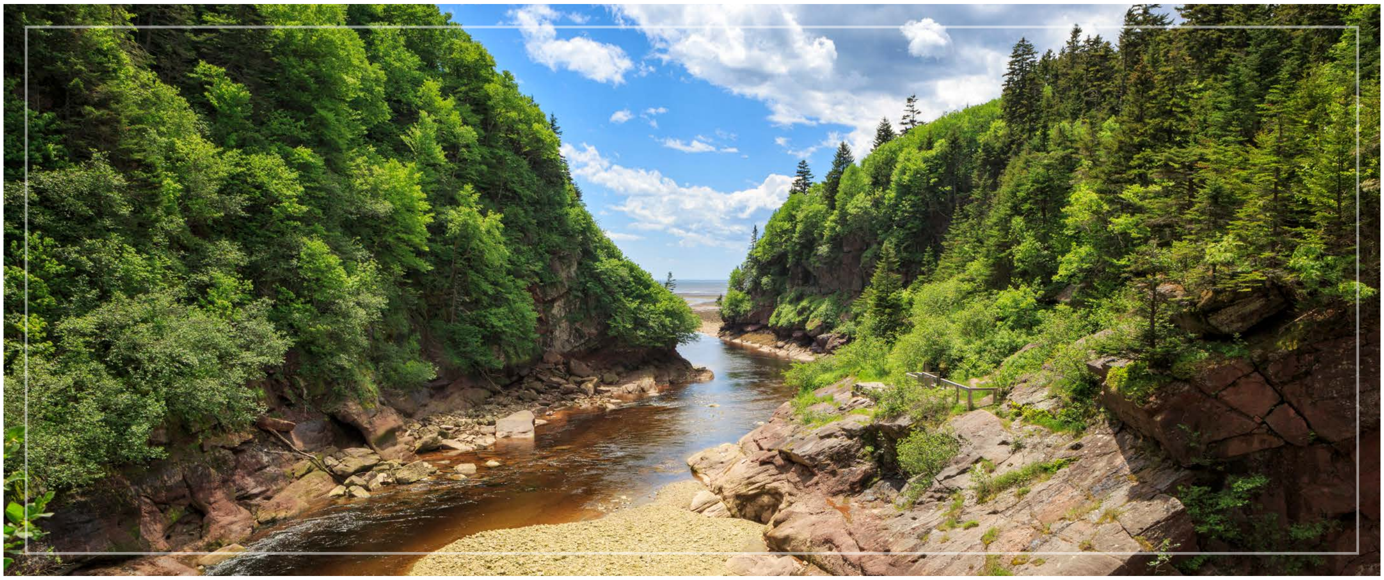
- Participation in an annual performance appraisal process for the President and CEO, including establishment of measurable goals and objectives, and recommendations for compensation arrangements including performance incentive awards;
- Development of a Compensation Philosophy that articulates principles to follow in approaching compensation decisions that will align with Vestcor's business objectives, operations and risks;
- Oversight of adjustments to competitive compensation ranges, incentive compensation plans, employee benefit plans and operational travel and expense policies;
- Recommendation of changes to the organization's structure, appointment of officers, and amendments to job descriptions as well as any management severance arrangements;
- Consideration of leadership development initiatives and succession plans for key employees;
- Approval of a long-range Human Resources Strategic Plan that includes appropriate strategies and policies to attract and retain talented employees; and
- Review of the year-end incentive compensation pool for eligible employees and recommendation to the Board for approval.

INDEPENDENT ADVICE

The HRCC has most recently retained the help of Willis Towers Watson, an independent expert compensation advisor, to provide advice with respect to a Total Compensation Review for all Vestcor positions within the context of Vestcor's Compensation Philosophy and with respect to the investment benchmarks and value-added target levels in Vestcor's Incentive Plan. An independent advisor review update is being planned for 2024.

These reviews utilize comparator groups to represent the marketplace for employee positions. For investment and pension administration positions, the comparator group consisted of pension funds of similar asset size and/or investment strategy complexity. Corporate services positions, including the CEO and CFO, were compared to similar general industry positions, adjusted for regional differences, and to other Atlantic Canada organizations.

Vestcor also regularly participates in and uses compensation surveys conducted by various compensation consultants to ensure that compensation trends are regularly monitored, and trends are identified and reported to the HRCC.



CORPORATE COMPENSATION PHILOSOPHY

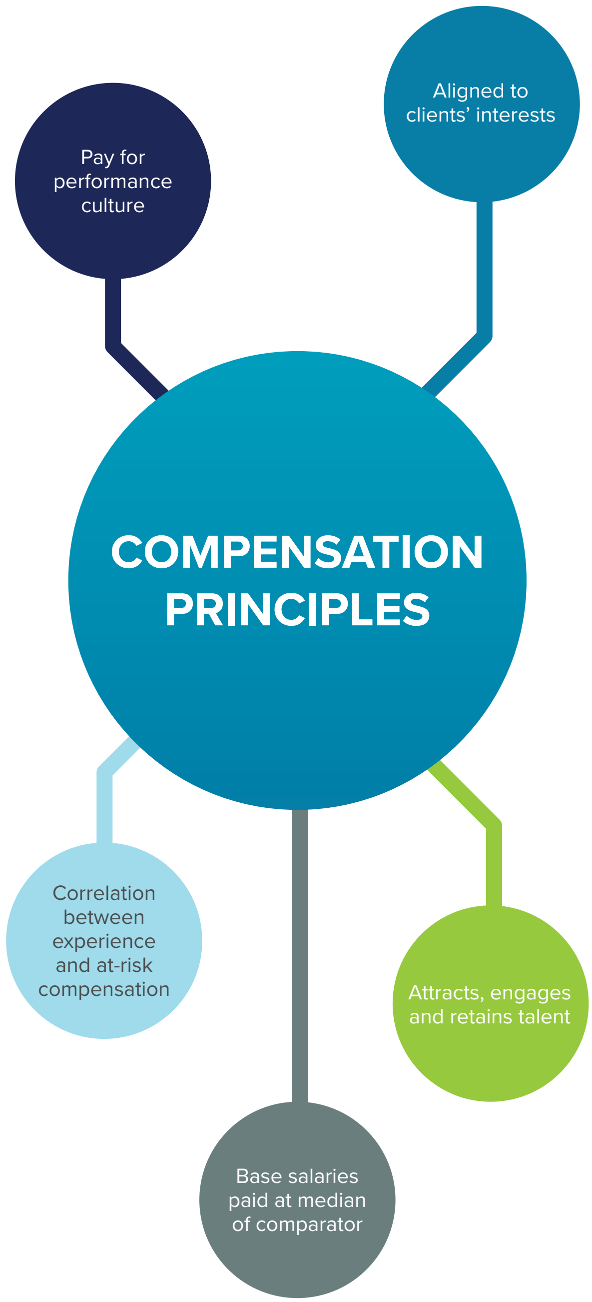
Vestcor believes that employees are key to its performance and is committed to providing a positive working environment, rewarding career opportunities and competitive compensation. Vestcor also believes that the achievement of its mission will be facilitated by having meaningful alignment between employees' interests and the interests of its clients.

Accordingly, a Compensation Philosophy has been developed to address the following objectives:

- Provide competitive, performance-based compensation based upon market practices;
- Attract and retain high-quality employees;
- Reinforce the strategy, culture and policies of Vestcor;
- Promote awareness and attainment of individual, team and corporate strategic objectives;
- Enhance Vestcor's reputation as an employer of choice; and
- Treat employees fairly.

Vestcor operates on the general principle that **base salaries** will be paid at the median of the respective comparator group, while also taking into account service delivery complexity, asset size, investment strategy and internal equity. Our employees are also subject to a pay-for-performance **incentive program**, which will pay in the top quartile of the comparator group only when maximum performance and results are achieved for our clients and other stakeholders.

The principles on which this philosophy is based are summarized as follows:



COMPENSATION RISK MANAGEMENT

COMPENSATION DECISION-MAKING

The annual process for determining compensation includes the following steps:

Establish target compensation levels

The HRCC annually reviews the compensation program design and pay levels of its comparator groups to ensure that Vestcor's programs remain competitive. Market information received from various industry specific compensation and salary surveys is reviewed as it becomes available. An independent expert compensation advisor is utilized to conduct a Total Compensation Review at a minimum of every four years. Compensation information from public disclosures of other similar peer organizations is also considered.

The HRCC also annually considers whether changes may be required to the Incentive Compensation Plan. As detailed in our 2021 Annual Report and as part of the Total Compensation Review conducted in 2020 and 2021, the former Annual Incentive Plan and Long-term Incentive Plan were combined into one Incentive Compensation Plan effective January 1, 2021.

Set target compensation mix and pay-at-risk

Total compensation is a mix of base salary, benefits and, for permanent full-time employees after six months of employment, performance incentives. The mix varies by role, reflecting the opportunity to influence performance. In determining the mix, market practices are considered as well as Vestcor's compensation principles, including alignment with clients' interests. In that regard, investment related performance incentives reflect a four-year return cycle to discourage short-term risk-taking and better align with clients' long-term return objectives.

Establish performance objectives

Each year, the Board approves an annual business plan designed to support achievement of Vestcor's five-year Strategic Plan. This annual business plan contains a balanced mix of financial, investment strategy, administration and operational performance objectives, and key initiatives. Each of these performance objectives and key initiatives is then weighted according to its level of importance to the overall Strategic Plan. The President and CEO delegates the key initiatives among the various functional teams based on their specific roles and responsibilities.

Evaluate performance against objectives

Vestcor's actual performance is then assessed against these performance and annual business plan objectives. Investment returns versus client Investment Policy Benchmarks, nominal investment returns versus long-term client investment objectives, and other financial key performance indicators are assessed quantitatively against objectives, while achievement of key business plan initiatives are assessed both quantitatively and qualitatively. The President and CEO recommends to the HRCC the factors to be considered in assessing achievement of each element of the annual business plan.

Determine performance-based awards

The HRCC is responsible for recommending for Board approval an achievement factor related to business plan accomplishments. Based on this factor, a total incentive pool is calculated for the annual business plan and individual components of the Incentive Compensation Program. Management then determines the appropriate individual factor for each employee based on their contributions to the annual business plan accomplishments. The individual factors are assigned so as to not exceed the approved total incentive pool.

The HRCC is also responsible for recommending for Board approval the amount of performance incentive compensation to be awarded to the President and CEO and the overall weighted factors based on the evaluations noted above, using discretion as warranted. The President and CEO does not participate in this discussion. The President and CEO in turn reviews performance evaluations for each member of the Incentive Plan and allocates the individual awards based on individual contribution.

COMPENSATION PROGRAM

The Incentive Compensation Program is outlined in Exhibit A on page 62. The program takes the form of salary and benefits as well as individual performance-based incentive awards for all permanent full-time employees after six months of employment.

The compensation program has been developed by the HRCC with the help of an independent compensation consultant to align with the Compensation Philosophy noted on page 49. Total compensation levels are periodically benchmarked using independent compensation consultants and against external peer institutional funds or other relevant compensation surveys.

Salary and benefits

Base salary is determined with respect to a target range of pay for each job position, after giving recognition to specific job responsibilities. Vestcor provides full-time employees with benefits that include vacation and sick leave entitlement, life and disability insurance, health and dental benefits, and an employee assistance plan.

Effective January 1, 2014, all full-time employees participate in and contribute to the New Brunswick Public Service Pension Plan (NBPSPP). The NBPSPP provides a pension upon retirement equal to 1.4% of pensionable earnings up to the Yearly Maximum Pensionable Earnings (YMPE) for each year or part thereof plus 2% of earnings in excess of YMPE. The Plan is subject to an early retirement reduction factor if retirement is prior to age 65. Indexing is contingent on NBPSPP performance as outlined in the NBPSPP Funding Policy. Employees who earn in excess of the earnings required to earn the Maximum Pension (Canada) as defined in the NBPSPP Plan Text in the year also participate in a retirement compensation arrangement sponsored by the Province of New Brunswick.

Prior to January 1, 2014, all full-time employees were members of the *Public Service Superannuation Act* (PSSA) pension plan. The PSSA provided for a pension upon retirement equal to 1.3% of the annual average of the best five consecutive years of earnings up to the annual average YMPE for the year of retirement and the two preceding years plus 2% of the excess of the annual average of the best five consecutive years of earnings over the annual average YMPE for the year of retirement and two preceding years, multiplied by the years of pensionable service. Base pre-indexed benefits earned under the PSSA up to January 1, 2014 have been provincially guaranteed.

INCENTIVE COMPENSATION PLAN

All full-time permanent employees are eligible to participate in Vestcor's Incentive Compensation Plan (ICP) once employed for a minimum of six months.

Each position is eligible for an individual achievement award and a corporate scorecard award, and certain positions are eligible for a component based on absolute client returns and relative investment performance.

The **individual and corporate scorecard award** components of the ICP is calculated as a percentage of salary, weighted to reflect the role and impact that each eligible employee has on achievement of annual business plan objectives as assessed by the Board of Directors.

An absolute **client investment performance award** is measured quantitatively on a four-year cumulative basis compared to client long-term total fund investment objectives. Investment performance is measured quantitatively as a

total fund net value-added investment return award on a four-year cumulative basis, compared against a value-added target set by the Board. Net value-added investment returns represent the gross investment return in excess of the investment policy benchmark returns, after deducting all investment management costs. Quantitative awards are limited to a maximum of two times target (100 bps of value-added total fund returns after costs).

The ICP also includes an **investment team award** for asset class value added returns of actively managed portfolios to promote teamwork within these investment asset classes. Investment management employees are organized into one of five teams eligible for the team award by asset class: Fixed Income, Quantitative Investments, Equities, Traders and Private Markets. The remaining employees do not participate in the team award due to the overarching focus of their responsibilities.

A significant portion of the ICP award is deferred for payment in future years for certain positions, including all investment and risk management staff, CEO, CFO, CIO and CPBO. The deferred ICP is paid out over four years, with 50% being paid in year one and the remaining 50% being paid out in equal installments over the subsequent three years. To further align this award with client investment performance, deferred amounts accrue a return equal to the total actual overall annual investment return achieved during the deferral period.

Long-term incentive plan discontinued

Prior to 2021, Vestcor had a long-term incentive plan (LTIP) for investment and research staff, the CEO and CFO. Eligibility began only once the individual had been employed a minimum of four years. Once eligible, employee awards were calculated and paid using the prior four-year investment performance in excess of Board-approved investment policy benchmark returns and investment management costs. LTIP award calculations are limited to a maximum of 75 bps of value-added total fund returns after costs.

As part of the recommendations of the Total Compensation Review and as per the terms of the ICP, we discontinued the LTIP effective January 1, 2021. However active eligible employees who had previously commenced rolling four-year award determination periods will continue to receive the remaining annual payments calculated under the LTIP (periods covering 2018-2021, 2019-2022, and the final calculation and concluding four-year period of 2020-2023).

While the LTIP was designed to align employee interests with long-term client investment performance objectives, the new ICP design, with a significant deferral portion of the total award, is believed to strengthen the alignment of these interests and better serve Vestcor's talent attraction and retention objectives. Once fully transitioned, the change in design is not intended to significantly affect the total incentive awards paid.

IMPACT OF PERFORMANCE RESULTS

The summary results of Vestcor's investment program, as measured by pre-selected long-term investment performance metrics, are as follows:

- The total fund **active nominal return** for investment mandates for the past four years ending December 31, 2023 was 4.94%, which represents approximately $4.0 billion of cumulative gross investment earnings.
- Value-added investment returns (in excess of benchmarks) over the four-year period to December 31, 2023 were very strong. Total fund **relative returns** were higher than the combined weighted average client Investment Policy benchmarks over the four-year period to December 31, 2023, providing a positive net return of 0.95 percent (or 95 basis points) of value annually over client benchmarks after deducting all investment costs or over $732.7 million of total net investment returns for the four-year period.
- **As per the above noted "Long-term incentive plan discontinued" section, 2023 marks the final applicable LTIP calculation and related payment for the period 2020-2023. The applicable payments from prior period deferred portions of the ICP includes its third year of implementation and will become fully established in 2024.**

The following table shows total compensation awards and payments, excluding Directors' remuneration (see page 61), for the year ended December 31, 2023.

		2023 ($ thousands)		2022 ($ thousands)
Salaries and benefits, excluding performance incentives	$	15,265.1	$	14,435.0
ICP performance incentives				
Net investment relative performance	$	3,672.3	$	4,355.4
Corporate scorecard and individual performance		2,383.4		2,013.1
Total ICP		**6,055.7**		**6,368.5**
LTIP[1]		2,682.0		2,657.0
Total performance incentives[2]		**8,737.7**		**9,025.5**
Deferred portion of ICP		(2,709.9)		(2,904.8)
Payments from previous year deferrals		1,945.6		841.7
Total performance incentives paid	$	**7,973.4**	$	**6,962.4**

[1] LTIP being discontinued from 2021 to 2023 as discussed above
[2] Total incentive expense for 2023 was $9,081.4 (2022 - $8,912.0), which includes deferral interest of $343.7 (2022 - $(113.5)). Interest on deferred balances accrues at the total fund return.

For the year ended December 31, 2023, and after consideration of the continuing competitive talent retention environment, the Board approved an appropriate cost of living salary increase and merit pool.

The net increase in performance incentives reflects, for eligible investment staff, the continuing strong performance on the four-year active management value added after costs results discussed in the section above, an increase in the number of employees eligible for the incentive program as a result of filling vacant and new positions, the changes to base salaries, the transition from the LTIP design, interest earned on the deferred portion of prior year incentives and the business plan accomplishments for the year (see pages 57 – 59).

SUMMARY COMPENSATION TABLE

The following summary compensation table discloses information on compensation for the President and CEO, CFO and the next three highest paid key management personnel (each a Named Executive or NEO) for the past three years. This disclosure is based on **annual periods** and expressed in dollars.

Name and Position	Year	Salary ($)	ICP[1] ($)	LTIP[2] ($)	Pension Contribution[3] ($)	All Other[4] ($)	Total Compensation ($)	Deferred Portion of ICP ($)	Payments from Prior Years' Deferrals[5] ($)	Total Paid Compensation[6] ($)
John Sinclair President and CEO	2023	375,063	763,669	450,000	148,351	2,822	1,739,904	(381,834)	288,085	1,646,154
	2022	375,057	809,152	450,000	135,089	2,693	1,771,991	(404,576)	133,148	1,500,563
	2021	375,053	828,750	450,000	115,386	2,706	1,771,895	(414,375)	–	1,357,520
Jonathan Spinney CIO and VP, QIAR	2023	319,871	597,638	352,000	36,758	2,683	1,308,950	(298,819)	204,864	1,214,995
	2022	309,672	613,768	341,000	35,605	2,561	1,302,606	(306,884)	88,291	1,084,013
	2021	289,822	549,550	319,000	33,355	2,565	1,194,293	(274,775)	–	919,518
Mark Holleran VP, Equities	2023	261,967	420,705	235,800	30,563	2,557	951,591	(210,352)	156,752	897,990
	2022	256,826	461,024	231,300	29,950	2,458	981,558	(230,512)	68,989	820,035
	2021	244,822	429,410	220,500	28,540	2,409	925,681	(214,705)	–	710,976
Dan Goguen VP, Private Markets	2023	244,967	404,295	196,000	28,744	2,492	876,497	(202,148)	147,577	821,927
	2022	239,816	424,617	192,000	28,130	2,398	886,961	(212,308)	66,522	741,175
	2021	227,515	414,050	182,000	26,688	2,346	852,599	(207,025)	–	645,574
Brent Henry CFO	2023	184,871	170,915	–	22,177	2,263	380,227	(85,458)	53,359	348,128
	2022	174,768	158,489	–	20,965	2,171	356,393	(79,245)	23,225	300,373
	2021	151,645	144,560	–	18,191	2,090	316,487	(72,280)	–	244,207

[1] This amount represents 100% of the ICP earned during the year. 50% of the ICP earned in the year is paid in the year of determination of the award. The remaining 50% is paid out in equal installments over the following three years. Deferred amounts earn a return at the total fund return.
[2] LTIP paid in the year of determination of the award based on prior 4-year return periods and will be phased-out from 2021 to 2023.
[3] The pension contribution column shows the employer contribution made in the year to the combination of the New Brunswick Public Service Pension Plan and the related Retirement Compensation Arrangement (RCA). Corresponding employee contributions are required as set out in the Plan. As set out in his employment contract, Mr. Sinclair's performance incentive payouts are pensionable for the purposes of the employer and employee contribution to the pension plan and RCA. Performance incentive payouts for all other eligible employees are non-pensionable.
[4] Amounts shown in the All Other column above include the cost of employer-paid enrolment in a post-retirement private health plan, group life insurance, accidental death and dismemberment insurance and a parking benefit.
[5] Deferred balances accrue interest at the total fund return.
[6] Includes salary, non-deferred portion of the ICP, LTIP, Pension Contributions and All Other Compensation.

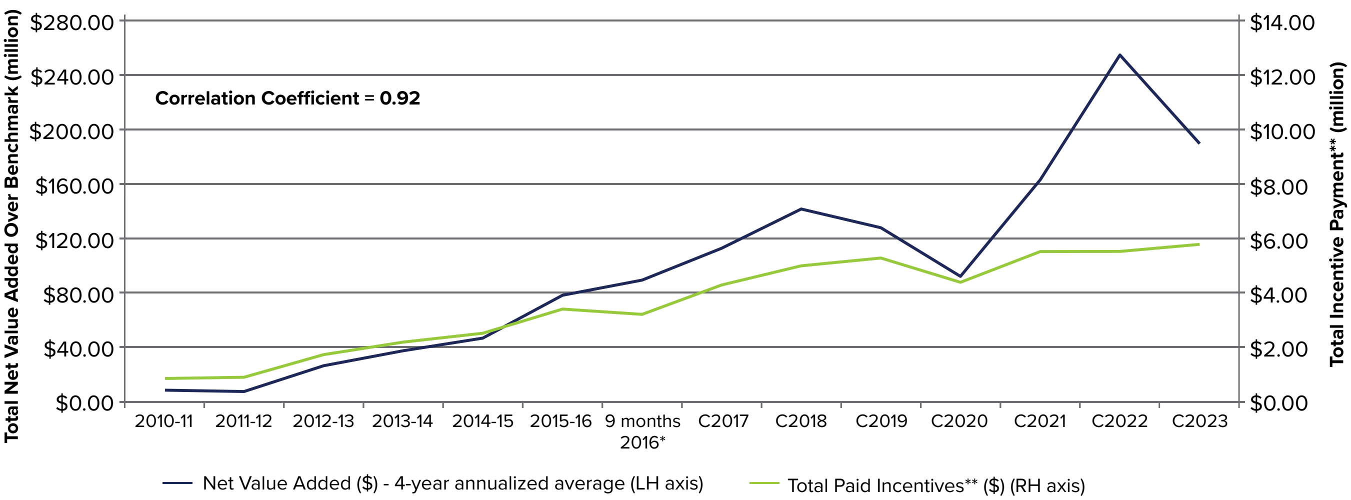
COMPENSATION LINKED TO INVESTMENT PERFORMANCE

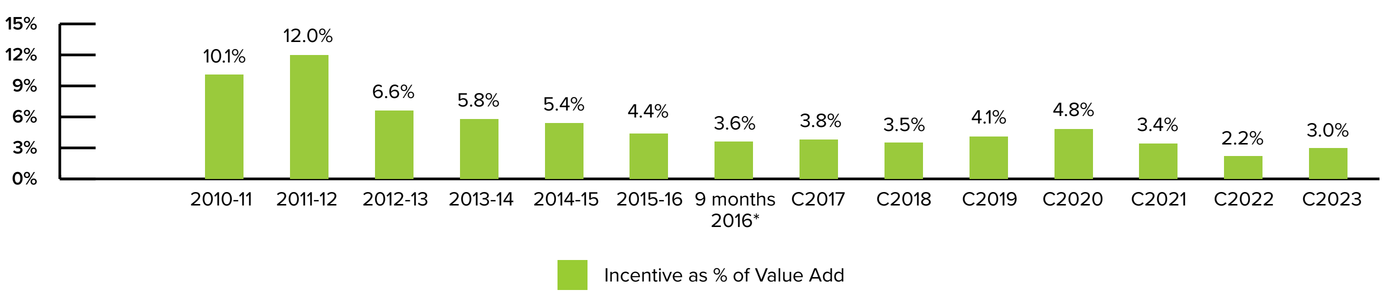
The objective of performance-based compensation is to encourage alignment of employee interests with those of clients, including an appropriate balance between maximizing long-term returns and minimizing risks. Investment performance with respect to incentive compensation can be summarized into two categories:

(i) long-term net relative investment returns versus benchmarks, and

(ii) long-term nominal total fund portfolio returns and other business plan achievements.

The following chart illustrates the strong alignment of our incentive compensation payments to Vestcor's additional net investment value added above our clients' investment policy benchmarks. The total incentive compensation payments awarded over time correlate very highly to the long-term annualized net investment returns in excess of policy benchmarks, and are subject to a maximum payout cap as is intended in the design of the incentive plan as illustrated in the metrics below.





Notes: ** 9-month 2016 annualized for calculation and comparison purposes as fiscal year-end changed.*

*** Total paid incentives exclude amounts that are deferred under the ICP.*

INCENTIVE COMPENSATION PLAN (ICP) OVERVIEW

The ICP amount of $6,055.7 (thousand) consists of both an investment performance component, a corporate scorecard component and an individual performance achievement component based on our annual business plan.

The **ICP related to the investment performance** component was $3,672.3 (thousand) for the year ended December 31, 2023 (2022 - $4,355.4 thousand). This component is based on the annualized net value added over benchmarks for the most recent four years ended December 31, 2023. The 2023 net value-added result was -97.4 basis points (bps) (2022 – 263.0 bps), and the long-term annualized net value-added result was 95.4 bps (2022 – 131.4 bps).

A summary table of prior period value-added results used to determine the long-term cumulative net value-added ICP result is as follows:

	NET VALUE ADDED (bps)	PERCENTAGE OF TARGET (%)[1]
Year ended December 31, 2020	(16.8)	(39.3)
Year ended December 31, 2021	210.4	501.0
Year ended December 31, 2022	263.0	526.1
Year ended December 31, 2023	(97.4)	(194.9)
Annualized Long-Term (Four Fiscal Periods)	95.4	190.7

[1] Percentage of target calculated as the net value-added divided by the value-add target. For the years ended December 31, 2020 to December 31, 2021, the value-added target was 42 bps. For the year ended December 31, 2022 and the four-year period, the value-added target was increased to 50 bps.

The **ICP related to business plan achievements** is $2,383.4 (thousand) for the year ended December 31, 2023. This component is based on an achievement factor of 1.56 times overall target approved by the Board of Directors, compared to the achievement factor of 1.34 for the year ended December 31, 2022.

The individual component of the ICP is based on each employee's contribution to the business plan accomplishments. The annual business plan includes both key performance indicators and specific action plans and initiatives focused on the five key goals in the Corporate Strategic Plan as set out in the following table. A specific weighting for each key goal is determined by the Board at the beginning of each year. The weighting reflects the Board's direction to management for prioritization of its efforts to implement the business plan.

Achievement of the long-term investment returns required by each pension and non-pension client in a risk-controlled fashion was Vestcor's primary investment performance objective for 2023 and accounts for the largest weighting proportion. The overall total fund active return for all clients combined was an annualized 4.94% gross for the most recent four-year period ended December 31, 2023, and most importantly 6.94% gross per annum since Vestcor's inception in 1996.

KEY GOALS	2023 WEIGHTING	ACHIEVEMENT
Advance Vestcor's governance, management and organizational effectiveness to support growth and sustainability.	20%	Exceeded
Advance our clients' pension and benefit administration, and long-term investment management service needs through prudent risk focused practices and well executed service advancements.	45%	Exceeded
Define the optimal "client experience" and create systems to enable the consistent replication of this experience through growth cycles.	10%	Exceeded
Strengthen stakeholder relationships with shareholders, client trustees, plan members, employer groups and policy-setters.	15%	Exceeded
Continue to invest in technology improvements aimed at enhancing our clients' experience, providing more automated processing and reporting capabilities, expanding our data management strategy (investment and administration), all while also protecting privacy and minimizing cybersecurity risks.	10%	Exceeded

In establishing the achievement factor, the Board considered the achievement of key performance indicators associated with each of the key goals as well as the following accomplishments:

KEY GOALS	BUSINESS PLAN ACCOMPLISHMENTS (Year ended December 31, 2023)

Advance Vestcor's governance, management and organizational effectiveness to support growth and sustainability.

- Supported the Ad-hoc Nominating Committee completed director search through which three new directors were identified and recommended to Vestcor Corp. Appointment of all three new directors approved by Vestcor Corp. Orientation session delivered by Board Chairperson and Management to onboard new directors.
- Provided assistance with developing the process to select and integrate a new Board Chairperson.
- Work plan completed to implement recommendations from the independent external Board Governance Review. Recommendations assigned to Board Committees.
- Completed the annual update of the Vestcor Enterprise Risk Management Framework.
- Updated Vestcor's Responsible Investment Guidelines.
- Prepared Vestcor's second annual Responsible Investment Report that included a significant increase in asset coverage over the prior year's report and provides a year over year comparative reduction in portfolio carbon exposures in line with the Taskforce for Climate Related Financial Disclosures.
- Supported Chairperson involvement at semi-annual shareholder meetings to ensure effective relationship and timely communication between Vestcor's shareholder and corporate Board of Directors.
- Continued progress on the three-year Human Resources Strategic Plan.
- Formed a Work Environment Focus Group to analyze the results of the Workplace Environment Survey and determine related action items which were implemented throughout the year.
- Updated leadership succession and development plans for all management / leadership levels.
- Completed our initial Service Organization Controls Type 2 Report, Report on Internal Controls of Financial Reporting.
- Developed and rolled out Vestcor's initial Employee Value Proposition.

Advance our clients' pension and benefit administration, and long-term investment management service needs through prudent risk focused practices and well executed service advancements.

- Implemented more aggressive client administration services key performance indicators.
- Worked closely with employers and Plan sponsors to process a significant volume of retroactive adjustments to accrued and in pay pensions as result of the finalization of a number of collective agreements.
- Long-term investment performance continues to be strong and at very low risk levels.
- Continued to grow our open-ended private real estate investment pool to meet growing client interest in this asset class.

KEY GOALS	BUSINESS PLAN ACCOMPLISHMENTS (Year ended December 31, 2023)

Define the optimal "client experience" and create systems to enable the consistent replication of this experience through growth cycles.

- Added one new investment management client and one new administration support client during the year.
- Assisted clients in the development of their enterprise risk management frameworks along with developing and presenting a robust set of key risk indicators for use in monitoring their enterprise risks.
- Continued to assist clients in the development and delivery of their Plan specific communication plans.
- Distributed our third biennial client satisfaction survey. Client focus group sessions completed and focus group data compiled.

Strengthen stakeholder relationships with shareholders, client trustees, plan members, employer groups and policy-setters.

- Reinstated our in-person Client Forum event.
- At client requests, completed presentations to various employer groups on their respective plans, administration service offerings and investment results.
- Continued to assess client service delivery capabilities against peers.

Continue to invest in technology improvements aimed at enhancing our clients' experience, providing more automated processing and reporting capabilities, expanding our data management strategy (investment and administration), all while also protecting privacy and minimizing cybersecurity risks.

- Completed the deployment of our strategy and related budgeting to enable a fully remote workforce for business continuity purposes.
- Completed the implementation of a new Helpdesk application.
- Completed the implementation of an enhanced cyber security monitoring program.
- Continued to expand relationships with peers across North America and participated in a number of conferences and networking opportunities.

LONG-TERM INCENTIVE PLAN (LTIP) OVERVIEW

The LTIP component, which was being phased out through 2023, is $2,682.0 (thousand) for the year ended December 31, 2023. This represents the deferred component of 2020 related total compensation and the payout is based on the annualized net investment results in excess of the total fund performance benchmark for the most recent four years, 2020-2023.

The LTIP results differ from the long-term component of the ICP results because the LTIP plan set a maximum performance level of 75 bps after costs versus a maximum of 100 bps after costs under the ICP.

A summary table of the net value-added results used to determine the annualized LTIP result is as follows:

	NET VALUE ADDED (bps)	PERCENTAGE OF TARGET (%)
Year ended December 31, 2020	(16.8)	(40.0)
Year ended December 31, 2021	210.4	610.3
Year ended December 31, 2022	263.0	769.8
Year ended December 31, 2023	(97.4)	(232.0)
Annualized Long-Term	95.4	261.7

DIRECTORS' REMUNERATION

Directors' remuneration is established in Vestcor's By-Laws as approved by the Board of Vestcor Corp. Directors are paid an annual retainer and a per diem allowance for meeting attendance and preparation time. Directors who travel to attend meetings receive a per diem for travel time, reimbursement for reasonable accommodation costs and other out-of-pocket expenses, as well as an automobile expense reimbursement based on the number of kilometers traveled.

DIRECTOR	ANNUAL RETAINER *($ dollars)*	BOARD AND COMMITTEE MEETING PER DIEMS *($ dollars)*	TOTAL REMUNERATION[1] *($ dollars)*	TRAVEL REIMBURSEMENT *($ dollars)*
David Losier[2]	27,500	27,450	53,598	4,063
Michel Allain	12,000	12,650	26,016	1,386
Tanya Chapman[3]	17,000	16,150	35,041	321
Lori Clark[4]	12,000	2,750	9,423	-
Michel Doiron	12,000	7,700	20,730	1,383
Eleanor Marshall[5]	17,000	15,550	34,369	1,043
Tim Mawhinney	12,000	11,000	24,216	386
Courtney Pringle-Carver[6]	12,000	1,100	2,608	413
Cathy Rignanesi[7]	17,000	13,750	32,458	1,048
Michael Walton[8]	17,000	20,850	44,615	1,044
Steven Wolff[6]	12,000	1,100	2,600	984
Suzanne Young[6]	12,000	1,100	2,600	426

[1] *Includes costs of employer-paid statutory deductions*
[2] *Chairperson of Board of Directors from May 31, 2023 to December 31, 2023. Vice-Chairperson of Board of Directors from January 1, 2023 to May 30, 2023.*
[3] *Chairperson of Human Resources & Compensation Committee*
[4] *Resigned from the Board of Directors effective July 5, 2023*
[5] *Chairperson of the Governance Committee*
[6] *Appointed to the Board of Directors effective November 21, 2023*
[7] *Chairperson of the Audit Committee*
[8] *Vice-Chairperson of Board of Directors from May 31, 2023 to December 31, 2023. Chairperson of Board of Directors from January 1, 2023 to May 30, 2023.*

The total cost of the Vestcor Board function, including per diems, director orientation and Board education and memberships, for the year ended December 31, 2023 was $300.7 thousand (December 31, 2022 – $211.8 thousand) plus travel and accommodation reimbursements of $12.5 thousand (December 31, 2022 – $1.8 thousand). The cost of Board function increased year over year mainly as a result of the ad hoc Board initiatives such as the Director recruitment search and the CEO recruitment search.

Compensation Program

Base Salary

Eligibility	All Staff
Objectives	Reward level of responsibility, expertise, competency and relevant experience

Incentive Compensation Program

	CORPORATE SCORECARD	INDIVIDUAL PERFORMANCE
Eligibility	Full-time permanent employees subject to a minimum of six months employment.	Full-time permanent employees subject to a minimum of six months employment.
Targets	2.5% to 35% of base salary	2.5% to 25% of base salary
Objectives	Reward performance with respect to achievement of Annual Business Plan objectives.	
Time horizon	Current year	
Type of program	CEO, CFO, CIO, CPBO, investment staff and select other positions – 50% of incentive is paid in year 1 and the remaining 50% is deferred and paid in equal instalments over the proceeding 3 years. All other positions - Cash	
Deferral Method	Deferred amounts accrue at the weighted average absolute client return.	

	ABSOLUTE CLIENT RETURN	INVESTMENT TEAM PERFORMANCE	INVESTMENT TOTAL FUND PERFORMANCE
Eligibility	CEO, CFO, CIO, CPBO, investment staff and select other positions subject to a minimum of six months employment.	CIO and investment staff subject to a minimum of six months employment.	CEO, CFO, CIO, investment and risk staff and select other positions subject to a minimum of six months employment.
Targets	1% to 20% of base salary	7% to 18% of base salary	2.5% to 55% of base salary
Objectives	Align eligible employee compensation to team and total fund investment performance with an incentive to achieve sustained asset growth. Strengthen team cooperation.		
Time horizon	4 fiscal year periods		
Type of program	CEO, CFO, CIO, CPBO, investment staff and select other positions – 50% of incentive is paid in year 1 and the remaining 50% is deferred and paid in equal instalments over the proceeding 3 years. All other positions - Cash	50% of incentive is paid in year 1 and the remaining 50% is deferred and paid in equal instalments over the proceeding 3 years.	CEO, CFO, CIO, CPBO, investment staff and select other positions – 50% of incentive is paid in year 1 and the remaining 50% is deferred and paid in equal instalments over the proceeding 3 years. All other positions - Cash
Deferral Method	Deferred amounts accrue at the weighted average absolute client return.		
Performance metric(s)	Client fund returns in excess of client established long-term investment return targets.	Investment team(s) active returns in excess of benchmarks and targets.	Total fund returns in excess of benchmark, net of investment management expenses.
Range:			
Threshold	Pre-established client return threshold	Benchmark Return	Benchmark return and full cost recovery
Target	Client established long-term return targets	Pre-established, Board approved portfolio target investment return	50 bps after costs
Maximum	Client established long-term return targets plus 1.5%	2x pre-established, Board approved portfolio target investment returns	100 bps after costs

Long-Term Incentive Program – Program being phased out through 2023.

	LONG-TERM INCENTIVE (TARGETS 15% -75% OF BASE SALARY) DEFERRED
Eligibility	Investment and research staff, President and CEO and the Chief Financial Officer subject to a minimum of four years employment.
Objectives	Align eligible employee compensation to total fund investment performance with an incentive to achieve sustained asset growth. Strengthen team cooperation.
Time horizon	4 fiscal periods
Type of program	Cash
Performance metric(s)	Total fund returns in excess of benchmark, net of investment management expenses.
Range: **Threshold** **Target** **Maximum**	 Full cost recovery 42 bps after costs 75 bps after costs

Indirect Compensation

	MEMBERSHIP IN THE NBPSPP	EMPLOYEE BENEFITS AND POST-RETIREMENT BENEFITS	PERQUISITES
Eligibility	Full-time staff and term employees under contract for one year or longer.		
Objectives	Encourage long-term retention by rewarding continued service and contributing to post-retirement income.	Provide staff and their families with assistance and security so that they can focus on their professional responsibilities and achieving the corporate mission.	Offers a limited number of benefits to complement total compensation including parking and a health spending account allowance.

RESPONSIBLE INVESTING GUIDELINES

As a steward of our clients' capital, Vestcor takes fiduciary responsibility to make prudent sustainable investment decisions that are aligned with client guidelines and objectives. As part of this investment process, we have over time incorporated increasing levels of active ownership and actionable Environmental, Social, and Governance (ESG) information into our investment processes and will continue to make enhancements in this area as client interest, data availability and resources permit.

Vestcor first published its updated Responsible Investing Guidelines in 2018, which were subsequently revised in 2022. We continue to provide periodic client updates on issues related to responsible investing to clients as part of our regular reporting process, at their request, and through client webcasts and presentations. All future updates to our Responsible Investing Guidelines will be communicated in a similar fashion.

Vestcor's core principles of Responsible Investing are:

- Good governance,
- Active ownership and engagement,
- Incorporation of ESG information into our investment process, and
- Transparency.

In addition to directly incorporating ESG information into our investment process, Vestcor also continues to be a very active long-term member/ partner in various organizations that support best practice environmental, social, and governance-related investment actions. For example, Vestcor has been an active long serving member in organizations such as the Pension Investment Association of Canada (piacweb.org) and the Canadian Coalition for Good Governance (ccgg.ca).

In 2020, Vestcor's Board of Directors endorsed the CCGG's inaugural Stewardship Principles which are designed to assist institutional investors in fulfilling their responsibilities toward their clients and beneficiaries, while enhancing the value of their investments. These Stewardship Principles provide an excellent complement to our corporate Responsible Investment Guidelines and Vestcor has identified a number of internal processes and relationships which assist us in meeting each of the following related principles:

- Principle 1 – Develop an approach to stewardship
- Principle 2 – Monitor companies
- Principle 3 – Report on voting activities
- Principle 4 – Engage with companies
- Principle 5 – Collaborate with other institutional investors
- Principle 6 – Work with policy makers
- Principle 7 – Focus on long-term sustainable value

In addition to general updates made to the Responsible Investing Guidelines, we released our inaugural Responsible Investing Report in October 2022. This report speaks to our leadership in, and our commitment to, providing our clients with investments in stable sustainable long-term assets that continue to meet their investment objectives.

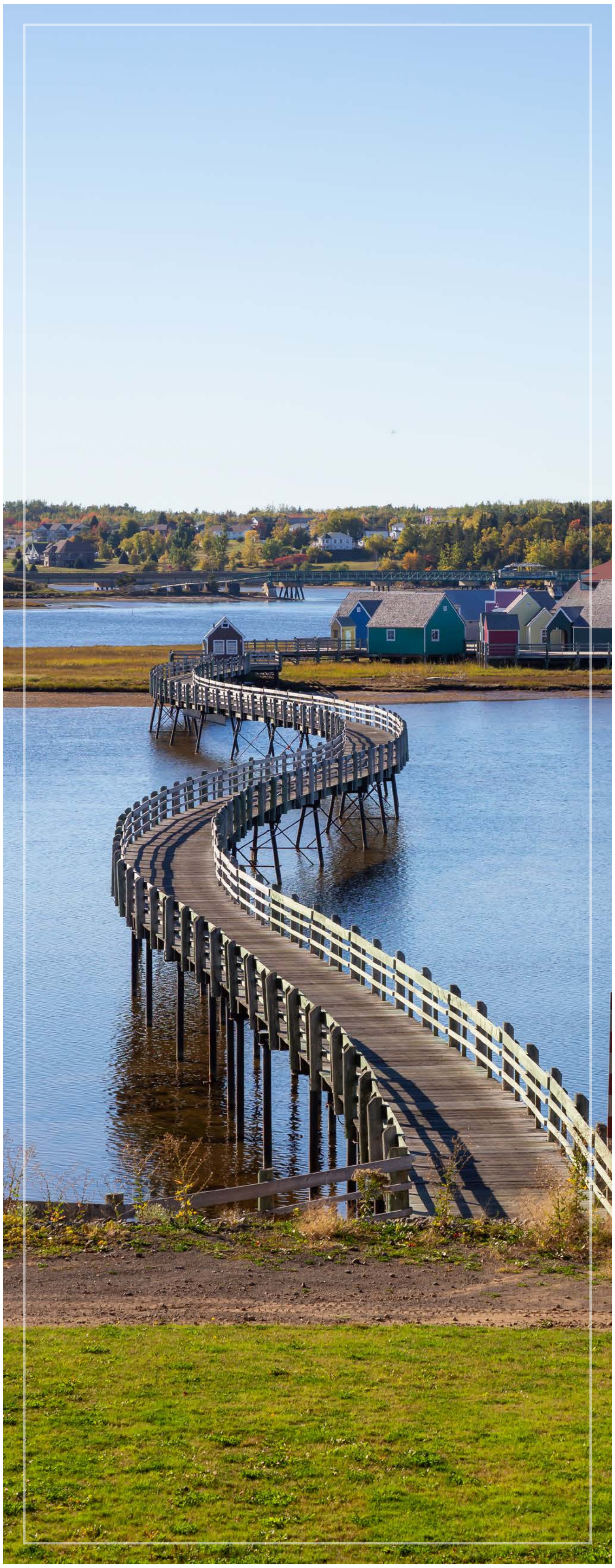
The intent of the report is to fulfill the core principle of Transparency, noted above, while actively incorporating our other noted core principles of Active Ownership and Engagement, and Incorporation of Environmental Social and Governance (ESG) Information into our investment processes. It represents the next step in Vestcor providing best practice risk monitoring tools to assist our clients in developing and meeting their own responsible investment objectives.

In addition, it provides climate related greenhouse gas emissions disclosure for our consolidated core public securities investment portfolio utilizing the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

In November 2023, we released our second Responsible Investment Report, outlining the active investment activities that were conducted during 2022 under the direction of the Responsible Investment Guidelines. Vestcor's Investment and Risk Management teams consider responsible investment issues when conducting their initial investment due diligence and through their ongoing monitoring activities. Additionally, this report provides an updated climate related greenhouse gas emissions disclosure for the majority of our investment portfolio utilizing the TCFD guidelines. The updated asset coverage for this disclosure has been significantly expanded by including more asset class types and we are very pleased to report a material reduction in GHG emissions over the comparable 2021 metrics that were part of the previous year's report.

Vestcor looks forward to continuing to utilize TCFD information in our investment decision process as companies work towards meeting their global climate targets, and we plan to update this report on an annual basis.

Additional details and any updates to our Responsible Investment Guidelines and Responsible Investing Report can be found at vestcor.org/investments.



INDUSTRY RELATIONSHIPS

Vestcor's professionals are recognized nationally as a constructive engaged resource with respect to investment industry-related Board or Executive Committee participation. The following list outlines the relationships in which management has actively donated their time in this type of capacity during 2023:

- Association of Canadian Pension Management (ACPM)
- CFA Society Atlantic Canada
- Fredericton Community Foundation Investment Committee
- Inclusion NB Investment Committee
- Institutional Limited Partners Association (ILPA)
- Pension Investment Association of Canada (PIAC)
- Université de Moncton
- University of New Brunswick Investment Committee
- University of New Brunswick Board of Governors
- Upper River Valley Hospital Foundation
- St. Thomas University's Board of Governors
- YMCA Endowment Fund Investment Committee

EMPLOYEE ACTIVITY IN OUR COMMUNITY

Vestcor management and employees are also very active with several important causes in both our local and the larger national community. These efforts can vary from volunteering time, sharing professional expertise, or the donation of personal financial resources.

Vestcor employees once again very generously contributed to the annual corporate United Way campaign. Staff also organized various successful fundraising activities for local charities. Vestcor is proud to recognize these employee volunteer activities.

VESTCOR INVESTMENT ENTITIES PERFORMANCE

The specific performance of each Vestcor Investment Entity and its respective benchmark return for the period indicated to December 31, 2023 is outlined in the table below.

Unit Trust Fund	1 Yr %	2 Yrs %	3 Yrs %	4 Yrs %	5 Yrs %	7 Yrs %	10 Yrs %	Since Inception of Unit Trust or since April 1, 1998[1] %
NBIMC Nominal Bond Fund	6.33	(3.31)	(3.06)	(0.04)	1.31	1.56	2.54	4.45
Benchmark	6.11	(3.55)	(3.36)	(0.48)	0.86	1.15	2.18	4.22
NBIMC Corporate Bond Fund	8.55	(0.89)	(1.10)	1.22	2.55	2.39	3.12	3.24
Benchmark	8.37	(1.17)	(1.23)	1.17	2.51	2.43	3.10	3.16
NBIMC International High Yield Fixed Income Fund	13.88	0.07	1.45	1.83	4.25			3.71
Benchmark	12.67	(0.20)	0.66	1.52	3.57			2.89
Vestcor Alternative Fixed Income Limited Partnership Fund								3.23
Benchmark								3.20
Vestcor FP LDI Completion Fund								(5.79)
Benchmark								(5.89)
NBIMC New Brunswick Fixed Income Opportunity Fund	4.07	1.80	1.21	2.28	2.69	2.78	3.63	5.51
Benchmark	6.11	(3.55)	(3.36)	(0.48)	0.86	1.15	2.18	4.22
NBIMC Money Market Fund	5.27	3.63	2.49	2.14	2.13	1.94	1.69	2.57
Benchmark	4.68	3.23	2.20	1.86	1.82	1.57	1.31	2.23
Vestcor Long Term Money Market Fund								2.37
Benchmark								2.53
NBIMC Student Investment Fund	9.83	0.80	4.48	5.63	7.28	5.67	5.75	6.67
Benchmark	9.58	0.21	3.95	5.04	6.74	5.18	5.52	6.42
NBIMC Canadian Equity Index Fund	11.76	2.61	9.66	8.68	11.43	8.00	7.97	7.16
Benchmark	11.75	2.58	9.59	8.58	11.30	7.85	7.62	6.81
NBIMC Canadian Small Cap Equity Fund	4.83	1.47	10.40	11.90	13.21			7.98
Benchmark	4.79	(2.50)	4.57	6.58	8.37			4.19
NBIMC Low Volatility Canadian Equity Fund	8.82	3.80	10.13	6.96	10.34	7.57	8.52	9.12
Benchmark	11.59	5.07	11.65	8.25	11.25	7.97	8.49	8.57
NBIMC External Canadian Equity Fund	9.51	2.75	9.75	9.00	11.62	8.14	8.06	9.86
Benchmark	11.75	2.58	9.59	8.58	11.30	7.85	7.62	9.02

Unit Trust Fund	1 Yr %	2 Yrs %	3 Yrs %	4 Yrs %	5 Yrs %	7 Yrs %	10 Yrs %	Since Inception of Unit Trust or since April 1, 1998[1] %
NBIMC External International Equity Fund[2]	16.82	4.20	6.85	6.31	8.27	7.51	7.88	6.31
Benchmark	15.07	2.76	5.22	5.39	7.41	6.65	6.55	5.08
NBIMC EAFE Equity Index Fund	15.33	2.95	5.40	5.59	7.62	6.90		7.22
Benchmark	15.07	2.76	5.22	5.39	7.41	6.65		7.00
NBIMC EAFE Equity Index Fund – Class N	13.99	2.91	5.38	5.55	7.59	6.86	6.78	5.37
Benchmark	15.07	2.76	5.22	5.39	7.41	6.65	6.55	5.08
Vestcor International Small Cap Equity Fund	10.24	(1.88)						(1.03)
Benchmark	12.98	(0.91)						0.19
Vestcor Low Volatility International Equity Fund	8.38	3.53						7.12
Benchmark	4.16	0.25						4.69
Vestcor Low Volatility International Equity Fund - Class N	8.28	3.45						7.09
Benchmark	4.16	0.25						4.69
NBIMC Low Volatility Emerging Markets Equity Fund - Class N	13.25	2.78	3.75	2.89	3.52	4.79		3.69
Benchmark	5.99	(1.09)	0.79	2.04	2.23	4.47		3.04
NBIMC U.S. Equity Index (2017) Fund	23.71	3.41	10.72	12.11	14.54			11.95
Benchmark	23.69	3.37	10.68	12.06	14.51			11.92
NBIMC U.S. Equity Index Fund - Class N	23.64	3.36	10.71	12.05	14.49	12.86	14.28	12.28
Benchmark	23.10	2.88	10.17	11.53	13.93	12.31	13.89	12.09
NBIMC U.S. Small Cap Equity Fund								7.21
Benchmark								6.19
NBIMC Inflation Linked Securities Fund	2.16	(6.65)	(3.94)	0.14	1.72	1.38	2.81	5.71
Benchmark	1.99	(6.52)	(3.81)	0.15	1.67	1.29	2.73	5.56
NBIMC Canadian Real Estate Fund	(16.99)	(7.01)	(0.01)	0.45	2.53	5.99	7.13	9.69
Benchmark	(2.66)	2.68	3.56	4.07	4.47	4.81	4.99	5.39
NBIMC Canadian Real Estate Investment Trust Fund	2.70	(7.65)	4.84	0.06	4.31	5.45	6.08	6.03
Benchmark	2.62	(7.72)	4.79	0.00	4.19	5.29	5.91	5.86
NBIMC Non-Canadian Private Real Estate Fund	(17.56)	(36.61)	(26.20)	(24.75)	(19.31)	(10.26)		(9.31)
Benchmark	(2.66)	2.68	3.56	4.07	4.47	4.81		4.88

Unit Trust Fund	1 Yr %	2 Yrs %	3 Yrs %	4 Yrs %	5 Yrs %	7 Yrs %	10 Yrs %	Since Inception of Unit Trust or since April 1, 1998[1] %
Vestcor Investments Private Real Estate, LP	(3.20)	1.74	4.86	3.62	5.08			4.64
Benchmark	(2.66)	2.68	3.56	4.07	4.47			4.79
Vestcor Investments Private Real Estate 2. LP	(6.48)	2.21	6.73	6.18	4.87			5.82
Benchmark	(2.66)	2.68	3.56	4.07	4.47			4.49
Vestcor Real Estate Fund LP	(3.74)	3.60	6.08	4.68				4.36
Benchmark	(2.66)	2.68	3.56	4.07				4.11
NBIMC International Real Estate (2017) Fund[3]	4.86	(9.89)	4.68	1.14	5.19			3.89
Benchmark	8.35	(6.64)	6.85	3.21	6.75			5.13
NBIMC International Real Estate Fund - Class N	5.01	(9.82)	4.74	1.63	5.56	4.54	9.63	8.19
Benchmark	6.96	(7.75)	5.68	2.19	5.66	4.57	9.46	8.13
NBIMC Public Infrastructure (2017) Fund	2.75	2.71	4.80	3.43	5.26			3.61
Benchmark	0.63	4.69	4.90	5.08	5.29			5.32
NBIMC Public Infrastructure Fund - Class N	8.67	5.11	6.32	4.18	5.76	4.69		4.25
Benchmark	0.63	4.69	4.90	5.08	5.29	5.39		5.39
NBIMC Infrastructure Fund	(0.93)	2.35	2.45	2.72	5.24	7.26	7.26	7.40
Benchmark	9.90	9.40	8.03	7.42	7.16	6.73	6.33	6.22
Vestcor Investments Infrastructure, LP	4.71	10.71	10.55	9.33	8.72			10.72
Benchmark	9.90	9.40	8.03	7.42	7.16			6.69
NBIMC Quantitative Strategies (2017) Fund	1.62	7.12	7.49	8.81	7.98			6.95
Benchmark	4.68	3.23	2.20	1.86	1.82			1.64
NBIMC Quantitative Strategies Fund - Class N	2.12	7.79	7.96	9.33	8.34	6.77	6.54	5.32
Benchmark	4.68	3.23	2.20	1.86	1.82	1.57	1.31	1.23
NBIMC Quantitative Equity Strategic Beta (2017) Fund	5.23	4.49	4.63	3.97	4.56			4.73
Benchmark	4.68	3.23	2.20	1.86	1.82			1.64
NBIMC Quantitative Equity Strategic Beta Fund - Class N	4.98	4.27	4.38	3.61	4.35	4.49		4.67
Benchmark	4.68	3.23	2.20	1.86	1.82	1.57		1.50
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	(0.04)	(0.02)	0.63	6.02	6.73	8.46	6.61	9.33
Benchmark	9.90	9.40	8.03	7.42	7.16	6.73	6.33	6.91

Unit Trust Fund	1 Yr %	2 Yrs %	3 Yrs %	4 Yrs %	5 Yrs %	7 Yrs %	10 Yrs %	Since Inception of Unit Trust or since April 1, 1998[1] %
NBIMC Private Equity Fund	(6.01)	(5.05)	4.86	9.26	8.66	12.57	14.25	10.82
Benchmark	20.47	2.85	8.65	9.06	11.20	9.60	9.89	8.35
Vestcor Investments Private Equity, LP	15.92	15.16	23.47	22.34	17.74			11.94
Benchmark	20.47	2.85	8.58	9.72	11.47			8.91
Vestcor International Active Equity Index Fund								4.41
Benchmark								3.68
Vestcor International Active Equity Index Fund - Class N								4.41
Benchmark								3.68
Vestcor Global Alternative Risk Premia Fund								2.29
Benchmark								1.28

[1] *Effective April 1, 2008, Canadian dollar benchmarks were implemented for international exposure therefor, Foreign Indices are only reported as of April 1, 2008.*

[2] *NBIMC External International Equity Fund was created on August 1, 2001. The returns and benchmarks are reported from April 1, 2008 because the strategy changed from Europe to MSCI EAFE.*

[3] *NBIMC International Real Estate Fund has an inception date of September 2, 2003. A since inception benchmark cannot be shown as foreign indices are only reported as of April 1, 2008.*

VESTCOR

FINANCIAL STATEMENTS

DECEMBER 31, 2023

Management's Responsibility for Financial Statements

The following annual financial statements report the financial position and results of operations of Vestcor Inc. ("Vestcor") for the year ended December 31, 2023. They have been prepared by management and approved by the Board of Directors.

Management prepared Vestcor's financial statements in accordance with CPA Handbook Part III - *Accounting Standards for Not-for-Profit Organizations*. The financial statements are general purpose financial statements and include a Statement of Financial Position, Statement of Operations and Changes in Net Assets and Statement of Cash Flow.

Management is responsible for the integrity and fair presentation of the financial statements, including amounts based on best estimates and judgments. Vestcor 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.

Ultimate responsibility for the financial statements rests with the Board of Directors. The Board is assisted in its responsibilities by the Audit Committee, consisting of six directors that are independent of management. The Audit Committee reviews the financial statements and recommends them for approval by the Board. The Audit Committee also reviews matters related to accounting, auditing, internal control systems, financial risk management and the scope, planning and audit findings of the internal and external auditors.

KPMG LLP, the external auditors of the financial statements, are directly accountable to the Audit Committee. They have conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express an opinion to the Board of Directors.

[signed by]

John A. Sinclair
President and Chief Executive Officer

[signed by]

Brent Henry, CPA, CA
Chief Financial Officer

KPMG LLP
Frederick Square
77 Westmorland Street, Suite 700
Fredericton, NB E3B 6Z3
Canada
Telephone 506 452 8000
Fax 506 450 0072

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Vestcor Inc.

Opinion

We have audited the financial statements of Vestcor Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 the financial statements in accordance with Canadian accounting standards for non-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 the financial statements.

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

March 25, 2024

VESTCOR INC.
Statement of Financial Position
As at December 31
(in thousands of Canadian dollars)

		2023		2022
ASSETS				
Current				
Cash	$	816	$	774
Accounts receivable *(note 10)*		8,756		8,394
Other receivables		23		50
Prepaid expenses		1,803		1,714
Total current assets		11,398		10,932
Long-term accounts receivable for supplemental pension *(note 10)*		282		283
Long-term accounts receivable for incentive compensation *(note 10)*		5,693		4,588
Capital assets *(note 3)*		2,761		3,032
Intangible assets *(note 4)*		2,654		3,096
	$	22,788	$	21,931
LIABILITIES AND NET ASSETS				
Current				
Accounts payable and accrued liabilities *(note 5)*	$	11,163	$	10,764
Current portion of term loan *(note 10)*		125		123
Current portion of supplemental pension *(note 6)*		31		29
Total current liabilities		11,319		10,916
Supplemental pension *(note 6)*		282		283
Non-current accrued liabilities for incentive compensation		5,693		4,588
Term loan payable *(note 10)*		2,294		2,419
Deferred contributions related to capital and intangible assets *(note 7)*		3,198		3,723
Total liabilities		22,786		21,929
Unrestricted net assets		2		2
	$	22,788	$	21,931

See accompanying notes to financial statements
Contractual obligations and contingencies *(note 9)*

Approved on behalf of the Board:

[signed by]
David O'Neill Losier
Chair of the Board

[signed by]
Cathy Rignanesi
Chair of the Audit Committee

VESTCOR INC.
Statement of Operations and Change in Net Assets
For the year ended December 31
(in thousands of Canadian dollars)

		2023		2022
REVENUE				
Investment management fees *(note 10)*	$	28,286	$	27,938
Pension administration fees *(note 10)*		9,064		8,509
Benefits administration fees		1,564		1,574
Amortization of deferred contributions related to capital assets		744		771
Other		803		307
Total revenue		40,461		39,099
EXPENSES				
Salaries and benefits		25,047		23,762
Information systems		5,880		5,181
External investment management		3,508		4,452
Securities custody		1,237		1,311
Office and business		1,742		1,531
Professional services		1,093		903
Office rent		1,022		1,000
Amortization of capital assets		932		959
Total expenses		40,461		39,099
Excess of revenue over expenses		—		—
Unrestricted net assets, beginning of year		2		2
Unrestricted net assets, end of year	$	2	$	2

See accompanying notes to financial statements

VESTCOR INC.
Statement of Cash Flow
For the year ended December 31
(in thousands of Canadian dollars)

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	$	$ —
Non-cash items:		
Amortization of capital and intangible assets	932	959
Amortization of deferred contributions related to capital and intangible assets	(744)	(771)
Supplemental pension	30	(14)
Changes in non-cash operating working capital:		
Accounts receivable	(362)	(1,210)
Long-term accounts receivable – supplemental pension	1	44
Long-term accounts receivable – incentive compensation	(1,105)	(1,949)
Vestcor Corp accounts receivable	—	1
Other receivables	27	18
Prepaid expenses	(89)	(849)
Accounts payable and accrued liabilities	399	1,644
Non-current accrued liabilities for incentive compensation	1,105	1,949
Net cash (used in) provided by operating activities	194	(178)
INVESTING ACTIVITIES		
Purchases of capital and intangible assets	219	(200)
Deferred contributions related to capital and intangible assets	(219)	200
Net cash used in investing activities	—	—
FINANCING ACTIVITY		
Payment of supplemental pension	(29)	(28)
Proceeds from Vestcor Corp loan	—	—
Loan Payments	(123)	(121)
Net cash (used in) financing activity	(152)	(149)
INCREASE (DECREASE) IN CASH DURING YEAR	42	(327)
Cash, beginning of year	774	1,101
CASH, END OF YEAR	$ 816	$ 774

See accompanying notes to financial statements

1. Nature of Operations

Vestcor Inc. ("Vestcor") was created on January 1, 2018 upon the amalgamation of Vestcor Investment Management Corporation ("VIMC") and Vestcor Pension Services Corporation ("VPSC"), both wholly-owned entities of Vestcor Corp. Vestcor Corp. is a not-for-profit organization without share capital whose Members consist of the New Brunswick Public Service Pension Plan ("NBPSPP") and New Brunswick Teachers' Pension Plan ("NBTPP"). The Vestcor operating entities were transferred to Vestcor Corp. from the Province of New Brunswick on October 1, 2016.

Vestcor's mandate is to provide pension and benefit plan administration, and investment management and advisory services to pension, trust, endowment or similar funds within the public sector.

Vestcor recovers all operating expenses and capital expenditures on a cost recovery basis. Vestcor is exempt from income taxes under Subsection 149(1)(l) of the *Income Tax Act* (Canada).

2. Significant Accounting Policies

(a) Basis of presentation

These financial statements present the operations of Vestcor for the year ended December 31, 2023 with comparative figures for the year ended December 31, 2022. They have been prepared in accordance with CPA Handbook Part III – *Accounting Standards for Not-for-Profit Organizations*. The significant accounting policies used in the preparation of these financial statements are as follows:

(b) Revenue recognition

Fees for services are recognized in revenue as services are performed and collection is probable. Vestcor follows the deferral method of accounting for contributions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with amortization rates for the related capital assets.

(c) Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization. When a capital asset no longer contributes to the corporation's ability to provide services, its carrying amount is written down to its residual value. Capital assets are amortized over their estimated useful lives, calculated on a straight-line basis, using the following rates:

Computer equipment	- 3 and 5 years
Furniture and equipment	- 12.5 years
Leasehold improvements	- over the remaining lease term

2. Significant Accounting Policies *(continued)*

(d) Intangible assets

Intangible assets are related to consulting costs incurred for implementation of a third-party pension and benefits administration system. System development costs are recognized as an intangible asset when the capitalization criteria have been met. This includes: the ability to demonstrate technical feasibility; the company's intention to complete the implementation; the availability of adequate technical and financial resources to complete the development; the use of the system once implemented; and the ability to demonstrate that the asset will generate future economic benefits. Development costs that do not meet the capitalization criteria are expensed as incurred. Intangible assets are amortized on a straight-line basis over their estimated useful life of 10 years.

(e) Employee future benefits

Full-time employees are members of the NBPSPP, a contributory target benefit plan. Prior to January 1, 2014, full-time employees were members of the *Public Service Superannuation Act*, a contributory defined benefit multiemployer plan. In addition, certain employees are also members of a retirement compensation arrangement sponsored by the Province of New Brunswick. These plans' assets and liabilities are not segregated. Since it is not practicable to obtain all of the information required for a materially precise attribution of Vestcor's portion of the obligations, Vestcor uses defined contribution accounting to account for its portion of these plans. Accordingly, employer contributions are expensed as incurred.

(f) Financial instruments

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry any such financial instruments at fair value. Vestcor has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Vestcor determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Vestcor expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Key items subject to such estimates and assumptions include the net recoverable amount of accounts receivable, determination of the estimated useful life and selection of rates of amortization of capital assets *(note 3)* and deferred contributions *(note 7)* and the estimated actuarial liability for supplemental pension *(note 6).*

(in thousands of Canadian dollars)

3. Capital Assets

	Computer equipment	Furniture and equipment	Leasehold improvements	2023 Total
Cost				
Opening balance	$ 1,536	$ 632	$ 2,238	$ 4,406
Purchases	206	13	—	219
Disposals	(623)	—	—	(623)
Closing balance	1,119	645	2,238	4,002
Accumulated amortization				
Opening balance	985	165	224	1,374
Amortization expense	327	51	112	490
Disposals	(623)	—	—	(623)
Closing balance	689	216	336	1,241
Net book value	$ 430	$ 429	$ 1,902	$ 2,761

	Computer equipment	Furniture and equipment	Leasehold improvements	2022 Total
Cost				
Opening balance	$ 1,359	$ 609	$ 2,238	$ 4,206
Purchases	177	23	—	200
Disposals	—	—	—	—
Closing balance	1,536	632	2,238	4,406
Accumulated amortization				
Opening balance	622	116	112	850
Amortization expense	363	49	112	524
Disposals	—	—	—	—
Closing balance	985	165	224	1,374
Net book value	$ 551	$ 467	$ 2,014	$ 3,032

4. Intangible Assets

	2023 Total	2022 Total
Cost		
Opening balance	$ 4,423	$ 4,461
Disposal	—	(38)
Closing balance	4,423	4,423
Accumulated amortization		
Opening balance	1,327	892
Amortization expense	442	435
Closing balance	1,769	1,327
Net book value	$ 2,654	$ 3,096

(in thousands of Canadian dollars)

5. Government Remittances

Included in accounts payable and accrued liabilities in the Statement of Financial Position are government remittances at December 31, 2023 of $182 (2022 - $288) which include amounts payable for GST/HST.

6. Supplemental Pension

Vestcor has an estimated liability of $313 (2022 - $312) for special supplemental pension relating to past service awarded during 2003-2004. The accrued liability was determined by an actuarial valuation carried out as of December 31, 2023. The accrued liability is equivalent to the present value of the expected future payments. The ultimate cost to Vestcor will vary based on the indexing granted on this pension and demographic factors. Changes in the expected liability are recorded in the period the change occurs. Payments are recovered in fees charged to clients.

7. Deferred Contributions Related to Capital and Intangible Assets

The balance of unamortized deferred contributions consists of the following:

		2023		2022
Balance, beginning of period	$	3,723	$	4,332
Additional contributions received, net		219		200
Less amounts amortized to revenue		(744)		(771)
Less disposal of capital assets		—		(38)
Balance, end of period	$	3,198	$	3,723

8. Employee Future Benefits

Vestcor is a participating employer in the NBPSPP. For the year ended December 31, 2023, Vestcor expensed contributions of $1,349 (2022 - $1,383) under the terms of the NBPSPP pension plan. Vestcor is also a participating employer in a retirement compensation arrangement ("RCA"). For the year ended December 31, 2023, Vestcor expensed contributions of $151 (2022 - $145) under the terms of the RCA.

9. Contractual Obligations and Contingencies

Vestcor leases certain of its premises under an operating lease for an initial term of twenty years commencing on September 1, 2020. The future minimum lease payments are $630 per annum for the first ten years and thereafter adjusted annually by the Consumer Price Index All-Canada Index.

10. Related Party Transactions and Balances

Vestcor offers investment management and pension administration services to the NBPSPP and NBTPP. Investment management and pension administration services for all clients are billed using the cost recovery method. Costs that are directly attributable to a specific client are charged directly to that client. All other costs are allocated among clients according to their pro rata share of assets under management for investment management services and according to the effort involved to administer their plans for pension administration services. For the year ended December 31, 2023, Vestcor billed $15,959 and $10,817 to the NBPSPP and NBTPP respectively (2022 - $15,782 and $10,898 respectively) for these services, which are included in investment management and pension administration fees in the Statement of Operations. At December 31, 2023, NBPSPP and NBTPP owed Vestcor $7,178, and $5,238, (2022 - $5,825 and $4,251) respectively for such fees. These amounts are included in accounts receivable.

10. Related Party Transactions and Balances *(continued)*

Under an unsecured Term Loan agreement with its shareholder, Vestcor Corp., Vestcor may draw advances up to a maximum amount of $3,000 for certain capital expenditures including leasehold improvements, furniture and computer equipment. At December 31, 2023, the loan payable to Vestcor Corp was $2,419 (2022 - $2,542). The loan is repayable in equal monthly installments consisting of principal and interest at a rate of 1.597% per annum and matures on December 31, 2040. Expected loan repayments over the next five years are approximately $163 per year.

Vestcor is economically dependent upon the revenue received from its clients by virtue of the cost recovery business model under which it operates.

11. Indemnifications

Vestcor provides indemnifications to its officers and directors pursuant to certain corporate by-laws. Vestcor 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 Vestcor from making a reasonable estimate of the maximum potential payments that Vestcor would be required to make. To date, Vestcor has not received any claims nor made any payments pursuant to such indemnifications.

12. Financial Risk

Vestcor has exposure to credit and liquidity risk. Credit risk arises from the potential that a counterparty will fail to perform its obligations. Vestcor is exposed to the carrying value of its cash and accounts receivable, all of which have been collected subsequent to the date of the financial statements. Liquidity risk is the risk that Vestcor will not be able to fund its obligations when they become due. Vestcor operates on a cash recovery basis and is dependent on the revenue received from its clients. In management's opinion, Vestcor is not exposed to any other financial risks.