



VESTCOR

ANNUAL
REPORT

2024

BOARD OF DIRECTORS



DAVID LOSIER
CPA, CGA, ICD.D, CFA

Chairperson of the Board
Member – Human Resources &
Compensation, Audit, Governance, and
Investment Committees



ELEANOR MARSHALL
CPA, CA, CFA, ICD.D

Vice-Chairperson of the Board
Chairperson – Investment Committee
Member – Audit and Governance
Committees



MICHEL ALLAIN
FCIA, FSA

Director
Member – Human Resources &
Compensation and Investment Committees



TANYA CHAPMAN
CPHR

Director
Chairperson – Human Resources &
Compensation Committee
Member – Governance Committee



MICHEL DOIRON

Director
Member – Human Resources &
Compensation and
Audit Committees



TIM MAWHINNEY
FCIA, FSA, CERA, ICD.D

Director
Chairperson – Governance Committee
Member – Audit Committee



COURTNEY PRINGLE-CARVER
ICD.D

Director
Member – Human Resources &
Compensation and Governance
Committees



CATHY RIGNANESI
FCPA, CA

Director
Chairperson – Audit Committee
Member – Governance Committee



STEVEN WOLFF

Director
Member – Human Resources &
Compensation and Investment Committees



SUZANNE YOUNG
CPA

Director
Member – Audit and Investment
Committees

CORPORATE OFFICERS



SEAN HEWITT
CFA, ICD.D

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 11 different client groups.
- Administration services to 11 pension plans and five 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 well-being 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 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 disclosures can be accessed through our website vestcor.org.



Bill Thorpe Walking Bridge, Fredericton, New Brunswick

Biking Bill Thorpe Walking Bridge, Fredericton, licensed under Tourism NB



 Bill Thorpe Walking Bridge, Fredericton, New Brunswick

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 that 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 corporate purpose is to be a partner in creating and delivering sustainable financial security. 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 overseen 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 report. All our public reporting and disclosures can also be accessed through our website at 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 \$23.1 billion in assets under management. We also provide administration services to 11 pension plans and five employee benefits plans.

VESTCOR IN THE COMMUNITY

We are committed to making a positive impact both within our local community and across the broader national landscape. Our employees dedicate their time, expertise, and personal resources to support a wide range of important causes.

Each year, our employees organize successful fundraisers in support of the United Way, Canadian Cancer Society's Run for the Cure, and Big Brothers Big Sisters of Fredericton and Oromocto.

Public reporting and disclosures can also be accessed through our website at vestcor.org.

Employees also personally support a number of local organizations. In 2024, employees dedicated 1,923 hours of their personal time to volunteer with organizations, including Park Street Elementary Breakfast Program, Liberty Lane Outreach Centre, Fredericton Marathon, Harvest Music Festival, Habitat for Humanity Fredericton, Fredericton Community Kitchen, Fredericton Organic Community Garden, *L'Arche Fredericton*, Inclusion Fredericton, Nature Trust of New Brunswick, and several youth sports organizations.

We are proud to recognize and celebrate these volunteer efforts; they are vital to both our local and national communities.

INDUSTRY RELATIONSHIPS

Vestcor's employees are highly recognized for their involvement with industry organizations, boards, and committees. The following list outlines the relationships in which employees actively donated their time and expertise in this capacity in 2024:

- Association of Canadian Pension Management (ACPM)
- Canadian Mental Health Association (CMHA) of New Brunswick
- CFA Society Atlantic Canada
- Institutional Limited Partners Association (ILPA)
- Governance Professionals of Canada (GPC)
- *Université de Moncton*
- United Nations Principles for Responsible Investment (UNPRI)
- Pension Investment Association of Canada (PIAC)
- University of New Brunswick's Board of Governors
- Upper River Valley Hospital Foundation
- St. Thomas University's Board of Governors
- YMCA Endowment Fund Investment Committee

Through these ongoing efforts, Vestcor's employees continue to contribute to the growth, development, and success of both their local communities and the broader investment industry.

SUPPORTING FUTURE GENERATIONS

Vestcor has developed a deep relationship with the University of New Brunswick. The organization was the initial funding partner of the University's Student



 Saint John River, New Brunswick

Michael Stemm, licensed under Tourism NB

Investment Fund in 1998 and continues to support the program's ongoing development. In addition, Vestcor employees were directly involved in the development of the institution's innovative Master in Quantitative Investment Management program. A number of Vestcor's employees are instructors in both programs, as well as other areas of UNB's Faculty of Management. Fostering these educational opportunities in our community is important to the future of Vestcor and the financial services industry as a whole.

2024 HIGHLIGHTS

VESTCOR ADMINISTRATION DIVISION:

Vestcor's administration division successfully delivered key administration services.



99% of client targets

Vestcor's administration division successfully processed 99.4% of member service requests, including purchases of service, pension estimates, retirements, terminations, and marriage breakdowns.



7,100 applications

Member service satisfaction remained strong, at 94.9%, while handling over 7,100 applications.



36,500 member inquiries

Member services responded to 36,500 member inquiries amid rising request volumes.



\$108 administration cost per member

Vestcor maintained low administrative costs, with pension administration expenses at \$108 per member, the second lowest among peers and \$44 below the group average.

VESTCOR'S ADMINISTRATION DIVISION CONDUCTED:



TRUSTEE
MEETINGS



EDUCATIONAL
SESSIONS



ONBOARDING



STRATEGIC
COMMUNICATION
INITIATIVES

2024 HIGHLIGHTS

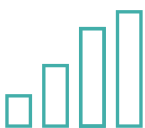
VESTCOR INVESTMENT DIVISION:

Client portfolios continued to surpass long-term investment risk and return targets.



\$784 m added value

Vestcor's four-year total fund performance exceeded client policy benchmarks generating \$784 million in additional returns.



1.03%

Performance exceeded client policy benchmarks by 1.03% after investment costs over the four-year period ending December 31, 2024.



Management Expense Ratio (MER) below peer standards

Vestcor's Management Expense Ratio continues to be well below peer organizations in Canada.

Third Responsible Investment Report published

Vestcor's third annual Responsible Investment Report shows climate-related financial disclosures with expanded coverage of greenhouse gas emissions.

CLIENT PORTFOLIOS SURPASSED TARGETS



\$23.1 BILLION UNDER MANAGEMENT, AN INCREASE OF OVER \$2 BILLION IN 2024

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MESSAGE FROM THE CHAIRPERSON

I am honored to introduce Vestcor's 2024 Annual Report in my second year as Chairperson. Appointed on May 31, 2023, I am deeply appreciative of my peers' confidence and the ongoing support of my fellow Directors. This report maintains our tradition of transparency, covering pension and benefits administration, investments, and corporate operations. Our independent, not-for-profit model continues to align with client goals while delivering cost-effective value.

The year 2024 was an important one, marked by the retirement of Vestcor's long-standing President and CEO, John Sinclair. John spent over 20 years at the helm of Vestcor and its predecessor investment management organization. His tremendous contributions helped shape what Vestcor is today. As a small token of our appreciation, Vestcor's main boardroom was renamed the Sinclair Boardroom, honouring John's dedication and impact to the organization.

In preparation for John's retirement, the Board conducted a national executive search. On February 6, 2024, we announced Sean Hewitt as our new President and CEO, effective April 15, 2024. His strategic leadership will drive continued value and innovation. Looking ahead, the Board is keen to work with Sean and the Management Team on the development of a new strategy that continues to focus on client needs.

The Board is focused on the very best corporate governance practices and is supported by three standing committees: Audit, Human Resources & Compensation, and Governance. In 2024, we acted on recommendations from an independent governance review to further enhance best practices by establishing a fourth standing committee of the Board, with a mandate to oversee the investment program at Vestcor.

The Committee is chaired by Eleanor Marshall (CPA, CA, CFA, ICD.D), who brings a wealth of experience in complex financial and investment matters and has been a tremendous asset to the Board since her initial appointment in September 2016.

Vestcor Director appointments are staggered to provide for the opportunity to annually refresh Director membership while also reducing the risk of having a concentration of term expirations. In June 2024, we had three Director terms expire, and I am pleased to announce that Tanya Chapman (CPHR) and Michel Doiron were both reappointed with new three-year terms by our Vestcor Corp. shareholders.

In June 2024, former Vestcor Inc. Chairperson and former Vice-Chairperson, Michael Walton, retired from the Board. Michael's contributions to Vestcor cannot be overstated as he played a significant role in the development of the organization as it is today. We are greatly appreciative of Michael's leadership over the years. His vision and perseverance established Vestcor as a thriving, independent, not-for-profit entity delivering top-tier investment and administration services. We deeply appreciate his contributions and ongoing support during this transition. Upon Michael's retirement, the Board selected Eleanor Marshall to the position of Vice-Chairperson.

I extend my sincere gratitude to our Directors for their dedication to Vestcor's oversight and governance enhancements. On behalf of the Board, I also thank our employees for their unwavering commitment to our client-focused, results-driven approach. Their professionalism and dedication to cost-effective excellence is what makes Vestcor great.

Sincerely, [signed by]

David Losier,
Chairperson Vestcor Inc.

March 31, 2025
Fredericton, New Brunswick



DAVID LOSIER
CHAIRPERSON

MESSAGE FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER

As my first anniversary at Vestcor approaches, I continue to be motivated and inspired by what the future holds for our organization, our clients, and for New Brunswick.

It can be a daunting challenge to join a new organization as the President and CEO, but the leadership team and Board developed an outstanding transition plan that has helped my understanding of the organization, the needs of our clients, and potential areas for further enhancement. Vestcor's culture is built on solid performance and excellent client service. Looking forward, as we continue to develop our strategy, we will prioritize our clients and seek to further enhance our position as a trusted advisor.

In 2024, we sought to gain a deep understanding of our employees' job satisfaction and experience by conducting a comprehensive employee workplace environment survey. I am proud to say that we achieved our highest scores to date, which gives me confidence that staff continue to be highly engaged and well positioned to take on new challenges as we look to the future. Equally important, in 2025 we will conduct our biennial client survey to ensure that Vestcor remains on track to meet their needs.

Our commitment to strong investment performance, prudent risk management, and superior client service has driven our efforts this past year. We have successfully implemented our 2024 business plan aimed at enhancing operational efficiencies, expanding investment capabilities, and leveraging advanced technology to better serve our stakeholders. These advancements reinforce our long-term sustainability and ensure we continue providing effective solutions tailored to client objectives. On the pension and benefits

administration front, our team has performed exceptionally well. We met client performance targets, all while managing continued elevated pension-related application volumes and increased plan membership.

During 2024, we earned an impressive 12.2% return net of costs across all assets, with significant outperformance within our internally managed strategies. This result is particularly remarkable given the outstanding equity market returns were concentrated in a handful of very large U.S. technology companies. Long-term results continue to exceed client return requirements and investment value-added has contributed meaningfully to client returns. Over the past four-year period, our excess return of 1.03% net of investment costs has generated \$784 million of value-added for our clients across the enterprise. This value-added has been achieved with lower risk than our investment benchmark and many peer pension plans.

We are very proud of 2024's results, but as I write this in the spring of 2025, last year feels like ages ago. Today, headline news and U.S. public policy seem to change by the hour. The high-flying equity markets and sturdy return environment that characterized recent years have been replaced by market volatility, driven by a U.S. Administration that is determined to change global trading relationships. While it is not possible to predict what will happen next, it is important to understand that long-term investment success is built upon things that have been shown to work over time. Clients have thoughtfully designed investment policies with asset mixes that are constructed to deliver lifetime retirement security to their members. Assets are held in well-diversified portfolios built with rigorous risk controls

and sufficient liquidity to ride out downturns, and pension clients specifically have well-funded plans with effective governance and excellent support. These features are in place to meet pension obligations under a variety of market conditions, including the rough periods that we are currently experiencing.

With continued sustainability and long-term focus in mind, we remain active in advancing our responsible investment program. In 2024, we became a signatory to the United Nations Principles for Responsible Investment, released our third annual Responsible Investment Report (available at vestcor.org/responsibleinvestment), and developed inaugural client Responsible Investment Reports.

Looking ahead to 2025 and beyond, our purpose remains clear: to be a partner in creating and delivering sustainable financial security.

Thank you for your ongoing confidence in Vestcor. We look forward to many more years of successful collaboration.

Sincerely, [signed by]

Sean Hewitt
President and Chief Executive Officer

March 31, 2025
Fredericton, New Brunswick



SEAN HEWITT
PRESIDENT AND CHIEF EXECUTIVE OFFICER



📍 Mactaquac Provincial Park near Fredericton, New Brunswick

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 Vestcor's operations for the year ended December 31, 2024. 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, 2024 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

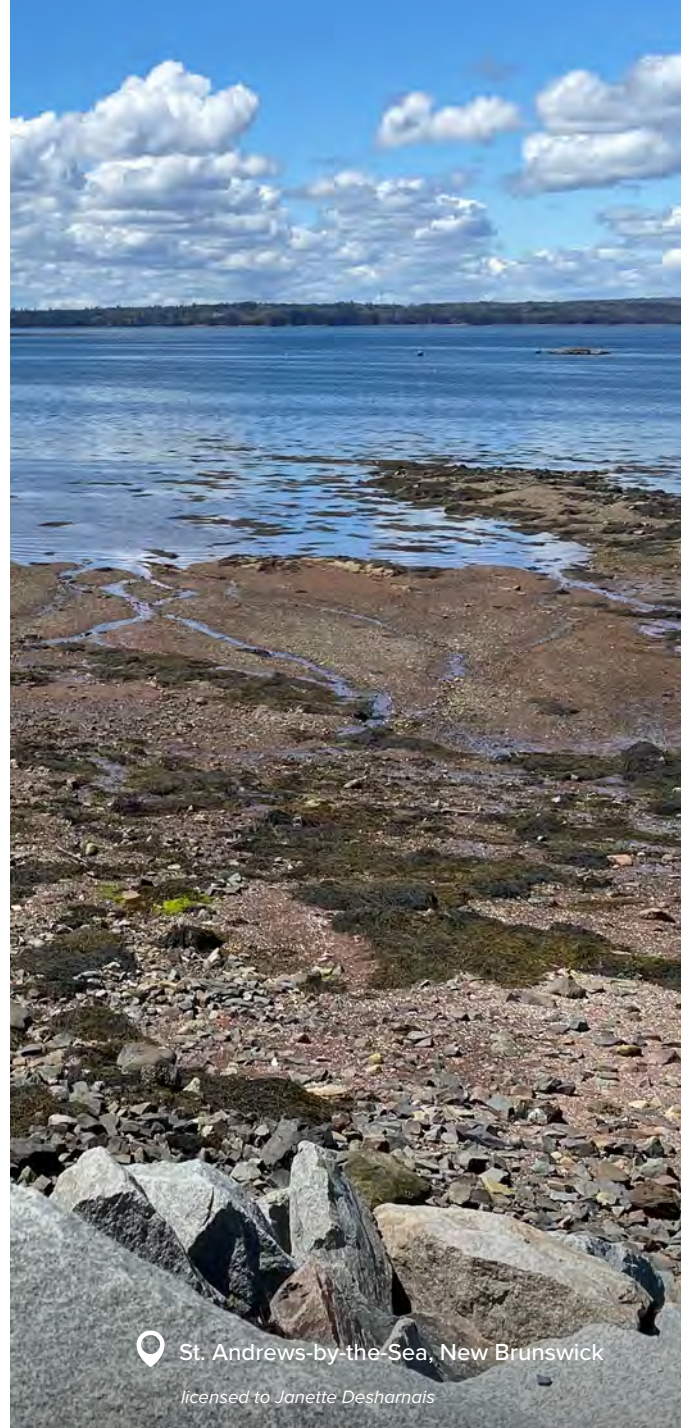
Vestcor provides both pension and benefits administration services as well as investment management services to a wide range of public sector clients. In total, Vestcor provides services to 23 clients at December 31, 2024. Administration activities cover approximately 114,000 pension plan members, over 43,000 employee benefit plan members, and \$23.1 billion investment assets under management (AUM) at December 31, 2024.

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
- 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 an investment manager and in connection with its services as a pension and benefits plan administrator. 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 the effort expended. Information systems and other general office and business costs are



St. Andrews-by-the-Sea, New Brunswick
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allocated based on a periodic historical analysis of transaction volumes and the number of members in each plan.

Investment Entities for the year ended December 31, 2024 are available on our website at vestcor.org/annualreports.

CORPORATE HIGHLIGHTS

OBJECTIVE	TARGET	YEAR ENDED DECEMBER 31, 2024 ACTUAL	FOUR-YEAR ANNUALIZED
Trade-matching efficiency	Regulatory 90% + 2.5%	93.3%	95.0%
Budget efficiency (excluding performance incentives)	100%	94.7%	92.8%
Absenteeism (%)	<= 2%	1.4%	1.5%
IT network availability	99%	99.9%	99.9%
IT applications availability			
Administration system	99%	99.9%	99.0%
Portfolio management system	99%	100.0%	100.0%

ADMINISTRATION HIGHLIGHTS

The Vestcor Administration Team is responsible for the day-to-day operations of 11 pension plans as well as five employee benefit programs, representing approximately 114,000 pension plan members and 43,000 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 2024 from each of these areas are as follows:

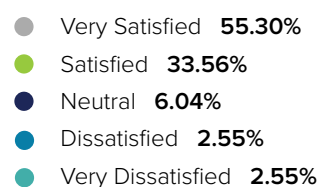
MEMBER SERVICES

In 2024, the Member Services Team had over 36,500 contacts through telephone calls, emails, and visits to our office, a slight increase from 36,000 contacts in 2023.

In addition, the team provided member education sessions. In 2024, 23 education sessions for members were provided: 14 in person and nine virtually. In total, over 1,000 participants attended. 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 Vestcor continues to meet the needs of its clients, Vestcor conducts client satisfaction surveys targeting members who were assisted by Vestcor in relation to a pension estimate, purchase of service, termination, or retirement. Initially launched in 2017, these surveys continue to provide the organization with a snapshot into the level of satisfaction of the members it serves on behalf of its clients. In 2024, the overall satisfaction score remained high at 94.9%.



PLAN OPERATIONS AND PENSION POLICY

During 2024, 7,118 applications were processed, as noted below.

SERVICE	TARGET	NO. PROCESSED 2024	ACHIEVED 2024	ACHIEVED 2023
Purchase of service requests	97.5% within 58 days	578	99.7%	98.9%
Pension estimates	97.5% within 43 days	2,231	99.1%	97.9%
Retirements	97.5% within 43 days	1,923	99.6%	99.3%
Terminations	97.5% within 29 days	2,226	99.4%	98.3%
Marriage breakdowns	97.5% within 40 days	160	98.8%	96.3%

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 2024, client meetings continued to be offered in various formats (in-person, hybrid, and 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:

- Assisting client boards in following best practices related to topics such as board governance, effectiveness, responsible investment, and risk management.
- Offering support regarding the drafting of internal board policies.
- Delivering 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.

MEMBER AND CORPORATE COMMUNICATIONS

The Communications Team supported clients through the existing complexities of engaging plan members. Major efforts were placed on continuing to improve resources to equip members with the tools and knowledge they need when it comes to one of their most valuable assets, their pension. In addition, the team completed several strategic deliverables set out by clients, including administering membership-wide surveys, developing educational videos, and providing campaign-type support in communicating significant results.

Focus on effective and intentional communication remains a priority.



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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 \$12.7 million increased by approximately \$764,000, or 6.4%, versus the prior year.

	YEAR ENDED DECEMBER 31, 2024 (\$ THOUSANDS)		YEAR ENDED DECEMBER 31, 2023 (\$ THOUSANDS)	
Salaries and benefits	\$	8,404	\$	7,947
Information systems		1,538		1,344
Client-directed administration		683		682
Office rent		544		511
Office and business		485		425
Professional services		396		368
Amortization		666		676
	\$	12,716	\$	11,953

The Administration Division expenses include salaries and benefits for approximately 94 employees on a full-time, part-time, casual, or contract basis. Salaries and benefits for the year ended December 31, 2024 were 5.8% higher than the costs in 2023. This reflects an increase in the number of administration employees from 92 at the end of 2023 to 94 at the end of 2024, 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 54).

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 \$108 per plan member. Our cost per member was the second lowest amongst the survey group and \$44 per member less than the average cost of the survey participants.

Information systems costs continued to represent a sizable portion of the Administration Division's annual expenditures. For 2024, we saw an increase in information system costs of 14.4%. This increase was mainly due to development costs for our pension administration system related to the new regulatory requirement to produce deferred member statements. This is in addition to the regular inflationary increases we saw across most IT services in 2024. Office rent costs, professional services, office and business costs, and amortization costs all remained consistent with the prior year.

INVESTMENT HIGHLIGHTS

The following description of the investment management services covers the year ended December 31, 2024.

ASSETS UNDER MANAGEMENT

Assets under management (AUM) at December 31, 2024 were approximately \$23.1 billion and consisted of the following client mandates:

CLIENT	2024 (\$ MILLION)		2023 (\$ MILLIONS)	
New Brunswick Public Service Pension Plan (NBPSPP)	\$	10,172.6	44.1%	\$ 9,234.4 44.1%
New Brunswick Teachers' Pension Plan (NBTPP)		7,479.4	32.4%	6,788.7 32.4%
Provincial Court Judges' Pension Plan (Judges)		64.0	0.3%	59.8 0.3%
New Brunswick Power Corporation (NBPC):				
Point Lepreau Decommissioning Fund		529.0	2.3%	477.3 2.3%
Point Lepreau Used Fuel Management Fund		261.4	1.1%	244.7 1.2%
Nuclear Fuel Waste Trust		224.7	1.0%	207.0 1.0%
Shared Risk Plan for Academic Employees of University of New Brunswick (AESRP)		492.7	2.1%	445.8 2.1%
University of New Brunswick Endowment Fund (UNBE)		76.0	0.3%	64.9 0.3%
Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (CBE)		3,364.0	14.6%	3,022.6 14.4%
Shared Risk Plan for City of Fredericton (CoF)		293.9	1.3%	263.6 1.3%
Pension Plan for New Brunswick Hourly Paid Employees of Fraser Papers Inc. (FPHR)		99.2	0.4%	101.9 0.5%
Pension Plan for New Brunswick Salaried Employees of Fraser Papers Inc. (FPSAL)		20.2	0.1%	21.4 0.1%
PNB Training Completions Fund		8.2	0.0%	7.1 0.0%
Total AUM	\$	23,085.3	100.0%	\$ 20,939.2 100.0%

Each client's mandate dictates investments in specific and unique combinations of units of Vestcor Investment Entities. Some clients have previously entered directly into investment opportunities for which oversight is now provided by Vestcor portfolio managers.

INVESTMENT PERFORMANCE DEFINITIONS

Investment performance consists of any income as well as 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.

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, which 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:

- 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.
- 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 target an additional 50 basis points (0.50%) per annum. This is a key measure for our clients, and accordingly, is also a key measure considered in Vestcor's variable performance compensation incentives.

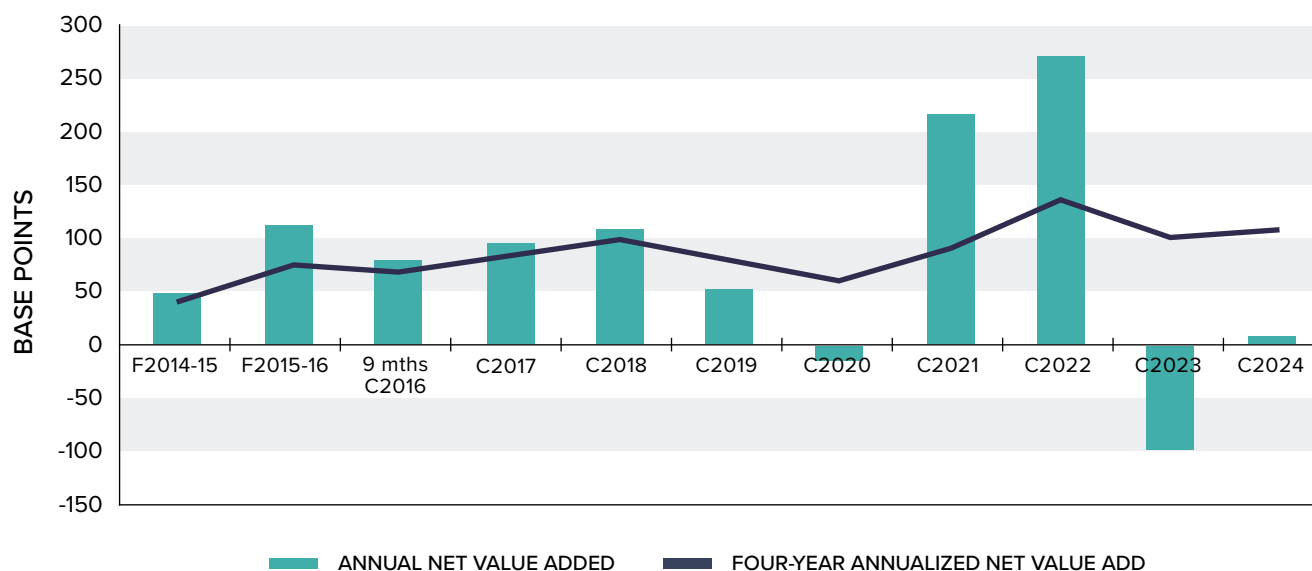
SECONDARY INVESTMENT PERFORMANCE OBJECTIVE

OBJECTIVE	LONG-TERM TARGETS	YEAR ENDED DECEMBER 31, 2024 ACTUAL	FOUR-YEAR ANNUALIZED	ANNUALIZED SINCE INCEPTION (1996)
Net Relative Return (in basis points [bps] after all investment management expenses)	>= 50 bps per annum	9.0	103.4	29.3

As discussed in more detail in the following Annual Performance by Asset Class section (page 28), the general economy was very resilient with all asset classes having positive returns for the calendar year. Global equity markets were particularly strong with the U.S. market, specifically the technology industry, performing exceptionally well. On the fixed income side, central banks were active in cutting interest rates as inflation declined from extreme highs we experienced in 2022-23. As a result, fixed income securities produced strong returns in 2024. For alternative investments, all asset classes produced positive returns for 2024, led by private equity that returned over 14% for the year. Overall, this resulted in a total return of 12.2% return net of costs for the calendar year. Despite the continued concentration in equity markets, active management across most assets classes was strong in 2024. The main exception was in private equity where active management was challenged due to the valuation lag on private equity investments versus its very strong public markets benchmarks. As a result, investment performance exceeded our combined benchmark of 12.1% by 9.0 basis points on a net basis.

Our more important longer-term four-year annualized value-added return, net of costs, continues to remain very strong at approximately 103 basis points or approximately \$784 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. 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 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 75) reflect the following investment management costs to manage the \$23.1 billion of AUM for the year ended December 31, 2024:

		2024 (\$ THOUSANDS)		2023 (\$ THOUSANDS)
Internal Operational Expenses	\$	25,181.7	\$	24,979.8
Third Party Service Providers				
Investment counsel fees		4,246.1		3,507.9
Securities custody fees		24.7		20.6
Total Investment Management Costs	\$	29,452.5	\$	28,508.3
Total AUM	\$	23,085,326.9	\$	20,939,237.7

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, 2024, Vestcor internally managed approximately \$18.3 billion or 79% of client AUM (2023 - \$16.8 billion and 80% respectively).

The costs incurred to manage investment strategies internally, measured against average internally managed AUM for the year ended December 31, 2024, were 0.121% or 12.1 basis points (bps) (2023 - 12.9 bps).

Approximately \$4.8 billion, or 21% of investments, are externally managed as at December 31, 2024 (2023 - \$4.2 billion and 20% respectively). These mandates arise when it is not cost effective to manage a desired investment opportunity or a specific strategy internally. Of this, \$3.4 billion of assets are related to externally managed private investments and \$1.4 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 72). 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 pages (page 80). Measured on average externally managed AUM, these external costs were 34.3 bps for the year ended December 31, 2024 (2023 - 35.4 bps).

In total, investment management costs reflected in Vestcor's audited financial statements for the year ended December 31, 2024 were approximately 13.4 bps of average AUM, lower than the investment management costs of 14.0 bps for the year ended December 31, 2023.

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 18 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, 2024, our clients were able to retain anywhere from approximately \$40 to \$86 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.

The audited financial statements for each of the Vestcor Investment Entities are available on our website at vestcor.org/annualreports.



Grande Anse Lighthouse, New Brunswick
Matt Hewitson, licensed under Tourism NB



Moncton, New Brunswick

Nicole Rawlines-LeBlanc, licensed under Tourism NB

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 72). The audited financial statements for the Vestcor Investment Entities for the year ended December 31, 2024 are available on our website at vestcor.org/annualreports vestcor.org/annualreports.

MARKET COMMENTARY

- Strong returns across the board mean that 2024 was a good year, broadly speaking, for diversified global investors, although, once again, the U.S. market—specifically the technology industry—dominated.
- Central banks have done enough to apparently ward off high inflation, although domestically, the relatively weak Canadian economy will likely mean more policy divergence between the U.S. and Canada going forward.
- Geopolitical risk remains a concern, especially when combined with high equity market valuations and many sources of uncertainty heading into 2025.

With positive returns from both stocks and bonds, investors had a highly successful 2024. In Canadian dollar terms, the Canadian, U.S., global, and emerging markets gained about 21%, 36%, 29%, and 17%, respectively, while Canadian bonds earned modestly positive returns of slightly more than 4% for the full year. Overall, nearly all diversified multi-asset class investors would have earned strongly positive returns over the past year, with those positioned in relatively higher risk investments performing best of all.

For the most part, central banks were successful in combating the final amounts of inflation. In the U.S., the annual rate of change of consumer prices fell below 3% during 2024, allowing the Federal Reserve to lower the target overnight interest rate from 5.5% to 4.5% during the year. The continuing strength of the underlying economy, as evidenced by employment and growth statistics, has resulted in a near-equilibrium in market expectations; as of early 2025, investors expect perhaps just 1-2 more rate cuts in the U.S. market this year.

With the Canadian economy performing relatively weaker from a growth, employment, and inflation perspective, the Bank of Canada has been both more aggressive in cutting rates throughout the past year (lowering the target rate from 5% to 3.25% by December) and expected by investors to need to make at least two more rate cuts during the next year. If rate markets play out as currently expected, Canadian short-term rates will likely spend all of 2025 fully 1.25% lower than U.S. rates (with material probability that the market is underestimating the gap). This divergence in economic prospects and interest rates has put increasing pressure on the Canadian dollar over the past year. In December of 2023, one U.S. dollar would purchase about \$1.33 CAD, but at the end of 2024, that same U.S. dollar would purchase nearly \$1.44 CAD.

The audited financial statements for the Vestcor Investment Entities for the year ended December 31, 2024 are available on our website at vestcor.org/annualreports.

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Pays de la Sagouine, Bouctouche,
New Brunswick

From a geopolitical risk perspective, the market continues to face the same broad trends that have been expected and experienced for the past several quarters. The incoming U.S. administration will undoubtedly advance a “U.S. first” agenda, likely resulting in a volatile economic situation for those, such as Canada, with tight economic links to the U.S. market. Globally, conflicts in eastern Europe and the Middle East continue, and in general, many sources of tension remain ready to inflict volatility on investors in the coming year. Closer to home, relatively poor economic performance and a general unhappiness among the electorate has resulted in Prime Minister Trudeau stepping down as leader, opening up a leadership race for the Federal Liberal Party in the run-up to a 2025 election. Canadian investors, in particular, will have many sources of geopolitical risk to digest throughout the coming quarters.

Considering the short- to medium-term investment outlook, risk trends will likely dominate in the coming year. The weaker Canadian dollar, which has been beneficial to Canadian dollar investors who left such risks unhedged, could provide meaningful volatility to investment results as investors digest upcoming inflation and growth data in the context of central bank policy actions. Any material reversal in the exchange rate could be a significant source of risk for Canadian investors.

The outcome of the U.S. election will have unknown, but likely consequential, impacts on trading partners like Canada. Imposition of far-reaching tariffs would significantly impact Canadian producers, and retaliatory action on the part of Canadian policymakers would have an additional negative impact on domestic consumers, who would be forced to pay more for imported goods if politicians engage in “like-for-like” tariff policy.

Finally, broad themes that have been in place in recent years – such as artificial intelligence (AI) stock outperformance and the general strength of the technology sector and relative turmoil among a variety of consumer-focused businesses – will either continue to place pressures on active managers struggling to keep up, or potentially experience a reversal, with

significant volatility and risk implications for investors. Active management in public equity markets has proven challenging for many investors in recent years with an increase in market concentration, and that, combined with potentially higher volatility, could result in greater dispersion between winners and losers in 2025.

Overall, investors will need to be both tactical and strategic with investment portfolios going forward. While challenging from a timing perspective, significant dislocations in certain markets (FX, equities) could present both risks and opportunities for short- to medium-term value creation, while those investors who optimized their long-term asset mix policy pre-COVID may find that markets have adjusted sufficiently that some strategic policy shifts may be required to ensure optimal positioning going forward.



Fundy National Park, New Brunswick

licensed to Janette Desharnais

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 they can be used separately to provide more customized exposure to fit specific investment objectives or requirements.

PERFORMANCE SUMMARY AS AT DECEMBER 31, 2024

PORTFOLIO	AUM ¹ (\$ millions)	ONE-YEAR ANNUAL RETURN		FOUR-YEAR ANNUALIZED RETURN	
		PORTFOLIO %	BENCHMARK %	PORTFOLIO %	BENCHMARK %
Short-Term Assets	\$ 443	6.06	4.90	3.38	2.87
Nominal Bonds	3,359	3.56	3.31	(1.44)	(1.73)
Corporate Bonds	4,198	7.32	6.97	0.94	0.76
International High Yield	206	8.57	9.73	3.18	2.85
Real Return Bonds	779	3.91	3.73	(2.04)	(1.98)
Long-Term Money Market Fund ²	205	6.44	5.38	-	-
Alternative Fixed Income ³	111	7.03	5.97	-	-

¹ Includes cross-fund ownership interests

² Start date August 4, 2023

³ Start date October 30, 2023

OVERVIEW

While interest rates have been fairly volatile throughout the past year, the Canadian benchmark 10-year yield finished 2024 within about 0.12% of where it started, closing December at a yield of about 3.23%, compared to a 3.11% yield at the end of the previous year. The fourth quarter saw bond yields rise across North America, even though peak inflation seen in 2022-2023 appears to be behind us and central banks have started their cutting cycles. To date, the Bank of Canada has delivered 200 bps in rate cuts, while the U.S. Federal Reserve has cut short-term rates by 100 bps, reflecting the relatively stronger performance of the U.S. vs. Canadian economy.

Vestcor's fixed income portfolios have performed strongly relative to the benchmark, with all internally managed portfolios producing positive active returns for the year. Vestcor's new Alternative Fixed Income Portfolio, targeting private credit and fixed income arbitrage strategies, strongly outperformed its benchmark in Q4, completing the year with a 7.03% return, compared to a benchmark return of 5.97%.

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 actively 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, 2024

PORTFOLIO	AUM' (\$ MILLIONS)	ONE-YEAR ANNUAL RETURN		FOUR-YEAR ANNUALIZED RETURN	
		PORTFOLIO %	BENCHMARK %	PORTFOLIO %	BENCHMARK %
Market Capitalization Weighted:					
Canadian Equity	\$ 611	21.20	21.65	12.41	12.49
Canadian Small Cap Equity	307	21.31	18.83	13.03	7.96
Global Developed Markets (ex Canada) Equity	2,003	29.86	29.41	13.35	13.09
International Small Cap Equity ²	451	18.85	17.81	-	-
Low Volatility:					
Canadian Equity	636	22.57	20.43	13.11	13.78
Global Equity ³	2,220	21.04	20.22	-	-
Emerging Markets Equity	935	26.20	18.92	8.95	5.04

¹ Includes cross-fund ownership interests

² Start date December 20, 2021

³ Start date April 1, 2021

OVERVIEW

Once again, global public equity markets performed strongly in 2024, with standard broad market indices returning between 13% to 36% in Canadian dollar terms depending on their regional breakdown. While there was some differentiation in market leadership during 2024 compared to the returns strongly dominated by the “Magnificent 7” of the prior year, market concentration remains a significant concern from the perspective of overall risk levels and in terms of the capability of active managers to add incremental value above benchmarks. At the end of the year, just ten stocks accounted for approximately 36% of standard U.S. equity market size – this is up from 21% five years ago, and just 16% a decade prior. While smaller, less well-diversified markets such as Canada have dealt with market concentration issues consistently in recent decades, such extreme levels of concentration in U.S. stocks present much more significant challenges for global equity managers, particularly given the 65%-70% weighting that the U.S. commands in many global equity benchmarks.

While highly concentrated markets generally result in challenging conditions for active management, Vestcor’s Global Equity Strategies, particularly the Global Developed Markets and Emerging Markets Low Volatility Strategies, produced strong performance during the year. Vestcor’s Global Developed Markets Low Volatility Fund outperformed its benchmark by approximately 1% in 2024, while the Emerging Markets Low Volatility Fund outperformed by more than 7% for the year.

ALTERNATIVE INVESTMENT PORTFOLIOS

OBJECTIVES

Vestcor offers many non-traditional alternative investment strategies such as separate internally managed absolute return strategies which help provide clients with additional diversification benefits and exposure to investments. These may help reduce clients’ 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, 2024

PORTFOLIO	AUM ¹ (\$ millions)	ONE-YEAR ANNUAL RETURN		FOUR-YEAR ANNUALIZED RETURN	
		PORTFOLIO %	BENCHMARK %	PORTFOLIO %	BENCHMARK %
Absolute Return Strategies	\$ 2,321	8.38	4.90	6.70	2.87
Private Equity	1,708	14.77	29.40	16.36	13.47
Real Estate	2,254	3.34	2.28	5.52	4.22
Infrastructure	1,817	11.96	8.45	10.59	7.94

¹ Includes cross-fund ownership interests

OVERVIEW

Vestcor manages separate internal portfolios that provide exposure to a variety of securities, markets, and strategies that are managed using both traditional and quantitative approaches. Meaningful allocations to these alternative investment 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 favourable 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 2024, the Absolute Return Strategy, in particular the more quantitative driven strategies, earned strong results relative to their modest risk budget, and the total strategy earned a combined return of approximately 8.4% for the year. Medium- to long-term performance also remains significantly positive, despite the market's neutral and low-risk positioning of these funds.

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 2024, the portfolio gained approximately 14.8% but was unable to keep pace with strong public equity market benchmarks, which earned 29.4%. Private equity strategies typically feature valuation lags, and short-term over- or under-performance relative to public market benchmarks is not uncommon. Vestcor's Private Equity Portfolios, despite underperforming during both 2023 and 2024, have performed strongly from an absolute return perspective, with the negative value add reflecting the strong performance of publicly traded equities instead.

Over the medium- to longer-term, Vestcor's Private Equity Portfolios have outperformed public market equity returns, earning about 16.4% over the trailing four-year period, compared to a benchmark return of 13.5% per year.

The Real Estate Portfolio has two components: North American Real Estate Investment Trust (REIT) Securities which are used for client portfolio completion and liquidity management purposes; and Private Real Estate in the form of limited partnership interests, direct co-investments, and direct holdings. While certain segments of the real estate investment environment have been challenging in the past several years due to evolutions in commercial office space and traditional brick and mortar—and broad market valuations have been necessarily impacted by relatively higher discount rates—Vestcor's real estate assets continue to perform strongly from an operating perspective. In 2024, Vestcor's Real Estate Fund grew by approximately 3.3%, modestly outperforming its benchmark return of 2.3% for the year.

Similar to our approach to real estate investing, Vestcor's Infrastructure Portfolio also has two components: firstly, Private Infrastructure in the form of both fund commitments into limited partnerships, as well as co-investments (diversified by geography, currency, and asset type) and secondly, an Internal Public Infrastructure Portfolio that is designed to facilitate liquidity for relatively larger and less frequent private infrastructure opportunities. In 2024, the combined strategy earned strong returns of nearly 12%, compared to a benchmark return of 8.5%. Longer-term performance for Vestcor's Infrastructure Portfolio remains solidly above the benchmark of 10.6% per year.



Swallowtail Lighthouse, Grand Manan,
New Brunswick

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TOTAL FUND PERFORMANCE SUMMARY AS AT DECEMBER 31, 2024

Below is a summary of the investment performance returns net of costs 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	12.18	9.75	5.04	6.10	6.25	6.65	7.00
BENCHMARK	12.10	10.19	4.36	5.07	5.45	5.82	6.71



📍 Hopewell Rocks Provincial Park, Bay of Fundy, New Brunswick

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 and providing oversight of 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 responsibilities 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. Internal Audit 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.

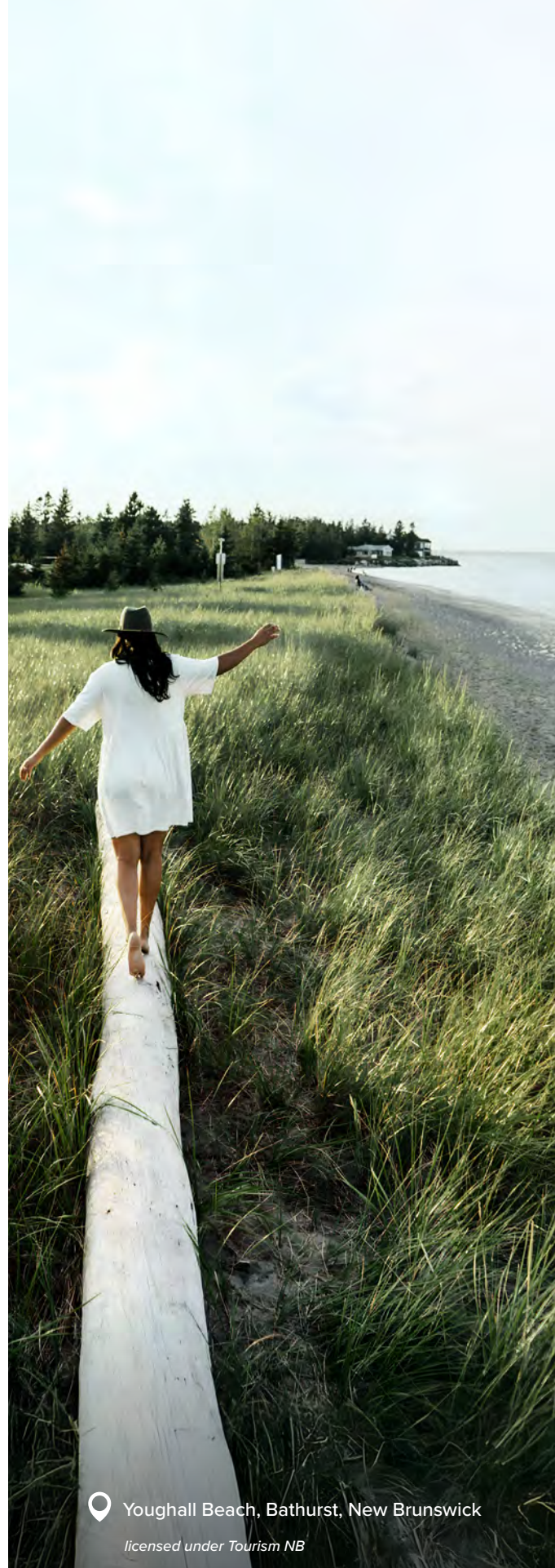
MANAGEMENT ACTIVITIES

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 Chairperson of the Audit Committee.

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

A summary of our recently updated Enterprise Risk Management Framework is available at vestcor.org/corporate.

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Youghall Beach, Bathurst, New Brunswick

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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:

- Quarterly key risk indicators reports.
- Weekly Capital at Risk and Policy Asset Mix Capital at Risk Analyses, including identification of risk proxies.
- Quarterly client liquidity analyses.
- Monthly counterparty exposure reports.
- Quarterly securities lending compliance reports.
- Results from Management's annual fraud risk assessment.
- 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.
- 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 the best trade execution possible.
- 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 the IT strategy and future direction.
- Approves new application risk assessments.
- Monitors adherence to IT policies and processes.
- Oversees cybersecurity risks.

BUSINESS CONTINUITY PLAN (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.
- Uses passive and active scenario testing to practise 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.
- 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.
- Maintains the valuation procedures manual in accordance with sound business practices and effective internal controls.



Pays de la Sagouine, Bouctouche,
New Brunswick

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 New Brunswick Public Service Pension Plan (NBPSPP) and New Brunswick Teachers' Pension Plan (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. 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 of Vestcor's transactions are conducted on a purely commercial basis, and that decisions and actions are based on sound business practices that are in the best interest of our clients.

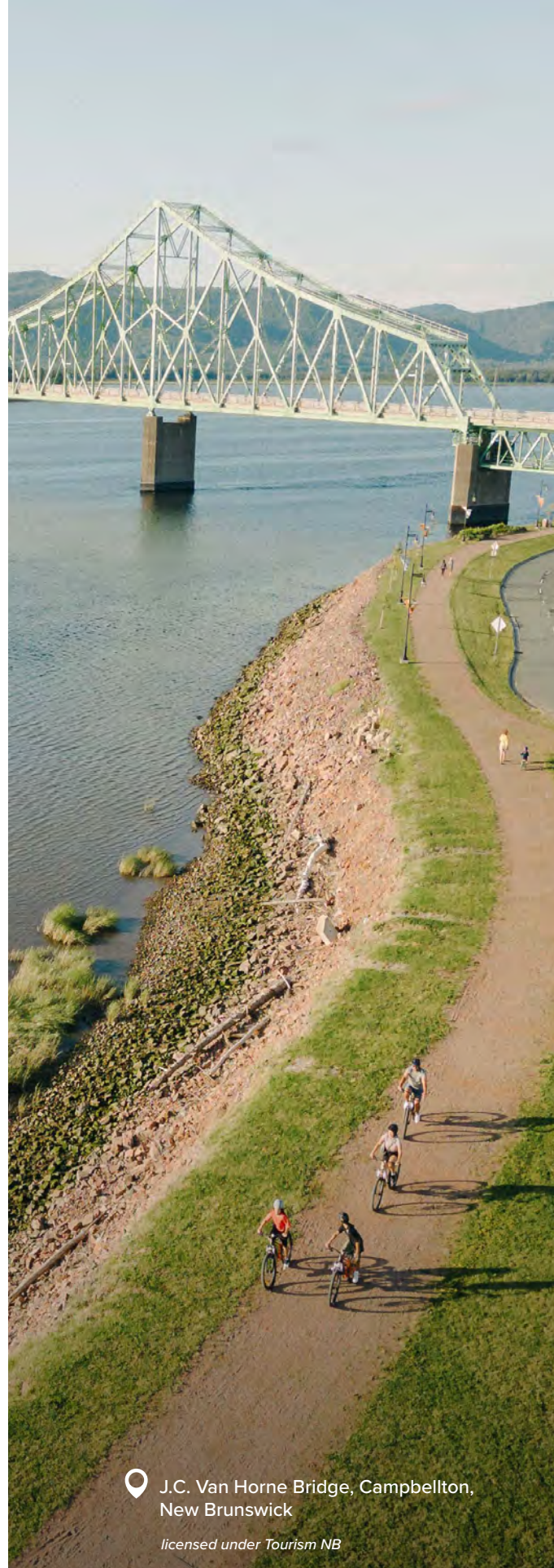
The Board is responsible for the stewardship and strategic direction of Vestcor. Its duties include establishment of the corporate purpose, mission, vision, and values; maintaining an effective relationship with the President and CEO; and oversight of the business planning process, financial position 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 endeavours 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 the Board review and approve corporate officers who are responsible for the day-to-day management of the organization. The Board has established an Investment Committee which will commence its activities in 2025.

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.

Additional information about our corporate governance practices is available on our website at vestcor.org/governance.

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J.C. Van Horne Bridge, Campbellton,
New Brunswick

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BOARD ATTENDANCE

Board members are expected to attend the Board meetings and committee meetings 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 ³	AUDIT COMMITTEE	GOVERNANCE	HUMAN RESOURCES & COMPENSATION COMMITTEE
David Losier	6/6	4/4	4/4	4/4
Eleanor Marshall ¹	6/6	4/4	4/4	n/a
Michel Allain	6/6	n/a	n/a	4/4
Tanya Chapman	6/6	n/a	4/4	4/4
Michel Doiron	6/6	2/2	n/a	4/4
Tim Mawhinney	6/6	4/4	4/4	n/a
Courtney Pringle-Carver	5/6	n/a	4/4	2/2
Cathy Rignanesi	6/6	4/4	4/4	n/a
Michael Walton ²	3/3	2/2	2/2	2/2
Steven Wolff	6/6	n/a	n/a	4/4
Suzanne Young	6/6	4/4	n/a	n/a

¹ Appointed Vice-Chairperson effective July 1, 2024.

² Term expired on June 30, 2024.

³ The Board held two ad hoc meetings, while the Human Resources & Compensation Committee held one ad hoc meeting, both with 100% attendance. In addition, the Board established the Ad Hoc Investment Committee which met once, and the Ad Hoc CEO Search Committee completed its work and met four times; all with 100% attendance.

The Governance Committee approved a recommendation to the Vestcor Inc. Board of Directors that T. Chapman and M. Doiron 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. In addition, an Ad Hoc Nominating Committee was established in December 2024 to explore hiring an external recruitment firm to assist in filling an anticipated vacant Director position 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 (KBRS), to assist with the Director recruitment search.

Ongoing Director education includes exposure to relevant news and articles of interest as well as a program of educational sessions. In 2024, these educational sessions included a presentation on Vestcor's 2024 Responsible Investment Report, a review of Vestcor's responsible investment approach, including the introduction of the United Nations Principles for Responsible Investment (UNPRI) in advance of Vestcor becoming a new UNPRI signatory, a review of the Canadian Coalition for Good Governance Stewardship Principles, and a presentation on the Vestcor Absolute Return Investment and Overlay Strategies. Additional education sessions included updates on trends in Canadian pension funds compensation, a review of the processes and procedures in the event of a cyber incident, a presentation on technology risks emerging from artificial intelligence, and application of artificial intelligence by the Vestcor Investment Teams. Directors also attended the client educational forum hosted by Vestcor in 2024 including presentations on the investment landscape and member communications: *Building Trust and ESG: Climate Trends, Themes, and Developments*. 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.



Tidal Bore at the Petitcodiac River Bore Park in Moncton, New Brunswick

BOARD DECISIONS

Major decisions made by the Vestcor Board in or relating to the year ending December 31, 2024, outside of the matters referred to it by the various Board Committees (see Board Committee Reports on the following pages) included:

- Appointment of the new President and Chief Executive Officer.
- Approval of the new President and Chief Executive Officer Employment Agreement and onboarding activities.
- Approval of the appointment of E. Marshall as Board Vice-Chairperson effective July 1, 2024.
- Approval of the establishment of the Ad Hoc Nominating Committee to address the anticipated vacant Director position and consider the timing of any potential future vacancies.
- Approval of the establishment of the Ad Hoc Investment Committee to develop formal Terms of Reference for the newly formed Investment Committee and anticipated debut of activities in 2025.
- Approval of the appointment of E. Marshall as Chairperson of the Ad Hoc Investment Committee.
- Recommend to the Vestcor Corp. shareholders the reappointment of two existing Directors to the Vestcor Inc. Board of Directors.
- Approval of the 2024 Incentive Plan compensation payments including the individual award factor based on 2024 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, the creation of a new infrastructure limited partnership Vestcor Investment Entity Profiles and minor administrative changes.
- Approval of Management's Action Plan in response to the 2023 Vestcor Inc. Client Satisfaction Survey
- Approval of the Willis Towers Watson total compensation review.
- Retained the strategic planning advisory services of the external consulting firm Fuse Strategy for the development of the new Vestcor Inc. Strategic Plan.
- Approval of the 2023 Vestcor Responsible Investment Report.
- Recommendation to the shareholder of reconfirming the appointment of KPMG as independent auditor for Vestcor Inc. and Vestcor Corp. for the year ending December 31, 2024, which was approved.
- Recommendation to the shareholder of the 2025 operating and capital expenditure budgets for Vestcor Inc., which were approved.
- Approval of the 2025 annual corporate business plan, associated key performance indicators and business plan weightings for Incentive Plan purposes.
- Approval of the 2025 draft objectives for the President and CEO.
- Approval of the 2025 Board and Committees' reporting calendar.
- Approval of the composition of the Board Committees' membership, effective May 29, 2024.
- Approval of the composition of the Investment Committee membership, including the appointment of E. Marshall as its chairperson, effective January 1, 2025.

BOARD COMMITTEE REPORTS

The following are highlights of the Board Committee Reports for, or relating to, the year ending December 31, 2024.

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.
- The 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.
- The adequacy and effectiveness of Vestcor's internal controls and management information systems used to produce accurate, appropriate, and timely management and financial information.
- The robustness of Management's Enterprise Risk Management Program and strategies to identify and mitigate financial risks.
- Compliance with legal and regulatory matters.

Management is responsible for the preparation of the financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining appropriate accounting policies, processes, procedures, and systems of internal controls 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 Audit Committee accomplished, among other things, the following in or relating to the year ending December 31, 2024:

FINANCIAL STATEMENTS AND OTHER STATEMENTS

- Reviewed and recommended to the Board for approval certain clients' Total Fund Reports for the Global Investment Performance Standards (GIPS®) asset owners in accordance with the standards for the year ended December 31, 2024 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
 - o Low Volatility Global Equity Total Fund
- Reviewed the Total Fund Reports for the New Brunswick Hourly Paid Employees of Fraser Papers Inc. and the New Brunswick Salary Paid Employees of Fraser Papers Inc. in accordance with GIPS® for the year ended September 30, 2024 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, 2024 and recommended to the Board for approval.
- Reviewed the Environmental Reclamation Total Fund Report and the Province of New Brunswick Department of Post-Secondary Education, Training and Labour Total Fund Report in accordance with GIPS® for the year ended March 31, 2024 and recommended to the Board for approval.
- Reviewed the audited financial statements for the Vestcor Investment Entities for the year ended December 31, 2024 and recommended to the Board for approval.
- Reviewed the audited financial statements for Vestcor for the year ended December 31, 2024 and recommended to the Board for approval.
- Reviewed the draft Vestcor Annual Report material for the year ended December 31, 2024 and recommended to the Board for approval 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, 2024 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.
- Approved the Vestcor Valuation Policies for investment securities.

INTERNAL CONTROL AND INFORMATION SYSTEMS

- Received the 2023 Service Organization Controls (SOC1) Type 2 Assurance Findings Report and recommended to the Board for approval the proposed 2024 SOC1 Type 2 Assurance Planning Report.
- Reviewed and recommended to the Board for approval the 2023 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.
- Received an update to the Vestcor 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 to the Board for approval.
- Reviewed and approved Management's recommendations regarding the Corporate Insurance Program and recommended renewal to the shareholder.
- Completed the annual review of the Director of Risk Management's mandate, role, and responsibilities.
- 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.
- Approved the 2025 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 auditors' independence.
- Received and approved the actions to comply with the Domain III Global Internal Audit Standards.
- Received and reviewed the Internal Audit Growth Strategy.
- Received and reviewed Deloitte's project reports.
- Received and reviewed a workplan and timeline to address Vestcor's ESG strategies and reporting.
- 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, 2024, and the Vestcor Investment Entities' financial statements for the year ended December 31, 2024.

- 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, 2024 and obtained confirmation of the external auditor's independence.
- 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 reappointment of the external auditor for the December 31, 2024 audit.
- 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.
- Met in camera with the external auditor.

COMMITTEE OBJECTIVES

- Received the results of an evaluation conducted by each Director after each Audit Committee meeting to assist in identifying improvements to meeting content and efficiency.
- Reviewed the Audit Committee's accomplishments for the year ending December 31, 2024 and established its 2025 objectives.

OTHER

- Conducted the annual review of the Audit Committee's Terms of Reference and recommended approval of amendments to the Board.
- Received and reviewed a quarterly cybersecurity monitoring update and the 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.
- Reviewed the IT Team's annual cybersecurity self-assessment.

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

C. Rignanesi (Chairperson), E. Marshall, T. Mawhinney, M. Doiron, 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 stakeholder relations 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; and oversees the Corporate Communications Policy, Director Orientation and Education Programs, and the Code of Ethics and Business Conduct. The Governance Committee may also recommend to the Board appropriate processes for Board, Chairperson, Director, and committee effectiveness assessments.

At the beginning of each year, the Governance 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, 2024:

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.
- Reviewed the newly formed Investment Committee Terms of Reference and recommended to the Board for approval.
- Conducted a review, with the assistance of Vestcor's legal counsel, of the Vestcor Inc. and Vestcor Corp. By-Laws and initiated the approval process.
- Completed the annual review of the Director Orientation and Education Policy, Code of Ethics and Business Conduct, Guidelines for Nomination of New Directors, and Directors' Terms and Skills Competency Matrix, and recommended to the Board for approval.
- Completed the biennial review of the Directors' Compensation Policy, the Directors' compensation philosophy, and the Directors' Travel and Expense Policy, and recommended to the Board for approval.
- Reviewed the draft Corporate Governance disclosure for the 2024 Annual Report and recommended to the Board for approval.

ETHICS

- Reviewed the annual compliance by staff and Directors with the Code of Ethics and Business Conduct.
- 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, 2024.
- Worked with the Board Chairperson in recommending to the Board for approval the composition of the Board Committees' membership effective July 1, 2024.

	<ul style="list-style-type: none"> Received each quarter a status report of compliance by Directors as permitted individuals pursuant to provincial securities regulation. Reviewed the annual Director compliance as permitted individuals pursuant to provincial securities regulation.
DIRECTORS' COMPENSATION	<ul style="list-style-type: none"> Approved a report of the Directors' compensation and expenses for the year ended December 31, 2024. Approved a report of the President and CEO's travel expense claims for the year ended December 31, 2024.
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	<ul style="list-style-type: none"> Developed Board Chairperson, Vice-Chairperson, Committee Chairperson, and Board member roles and responsibilities, and recommended to the Board for approval. 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 the Board and committee biennial self-assessment. Reviewed the Board's accomplishments for the year ended December 31, 2024.
COMMUNICATIONS AND PUBLIC POLICY	<ul style="list-style-type: none"> Received a status update on the Vestcor Inc. 2023-2024 Strategic Corporate Communications Plan. Received a quarterly Media Monitoring Report from the Communications Team.
COMMITTEE OBJECTIVES	<ul style="list-style-type: none"> Received the results of an evaluation conducted by each Director after each Board and Governance Committee meeting to assist in identification of improvements to meeting content and efficiency. Reviewed the Governance Committee's accomplishments for the year ending December 31, 2024 and discussed objectives for enhancing its effectiveness in 2025, 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.

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

REPORT OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE

Under its Terms of Reference, the Human Resources & 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 of the President and CEO, oversees changes to the compensation philosophy, compensation, employee benefits and incentive plans, organizational structure, leadership development, and succession. Furthermore, the HRCC 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 ending December 31, 2024:

EVALUATION OF THE PRESIDENT AND CEO

- Onboarded the new President and CEO on April 15, 2024.
- Confirmed the CEO's strategic priorities, goals, and objectives for the year ending December 31, 2024.
- Conducted the annual performance evaluation of the President and CEO.
- 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, 2024 and recommended to the Board for approval.

COMPENSATION AND EMPLOYEE BENEFITS

- Retained the services of an independent expert compensation consultant, Willis Towers Watson, to conduct a total compensation review for all positions, subsequently reviewed the results of this review, and recommended their approval to the Board.
- During the total compensation review, the HRCC also retained an additional independent expert compensation advisor, Mercer, to prepare a report evaluating Willis Towers Watson's approach and Vestcor's compensation program against its stated compensation philosophy.
- 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 required absolute investment 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, 2024 and recommended to the Board for approval.
- Reviewed corporate results for the year ended December 31, 2024 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, 2024.

- Reviewed the updated Vestcor's Compensation Backgrounder and Frequently Asked Questions documents, and recommended to the Board for approval.
- Received the annual analysis of Vestcor's pay equity status.

SEVERANCE

N/A – No severance arrangements referred to the committee in 2024.

**CODE OF BUSINESS
CONDUCT AND ETHICS**

N/A – No concerns referred by the Governance committee occurred in 2024.

**ORGANIZATIONAL
STRUCTURE**

Received a proposed updated organizational structure outline in conjunction with the development of the 2025 budget. Management provided an employee resource overview which identified a number of proposed new positions that will assist in supporting critical functions within the Pension & Benefit and Corporate Services' respective areas of the organization.

**LEADERSHIP
DEVELOPMENT AND
SUCCESSION**

- Reviewed the updated President and CEO Succession Plan including a newly developed Succession Policy, and recommended approval by the Board.
- Received regular updates on Management's recruiting efforts.

**HUMAN RESOURCES
PLANNING AND
POLICIES**

Received quarterly Vestcor Human Resource Strategic Plan - Three-Year Workplan status updates.

**COMPLIANCE
MONITORING**

Received quarterly certification from Management as to regulatory compliance with various employment standards and legislative requirements.

RISK MANAGEMENT

- Conducted an inaugural Employee Diversity, Equity, and Inclusion Survey.
- Conducted the 2024 Biennial Workplace Environment Survey to measure employee satisfaction.
- Conducted the 2024 Biennial Leadership Survey.
- Monitored quarterly key performance indicators related to human resource matters, including position vacancies, absenteeism, retention, and professional development.
- 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.
- Established the committee's objectives for the year ended December 31, 2024 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.
- Reviewed the draft Compensation Discussion and Analysis section of the Vestcor 2024 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 its Terms of Reference.

In reviewing the performance of the President and CEO against the business plan targets for the year ended December 31, 2024, the HRCC determined that both corporate business plan and individual targets were substantially achieved and awarded a performance target multiplier of 1.53. Continuing strong investment returns resulted in an awarded investment performance target multiplier of 2.00.

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

This report has been approved by the members of the Human Resources & Compensation Committee.

T. Chapman (Chairperson), M. Allain, M. Doiron, S. Wolff, C. Pringle-Carver, D. Losier (ex officio)



Moncton, New Brunswick

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 its 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 its discretion. It may also, at its 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".

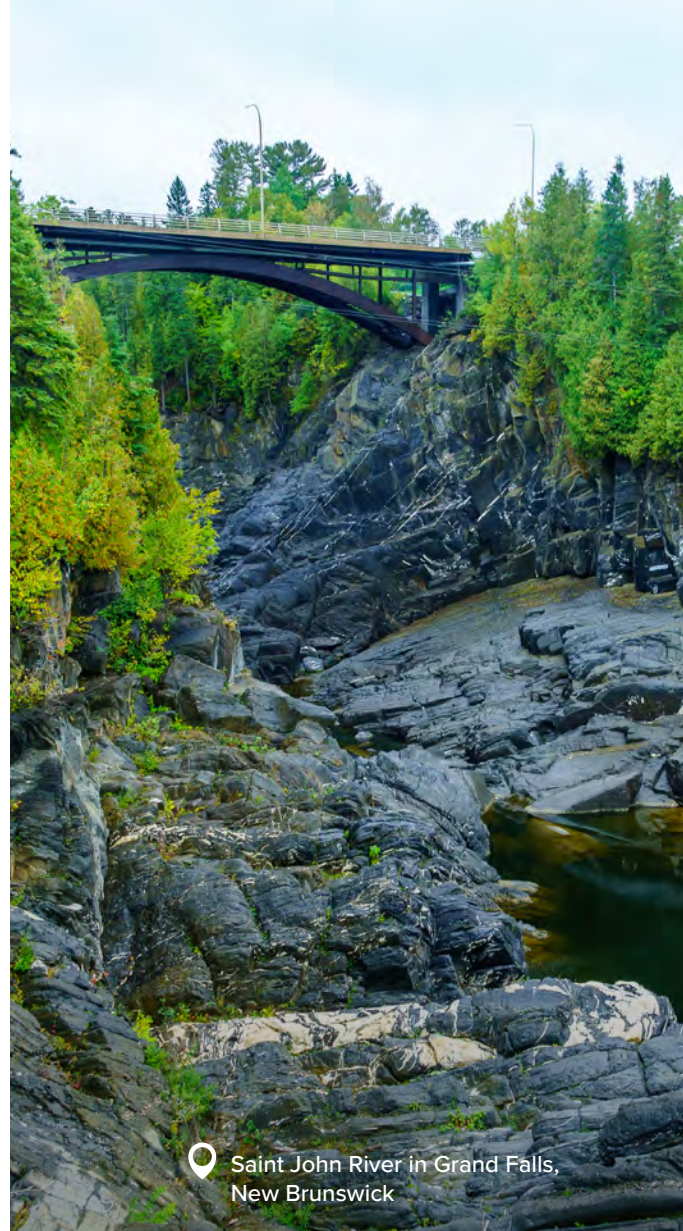
Key responsibilities include:

- 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 for Senior Management 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.
- Review of the year-end incentive compensation pool for eligible employees and recommendation to the Board for approval.

INDEPENDENT ADVICE

The HRCC recently engaged Willis Towers Watson, an independent expert compensation advisor, to conduct a total compensation review for all Vestcor positions. This review, initiated in 2024, is part of Vestcor's regular total compensation review cycle which occurs at least once every four years. During the review, the HRCC also retained an additional independent expert compensation advisor, Mercer, to prepare a report evaluating Willis Towers Watson's approach and Vestcor's compensation program against its stated compensation philosophy.

These reviews utilize comparator groups to represent the marketplace for employee positions and is expected to be completed in 2025.



Saint John River in Grand Falls, New Brunswick

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

HRCC's Terms of Reference are available at vestcor.org/governance.

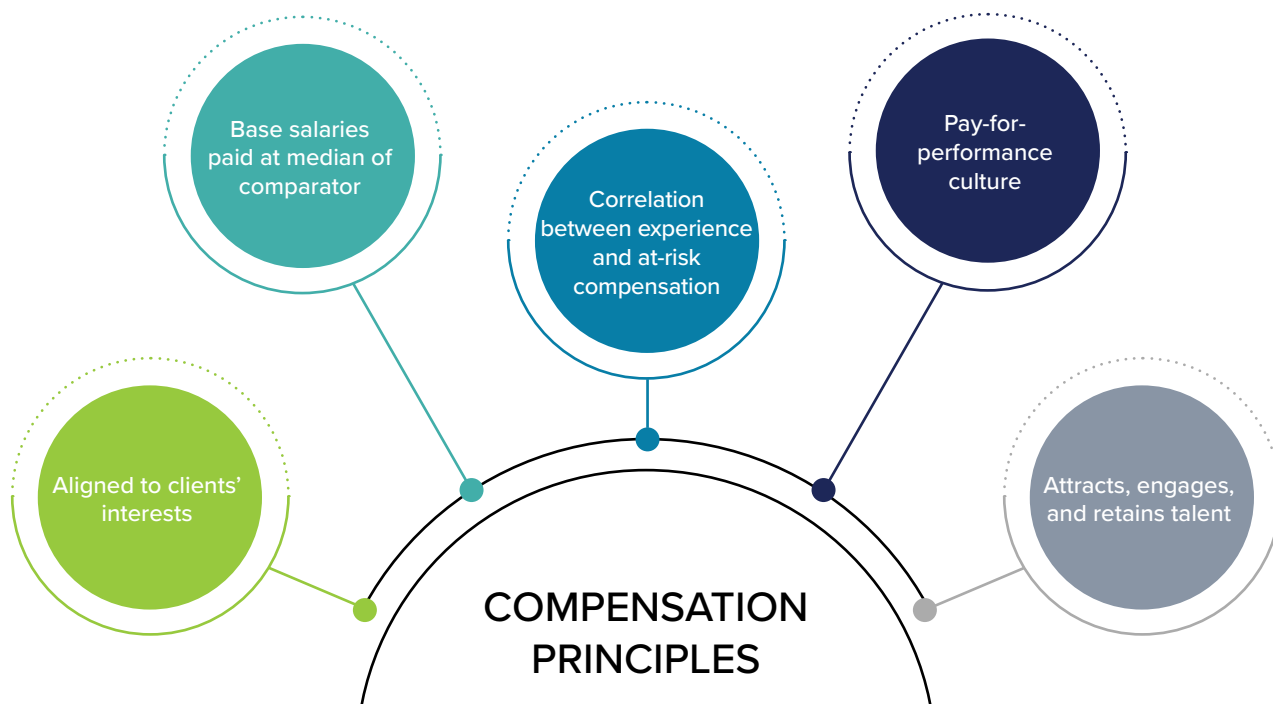
CORPORATE COMPENSATION PHILOSOPHY

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' and clients' interests.

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.
- Treat employees fairly.

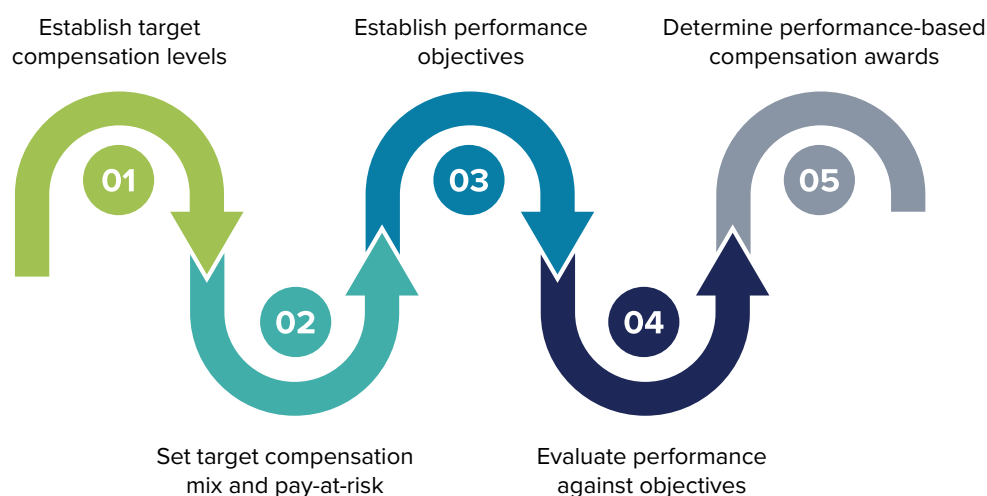
Vestcor operates on the general principle that **base salaries** will be paid at the median of the respective comparator group, while also taking into account service delivery complexity, asset size, investment strategy, and internal equity. Our employees are also subject to a **pay-for-performance incentive plan** 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

Every year the HRCC reviews the Incentive Compensation Plan 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 least once every four years. Compensation information from public disclosures of other similar peer organizations is also considered.

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, administrative 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 objectives 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. 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 Plan. 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; they in turn review performance evaluations for each member of the Incentive Compensation Plan and allocates the individual awards based on individual contribution.

INCENTIVE COMPENSATION PLAN

The Incentive Compensation Plan is outlined in Exhibit A on page 68. The plan 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 Incentive Compensation Plan has been developed by the HRCC with the help of an independent compensation consultant to align with the compensation philosophy.

Total compensation levels are periodically benchmarked using independent compensation consultants and reviewed 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 the 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 are calculated as a percentage of salary, weighted to reflect the role and impact that each eligible employee has on the 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 Real Assets. 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 1 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.

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, 2024 was 6.23%, which represents approximately \$5.4 billion of cumulative gross investment earnings.
- Net value-added investment returns (in excess of benchmarks) over the four-year period to December 31, 2024 remain strong.
- Total fund **relative returns** were higher than the combined weighted average client investment policy benchmarks over the four-year period to December 31, 2024, providing a positive net return of 1.03% (or 103 basis points) of value annually over client benchmarks after deducting all investment costs, or over \$784.4 million of total net investment returns for the four-year period.

The following table shows total compensation awards and payments, excluding Directors' remuneration (see page 67) for the year ended December 31, 2024.

		2024 (\$ THOUSANDS)		2023 (\$ THOUSANDS)
Salaries and benefits, excluding performance incentives	\$	16,572.8	\$	15,265.1
ICP performance incentives				
Net investment relative performance	\$	4,176.9	\$	3,672.3
Corporate scorecard and individual performance		2,690.9		2,383.4
Total ICP		6,867.8		6,055.7
LTIP ¹		-		2,682.0
Total performance incentives ²		6,867.8		8,737.3
Deferred portion of ICP		(3,078.4)		(2,709.9)
Payments from previous year deferrals		3,199.9		1,945.6
Total performance incentives paid		<u>\$6,989.4</u>		<u>\$7,973.4</u>

¹ LTIP was discontinued in 2021, with the last incentives offered in 2023.

² Total incentive expense for 2024 was \$7,569.8 (2023 - \$9,081.4), which includes deferral interest of \$702.0 (2023 - \$343.7). Interest on deferred balances accrues at the total fund return.

For the year ended December 31, 2024, 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 decrease in performance incentives reflects the discontinuation of the Long-Term Incentive Plan (LTIP) from 2021-2023 for the CEO, CFO, investment, and research staff. The decrease in performance incentives related to the LTIP was offset somewhat by an increase in the number of employees eligible for the Incentive Compensation Plan as a result of filling vacant and new positions, changes to base salaries, interest earned on the deferred portion of prior year incentives, and the business plan accomplishments for the years.

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 officer 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 YEAR'S DEFERRALS ⁵ (\$)	TOTAL PAID COMPENSATION ⁶ (\$)
Sean Hewitt President and CEO (Started April 2024)	2024	259,675	428,759	–	28,885	2,043	719,361	(214,379)	–	504,982
John Sinclair President and CEO (Retired May 2024)	2024	165,865	310,242	–	138,685	1,200	615,992	(155,121)	466,548	927,419
	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
Jonathan Spinney CIO and VP, QIAR	2024	334,772	721,923	–	36,920	2,795	1,096,409	(360,961)	341,990	1,077,438
	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
Mark Holleran VP, Equities	2024	265,983	381,846	–	29,560	2,710	680,098	(190,923)	254,826	744,001
	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
Dan Goguen VP, Private Markets	2024	249,964	457,416	–	27,846	2,653	737,878	(228,708)	241,448	750,618
	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
Brent Henry CFO	2024	194,868	186,054	–	21,916	2,458	405,295	(93,027)	91,930	404,198
	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

¹ This amount represents 100% of the ICP earned during the year. Fifty percent 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 Portion of the LTIP incentives paid in the year of determination of the award based on prior four-year return periods and was 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.

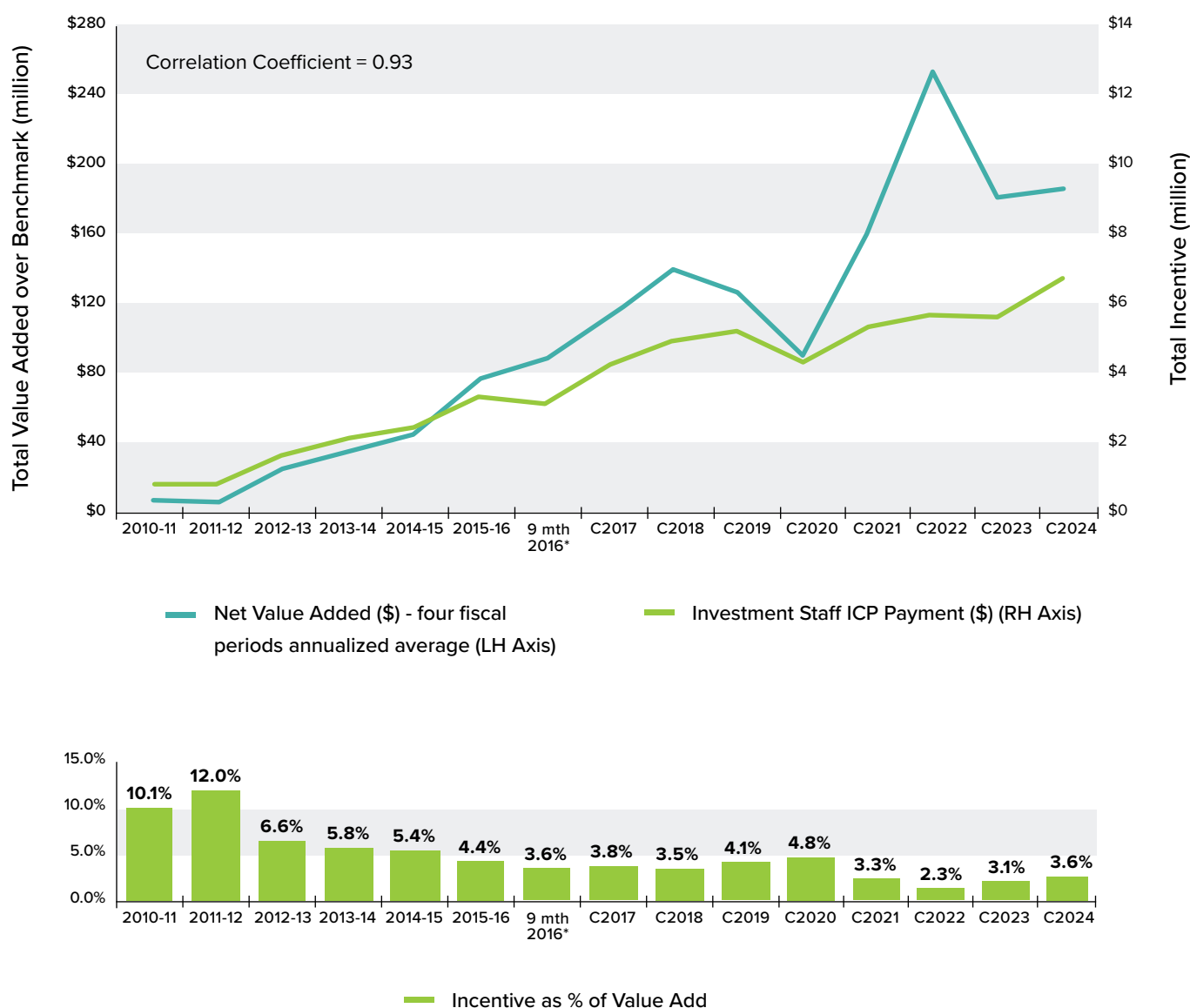
⁶ Includes "Salary", non-deferred portion of the "ICP", "LTIP", "Pension Contributions", and "All Other" compensations.

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:

- Long-term net relative investment returns versus benchmarks
- 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.



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

INCENTIVE COMPENSATION PLAN (ICP) OVERVIEW

The ICP amount of \$6,867.8 (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 \$4,176.9 (thousand) for the year ended December 31, 2024 (2023 - \$3,672.3 thousand). This component is based on the annualized net value added over benchmarks for the most recent four years ended December 31, 2024. The 2024 net value-added result was 9.0 basis points (bps) (2023 – -97.4 bps), and the long-term annualized net value-added result was 103.4 bps (2023 – 95.4 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, 2021	210.4	501.0
Year ended December 31, 2022	263.0	526.1
Year ended December 31, 2023	(97.4)	(194.9)
Year ended December 31, 2024	9.0	17.9
Annualized Long-Term (Four Fiscal Periods)	103.4	206.8

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

The **ICP related to business plan achievements** is \$2,690.9 (thousand) for the year ended December 31, 2024. This component is based on an achievement factor of 1.53 times overall target approved by the Board of Directors, compared to the achievement factor of 1.56 for the year ended December 31, 2023.

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 2024, and accounts for the largest weighting proportion. The overall total fund active return for all clients combined was an annualized 6.10% net for the most recent four-year period ended December 31, 2024, and most importantly 7.00% net per annum since Vestcor's inception in 1996.

KEY GOALS	2024 WEIGHTING	ACHIEVEMENT
Advance Vestcor's governance, management, and organizational effectiveness to support growth and sustainability.	25%	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.	40%	Exceeded
Define the optimal "client experience" and create systems to enable the consistent replication of this experience through growth cycles.	15%	Exceeded
Strengthen stakeholder relationships with shareholders, client trustees, plan members, employer groups, and policy-setters.	10%	Met
Continue to invest in technology improvements aimed at enhancing our clients' experience, providing more automated processing and reporting capabilities, and 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, 2024)
Advance Vestcor's governance, management, and organizational effectiveness to support growth and sustainability.	<ul style="list-style-type: none"> Supported the orientation and integration of the new President and CEO. Issued a request for proposals for a strategy development facilitation partner and kicked off the strategy development process with the Board and Management. Provided assistance with developing Terms of Reference for the Board Investment Committee. Completed the annual update of the Vestcor Enterprise Risk Management Framework. Prepared Vestcor's third annual Responsible Investment Report and Client Analysis 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. Developed an Environmental, Social, and Governance Workplan. Supported Chairperson involvement at semi-annual shareholder meetings to ensure effective relationships and timely communication between Vestcor's shareholders and the corporate Board of Directors. Initiated a key performance indicator review and refresh for implementation in 2025. Initiated a total compensation review with external compensation advisor Willis Towers Watson. Continued progress on the three-year Human Resources Strategic Plan. Completed Workplace Environment Survey and Diversity Equity and Inclusion Surveys to solicit feedback from Vestcor employees on areas for continued improvement in the workplace. Developed a CEO Succession Policy and began the development of formalized succession plans for leadership. Completed our Service Organization Controls Type 2 Report, Report on Internal Controls of Financial Reporting.
Advance our clients' pension and benefit administration and long-term investment management service needs through prudent risk-focused practices and well-executed service advancements.	<ul style="list-style-type: none"> Worked closely with employers and plan sponsors to process a significant volume of retroactive adjustments to accrued and in-pay pensions as a result of the finalization of a number of collective agreements. Developed processes to provide annual statements to non-active members and ensure new PBA regulations are satisfied. Finalized Fixed Income Team leadership responsibilities.

KEY GOALS

BUSINESS PLAN ACCOMPLISHMENTS (Year ended December 31, 2024)

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

- Continued the implementation of our Investment Client Relationship Contact Strategy.
- Continued to assist clients in the development of their enterprise risk management frameworks along with the formalized monitoring of key risk indicators.
- Continued to assist clients in the development and delivery of their plan-specific communication plans.
- Finalized analysis and created a workplan based on the results of the recent Client Satisfaction Survey.

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

- Held our annual in-person client forum in June 2024.
- At clients’ 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, and expanding our data management strategy (investment and administration), all while also protecting privacy and minimizing cybersecurity risks.

- Prepared Board education sessions on artificial intelligence and its potential impacts on Vestcor.
- Continued the implementation of an enhanced cybersecurity monitoring program.
- Continued to expand relationships with peers across North America and participated in a number of conferences and networking opportunities.
- Prepared a cybersecurity simulation with the Board.

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 kilometres traveled.

DIRECTOR	ANNUAL RETAINER (\$ DOLLARS)	BOARD AND COMMITTEE MEETING PER DIEMS (\$ DOLLARS)	TOTAL REMUNERATION ¹ (\$ DOLLARS)	TRAVEL REIMBURSEMENT (\$ DOLLARS)
David Losier ²	27,500	22,350	52,710	5,349
Michel Allain	12,000	10,450	23,624	2,266
Tanya Chapman ³	17,000	13,150	31,798	1,995
Michel Doiron	12,000	9,350	22,456	2,150
Eleanor Marshall ⁴	17,000	10,750	29,249	1,867
Tim Mawhinney ⁵	17,000	9,700	25,848	1,606
Courtney Pringle- Carver	12,000	8,800	21,872	1,420
Cathy Rignanesi ⁶	17,000	11,350	29,886	1,708
Michael Walton ⁷	17,000	10,150	20,026	1,517
Steven Wolff	12,000	10,450	23,623	3,866
Suzanne Young	12,000	7,150	20,120	1,120

¹ Includes costs of employer-paid statutory deductions

² Chairperson of the Board of Directors

³ Chairperson of the Human Resources & Compensation Committee

⁴ Chairperson of the Governance Committee from January 1, 2024 to May 28, 2024. Chairperson of the Ad Hoc Investment Committee from May 28, 2024 to December 31, 2024. Vice-Chairperson of the Board of Directors from July 1, 2024 to December 31, 2024.

⁵ Chairperson of the Governance Committee

⁶ Chairperson of the Audit Committee

⁷ Vice-Chairperson of the Board of Directors from January 1, 2024 to June 30, 2024. Term expired on June 30, 2024.

The total cost of the Vestcor Board function, including per diems, Director orientation, and Board education and memberships for the year ended December 31, 2024 was \$310.6 thousand (December 31, 2023 – \$300.7 thousand), plus travel and accommodation reimbursements of \$24.9 thousand (December 31, 2023 – \$12.5 thousand).

COMPENSATION PLAN

BASE SALARY

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

INCENTIVE COMPENSATION PLAN

	CORPORATE SCORECARD	INDIVIDUAL PERFORMANCE
ELIGIBILITY	Full-time permanent employees are subject to a minimum of six months of employment	Full-time permanent employees are subject to a minimum of six months of 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 next three 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 of employment	CIO and investment staff subject to a minimum of six months of employment	CEO, CFO, CIO, investment and risk staff, and select other positions subject to a minimum of six months of 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	Four fiscal year periods		
TYPE OF PROGRAM	CEO, CFO, CIO, CPBO, investment staff, and select other positions – 50% of the incentive is paid in Year 1 and the remaining 50% is deferred and paid in equal instalments over the next three years	50% of the incentive is paid in Year 1 and the remaining 50% is deferred and paid in equal instalments over the next three years	CEO, CFO, CIO, CPBO, investment staff, and select other positions – 50% of the incentive is paid in Year 1 and the remaining 50% is deferred and paid in equal instalments over the next three years
	All other positions - cash		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

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



Confederation Bridge between Prince Edward Island and New Brunswick, Canada.



RESPONSIBLE INVESTING GUIDELINES

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 investment actions that incorporate best practices related to environmental, social, and governance (ESG)-related factors. For example, Vestcor has been an active long-serving member in organizations such as the Pension Investment Association of Canada (PIAC) and the Canadian Coalition for Good Governance (CCGG).

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; Vestcor has identified a number of internal processes and relationships that 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 2024, Vestcor became a signatory to the United Nations-supported Principles for Responsible Investment (PRI). The PRI is an international network of financial institutions working together to implement its six aspirational principles in a framework for incorporating ESG factors into investment practices. In becoming a signatory, Vestcor has committed to PRI's six [Principles for Responsible Investment](#), where consistent with our fiduciary responsibilities.

In addition to general updates made to the Responsible Investing Guidelines, we released our inaugural Responsible Investment 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 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 disclosures for our consolidated core public securities investment portfolio utilizing the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD).

In November 2024, Vestcor released our third annual Responsible Investment Report, highlighting how we exercised active ownership of investments and integrated ESG information into our investment decisions during 2023. The report includes two new case studies that demonstrate our active investment activities in long-term carbon emission reduction opportunities in both our existing real estate portfolio and through new energy infrastructure investments. The report also provides an updated climate-related greenhouse gas emissions (GHG) disclosure for the majority of our investment portfolio utilizing TCFD guidelines. Coverage of the GHG disclosure was expanded to include more asset class types in the calculation, which brings the GHG disclosure coverage to 91% of our total assets under management. We are also pleased to report a further reduction in Financed Emissions Intensity (tonnes of CO₂e per CAD million invested) as at December 31, 2023, over the comparable 2022 metric.

Vestcor looks forward to continuing annual disclosures of our progress in responsible investment-related activities. While guidelines and standards on carbon footprint reporting continue to evolve, Vestcor is committed to adhering to the best practices and guidelines available to us.

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

PRI's six principles are available at [Principles for Responsible Investment](#).

VESTCOR INVESTMENT ENTITIES PERFORMANCE

The specific performance of each Vestcor Investment Entity and its respective benchmark return for the period indicated to December 31, 2024 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	3.55	4.93	(1.07)	(1.45)	0.67	1.69	1.96	4.42
<i>Benchmark</i>	3.31	4.70	(1.32)	(1.73)	0.27	1.31	1.60	4.18
NBIMC Corporate Bond Fund	7.32	7.93	1.77	0.94	2.41	3.00	3.06	3.55
<i>Benchmark</i>	6.97	7.67	1.47	0.76	2.31	2.93	3.04	3.45
NBIMC International High Yield Fixed Income Fund	8.57	11.19	2.83	3.18	3.14			4.41
<i>Benchmark</i>	9.73	11.19	3.01	2.85	3.11			3.86
Vestcor Alternative Fixed Income Fund, LP	7.03							8.30
<i>Benchmark</i>	5.97							7.42
NBIMC New Brunswick Fixed Income Opportunity Fund	3.06	3.56	2.22	1.67	2.43	2.73	2.98	5.42
<i>Benchmark</i>	3.31	4.70	(1.32)	(1.73)	0.27	1.31	1.60	4.18
NBIMC Money Market Fund	6.06	5.67	4.44	3.38	2.91	2.64	2.16	2.70
<i>Benchmark</i>	4.90	4.79	3.79	2.87	2.46	2.19	1.70	2.33
Vestcor Long-Term Money Market Fund	6.44							6.25
<i>Benchmark</i>	5.38							5.61
NBIMC Student Investment Fund	22.63	16.05	7.61	8.75	8.83	7.81	6.87	7.23
<i>Benchmark</i>	21.65	15.46	6.90	8.12	8.17	7.28	6.54	6.96
NBIMC Canadian Equity Index Fund	21.60	16.58	8.58	12.53	11.15	9.65	8.84	7.66
<i>Benchmark</i>	21.65	16.60	8.58	12.49	11.08	9.55	8.65	7.33
NBIMC Canadian Small Cap Equity Fund	21.31	12.77	7.69	13.03	13.72			9.88
<i>Benchmark</i>	18.83	11.59	4.15	7.96	8.93			6.26
NBIMC Low Volatility Canadian Equity Fund	22.57	15.49	9.71	13.11	9.91	9.24	8.65	10.18
<i>Benchmark</i>	20.43	15.93	9.96	13.78	10.58	9.70	8.85	9.51
NBIMC External Canadian Equity Fund	20.34	14.80	8.31	12.31	11.18	9.66	8.94	10.32
<i>Benchmark</i>	21.65	16.60	8.58	12.49	11.08	9.55	8.65	9.57
NBIMC External International Equity Fund ²	16.32	16.57	8.09	9.15	8.25	6.90	8.79	6.88
<i>Benchmark</i>	13.24	14.15	6.14	7.17	6.92	6.17	7.50	5.55
NBIMC EAFE Equity Index Fund	13.42	14.37	6.33	7.35	7.11	6.39	7.82	7.82
<i>Benchmark</i>	13.24	14.15	6.14	7.17	6.92	6.17	7.61	7.61

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 EAFE Equity Index Fund - Class N	12.26	13.12	5.93	7.06	6.86	6.22	7.61	5.76
<i>Benchmark</i>	13.24	14.15	6.14	7.17	6.92	6.17	7.50	5.55
Vestcor International Small Cap Equity Fund	18.85	14.46	4.59					5.40
<i>Benchmark</i>	17.81	15.37	4.97					5.53
Vestcor Low Volatility International Equity Fund	21.04	14.54	9.07					10.67
<i>Benchmark</i>	20.22	11.90	6.51					8.62
Vestcor Low Volatility International Equity Fund - Class N	20.98	14.45	8.99					10.63
<i>Benchmark</i>	20.22	11.90	6.51					8.62
NBIMC Low Volatility Emerging Markets Equity Fund - Class N	26.20	19.55	10.06	8.95	7.18	5.82		5.77
<i>Benchmark</i>	18.92	12.27	5.17	5.04	5.22	4.54		4.54
Vestcor Emerging Markets Active Equity Fund								9.10
<i>Benchmark</i>								10.38
NBIMC U.S. Equity Index (2017) Fund	36.44	29.92	13.42	16.65	16.60	15.87		14.84
<i>Benchmark</i>	36.43	29.90	13.39	16.62	16.56	15.84		14.81
NBIMC U.S. Equity Index Fund - Class N	36.20	29.77	13.32	16.60	16.51	15.81	15.37	13.58
<i>Benchmark</i>	35.88	29.33	12.88	16.10	16.02	15.26	14.94	13.38
NBIMC Inflation-Linked Securities Fund	3.91	3.03	(3.25)	(2.04)	0.88	1.80	1.95	5.64
<i>Benchmark</i>	3.73	2.86	(3.22)	(1.98)	0.85	1.72	1.84	5.49
NBIMC Canadian Real Estate Fund	(6.10)	(11.71)	(6.71)	(1.57)	(0.90)	2.94	5.55	8.89
<i>Benchmark</i>	0.43	(1.21)	1.80	2.67	3.26	4.03	4.46	5.14
NBIMC Canadian Real Estate Investment Trust Fund	(1.99)	0.33	(5.80)	3.08	(0.36)	3.72	4.81	5.28
<i>Benchmark</i>	(2.01)	0.28	(5.85)	3.05	(0.40)	3.58	4.66	5.12
NBIMC Non-Canadian Private Real Estate Fund	(88.23)	(68.84)	(63.83)	(53.36)	(48.07)	(35.66)		(26.98)
<i>Benchmark</i>	0.43	(1.21)	1.80	2.67	3.26	4.03		4.36
Vestcor Investments Private Real Estate, LP	(0.91)	(2.06)	0.85	3.39	2.69	3.86		3.92
<i>Benchmark</i>	0.43	(1.21)	1.80	2.67	3.26	4.03		4.18
Vestcor Investments Private Real Estate 2, LP	(3.61)	(5.06)	0.23	4.05	4.15			4.27
<i>Benchmark</i>	0.43	(1.21)	1.80	2.67	3.26			3.78
Vestcor Real Estate Fund, LP	4.35	0.23	3.85	5.65	4.62			4.36
<i>Benchmark</i>	0.43	(1.21)	1.80	2.67	3.26			3.30
NBIMC International Real Estate (2017) Fund ³	17.26	10.88	(1.62)	7.69	4.18	6.63		5.52
<i>Benchmark</i>	14.58	11.42	(0.04)	8.73	5.39	7.52		6.31
NBIMC International Real Estate Fund - Class N	17.34	11.00	(1.55)	7.75	4.59	6.91	7.55	8.72
<i>Benchmark</i>	13.24	10.06	(1.23)	7.52	4.31	6.37	7.19	8.43

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 Public Infrastructure (2017) Fund	25.55	13.58	9.82	9.64	7.52	7.28		6.23
<i>Benchmark</i>	27.05	13.07	11.66	10.05	9.15	8.23		7.93
NBIMC Public Infrastructure Fund - Class N	22.64	15.44	10.65	10.18	7.63	7.24		6.01
<i>Benchmark</i>	27.05	13.07	11.66	10.05	9.15	8.23		7.45
NBIMC Infrastructure Fund	6.22	2.58	3.62	3.38	3.41	6.09	7.41	7.31
<i>Benchmark</i>	7.29	8.59	8.69	7.84	7.39	6.99	6.53	6.30
Vestcor Investments Infrastructure, LP	14.47	9.48	11.95	11.52	10.34	11.04		11.20
<i>Benchmark</i>	7.29	8.59	8.69	7.84	7.39	6.99		6.77
NBIMC Quantitative Strategies (2017) Fund	6.30	3.93	6.85	7.19	8.30	6.68		6.87
<i>Benchmark</i>	4.90	4.79	3.79	2.87	2.46	2.19		2.07
NBIMC Quantitative Strategies Fund - Class N	6.04	4.06	7.21	7.48	8.67	6.75	6.37	5.37
<i>Benchmark</i>	4.90	4.79	3.79	2.87	2.46	2.19	1.70	1.44
NBIMC Quantitative Equity Strategic Beta (2017) Fund	10.78	7.97	6.54	6.13	5.30	5.47		5.51
<i>Benchmark</i>	4.90	4.79	3.79	2.87	2.46	2.19		2.07
NBIMC Quantitative Equity Strategic Beta Fund - Class N	10.34	7.62	6.25	5.84	4.92	5.26		5.32
<i>Benchmark</i>	4.90	4.79	3.79	2.87	2.46	2.19		1.89
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	31.61	14.70	9.57	7.62	10.70	8.99	9.86	10.09
<i>Benchmark</i>	7.29	8.59	8.69	7.84	7.39	6.99	6.53	6.93
NBIMC Private Equity Fund	2.80	(1.70)	(2.50)	4.34	7.94	10.33	12.51	10.33
<i>Benchmark</i>	29.43	24.87	11.04	13.51	12.86	11.52	11.55	9.50
Vestcor Investments Private Equity, LP	17.43	16.67	15.91	21.93	21.34	17.17		12.68
<i>Benchmark</i>	29.43	24.87	11.04	13.46	13.41	11.44		11.53
Vestcor International Active Equity Fund	31.73							25.23
<i>Benchmark</i>	29.68							23.24
Vestcor International Active Equity Fund - Class N	31.73							25.23
<i>Benchmark</i>	29.68							23.24
Vestcor Global Alternative Risk Premia Fund	11.22							10.16
<i>Benchmark</i>	4.90							4.65

DISCLOSURES :

¹ Effective April 1, 2008, Canadian dollar benchmarks were implemented for international exposure therefore, 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.



FINANCIAL STATEMENTS

December 31, 2024

**KPMG LLP**

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 77 Westmorland Street, Suite 700
 Fredericton, NB E3B 6Z3
 Canada
 Telephone 506 452 8000
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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, 2024
- 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, 2024, 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Fredericton, Canada

March 31, 2025

VESTCOR INC.**Statement of Financial Position**

As at December 31

(in thousands of Canadian dollars)

	2024	2023
ASSETS		
Current		
Cash	\$ 2,129	\$ 816
Accounts receivable <i>(note 10)</i>	7,414	8,756
Other receivables	29	23
Prepaid expenses	1,904	1,803
Total current assets	11,476	11,398
Long-term accounts receivable for supplemental pension <i>(note 10)</i>	278	282
Long-term accounts receivable for incentive compensation <i>(note 10)</i>	6,277	5,693
Capital assets <i>(note 3)</i>	2,617	2,761
Intangible assets <i>(note 4)</i>	2,211	2,654
	\$ 22,859	\$ 22,788
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities <i>(note 5)</i>	\$ 11,219	\$ 11,163
Current portion of term loan <i>(note 10)</i>	127	125
Current portion of supplemental pension <i>(note 6)</i>	32	31
Total current liabilities	11,378	11,319
Supplemental pension <i>(note 6)</i>	278	282
Non-current accrued liabilities for incentive compensation	6,277	5,693
Term loan payable <i>(note 10)</i>	2,167	2,294
Deferred contributions related to capital and intangible assets <i>(note 7)</i>	2,757	3,198
Total liabilities	22,857	22,786
Unrestricted net assets	2	2
	\$ 22,859	\$ 22,788

*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)

	2024	2023
REVENUE		
Investment management fees <i>(note 10)</i>	\$ 29,236	\$ 28,286
Pension administration fees <i>(note 10)</i>	9,789	9,064
Benefits administration fees	1,585	1,564
Amortization of deferred contributions related to capital assets	763	744
Other	795	803
Total revenue	42,168	40,461
EXPENSES		
Salaries and benefits	24,894	25,047
Information systems	6,492	5,880
External investment management	4,246	3,508
Securities custody	1,305	1,237
Office and business	1,933	1,742
Professional services	1,302	1,093
Office rent	1,088	1,022
Amortization of capital assets	908	932
Total expenses	42,168	40,461
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)

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ —	\$ —
Non-cash items:		
Amortization of capital and intangible assets	908	932
Amortization of deferred contributions related to capital and intangible assets	(763)	(744)
Supplemental pension	31	30
Changes in non-cash operating working capital:		
Accounts receivable	1,342	(362)
Long-term accounts receivable – supplemental pension	4	1
Long-term accounts receivable – incentive compensation	(584)	(1,105)
Vestcor Corp accounts receivable	—	—
Other receivables	(6)	27
Prepaid expenses	(101)	(89)
Accounts payable and accrued liabilities	56	399
Non-current accrued liabilities for incentive compensation	584	1,105
Net cash provided by operating activities	1,471	194
INVESTING ACTIVITIES		
Purchases of capital and intangible assets	322	219
Deferred contributions related to capital and intangible assets	(322)	(219)
Net cash used in investing activities	—	—
FINANCING ACTIVITY		
Payment of supplemental pension	(31)	(29)
Proceeds from Vestcor Corp loan	—	—
Loan Payments	(127)	(123)
Net cash (used in) financing activity	(158)	(152)
INCREASE IN CASH DURING YEAR	1,313	42
Cash, beginning of year	816	774
CASH, END OF YEAR	\$ 2,129	\$ 816

See accompanying notes to financial statements

VESTCOR INC.**Notes to Financial Statements**

Year ended December 31, 2024

*(in thousands of Canadian dollars)***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, 2024 with comparative figures for the year ended December 31, 2023. 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

VESTCOR INC.**Notes to Financial Statements**

Year ended December 31, 2024

*(in thousands of Canadian dollars)***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 and intangible assets (*note 3 and note 4*) and deferred contributions (*note 7*) and the estimated actuarial liability for supplemental pension (*note 6*).

VESTCOR INC.
Notes to Financial Statements
Year ended December 31, 2024
(in thousands of Canadian dollars)

3. Capital Assets

	Computer equipment	Furniture and equipment	Leasehold improvements	2024 Total
Cost				
Opening balance	\$ 1,119	\$ 645	\$ 2,238	\$ 4,002
Purchases	274	42	6	322
Disposals	—	—	—	—
Closing balance	1,393	687	2,244	4,324
Accumulated amortization				
Opening balance	689	216	336	1,241
Amortization expense	301	53	112	466
Disposals	—	—	—	—
Closing balance	990	269	448	1,707
Net book value	\$ 403	\$ 418	\$ 1,796	\$ 2,617

	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

4. Intangible Assets

	2024 Total	2023 Total
Cost		
Opening balance	\$ 4,423	\$ 4,423
Disposal	—	—
Closing balance	4,423	4,423
Accumulated amortization		
Opening balance	1,769	1,327
Amortization expense	442	442
Closing balance	2,211	1,769
Net book value	\$ 2,211	\$ 2,654

VESTCOR INC.**Notes to Financial Statements**

Year ended December 31, 2024

*(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, 2024 of \$292 (2023 - \$182) which include amounts payable for GST/HST.

6. Supplemental Pension

Vestcor has an estimated liability of \$310 (2023 - \$313) 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, 2024. 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:

	2024	2023
Balance, beginning of period	\$ 3,198	\$ 3,723
Additional contributions received, net	322	219
Less amounts amortized to revenue	(763)	(744)
Less disposal of capital assets	—	—
Balance, end of period	\$ 2,757	\$ 3,198

8. Employee Future Benefits

Vestcor is a participating employer in the NBPSPP. For the year ended December 31, 2024, Vestcor expensed contributions of \$1,453 (2023 - \$1,349) 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, 2024, Vestcor expensed contributions of \$34 (2023 - \$151) 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, 2024, Vestcor billed \$16,659 and \$11,142 to the NBPSPP and NBTPP respectively (2023 - \$15,959 and \$10,817 respectively) for these services, which are included in investment management and pension administration fees in the Statement of Operations. At December 31, 2024, NBPSPP and NBTPP owed Vestcor \$7,159 and \$5,135 (2023 - \$7,178, and \$5,238) respectively for such fees. These amounts are included in accounts receivable.

VESTCOR INC.**Notes to Financial Statements**

Year ended December 31, 2024

*(in thousands of Canadian dollars)***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, 2024, the loan payable to Vestcor Corp was \$2,294 (2023 - \$2,419). 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, the accounts receivable 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.