



New Brunswick Public Service Pension Plan

2024 ANNUAL REPORT



10 YEARS OF YOUR NBPSP

SECURE FOR MEMBERS. SUSTAINABLE FOR NEW BRUNSWICK.



In the face of a changing world, the NBPSP converted to a shared risk plan on January 1, 2014. The goal of this conversion was simple:

To provide current and future members with a secure, sustainable lifetime pension they can count on.

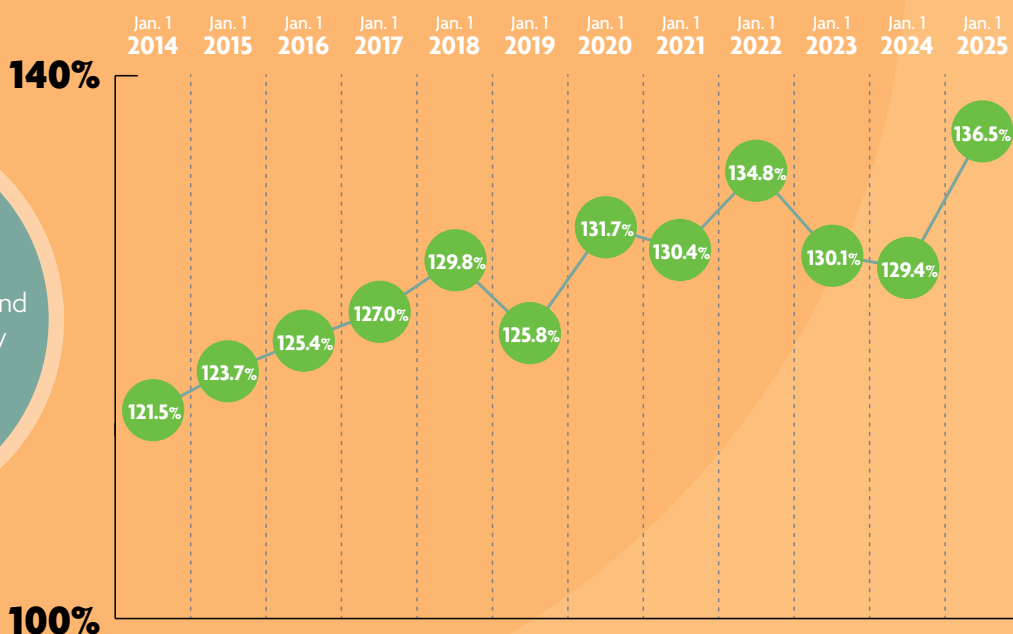
Here's how the Plan has done so far...

Funding of the NBPSP

Funded Status of the NBPSP Since Conversion

See page 14 for more information on the funding of the Plan

Today, the NBPSP is
136.5% funded
with \$10.19 billion in assets and
a funding reserve of nearly
\$1.49 billion
dollars



Your Pension Plan is in excellent financial health.

The Board of the NBPSP has introduced a "Traffic Light" system to provide a snapshot of the financial health of the Plan. This traffic light system is based on the open group funded ratio of the NBPSP. This ratio is determined by the Plan's actuary, TELUS Health, and is used by the Board to make decisions on benefit improvements for members, such as granting Cost of Living Adjustments (COLA) in accordance with the Plan's Funding Policy. Look for the traffic light in newsletters, annual reports, and the Plan's website to see how the Plan is doing at a glance.

2024 in Numbers

Based on the financial health of the NBPSP in 2024, effective January 1, 2026,
your Board of Trustees is able to grant a Cost of Living Adjustment of

2.01%
for all Plan members.



*Based on the change in Canada's Consumer Price Index over the 12-month period ending June 30, 2025 (2.01%).
As of July 2025, NBPSP members have been granted the maximum allowable cost of living adjustments.

Investment Returns

10-year average
returns of
7.14%
since January 1, 2014

The Plan has grown to
**\$10.17
billion**
in investment assets at
December 31, 2024

MOST IMPORTANTLY

**The average returns exceed the
current discount rate of 5.00%.**

The discount rate is set by the Board of
Trustees in consultation with the Plan's
independent actuary, and represents the
amount the NBPSP needs to earn to
maintain the Plan.

Plan Membership



7,400+
members have retired
and started receiving a
lifetime pension from the
NBPSP since
January 1, 2014



NB Public Service Pension Plan
2024 Annual Report

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Letter from the Chair

On behalf of the Board of Trustees, I am pleased to introduce our 2024 Annual Report – marking another year of success for the New Brunswick Public Service Pension Plan (NBPSPP).

The year 2024 saw the Plan's investment portfolio earn a return of 12.65%. This strong one-year return bolstered the Plan's long-term results, with the annualized return since 2014 reaching 7.14%. This is well in excess of the Plan's target discount rate of 5.00%, set by the Board of Trustees in consultation with TELUS Health, the Plan's independent actuary. The discount rate represents the conservative return the Plan needs to earn to maintain the benefits for its members. Furthermore, with growth of \$937.2 million in 2024, the NBPSPP now stands at over 10 billion dollars.

Thanks to this continued success, we are happy to share that all members of the NBPSPP (actively contributing, deferred, retired, and survivors) will once again receive a full cost of living adjustment as of January 1, 2026. The adjustment of 2.01% matches the rate of inflation from July 1, 2024 to June 30, 2025 as determined by Statistics Canada.

Pension plans that pay lifetime benefits and grant annual cost of living adjustments are rare in Canada. The fact that the NBPSPP has been able to provide cost of living adjustments matching the rate of inflation to all its members since 2014 is a testament to the Plan's success. Although market volatility is inevitable from time to time, the NBPSPP's diversified investment portfolio is structured to withstand fluctuations and continues to ensure the long-term security of 45,000+ current and future NBPSPP members.

The NBPSPP remains secure for members, and sustainable for New Brunswick.

A special thank you goes out to Ross Galbraith, a long-serving Board member and former Vice-Chair of the NBPSPP whose final term expired on December 31, 2024. Ross' contributions have been instrumental to the success of the NBPSPP over the past decade. On January 1, 2025, David Brown was appointed as a Trustee by Local 37 of the International Brotherhood of Electrical Workers (IBEW) to replace Ross. Susie Proulx-Daigle's final term as a trustee also expired on December 31, 2024. Susie remains as an Observer to the Board, and we are pleased to be able to continue to access her expertise. Long-standing observer Leigh Sprague was appointed as a Trustee by the New Brunswick Union.

On September 24, 2025, we will once again host our Annual Information Meeting, where we will provide important updates and answer questions live. Please join us for this virtual event at 12:00 p.m. noon. Details are available at nbpspp.ca/2025aim. If you have any thoughts or questions, please contact us at info@nbpspp.ca. We are proud to serve the members of the NBPSPP - and appreciate your feedback.

[signed]

Katherine Greenbank, Chair
July 24, 2024

Plan Governance



BOARD OF TRUSTEES

The Board of Trustees is responsible for the overall governance and administration of the New Brunswick Public Service Pension Plan (NBPSPP) in accordance with the *New Brunswick Pension Benefits Act*, the *Income Tax Act*, and the Plan's governing documents. The Board's duties include:

- Setting the levels of contributions and benefits in accordance with the Funding Policy
- Granting indexation on benefits (cost of living adjustments, or "COLA")
- Approving investment policy decisions
- Providing oversight of pension administration and investment management
- Hiring an accredited actuary to provide an independent valuation of the pension obligations
- Hiring an external auditor to independently examine the fair presentation of the financial statements

The Board of Trustees is composed of ten Trustees and two Observers. There is currently one Trustee vacancy. Four Trustees have been appointed by the unions who signed the NBPSPP's Memorandum of Understanding, and five Trustees have been appointed by the provincial government, including the required minimum of one retiree. Of the four appointed by the unions, one is appointed by the New Brunswick Nurses Union (NBNU), one by the New Brunswick Union of Public and Private Employees (NBU), one by the International Brotherhood of Electrical Workers Local 37 (IBEW Local 37), and one by the Canadian Union of Public Employees (CUPE) locals.* There is currently one Trustee vacancy for an appointee from the Professional Institute of the Public Service of Canada.

One of the Observers was appointed by the CUPE locals, while the other was appointed by the NBU. The Observers may attend the meetings, but do not have voting powers.

In addition, the Board of Trustees extended an opportunity to the appointing parties who do not have a formal Observer seat on the Board to appoint a Guest. The Guests may attend meetings, but do not have voting powers.

Biographies of the Trustees and Observers are available on the following pages.

*The CUPE locals who signed the NBPSPP's Memorandum of Understanding are CUPE Local 1252, CUPE Local 1840, and CUPE Local 5017.

The Board's composition changed in February 2024 when Renée Laforest joined the Board, replacing Mark Gaudet whose final term ended January 31, 2024, as a Trustee appointed by the provincial government. On December 31, 2024, Ross Galbraith and Susie Proulx-Daigle's final terms as Trustees ended. On January 1, 2025, David Brown was appointed as a Trustee by Local 37 of the International Brotherhood of Electrical Workers (IBEW) to replace Ross, while Leigh Sprague, formerly an Observer, was appointed as a Trustee by the New Brunswick Union to replace Susie. Susie remains as an Observer on the Board.

Katherine Greenbank, BBA, CPA, CMA

Chair

Katherine retired from Service New Brunswick as Corporate Director of Financial Systems Integration. Previously, she was with FacilicorpNB and also worked for a number of large firms in Atlantic Canada, including Cendant, JD Irving, NBTel, and Labatt. She is a member (retired) of the New Brunswick Public Service Pension Plan. She has a Bachelor's Degree in Business Administration from the University of New Brunswick and a Chartered Professional Accountant designation.

Sébastien Deschênes, DBA, CFA, FCPA, ICD.D

Vice-Chair

Sébastien is the Vice-President of the *Université de Moncton* - Edmundston Campus and a professor of accounting. He holds professional designations as a Certified Financial Analyst, Chartered Professional Accountant, and ICD.D of the Institute of Corporate Directors. He served on the Board of Directors of the New Brunswick Institute of Chartered Public Accountants and *UNI Coopération financière*. He was also a member of the pension committee for the *Régime des professeures, professeurs et bibliothécaires de l'Université de Moncton*. Prior to his employment at the *Université de Moncton*, he worked in a large public accounting firm in Montreal.

David Brown

Trustee

David is the Business Manager of IBEW Local 37, bringing over two decades of experience in the utility and forestry sectors. He began his career at NB Power in 2001 with a background in forestry and has since become a dedicated advocate for workers and their communities. David has served four terms on the executive of IBEW Local 37, including as Past President, where he played a key role in advancing the union's mission and strengthening member engagement. His leadership extends beyond the union, having held positions such as Past President of the Atlantic Vegetation Managers Association, Past Vice-President of the New Brunswick Forest Technicians Association, and Past President of the Bathurst Minor Hockey Association.

Paula Doucet

Trustee

Paula is the President of the New Brunswick Nurses Union (NBNU) since October 2016. Prior to being elected President, she held the position of Vice-President for 13 years, as well as second Vice-President of the NB Federation of Labour from 2010-2015. Paula has been a Registered Nurse for over 29 years, working in the ER at the Chaleur Regional Hospital in Bathurst before being elected as full-time President of the NBNU. She is a National Executive Board Member of the Canadian Federation of Nurses (CFNU) and continues to serve as a Trustee for the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (CBE Pension Plan) since 2017. Furthermore, she is a member of the Part-Time and Seasonal Pension Plan Committee since January 2022. Recently, Paula received the Queen's Jubilee Medal and the King Charles III Coronation Medal for her advocacy work on behalf of nurses in New Brunswick and across Canada.

Renée Laforest, CPA, CGA

Trustee

Renée is the Chief Executive Officer of Service New Brunswick. She obtained her Bachelor in Business Administration from the *Université de Moncton*, and obtained her CPA and CGA accounting designations in 1995. She has over 30 years of experience in various positions in the civil service of New Brunswick. She has served on various boards over the years including the Board of the CUPE Hospitals Shared Risk Pension Plan, as Chair and Vice-Chair; the Board of Ambulance New Brunswick; and the Board of Cannabis Management Corporation.

Jim Mehan, MBA, CPA, CMA

Trustee

Jim is the Deputy Minister of the Department of Social Development of the Government of New Brunswick. Prior to his employment with the Government of New Brunswick, he worked for a large firm in Saint John. He has a Master's Degree in Business Administration from the Ivey School of Business and a Chartered Professional Accountant designation. He has served on various boards including the Board of the NB Housing Corporation and the Board of Extra-Mural Program / Ambulance NB.

Marilyn Quinn

Trustee

Marilyn is a retired registered nurse and the Past President of the New Brunswick Nurses Union (NBNU) where she served as President for 12 years, advocating for registered nurses both at the negotiating table and in the workplace. She served as Chair of the NBPSPP Board of Trustees from 2014 to 2019, and sat on the National Executive Board of the Canadian Federation of Nurses Unions for 12 years. She also serves as a Trustee for the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (CBE Pension Plan).

Odette Robichaud

Trustee

Odette was a court stenographer with the Department of Justice of the Province of New Brunswick until her retirement in February 2019. She is the Past President of the Canadian Union of Public Employees (CUPE) local 1840 and Past CUPE Regional Vice-President for New Brunswick. She also served as an Observer for the New Brunswick Coalition for Pay Equity and was Vice-President Responsible for Women's Issues for both CUPE New Brunswick and the New Brunswick Federation of Labour.

Leigh Sprague

Trustee

Leigh has a Law Degree from the University of New Brunswick and is a member of the Law Society of New Brunswick, the Canadian Bar Association, and the Canadian Association of Labour Lawyers. He provides legal advice and representation to the New Brunswick Union. He is also involved in a consultative capacity on matters of strategic planning and on policy, legislative, and political developments which may impact the union. He serves as the Union's Chief Negotiator for its largest collective agreements, and has oversight over all bargaining activity. He also represents the union on certain external committees and working groups.

Susie Proulx-Daigle

Observer

Susie serves as the President of the New Brunswick Union, a role she has held since 2008. She also sits at the negotiating table for all NBU collective agreements and serves on the Board of Directors for the New Brunswick Pay Equity Coalition. She is a member of the Board of Trustees for the Shared Risk Plan for Certain Bargaining Employees of the New Brunswick Hospitals (CBE Pension Plan) and a member of the Standing Committee on Insured Benefits. In addition, she is the National Vice-President for the National Union of Public and General Employees. She is a graduate of Harvard University's Harvard Trade Union Program.

Chris Russell

Observer

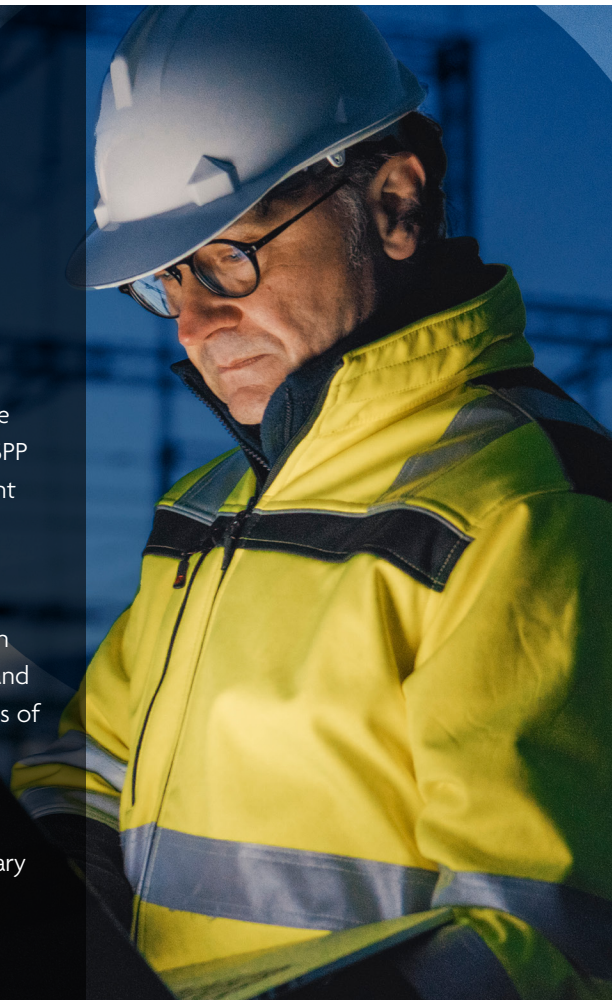
Chris is a licensed Red Seal plumber and a maintenance repair worker with the New Brunswick Community College in Moncton, NB. He is the current President of the Canadian Union of Public Employees (CUPE) Local 5017 and was appointed as an Observer on the NBPSPP Board of Trustees in March 2023.

Fiduciary Duty of Trustees and Observers

Trustees and Observers appointed to this Board hold a fiduciary duty towards the NBPSPP (the Plan), meaning they must always act in the best interest of the NBPSPP and its members when administering the affairs of the Plan. They do not represent the party who appointed them.

Trustees and Observers are entrusted with the property of another person; in this case, it consists of the funds for the pensions and related benefits of the Plan members. Board members are required by law to place the interests of the Plan and its members above their own, and conduct themselves with the highest standards of integrity, honesty, independence, fairness, openness, and competence.

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



BOARD EDUCATION

Members of the Board are required to regularly participate in continuing education programs to improve effectiveness in their Trustee work and make the best decisions for the Plan and its members in the areas of pension governance, administration, and investments.

The Board receives ongoing education through the timely review of news or articles of interest, presentations at Board meetings, and attendance at applicable conferences and seminars. In 2024, presentation topics included: Risk Management, Responsible Investing, Real Assets, Private and Public Equity, Fixed Income, Alternative Fixed Income, Global Investment Performance Standards (GIPS®), Sample Application of Funding Deficit Recovery Plan Under Various Funded Levels, the results of the Shared Risk Plan Research Project, 2023 Peer Return and Risk Performance Comparison, and various ad hoc financial market updates.

The Board continued to utilize its Board of Trustees Orientation, Growth, and Development Program, which sets out education guidelines to assist the Trustees in meeting their fiduciary duty. The program is comprised of mandatory orientation, growth, and development components recognizing the ongoing and evolving nature of the Board's responsibilities.

VESTCOR CORP.

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

Under the Members' Agreement, the NBPSP has the right to appoint four of the eight Directors of the Board of Directors for Vestcor Corp. Also, each Member (i.e., the NBPSP and the NBTPP) proportionately shares in the operating expenses of Vestcor Corp. The NBPSP's share of these expenses, in the amount of \$14,579 (2023 —\$14,082) are included in the administration expenses in Note 11 of the audited financial statements of the NBPSP on page 50.

VESTCOR CORP



BOARD EXPENSES

Members of the Board who are not otherwise paid by the employer or union (the sponsoring Parties) who appointed them to the Board to participate in meetings and educational activities receive a per diem of \$250. In addition, reasonable expenses incurred by Trustees and Observers to attend meetings and participate in educational activities are reimbursed.

The Board continued to strictly adhere to the Compensation and Expenses Policy. In 2024, the Board Chair was eligible to receive a retainer, four Trustees were eligible to receive per diems, and seven Trustees and two Observers were reimbursed for travel and/or education expenses, as outlined below. The increase in education was due to a greater focus on Trustee education.

As reported previously, the NBPSPP and the NBTPP are also the Members of Vestcor Corp., the not-for-profit holding company for Vestcor Inc. The NBPSPP and the NBTPP share the expenses relating to Vestcor Corp.'s semi-annual meetings, which are also outlined below.

The cost of the Board functions for 2024 was \$98,627 compared to \$85,608 in 2023.

	2024	2023
Meeting Expenses	\$ 3,341	\$ 3,305
Education	45,293	27,476
Travel	4,120	5,147
Per Diem	18,788	22,848
Retainer	12,506	12,750
Vestcor Corp.*	14,579	14,082
	\$98,627	\$85,608

*These expenses include the NBPSPP's portion of the translation, meeting, travel, and per diems as they relate to Vestcor Corp. Board meetings. Learn more about Vestcor Corp. at vestcor.org/vestcorcorp.



BOARD COMMITTEES

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

- The Governance Committee
- The Audit Committee

Both standing committees present reports of their meetings and decisions to the full Board for consideration and approval. In addition, an ad hoc committee on growth met once in 2024.

Governance Committee

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

Audit Committee

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

Meeting Attendance

Trustees are expected to attend Board and Committee meetings for which they are a member. The following table indicates the number of meetings held in 2024 and the attendance of the Trustees, Observers, and Guests.

	Board Meetings	Special ¹	Audit Committee	Governance Committee	Ad hoc Committee
K. Greenbank	5/5	2/2	-	-	-
R. Galbraith	4/5	2/2	-	-	1/1
M. Quinn	5/5	2/2	-	4/4	-
M. Gaudet ²	1/1	-	-	-	-
S. Deschênes	5/5	1/2	2/2	-	-
S. Proulx-Daigle	3/5	1/2	-	3/4	-
O. Robichaud	5/5	2/2	-	4/4	1/1
P. Doucet	5/5	2/2	-	4/4	-
J. Mehan	4/5	2/2	2/2	-	-
R. Laforest ³	4/5	2/2	2/2	-	-
L. Sprague (Observer)	2/5	2/2	-	-	1/1
C. Russell (Observer)	5/5	1/2	-	-	-

¹ Special: Annual Information Meeting and Board Retreat / Education Day.

² Mark Gaudet's term as a Trustee ended January 31, 2024.

³ Renée Laforest's term as a Trustee commenced February 1, 2024.

For a summary of the Board of Trustees' activities in 2024, see Appendix A.

GOVERNING DOCUMENTS

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

Agreement and Declaration of Trust

The Agreement and Declaration of Trust came into effect on January 1, 2014, the date the Plan converted from a defined benefit plan to a shared risk plan. This document ensured that the *Public Service Superannuation Act* (PSSA) pension fund continued as a trust under the NBPSPP. It also outlines the powers and duties of the Board of Trustees as Plan Administrator.

Funding Policy

The Funding Policy is the tool used by the Board of Trustees to manage the risks inherent to the NBPSPP. It provides guidance and rules regarding decisions that may have to be made by the Board of Trustees based on the results of the annual actuarial funding valuation and risk management tests (as described on pages 12 and 13).

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

Plan Text

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

Statement of Investment Policies

The Statement of Investment Policies outlines the investment policy for the NBPSPP Fund.

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



Operations of the Plan



SERVICE PROVIDERS

Administration Services

The Board has an administration agreement in place with Vestcor Inc. (Vestcor) to handle the day-to-day administration of the NBPSP. Vestcor collects employee and employer contributions and pays out benefits. In 2024, Vestcor set up pensions for 917 Plan members and survivors, and had 12,156 contacts with Plan members through phone, email, mail, as well as in-person meetings.

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

Investment Management Services

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

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

Further information on Vestcor is available at vestcor.org.

VESTCOR

Auditing Services

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

KPMG was reappointed as the auditor for the NBPSPP for 2024.



Actuarial Services

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

TELUS Health was reappointed as the actuary for the NBPSPP for 2024.



COST OF ADMINISTERING THE NBPSPP

Administration costs for the NBPSPP, as shown in the Statement of Changes in Net Assets in the audited financial statements for the year ended December 31, 2024, consist of the cost of the pension administration services and investment management services provided by Vestcor as well as the costs of the Board functions described on page 7. These costs are further itemized in Note 11 of the audited financial statements on page 50.

Total administration costs for the year ended December 31, 2024, were \$18,930,000 compared to \$18,151,000 for the same period in 2023, an increase of \$779,000. This increase in administration fees was predominantly due to a new legislative requirement to provide annual statements to non-active members and to inflationary factors.

As a percentage of average pension fund assets, total administration costs decreased slightly to 0.195% in 2024 compared to 0.205% in 2023.

The Plan continues to benefit from the cost competitiveness of its investment and administration service provider as this expense is significantly lower than would be charged by other private sector service providers.



Plan Valuation

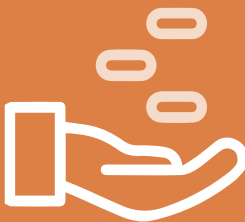
The purpose of the NBPSP is to:



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



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



Provide future cost of living adjustments for current and future retirees to the extent that funds are available

As mentioned on page 11, each year, the Board retains an independent actuarial firm to prepare a valuation of the Plan (also referred to as an actuarial valuation, or a funding policy valuation). The valuation compares the Plan's assets with the Plan's liabilities at a moment in time.

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

The most recent Actuarial Valuation Report was prepared as at January 1, 2025 and reviewed and approved by the Board of Trustees on July 16, 2025.

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

15-Year Open Group Funded Ratio

- This is an important ratio as it measures the Plan's ability to provide the benefits earned to date. It is also used to determine the actions to be taken by the Board under the Plan's Funding Policy, such as granting cost of living adjustments. This ratio compares the fair market value of the Plan's assets, plus the present value of excess contributions over the next 15 years, to the Plan's liabilities at January 1 of every year.
- As at January 1, 2025, the Plan's open group funded ratio is 136.5% as compared to 129.4% in 2024.

Termination Value Funded Ratio

- This ratio compares the fair market value of the Plan's assets to the Plan's liabilities at January 1 of every year and is used in the calculation of a member's benefits on termination of employment, death, marriage breakdown, or retirement.
- As at January 1, 2025, the Plan had \$10.19 billion in assets and \$8.70 billion in liabilities for a termination value funded ratio of 117.2%.

A more complete summary of the report is provided in Appendix C. For a copy of the full report, visit nbpspp.ca.

RISK MANAGEMENT TEST RESULTS

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

The risk management goals are outlined in the NBPSPP Funding Policy. The Plan's actuary has confirmed that the NBPSPP has successfully passed these tests as part of its annual actuarial valuation as at January 1, 2025.

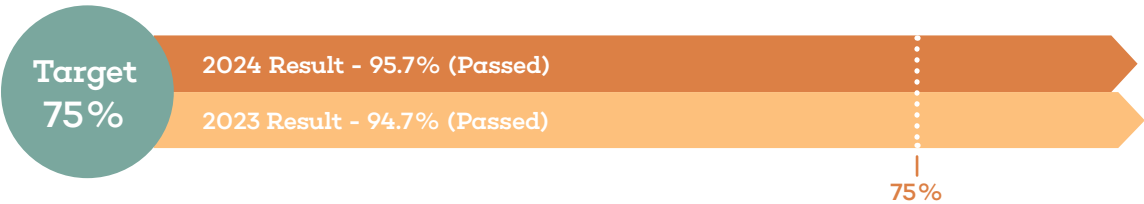
Primary Risk Management Goal

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



Secondary Risk Management Goal #1

Assumption that NBPSPP members and retirees will receive 75% of the Consumer Price Index (CPI) over the next 20 years.



Secondary Risk Management Goal #2

Assumption that 75% of ancillary benefits (e.g., early retirement subsidies) will be provided over the next 20 years.



Province of New Brunswick Guaranteed Benefits Clause for Pre-Conversion Benefits

The NBPSPP provides a high degree of certainty that accrued base benefits can be provided in the vast majority of potential future economic scenarios. While the NBPSPP does not provide an absolute guarantee that all base benefits will never be reduced, legislation was passed by the Province of New Brunswick providing a guarantee that base benefits earned by Plan members prior to January 1, 2014* will never be reduced. Refer to *An Act Respecting Pensions under the Public Service Superannuation Act*** for more details.

*Plan conversion date
**View the Act in detail at www.legnb.ca/en/legislation/bills/57/4/11/an-act-respecting-pensions-under-the-public-s

Investment Performance

INVESTMENT OBJECTIVES

In the **long term**, the objective is to preserve the assets of the NBPSPP Fund and secure the pensions of all members of the Plan. The aim is to provide the best possible long-term investment returns while achieving the strict risk management goals of the Plan. The Plan's investment portfolio targets a diversified asset mix designed to manage risk while achieving the best possible rate of return above and beyond the rate of inflation.

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

Over the **medium term**, the target of the Plan's active investment management is to provide an average rate of return of 0.50% (or 50 basis points) higher than what would be achieved through passive management of the portfolio. This target of 0.50% per annum applies after all investment management costs are deducted.

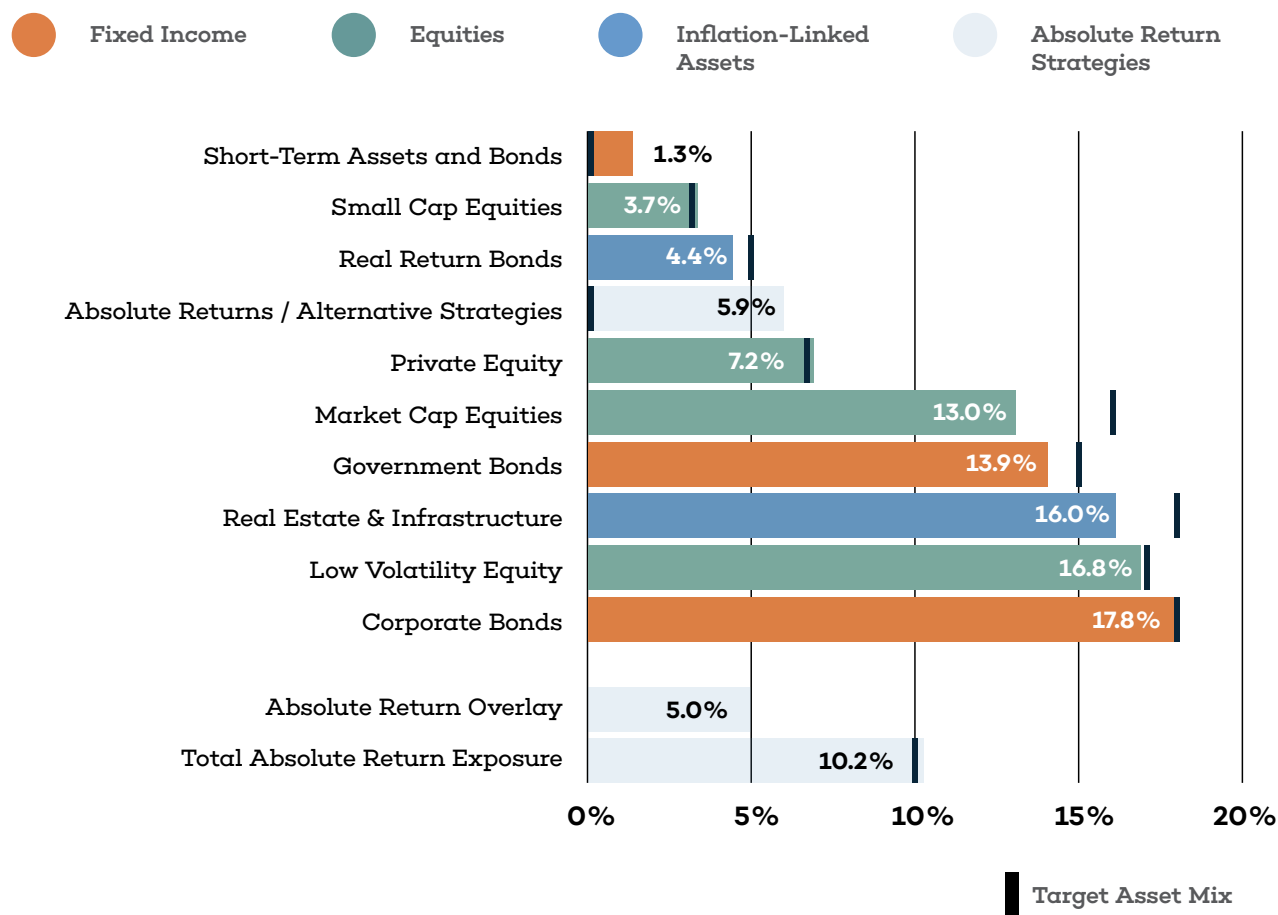
Over the **shorter term**, the objective is to achieve strong rates of return on each major asset class while avoiding unnecessary investment risk and market volatility.

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

ASSET MIX - ACTUAL VS TARGET

The Board last reviewed and confirmed its approval of the Statement of Investment Policies (SIP), including the target asset mix on September 26, 2024. The chart below includes the target asset mix and the actual asset mix as at December 31, 2024.

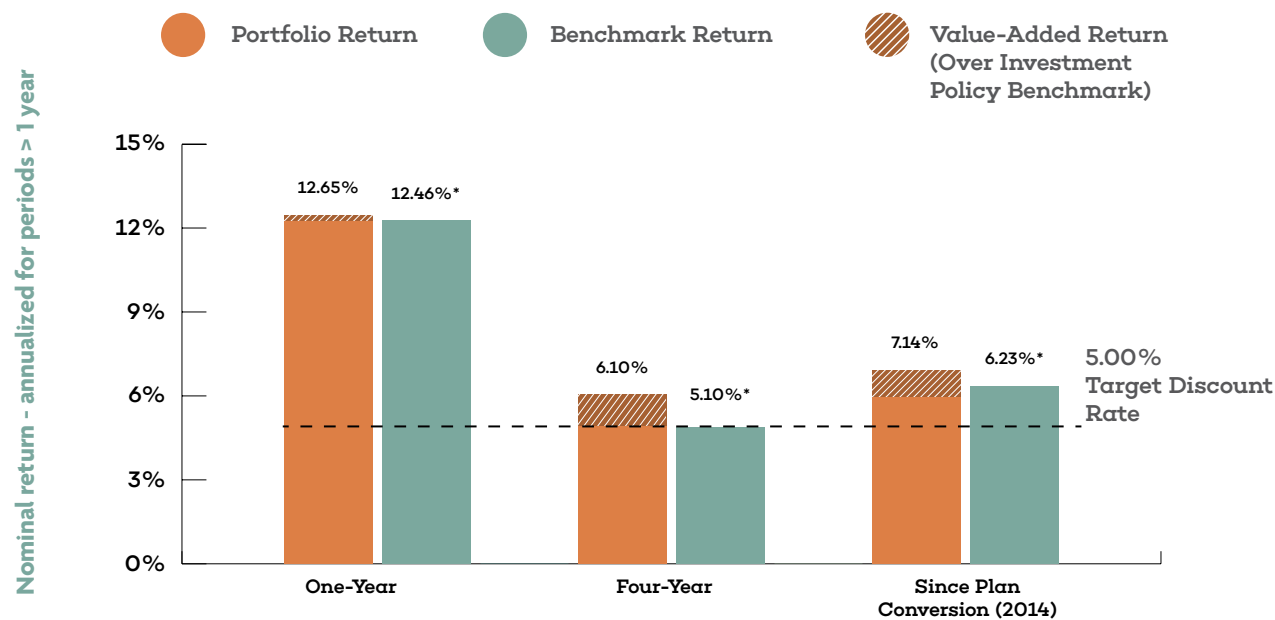
Asset Mix Breakdown as at December 31, 2024



The deviations in the asset class weights between the actual asset mix and the target asset mix are due to allowable deviations to accommodate market price movements or to provide prudent asset transitions to new SIP targets. The Plan's investment manager, Vestcor, is authorized to allow weights for asset classes to slightly deviate from policy weights within allowable ranges to minimize transaction costs. A transition plan is in place while the Plan's investments are being transitioned to the target asset mix, and larger deviations are expected between the actual and target weights for certain investments while this transition is ongoing.

2024 RETURNS

We are pleased to report that the overall investment program earned a strong positive nominal return of 12.65% for 2024. This is the highest return for a calendar year since the NBPSPP's conversion to a shared risk plan on January 1, 2014. The investment portfolio also managed to keep pace with its benchmark after accounting for investment costs, despite the lower risk positioning of the portfolio and the difference in timing of the valuation of private equity investments and public equity investments. The chart below illustrates the gross nominal return compared to the benchmark return for one year, four years, and since the NBPSPP's conversion.



*The benchmarks have been revised due to a retroactive adjustment by the real estate benchmark provider.

Over the longer term, both the four-year gross annualized return of 6.10% and the gross annualized return since conversion of the NBPSPP of 7.14% are in excess of the 5.00% target discount rate, set by the Board of Trustees in consultation with the Plan's independent actuary, and continue to exceed the respective benchmark returns of 5.10% and 6.23%.

This performance is particularly noteworthy since the Plan's assets continue to take on less investment risk than most other comparable Canadian pension plans. An independent survey of Canadian pension plans found that this Plan earned significantly more return compared to the median plan over the last four years after adjusting for the level of risk taken.

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

2024 Rates of Return, % calculated in Canadian Dollars

	Return	Benchmark	Value Added
Fixed Income			
Cash & Short-Term Investments	6.08%	4.90%	1.18%
Canadian Short-Term Bonds ¹	6.44%	5.38%	1.06%
Canadian Government Bonds	3.56%	3.31%	0.24%
Canadian Corporate Bonds	7.32%	6.97%	0.35%
Alternative Fixed Income ²	7.03%	5.97%	1.05%
Inflation-Linked			
Real Return Bonds	3.91%	3.73%	0.18%
Real Estate	2.86%	1.99%	0.87%
Infrastructure	13.47%	8.80%	4.67%
Absolute Return Strategy	8.37%	4.90%	3.46%
Public Equity			
Canadian	21.21%	21.65%	-0.44%
Canadian Small-Cap	21.31%	18.83%	2.48%
Global Developed Markets (ex Canada)	29.87%	29.68%	0.19%
Global Developed Markets (ex Canada) Small-Cap ³	18.85%	17.81%	1.04%
Emerging Markets ⁴	n/a	n/a	n/a
Minimum Volatility Equity			
Canadian	22.57%	20.43%	2.14%
Global Developed Markets (ex Canada)	21.04%	20.22%	0.82%
Emerging Markets	26.20%	18.92%	7.27%
Private Equity	13.45%	29.43%	-15.99%
Active Asset Mix Position			-0.01%
Absolute Return Overlay⁵			0.12%
Total NBPSPP Fund	12.65%	12.46%	0.19%

¹ Start date October 18, 2023

³ Start date December 17, 2021

⁵ Start date March 31, 2022

² Start date October 30, 2023

⁴ Start date April 26, 2024

For general commentary regarding investment performance and market events, please visit vestcor.org/marketupdate where information is added on a quarterly basis.

The audited financial statements for the NBPSPP are available on page 19 and provide detailed information on the Plan's performance for the year ended December 31, 2024.

The Total Fund Report prepared by Vestcor for the NBPSPP is included on page 55. This additional report follows the Global Investment Performance Standards (GIPS®) of the Chartered Financial Analysts' Institute. Vestcor's policies and procedures used in preparing that report are independently verified.

Helpful Definitions

Active Management: An investment strategy used by management with the goal of outperforming an industry benchmark or index.

Annualized Rate of Return: The return of an investment for a given period, converted to an average annual rate. For example, a 21% return over two years is equivalent to a 10% annualized rate of return since $1.1 \times 1.1 = 1.21$.

Benchmark: An industry standard against which rates of return can be measured, such as equity and bond market indices developed by stock exchanges and investment dealers.

Nominal Rate of Return: The rate of return on an investment without adjusting for inflation.

For even more helpful definitions, you can find a glossary of terms relevant to the NBPSPP at vestcor.org/glossary.



NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN FINANCIAL STATEMENTS

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

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

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

New Brunswick Public Service Pension Plan

Financial Statements

December 31, 2024

**KPMG LLP**

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of New Brunswick Public Service Pension Plan

Opinion

We have audited the financial statements of New Brunswick Public Service Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(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 Plan as at December 31, 2024, its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor's Responsibilities for the Audit of the Financial Statements**” section of our auditor's report.

We are independent of the Plan 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.

***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan'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 Plan'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 Plan'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 Plan 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 dark ink that reads "KPMG LLP". The signature is written in a cursive, flowing style and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Fredericton, Canada

July 24, 2025

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

	2024	2023
ASSETS		
Investments <i>(notes 3 and 4)</i>	\$ 10,172,329	\$ 9,235,100
Contributions receivable from employers	19,103	16,841
Contributions receivable from employees	9,030	7,915
Other receivable	1,191	1,319
Total assets	10,201,653	9,261,175
LIABILITIES		
Accounts payable and accrued liabilities <i>(note 12)</i>	8,005	7,633
Net assets available for benefits	10,193,648	9,253,542
Pension obligations <i>(note 6)</i>	8,698,700	8,334,300
SURPLUS	\$ 1,494,948	\$ 919,242

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

Approved on behalf of the Board of Trustees:


Katherine Greenbank
Chair

Sébastien Deschênes
Vice Chair

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

	2024	2023
Increase in net assets		
Net investment income <i>(note 9)</i>	\$ 1,154,103	\$ 622,245
Employer pension contributions	192,133	180,612
Employee pension contributions	139,135	122,884
	1,485,371	925,741
Decrease in net assets		
Pension benefits <i>(note 10)</i>	504,878	472,786
Refunds and transfers <i>(note 10)</i>	21,457	19,598
Administration expenses <i>(note 11)</i>	18,930	18,152
	545,265	510,536
Increase in net assets available for benefits	940,106	415,205
Net assets available for benefits, beginning of year	9,253,542	8,838,337
Net assets available for benefits, end of year	\$ 10,193,648	\$ 9,253,542

*See accompanying notes to the financial statements.***NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN****Statement of Changes in Pension Obligations***(In thousands of Canadian dollars)***YEAR ENDED DECEMBER 31**

	2024	2023
Pension obligations, beginning of year	\$ 8,334,300	\$ 7,861,300
Change in pension obligations:		
Changes in actuarial assumptions	(24,600)	(22,200)
Interest accrued on benefits	408,600	385,200
Experience loss	800	12,300
Normal actuarial cost	201,200	176,100
Benefits paid	(526,300)	(492,400)
Cost of living adjustment	304,700	414,000
	364,400	473,000
Pension obligations, end of year	\$ 8,698,700	\$ 8,334,300

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN**Notes to Financial Statements***(In thousands of Canadian dollars)***AS AT AND FOR THE YEAR ENDING DECEMBER 31, 2024****1. Description of the Plan**

The following description is intended as a summary only. For complete information, reference should be made to the plan text. All terms not defined herein have the same meaning as defined in the Plan Text.

On January 1, 2014, the defined benefit pension plan created by the *Public Service Superannuation Act* (“PSSA”) was converted to the New Brunswick Public Service Pension Plan (the “NBPSPP” or “Plan”), a shared risk plan registered under the *Pension Benefits Act of New Brunswick* (the “Act”). The NBPSPP is governed by a Board of Trustees consisting of an equal number of individuals appointed by the Province of New Brunswick, as the major employer, and by bargaining agents representing certain employees covered by the pension plan. At least one appointee must be a retired member of the pension plan.

The primary purpose of the NBPSPP is to provide secure pensions to plan members upon retirement and until death in respect of their service as plan members and their survivors. A shared risk pension plan uses a risk management approach set out in its funding policy to ensure that a base pension benefit is provided in most potential future economic scenarios. Accordingly, future cost of living adjustments and other ancillary benefits such as early retirement subsidies will only be provided to the extent that the pension assets are sufficient to pay such benefits as determined by the Board of Trustees in accordance with applicable laws and the plan’s funding policy (*note 7*).

All members of the PSSA and certain members of the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick became members of the NBPSPP. All new full-time employees, term employees, and contract employees after February 1, 2014 are required to join the NBPSPP. All other employees will become members of the NBPSPP upon the date of completion of twenty-four successive months of employment provided the employee has earned at least 35% of the YMPE in each of the preceding two calendar years.

Initial employee contribution rates of 5.8% of eligible earnings up to the Yearly Maximum Pension Entitlement (“YMPE”) and 7.5% of eligible earnings in excess of the YMPE increased to 7.5% and 10.7% respectively effective April 1, 2014. The employer contribution rates of 8.932% up to the YMPE and 11.55% above YMPE were adjusted to 11.25% of eligible earnings on April 1, 2014. In addition, unless the funding level is 140% of the estimated pension obligations, the employer will make temporary contributions of 0.5% of eligible earnings for a five-year period from January 1, 2014, and 0.75% of eligible earnings for the ten-year period from January 1, 2014. Employee and employer contribution rates will become equal after fifteen years. Contribution rates are subject to change in accordance with triggers identified in the funding policy for the NBPSPP (*note 7*).

Pension benefits vest on the earlier of: (i) five years of continuous employment; or (ii) two years of membership in the NBPSPP, including membership in any predecessor plan (the PSSA or the Pension Plan for Part-Time and Seasonal Employees of the Province of New Brunswick). The normal retirement date is at age 65. Early retirement may be taken at any time between the ages of 55 and 65.

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan (continued)

A member's annual pension payable up to age 65 is equal to the sum of:

- 1) In respect of service before January 1, 2014, the product of:
 - a) The number of years of pensionable service before January 1, 2014 up to the annual average YMPE; and
 - b) 2% of the annual average of the best five consecutive years of earnings at January 1, 2014; and
 - c) An early retirement factor;

And

- 2) In respect of service from January 1, 2014, the sum of the product (a), (b) and (c) below for each calendar year or portion thereof:
 - a) 2% of annualized earnings;
 - b) The number of hours worked for which contributions are made divided by the full-time equivalent hours;
 - c) An early retirement factor; and
 - d) Such cost of living adjustments as may be granted by the Board of Trustees.

A member's annual retirement pension payable after age 65 is equal to the sum of:

- 1) In respect of service before January 1, 2014, the product of:
 - a) The number of years of pensionable service before January 1, 2014; and
 - b) 1.3% of the annual average of the best five consecutive years of earnings at January 1, 2014 up to the annual average YMPE for the three years prior to January 1, 2014, plus 2% of the excess of the annual average of the best five consecutive years of earnings at January 1, 2014 over the annual average YMPE for the three years prior to January 1, 2014;

And

- 2) In respect of service from January 1, 2014, the sum of (a) and (b) below for each calendar year or portion thereof:
 - a) 1.4% of annualized earnings up to the YMPE and 2.0% of annualized earnings in excess of the YMPE;
 - b) The number of hours worked for which contributions are made divided by the full-time equivalent hours; and
 - c) Such cost of living adjustments as may be granted by the Board of Trustees.

An early retirement discount of 3/12% per month that the pension commences prior to age 60 is applicable to all service earned prior to January 1, 2014, while an early retirement discount of 5/12% per month that the pension commences prior to age 65 is applicable to all service earned on or after January 1, 2014.

A legislative guarantee protects members' base pension benefits that were earned, accrued or vested as of December 31, 2013.

The form of pension must be selected at retirement and includes a joint and survivor pension (with survivor benefit at 50%, 60% or 100% of benefit payable) or a life pension with a guaranteed payment period of either five, ten or fifteen years.

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan (*continued*)

In the case of termination prior to retirement, employees whose pension benefits have not vested will receive a refund of contributions with accumulated interest. All other employees will have a choice of deferring commencement of their pension benefit until age 65 for an unreduced benefit or deferring commencement of their pension until a date between age 55 or later and age 65 for a reduced benefit. An employee terminating before age 55 may also defer their pension between the ages of 55 to 65 (subject to the applicable early retirement reduction) or may transfer their termination value in a lump sum to a locked-in retirement account, a life income fund or to a pension plan offered by their new employer (certain restrictions apply).

In the case of death prior to retirement, the surviving spouse or designated beneficiaries of an employee whose pension has not vested will receive a refund of employee contributions with accumulated interest. In the case of death when pension benefits have vested, a surviving spouse may receive a monthly pension of 50% of the pension payable at age 65 for their lifetime or the termination value in a lump sum payment. In the case of death when pension benefits have vested and there is no surviving spouse, the designated beneficiary will receive the termination value in a lump sum payment, unless the designated beneficiary is an eligible dependent, in which case they would receive a monthly pension of 50% of the pension payable at age 65 while they are an eligible dependent.

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

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

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

These financial statements have been prepared in accordance with the significant accounting policies set out below. These financial statements were authorized for issue by the Board of Trustees on July 16, 2025.

(b) Basis of measurement

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

NOTES TO FINANCIAL STATEMENTS

2. Material Accounting Policies (*continued*)*(c) Financial instruments**(i) Classification, recognition and measurement*

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

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

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

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

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

The underlying investments held in the Vestcor Investment Entities are valued at fair value as of the date of the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Vestcor Investment Entities have access at that date.

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

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

Certain of the Plan’s financial assets and financial liabilities such as contributions and other receivables and accounts payable and accrued liabilities are subsequently measured at amortized cost, which is the cost at initial recognition, minus any reduction for impairment. The carrying amount of these assets and liabilities approximates fair value due to their short settlement period. At the reporting date, the Plan assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Plan recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows.

NOTES TO FINANCIAL STATEMENTS

2. Material Accounting Policies (*continued*)**(ii) Derecognition**

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or are transferred in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration is recognized in the Statement of Changes in Net Assets Available for Benefits as net investment income.

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

(d) Pension obligations

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

(e) Functional and presentation currency

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

(f) Use of estimates and judgments

The preparation of the Plan's financial statements requires judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the Statement of Financial Position. Significant estimates and judgments are required in determining the reported estimated fair value of private investments, which are included in the underlying investments held in the Vestcor Investment Entities and the measurement of the pension obligations, since these determinations may include estimates of expected future cash flows, rates of return, rates of retirement, mortality, rates in termination, discount rates, and the impact of future events. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

(g) Taxes

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

(h) Contributions

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

(i) Net investment income

Net investment income represents the changes in fair value, realized and unrealized, in the value of the units held in each of the Vestcor Investment Entities. Investment transactions are recognized as of their trade date.

NOTES TO FINANCIAL STATEMENTS

2. Material Accounting Policies (*continued*)*(j) Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies held within the Vestcor Investment Entities are translated at the prevailing rates of exchange at the date of the Statement of Financial Position. Investment income and expenses are translated at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in net investment income.

3. Investments

The Plan invests in units of the Vestcor Investment Entities, consisting of unit trust funds and limited partnership structures. Each Vestcor Investment Entity has a specific investment mandate. Investing in the Vestcor Investment Entities enables the Plan to achieve its required asset class weights in accordance with its Statement of Investment Policies (“SIP”). Following is a description of each Vestcor Investment Entity (“entity”) in which the Plan invested during the year ended December 31, 2024:

NBIMC Nominal Bond Fund

This entity invests primarily in investment grade securities issued, guaranteed, or secured by the Government of Canada or its agencies, province, territory, or municipality of Canada; this fund may also invest in interest rate futures and/or swaps, cross currency swaps and options on nominal bonds of G-7. Its benchmark is the FTSE Canada All Government Bond Index.

NBIMC Corporate Bond Fund

This entity invests primarily in investment grade Canadian fixed income securities issued, guaranteed, or secured by publicly listed corporations. Its benchmark is the FTSE Canada All Corporate Bond Index.

Vestcor Alternative Fixed Income, L.P.

This entity invests primarily in a global diversified portfolio of fixed income securities of all types including, but not limited to, both investment grade and non-investment grade bonds, bank loans, sovereign debt and private debt. Investment can be made directly or through co-ownership, limited partnerships or similar pooled structures. Its benchmark is a blend of FTSE Canada All Government Bond Index, FTSE Canada All Corporate Bond Index, FTSE Canada 365 Day T-Bill Index and the Bloomberg Barclays Global High Yield Total Return Index Hedged \$C.

NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund

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

NBIMC Money Market Fund

This entity invests primarily in high quality, short-term debt securities which typically include government guaranteed paper, bank paper, commercial paper, asset backed commercial paper, listed or over-the-counter (OTC) derivatives, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate.

Vestcor Long Term Money Market Fund

This entity invests primarily in high quality, short-term debt securities which typically include government guaranteed paper, bank paper, commercial paper, asset backed commercial paper, listed or OTC derivatives, short term bonds of less than 3 years in maturity, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is the FTSE Canada 365 Day T-Bill Index.

NOTES TO FINANCIAL STATEMENTS

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

This entity is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. The benchmark for this entity is the S&P/TSX Composite Total Return Index. The activities of this entity are closely monitored by Vestcor staff who execute and process all transactions on behalf of the students.

NBIMC Canadian Equity Index Fund

This entity invests primarily in Canadian equities (equities listed on a Canadian exchange or otherwise domiciled in Canada), but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is the S&P/TSX Composite Total Return Index.

NBIMC Canadian Small Cap Equity Fund

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

NBIMC Low Volatility Canadian Equity Fund

This entity invests primarily in Canadian equities (equities listed on a Canadian exchange or otherwise domiciled in Canada), but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is the MSCI Canada Minimum Volatility Total Return Index, Gross.

NBIMC External Canadian Equity Fund

This entity is managed by external managers and primarily in Canadian equities (equities listed on a Canadian exchange or otherwise domiciled in Canada), but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is the S&P/TSX Composite Total Return Index.

NBIMC External International Equity Fund

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

NBIMC EAFE Equity Index Fund

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

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)*Vestcor International Active Equity Fund*

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

Vestcor International Small Cap Equity Fund

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

Vestcor Low Volatility International Equity Fund

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

NBIMC Low Volatility Emerging Markets Equity Fund – Class N

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

Vestcor Emerging Markets Active Equity Fund

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

NBIMC U.S. Equity Index (2017) Fund

This entity passively invests in securities held in the MSCI USA Total Return Index. Its benchmark is the MSCI USA Total Return Index in \$C, Gross.

NBIMC Inflation-Linked Securities Fund

This entity invests primarily in government-secured, nominal, and inflation-linked securities of G-7 countries or Canadian provinces. Its benchmark is the FTSE Canada Real Return Bond Index.

NBIMC Canadian Real Estate Fund

This entity invests in private Canadian real estate investments through limited partnerships or similar investment vehicles. Its benchmark is the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return.

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)*NBIMC Canadian Real Estate Investment Trust Fund*

This entity invests primarily in Canadian REITs (REIT securities listed on a Canadian exchange or otherwise domiciled in Canada), but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its return target or otherwise manage risk. Its benchmark is the S&P/TSX Capped REIT Total Return Index.

NBIMC Non-Canadian Private Real Estate Fund

This entity invests in private non-Canadian real estate investments directly or indirectly through limited partnerships or similar investment vehicles. Its benchmark is the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return.

Vestcor Investments Private Real Estate, L. P.

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

Vestcor Investments Private Real Estate 2, L. P.

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

Vestcor Real Estate Fund Feeder Inc.

This entity is a real estate investment corporation that has invested in the Vestcor Real Estate Fund Limited Partnership (VREFLP). VREFLP invests directly in private domestic real estate investments. Its benchmark is the MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return.

NBIMC International Real Estate (2017) Fund

This entity invests primarily in Real Estate Investment Trusts domiciled in the United States. Its benchmark is the countries' blended REIT Equity Indices in \$C (currently MSCI USA IMI REIT Index in \$C, Gross).

NBIMC Public Infrastructure (2017) Fund

This entity invests primarily in publicly listed infrastructure equities, exchange traded funds and public and private debt investments. Additionally, other Vestcor Funds may be held as necessary in order to achieve its goal of obtaining infrastructure-like returns and risk over four year moving periods. Its benchmark is the MSCI World Infrastructure Index (USD) in \$C, Net. This entity is restricted to pension fund unitholders.

NBIMC Infrastructure Fund

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

Vestcor Investments Infrastructure, L. P.

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

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)*NBIMC Quantitative Strategies (2017) Fund*

This entity invests primarily in equities listed on an exchange or otherwise domiciled in either the U.S. or Canada, but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its return target or manage risk. Favored securities are held long with offsetting positions held short to achieve approximate market neutrality. Its benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate.

NBIMC Quantitative Equity Strategic Beta (2017) Fund

This entity invests primarily in equities listed on an exchange or otherwise domiciled in countries within the MSCI ACWI Index, but may also use other investments such as exchange traded funds, listed or OTC derivatives, or other securities to allow the fund to achieve its return target or manage risk. Favored securities are held long with offsetting positions held short to achieve approximate market neutrality. Its benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate.

Vestcor Global Alternative Risk Premia Fund

This fund invests in equities, exchange traded funds, listed or OTC derivatives, and other securities to allow the fund to achieve its return target or manage risk. Favored securities are held long with offsetting positions held short to achieve positive exposure to a diversified portfolio of alternative risk premia strategies. The benchmark is calculated as 93% of the FTSE Canada 91 Day T-Bill Index plus 7% One-day Canadian Call Loan Rate.

Vestcor Absolute Return Overlay Fund

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

NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund

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

NBIMC Private Equity Fund

This entity is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. Its benchmark is the MSCI World Total Return Index in \$C, Net.

Vestcor Investments Private Equity, L. P.

This entity is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. Its benchmark is the MSCI World Total Return Index in \$C, Net.

NBIMC Asset Mix Strategy Fund

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

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

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

(\$ thousands)	Number of Units (rounded)	Unit Value (in dollars)	Fair Value 2024	Fair Value 2023
Fixed Income				
NBIMC Nominal Bond Fund	468,047	3,026	\$ 1,416,498	\$ 1,337,409
NBIMC Corporate Bond Fund	1,151,667	1,573	1,811,588	1,687,029
Vestcor Alternative Fixed Income, L.P. – Series I	44,628	1,131	50,474	8,136
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund	260	3,982	1,034	2,003
NBIMC Money Market Fund	23,505	1,952	45,619	24,606
Vestcor Long Term Money Market Fund	64,187	1,090	69,944	67,354
NBIMC Student Investment Fund	485	6,186	3,002	2,448
			3,398,159	3,128,985
Equities				
NBIMC Canadian Equity Index Fund	27,641	7,133	197,158	197,963
NBIMC Canadian Small Cap Equity Fund	86,993	1,876	163,216	139,360
NBIMC Low Volatility Canadian Equity Fund	92,950	3,201	297,515	290,126
NBIMC External Canadian Equity Fund	11,778	8,472	99,782	87,217
NBIMC External International Equity Fund	18,068	4,016	72,569	79,053
NBIMC EAFE Equity Index Fund	68,642	2,581	177,167	175,817
Vestcor International Active Equity Fund	40,867	1,375	56,207	23,249
Vestcor International Small Cap Equity Fund	180,246	1,176	211,904	177,666
Vestcor Low Volatility International Equity Fund	685,162	1,462	1,001,931	924,113
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	248,437	1,659	412,280	385,120
Vestcor Emerging Markets Active Equity Fund	24,437	1,091	26,664	—
NBIMC U.S. Equity Index (2017) Fund	82,011	8,474	694,963	598,551
			3,411,356	3,078,235
Inflation-Linked Assets				
NBIMC Inflation-Linked Securities Fund	108,352	4,127	447,170	430,428
NBIMC Canadian Real Estate Fund	9,868	6,038	59,585	68,392
NBIMC Canadian Real Estate Investment Trust Fund	17,606	1,768	31,132	17,523
NBIMC Non-Canadian Private Real Estate Fund	1,997	52	103	3,018
Vestcor Investments Private Real Estate, L. P. – Series I	17,745	1,352	23,990	19,544
Vestcor Investments Private Real Estate, L. P. – Series III	103,901	1,248	129,718	103,489
Vestcor Investments Private Real Estate, L. P. – Series IV	9,564	961	9,194	2,962
Vestcor Investments Private Real Estate 2, L.P. – Series I	17,200	1,302	22,393	22,965
Vestcor Investments Private Real Estate 2, L.P. – Series II	15,844	816	12,930	8,856
Vestcor Investments Private Real Estate 2, L.P. – Series III	61,260	945	57,886	59,328
Vestcor Real Estate Fund Feeder Inc.	360,029	1,242	447,277	410,784
NBIMC International Real Estate (2017) Fund	8,711	12,044	104,917	54,219
NBIMC Public Infrastructure (2017) Fund	28,339	1,754	49,695	59,969
NBIMC Infrastructure Fund	69,309	2,658	184,228	172,304
Vestcor Investments Infrastructure, L. P. – Series I	33,632	2,475	83,223	74,762
Vestcor Investments Infrastructure, L. P. – Series II	11,747	4,293	50,434	26,640
Vestcor Investments Infrastructure, L. P. – Series III	62,325	1,510	94,098	83,503
Vestcor Investments Infrastructure, L. P. – Series IV	114,133	1,366	155,907	110,715
Vestcor Investments Infrastructure, L. P. – Series V	95,601	1,171	111,959	75,110
			2,075,839	1,804,511

NOTES TO FINANCIAL STATEMENTS

3. Investments (continued)

<i>(\$ thousands)</i>	Number of Units (rounded)	Unit Value (in dollars)	Fair Value 2024	Fair Value 2023
Alternative Investments				
NBIMC Quantitative Strategies (2017) Fund	117,458	2,389	280,638	274,582
NBIMC Quantitative Equity Strategic Beta (2017) Fund	147,377	1,578	232,578	215,404
Vestcor Global Alternative Risk Premia Fund	13,569	1,138	15,436	14,143
Vestcor Absolute Return Overlay Fund	74,568	134	9,987	5,169
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	108	11,676	1,257	1,204
NBIMC Private Equity Fund	21,335	6,969	148,674	178,001
Vestcor Investments Private Equity, L. P. – Series I	106,229	2,352	249,828	255,263
Vestcor Investments Private Equity, L. P. – Series II	45,527	2,993	136,251	144,985
Vestcor Investments Private Equity, L. P. – Series III	80,082	1,752	140,309	96,839
Vestcor Investments Private Equity, L. P. – Series V	29,642	1,402	41,569	27,819
Vestcor Investments Private Equity, L. P. – Series VI	8,591	677	5,817	1,401
Vestcor Investments Private Equity, L. P. – Series VII	6,214	1,594	9,903	3,052
Vestcor Investments Private Equity, L. P. – Series VIII	1,242	1,061	1,318	—
			1,273,565	1,217,862
Tactical Asset Allocation				
NBIMC Asset Mix Strategy Fund	49,855	269	13,410	5,507
			\$ 10,172,329	\$ 9,235,100

4. Fair Value of Financial Instruments

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

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

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

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

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

Vestcor Investment Entities are classified as level 2, with the exception of the Vestcor Investments Private Real Estate, L. P., the Vestcor Investments Private Real Estate 2, L. P., Vestcor Real Estate Fund Feeder Inc., the Vestcor Investments Infrastructure, L. P. and the Vestcor Investments Private Equity, L. P., since the units are priced based on each pooled fund's net asset value, which is observable, but the units are not traded in an active market. As at December 31, 2024 the fair value of investments classified as Level 2 was \$8,388,325 (2023 - \$7,707,083).

NOTES TO FINANCIAL STATEMENTS

4. Fair Value of Financial Instruments (continued)

Units in each of the Vestcor Investments Private Real Estate, L. P., Vestcor Investments Private Real Estate 2, L. P., Vestcor Real Estate Fund Feeder Inc., Vestcor Investments Infrastructure, L. P. and the Vestcor Investments Private Equity, L. P. are classified as Level 3. There were no significant transfers between any levels during the year (2023 – no significant transfer between any levels). As at December 31, 2024 the fair value of investments classified as Level 3 was \$1,784,004 (2023 - \$1,528,017).

The Vestcor Investments Private Real Estate, L. P. holds investments in international real properties, indirectly through wholly-owned holding companies invested in limited partnership structures. At December 31, 2024, an increase or decrease of 25 bps in the capitalization rate used by the independent property appraisers would have led to a decrease or increase on the valuation of this entity's investments in the amount of \$11,706 or \$13,298 respectively (2023 - \$10,228 or \$11,863 respectively). The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The Vestcor Investments Private Real Estate 2, L. P. holds investments in international real properties, indirectly through wholly-owned holding companies invested in limited partnership structures. At December 31, 2024, an increase or decrease of 25 bps in the capitalization rate used by the independent property appraisers would have led to a decrease or increase on the valuation of this entity's investments in the amount of \$5,986 or \$6,588 respectively (2023 - \$9,930 or \$11,178 respectively). The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The Vestcor Real Estate Fund Feeder Inc. holds an interest in the Vestcor Real Estate Fund Limited Partnership (VREFLP). VREFLP holds investments in Canadian real properties indirectly through co-investments. At December 31, 2024, an increase or decrease of 25 bps change in the capitalization rate used by the independent property appraisers would have led to a decrease or increase on the valuation of this entity's investments in the amount of \$29,290 or \$30,899 respectively (2023 - \$27,498 or \$34,426). The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

The Vestcor Investments Infrastructure, L. P. invests indirectly through co-investments in certain underlying infrastructure assets. The independent valuations received for each of the entity's investments suggest an aggregate range of values of \$487,736 to \$553,535 as at December 31, 2024 (2023 - \$352,824 to \$410,702). It is reasonably possible that the valuations used by this entity may require material adjustment to the carrying amount of its investments. The maximum exposure to loss in this entity is the carrying value of its investments plus uncalled commitments (*note 13*).

The Vestcor Investments Private Equity, L. P. invests in units of limited partnerships managed by well-known, experienced general partners. Excluding the publicly-traded holdings, a 1% increase or decrease in the per unit net asset values reported by the limited partnerships would result in an increase or decrease the carrying value of investments in this entity at December 31, 2024 by \$5,850 (2023 - \$5,294). It is reasonably possible that the valuations used by the entity may require material adjustment to the carrying value of its investments. The maximum exposure to loss in this entity is the fair value of its investments plus uncalled commitments (*note 13*).

NOTES TO FINANCIAL STATEMENTS

4. Fair Value of Financial Instruments (continued)

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

Year ended December 31, 2024	Fair Value, beginning of year \$	Gains (losses) in profit \$	Purchases \$	Sales \$	Fair Value, end of year \$
Vestcor Investments Private Real Estate, L. P.	125,995	(977)	40,710	(2,826)	162,902
Vestcor Investments Private Real Estate 2, L. P.	91,149	(3,496)	9,198	(3,642)	93,209
Vestcor Real Estate Fund Feeder Inc.	410,784	18,432	19,577	(1,516)	447,277
Vestcor Investments Infrastructure, L. P.	370,730	61,112	79,187	(15,408)	495,621
Vestcor Investments Private Equity, L. P.	529,359	85,273	57,526	(87,163)	584,995

Year ended December 31, 2023	Fair Value, beginning of year \$	Gains (losses) in profit \$	Purchases \$	Sales \$	Fair Value, end of year \$
Vestcor Investments Private Real Estate, L. P.	104,637	(3,660)	36,353	(11,335)	125,995
Vestcor Investments Private Real Estate 2, L. P.	97,380	(6,352)	7,411	(7,290)	91,149
Vestcor Real Estate Fund Feeder Inc.	364,426	(15,177)	90,557	(29,022)	410,784
Vestcor Investments Infrastructure, L. P.	295,797	18,387	70,798	(14,252)	370,730
Vestcor Investments Private Equity, L. P.	435,446	68,553	48,645	(23,285)	529,359

5. Financial Instrument Risk Management

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

(a) **Market Risk:** Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk includes foreign currency risk, interest rate risk and pricing risk among others. A factor impacting all securities traded in a market is geopolitical risk. The principal lever for managing market risk is to invest in widely diversified countries, sectors, and issuers. The Plan holds investments in pooled funds that invest in active and passive investment strategies and are diversified among domestic and international markets.

Investment strategies used by the Vestcor Investment Entities may involve the use of financial derivatives such as forward foreign exchange contracts or total return swaps. Investment strategies also include “market neutral” strategies whereby an investment in a long position in one stock is matched with a short position in another stock, typically within the same industry sector. With the limited exception of prudent financing for investments in real property, the SIP (*note 8*) precludes the use of leverage in the investment portfolio. Accordingly, to the extent that there is market exposure from derivative investments and short positions, each Vestcor Investment Entity will hold cash underlay equal to the amount of market exposure. Market neutral strategies help to mitigate market risk through adherence to maximum investment limits and stop-loss constraints and have a lower correlation to broad market indices.

Vestcor conducts certain of its investment activities in the Vestcor Investment Entities on behalf of the Plan by trading through broker channels on regulated exchanges and in the over-the-counter market. Brokers typically require that collateral be pledged against potential market fluctuations when trading in derivative financial instruments or when shorting security positions. As at December 31, 2024, the fair value of the Plan’s underlying securities that have been deposited or pledged with various financial institutions as collateral or margin on account was \$622,302 (2023 - \$632,294) (*note 5(c)*).

NOTES TO FINANCIAL STATEMENTS

5. Financial Instrument Risk Management (continued)

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. All of the Plan's investments are in Canadian dollar denominated Vestcor Investment Entities, however, certain of the Vestcor Investment Entities invest in assets denominated in foreign currencies or domiciled in foreign jurisdictions. The SIP permits hedging of foreign currency exposure at the portfolio manager's discretion. Approximately 34.3% (2023 – 33.9%) of the Plan's underlying investments are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the U.S. dollar of 23.3% (2023 – 22.2%) and the Euro of 3.2% (2023 - 2.4%).

A 1% absolute increase or decrease in the value of the Canadian dollar against all other currencies with all other variables held constant would result in an approximate decrease or increase in the value of the net investment assets at December 31, 2024 of \$34,879 (2023 - \$31,277).

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

If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the net investment assets at December 31, 2024 would be approximately \$271,949 (2023 - \$261,602).

Pricing risk is the risk that equity investments will change in value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Plan is exposed to price risk associated with the underlying equity investments held in the Vestcor Investment Entities. If equity market price indices declined by 1%, and all other variables are held constant, the potential loss at December 31, 2024 would be approximately \$42,817 (2023 - \$38,660).

(b) Credit Risk: The Plan is exposed to credit-related risk in the event that a pooled fund investment in a derivative or debt security counterparty defaults or becomes insolvent. Vestcor has established investment criteria which are designed to manage credit risk by establishing limits by issuer type and credit rating for fixed income and derivative credit exposure. Vestcor monitors these exposures monthly. Such derivative and short and long-term debt securities are restricted to those having investment grade ratings, as provided by a third party rating agency. In addition, each counterparty exposure is restricted to no more than 5% of total assets. Investment grade ratings are BBB and above for longer term debt securities and R-1 for short-term debt. Any credit downgrade below investment grade is subject to review by the Board of Trustees.

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

(\$ thousands)		2024		2023
AAA	\$	1,099,579	\$	973,450
AA		882,833		907,143
A		793,182		763,125
BBB		928,966		821,953
R-1		118,785		125,320
Other		59,696		50,631
	\$	3,883,041	\$	3,641,622

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

NOTES TO FINANCIAL STATEMENTS

5. Financial Instrument Risk Management (continued)

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

The Plan's asset mix is specifically designed to ensure that sufficient liquid assets are available to meet pension benefit obligations as they are required. Other than cash, treasury bills and bankers' acceptances, the most liquid asset class is government bonds whereas privately-held debt, equity, real estate and infrastructure investments are considered highly illiquid due to the lack of a readily available market and the longer term to maturity for these investments.

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

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

<i>(\$ thousands)</i>	2024	2023
Net assets available for benefits	\$ 10,193,648	\$ 9,253,542
Less investment in:		
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund <i>(note 3)</i>	(1,034)	(2,003)
NBIMC Canadian Real Estate Fund <i>(note 3)</i>	(59,585)	(68,392)
NBIMC Non-Canadian Private Real Estate Fund <i>(note 3)</i>	(103)	(3,018)
Vestcor Investments Private Real Estate, L. P. <i>(note 3)</i>	(162,902)	(125,995)
Vestcor Investments Private Real Estate 2, L. P. <i>(note 3)</i>	(93,209)	(91,149)
Vestcor Real Estate Fund Feeder Inc. <i>(note 3)</i>	(447,277)	(410,784)
NBIMC Infrastructure Fund <i>(note 3)</i>	(184,228)	(172,304)
Vestcor Investments Infrastructure, L. P. <i>(note 3)</i>	(495,621)	(370,730)
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund <i>(note 3)</i>	(1,257)	(1,204)
NBIMC Private Equity Fund <i>(note 3)</i>	(148,674)	(178,001)
Vestcor Investments Private Equity, L. P. <i>(note 3)</i>	(584,995)	(529,359)
Collateral pledged <i>(note 5(a))</i>	(622,302)	(632,294)
Investment commitments <i>(note 13)</i>	(552,701)	(497,691)
Net liquid assets	\$ 6,839,760	\$ 6,170,618

(d) **Securities Lending:** The Plan's SIP permits Vestcor to enter into a securities lending arrangement externally with their securities custodian or internally among the Vestcor Investment Entities with the objective of enhancing portfolio returns.

Under the external program, the securities custodian, who is an independent third party, may loan securities owned by the Vestcor Investment Entities to other approved borrowers in exchange for collateral in the form of readily marketable government-backed securities equal to at least 105% of the value of securities on loan and a borrowing fee. Vestcor has restricted the approved borrowers under the external securities lending program to manage exposure to counterparty credit risk. As at December 31, 2024, underlying securities in the amount of \$1,378,477 (2023 - \$1,341,535) were loaned on behalf of the Plan.

NOTES TO FINANCIAL STATEMENTS

6. Pension Obligations

(a) Actuarial Methodology: On conversion of the PSSA from a defined benefit plan to a shared risk plan, an actuarial valuation report was prepared by TELUS Health, the independent actuary to document:

- the results of the initial funding policy valuation, as required under sub-paragraph 100.6(2)(a)(ii) of the *Pension Benefits Act (New Brunswick)* (“Act”);
- the Conversion Plan as required under as required under sub-paragraph 100.6(2)(a)(i) of the Act; and
- the results of the going-concern actuarial valuation required under paragraph 14(1) of the *Shared Risk Plan Regulation 2012-75* to the Act.

The next going-concern actuarial valuation will be conducted as of January 1, 2026. Such a valuation is prepared solely to comply with the requirements of the *Income Tax Act (Canada)*.

The Act requires that a funding policy valuation be prepared annually and submitted to the Superintendent of Pensions. The annual funding policy valuation was prepared as of January 1, 2025 by the independent actuary. The next funding policy valuation is expected to be prepared no later than January 1, 2026.

The funding policy valuation actuarial liabilities and normal cost were calculated using the accrued benefit actuarial cost method in accordance with the requirements of paragraph 14(7)(a) of Regulation 2012-75.

The funding policy valuation actuarial liabilities are equal to the actuarial present value of benefits earned by members for services prior to the valuation date, taking into account the actuarial assumptions. The funding policy valuation does not take into account the impact of any future salary increases and the impact of future increases in accrued pensions due to cost-of-living adjustments as may be granted from time to time by the Board of Trustees in accordance with the plan text and the funding policy.

The funding policy valuation normal cost is equal to the actuarial present value of benefits expected to be earned by members in the year following the valuation date. A salary increase estimate has been made to calculate the estimated normal cost and estimated members’ and employers’ contributions for the year following the valuation date.

For valuation purposes, to determine eligibility for benefits and for any other use, the age used is the age on the date of the nearest birthday.

NOTES TO FINANCIAL STATEMENTS

6. Pension Obligations (continued)

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

	January 1, 2025		January 1, 2024	
Discount rate	5.00% per annum		5.00% per annum	
Inflation	2.10% per annum		2.10% per annum	
Salary increase rate for the year following valuation	2.60% per annum plus merit and promotion		2.60% per annum plus merit and promotion	
YMPE increase for the year following valuation	2.60% per annum		2.60% per annum	
Future indexation of accrued pensions and pensions in payment	0% per annum*		0% per annum*	
Mortality	2014 Public Sector Mortality Table (CPM 2014 Publ) projected using Improvement Scale B (CPM-B) with size adjustment factors of 110% for males and 110% for females		2014 Public Sector Mortality Table (CPM 2014 Publ) projected using Improvement Scale B (CPM-B) with size adjustment factors of 110% for males and 110% for females	

Retirement	Age at Conversion								
Retirement Age	60+	55 – 59	50-54	45-49	40-44	35-39	30-34	25-29	Under 25 or joined Plan after conversion
56	5%	2.5%	0%	0%	0%	0%	0%	0%	0%
57	5%	5%	5%	2.5%	0%	0%	0%	0%	0%
58	5%	5%	5%	5%	5%	2.5%	0%	0%	0%
59	20%	12.5%	5%	5%	5%	5%	5%	0%	0%
60	20%	20%	20%	12.5%	5%	5%	5%	5%	2.5%
61	20%	20%	20%	20%	20%	12.5%	5%	5%	5%
62	6.25%	13.1%	20%	20%	20%	20%	20%	5%	5%
63	6.25%	6.25%	6.25%	13.1%	20%	20%	20%	20%	12.5%
64	6.25%	6.25%	6.25%	6.25%	6.25%	13.1%	20%	20%	20%
65	6.25%	9.4%	12.5%	15.65%	18.75%	21.9%	25%	45%	55%
Termination of employment (other than by death or retirement)						None			

*- Ability to grant future indexation is contingent on plan performance and is therefore not included in the liability

Changes in actuarial assumptions during 2024 resulted in a net decrease in the pension obligations of \$24,600 (2023 – net decrease of \$22,200).

(c) Experience gains (losses): Experience gains (losses) represent the change in the pension obligations due to the difference between expected experience and actual results. During 2024, the experience losses were \$800 (2023 – experience losses of \$12,300).

(d) Sensitivity analysis: The discount rate used to estimate the present value of pension obligations has a significant effect on the pension obligations at the end of the year. As of December 31, 2024, a decrease of 100 basis points in the discount rate would have increased the pension obligations by \$1,087,700 (2023 - \$1,048,200).

NOTES TO FINANCIAL STATEMENTS

6. Pension Obligations (continued)

(e) Funding policy valuation assets: The financial position of the Plan on a funding policy basis is determined by deducting the funding policy valuation actuarial liabilities from the funding policy asset value. For funding policy purposes only, the asset value includes the present value of excess contributions of \$1,683,600 (2023 - \$1,528,100) defined as the excess of expected contributions less funding policy normal cost for each year in the 15 years after the actuarial valuation date on conversion. This amount is added to the asset value for policy testing in order to determine the Plan funded status for the purpose of the application of the funding policy. The present value of the excess contributions does not represent an asset as per the accounting standards and is therefore excluded when determining the net assets available for benefit for financial statement purposes.

7. Funding Policy

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

The purpose of the NBPSPP is to provide secure pension benefits to plan members and beneficiaries of the plan without an absolute guarantee, but with a risk-focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.

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

- (a) The primary objective is to achieve a 97.5% probability that the past base benefits at the end of each year will not be reduced over a 20-year period.
- (b) The secondary objectives are:
 - (i) on average, provide contingent indexing on base benefits for services rendered on or before the conversion date that is in excess of 75% of the indexation provided under the pre-conversion plan over a 20-year period; and
 - (ii) on average, over a 20-year period provide other ancillary benefits that exceed 75% of the value of ancillary benefits described in the NBPSPP Text at conversion.

The above risk management objectives are measured annually using an asset liability model with future economic scenarios developed using a stochastic process.

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

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

1. Increase in contribution rates of up to a maximum of 1.5% for both employees and employers; then
2. Change the retirement rules for service on or after the conversion date for non-vested members equal to a full actuarial reduction for retirement before age 65; then
3. Change the retirement rules for service prior to the conversion date for non-vested members to the equivalent of a full actuarial reduction for retirement before age 60; then
4. Reduce base benefit accrual rates for future service by no more than 5%; then

NOTES TO FINANCIAL STATEMENTS

7. Funding Policy (*continued*)

5. Reduce base benefits on a proportionate basis for all members for both past and future service in equal proportions.

The funding excess utilization plan is triggered when the open group funded ratio exceeds 105% for two successive plan year ends. Should that be the case, a portion of the excess may be utilized for the following summarized actions in their order of priority:

1. Reverse previously reduced base benefits following the opposite order to which they were applied under the funding deficit recovery plan above; then
2. Provide indexing of base benefits for future payments up to full CPI for every year that has been missed or partially covered since conversion starting with the oldest period for which full CPI was not paid; then
3. Reduce contribution rates in such an amount as to maintain an open group funded ratio of 140%; then
4. Establish a reserve to cover the next ten years of potential contingent indexing; then
5. Propose benefit improvements subject to certain criteria.

8. Capital

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

The Board of Trustees is responsible for the establishment of a SIP, including approval of a recommended investment asset mix that seeks to deliver the long-term investment returns necessary for the sustainability of the NBPSPP. Determining the asset mix requires information from independent actuarial valuations as well as expectations concerning financial markets and uses a portfolio optimization process. This process has the intent of achieving the maximum investment returns possible while meeting the risk management tests in the funding policy. The recommended strategic asset allocation is reviewed on at least an annual basis to ensure that it remains appropriate. The SIP was last reviewed and approved by the Board of Trustees on September 26, 2024.

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

The Board-approved SIP outlines the following investment objectives:

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

NOTES TO FINANCIAL STATEMENTS

9. Net Investment Income

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

<i>(\$ thousands)</i>	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Investment Income (Loss) 2024
Fixed Income			
NBIMC Nominal Bond Fund	\$ 10,583	\$ 38,562	\$ 49,145
NBIMC Corporate Bond Fund	3,611	119,018	122,629
Vestcor Alternative Fixed Income, L. P.	19	2,488	2,507
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund	721	(656)	65
NBIMC Money Market Fund	2,015	52	2,067
Vestcor Long Term Money Market Fund	22	4,199	4,221
NBIMC Student Investment Fund	—	554	554
	16,971	164,217	181,188
Equities			
NBIMC Canadian Equity Index Fund	24,129	16,336	40,465
NBIMC Canadian Small Cap Equity Fund	1,960	27,397	29,357
NBIMC Low Volatility Canadian Equity Fund	28,217	33,286	61,503
NBIMC External Canadian Equity Fund	3,836	13,183	17,019
NBIMC External International Equity Fund	15,828	(2,680)	13,148
NBIMC EAFE Equity Index Fund	14,514	6,051	20,565
Vestcor International Active Equity Fund	—	9,161	9,161
Vestcor International Small Cap Equity Fund	—	33,524	33,524
Vestcor Low Volatility International Equity Fund	28,492	157,050	185,542
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	21,409	71,547	92,956
Vestcor Emerging Markets Active Equity Fund	—	2,227	2,227
NBIMC U.S. Equity Index (2017) Fund	47,669	152,039	199,708
	186,054	519,121	705,175
Inflation-Linked Assets			
NBIMC Inflation-Linked Securities Fund	—	16,742	16,742
NBIMC Canadian Real Estate Fund	2,978	(6,702)	(3,724)
NBIMC Canadian Real Estate Investment Trust Fund	110	(736)	(626)
NBIMC Non-Canadian Private Real Estate Fund	(3,852)	2,011	(1,841)
Vestcor Investments Private Real Estate, L. P.	182	(1,159)	(977)
Vestcor Investments Private Real Estate 2, L.P.	(193)	(3,303)	(3,496)
Vestcor Real Estate Fund Feeder Inc.	131	18,300	18,431
NBIMC International Real Estate (2017) Fund	306	16,592	16,898
NBIMC Public Infrastructure (2017) Fund	6,954	5,284	12,238
NBIMC Infrastructure Fund	1,162	9,615	10,777
Vestcor Investments Infrastructure, L. P.	5,152	55,960	61,112
	12,930	112,604	125,534

NOTES TO FINANCIAL STATEMENTS

9. Net Investment Income (continued)

(\$ thousands)	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Investment Income (Loss) 2024
Alternative Investments			
NBIMC Quantitative Strategies (2017) Fund	6,773	9,854	16,627
NBIMC Quantitative Equity Strategic Beta (2017) Fund	1,958	21,371	23,329
Vestcor Global Alternative Risk Premia Fund	52	1,550	1,602
Vestcor Absolute Return Overlay Fund	4,373	6,906	11,279
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	278	115	393
NBIMC Private Equity Fund	22,771	(17,859)	4,912
Vestcor Investments Private Equity, L. P.	43,602	41,673	85,275
	79,807	63,610	143,417
Tactical Asset Allocation			
NBIMC Asset Mix Strategy Fund	(4,158)	2,947	(1,211)
Total	\$ 291,604	\$ 862,499	\$ 1,154,103

(\$ thousands)	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Investment Income (Loss) 2023
Fixed Income			
NBIMC Nominal Bond Fund	\$ 9,954	\$ 68,662	\$ 78,616
NBIMC Corporate Bond Fund	3,006	131,073	134,079
Vestcor Alternative Fixed Income, L. P.	—	100	100
NBIMC New Brunswick and Atlantic Canada Fixed Income Opportunity Fund	686	(571)	115
NBIMC Money Market Fund	1,471	9	1,480
Vestcor Long Term Money Market Fund	—	641	641
NBIMC Student Investment Fund	—	219	219
	15,117	200,133	215,250
Equities			
NBIMC Canadian Equity Index Fund	60,576	(30,141)	30,435
NBIMC Canadian Small Cap Equity Fund	1,475	5,234	6,709
NBIMC Low Volatility Canadian Equity Fund	33,118	(7,635)	25,483
NBIMC External Canadian Equity Fund	7,026	1,102	8,128
NBIMC External International Equity Fund	16,680	(4,091)	12,589
NBIMC EAFE Equity Index Fund	27,172	3,370	30,542
Vestcor International Active Equity Fund	—	989	989
Vestcor International Small Cap Equity Fund	—	11,920	11,920
Vestcor Low Volatility International Equity Fund	5,901	67,659	73,560
NBIMC Low Volatility Emerging Markets Equity Fund – Class N	2,064	43,389	45,453
NBIMC U.S. Equity Index (2017) Fund	18,413	104,334	122,747
	172,425	196,130	368,555

NOTES TO FINANCIAL STATEMENTS

9. Net Investment Income (*continued*)

(\$ thousands)	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Investment Income (Loss) 2023
Inflation-Linked Assets			
NBIMC Inflation-Linked Securities Fund	—	9,399	9,399
NBIMC Canadian Real Estate Fund	2,598	(16,690)	(14,092)
NBIMC Canadian Real Estate Investment Trust Fund	78	396	474
NBIMC Non-Canadian Private Real Estate Fund	(176)	(473)	(649)
Vestcor Investments Private Real Estate, L. P.	1,065	(4,725)	(3,660)
Vestcor Investments Private Real Estate 2, L.P.	195	(6,547)	(6,352)
Vestcor Real Estate Fund Feeder Inc.	3,109	(18,286)	(15,177)
NBIMC International Real Estate (2017) Fund	—	2,509	2,509
NBIMC Public Infrastructure (2017) Fund	205	1,426	1,631
NBIMC Infrastructure Fund	2,421	(4,071)	(1,650)
Vestcor Investments Infrastructure, L. P.	2,945	15,442	18,387
	12,440	(21,620)	(9,180)
Alternative Investments			
NBIMC Quantitative Strategies (2017) Fund	18,629	(14,142)	4,487
NBIMC Quantitative Equity Strategic Beta (2017) Fund	12,220	(787)	11,433
Vestcor Global Alternative Risk Premia Fund	—	316	316
Vestcor Absolute Return Overlay Fund	3,887	(10,899)	(7,012)
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	202	(202)	—
NBIMC Private Equity Fund	23,769	(35,855)	(12,086)
Vestcor Investments Private Equity, L. P.	10,423	58,130	68,553
	69,130	(3,439)	65,691
Tactical Asset Allocation			
NBIMC Asset Mix Strategy Fund	(6,383)	(11,688)	(18,071)
Total	\$ 262,729	\$ 359,516	\$ 622,245

NOTES TO FINANCIAL STATEMENTS

10. Pension benefits

A breakdown of pension benefits by type is as follows:

<i>(\$ thousands)</i>	2024	2023
Retirements	\$ 465,149	\$ 435,265
Terminations	9,051	8,089
Disability	736	871
Survivor	43,495	41,347
Other	7,904	6,812
	\$ 526,335	\$ 492,384

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

<i>(\$ thousands)</i>	2024	2023
Pension benefits	\$ 504,878	\$ 472,786
Refunds and transfers	21,457	19,598
	\$ 526,335	\$ 492,384

11. Administration Expenses

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

<i>(\$ thousands)</i>	2024	2023
Plan administration:		
Office and administration services (<i>note 12</i>)	\$ 3,938	\$ 3,614
Consulting	55	95
Legal and regulatory fees	10	11
Actuarial services	106	106
Audit fees	42	43
Board of Trustees	84	72
	4,235	3,941
Investment management costs:		
Investment management fees (<i>note 12</i>)	12,325	11,943
Securities custody	592	531
	12,917	12,474
HST	1,778	1,737
	\$ 18,930	\$ 18,152

NOTES TO FINANCIAL STATEMENTS

12. Related Party Transactions

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

Pursuant to the *Vestcor Act*, on July 8, 2016 the Plan is a member of a not-for-profit, non-share company, Vestcor Corp. On October 1, 2016 Vestcor Corp. acquired a 100% interest in two operating companies: Vestcor Investment Management Corporation and Vestcor Pension Services Corporation then were amalgamated to become Vestcor Inc. (Vestcor) on January 1, 2018. Vestcor is the sole shareholder of Vestcor Investments General Partner, Inc. As at December 31, 2024, Vestcor Investments General Partner, Inc. is the general partner in five limited partnerships in which the Plan holds a limited partnership interest: Vestcor Investment Alternative Fixed Income, L. P., Vestcor Investments Private Real Estate, L. P., Vestcor Investments Private Real Estate 2, L. P., Vestcor Investments Infrastructure, L. P. and Vestcor Investments Private Equity, L. P. (*note 3*).

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

Included in the investments in the Vestcor Investment Entities are underlying investments in New Brunswick provincial and municipal bonds that are recorded at their fair values as at December 31, 2024 of \$26,494 (2023 - \$25,630).

Pension administration expenses and investment management fees paid to Vestcor for the year are described in note 11. At December 31, 2024 amounts owing to Vestcor for investment management fees of \$6,462 (2023 - \$6,984), and for pension administration expenses of \$464 (2023 - \$356) are included in accounts payable and accrued liabilities. The Plan has a receivable in the amount of \$30 (2023 - \$102) due from Vestcor for funds advanced as part of an administration system conversion project.

13. Commitments

The following entities have committed to enter into investments, which may be funded over the next several years in accordance with the terms and conditions agreed to in various partnership agreements. The Plan's share of unfunded commitments as at December 31 is:

<i>(\$ thousands)</i>	2024	2023
Vestcor Alternative Fixed Income, L. P.	\$ 139,179	\$ 23,744
NBIMC Canadian Real Estate Fund	1,541	2,503
NBIMC Non-Canadian Private Real Estate Fund	—	2,796
Vestcor Investments Private Real Estate, L. P.	80,962	116,274
Vestcor Investments Private Real Estate 2, L. P.	—	5,984
Vestcor Real Estate Fund Feeder Inc.	66	1,161
Vestcor Investments Infrastructure, L.P.	15,553	48,542
NBIMC Private Equity Fund	49,770	51,808
Vestcor Investments Private Equity, L. P.	265,630	244,879
	\$ 552,701	\$ 497,691

NOTES TO FINANCIAL STATEMENTS

14. Indemnification

Pursuant to the Agreement and Declaration of Trust, the Board of Trustees are entitled to be indemnified out of the assets of the pension fund in respect of any liability, including defence costs, incurred in the performance of their duties as trustees. As a consequence, a request for indemnification may be made against the Plan in respect of legal actions commenced in the Province of New Brunswick in which the Board of Trustees is involved, although to date no such claim has been received and no indemnification payments have been made. The contingent nature of these indemnification obligations prevents the Plan from making a reasonable estimate of the maximum potential payments that may be required.

APPENDIX A

Summary of Board Decisions and Accomplishments for 2024

The following provides a summary of the activities of the Board of Trustees from January to December 2024 as per its Terms of Reference.

Plan Documents and Oversight

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

- The inaugural NBPSPP Responsible Investment Report
- The actuarial valuation as at January 1, 2024 prepared by TELUS Health
- Granted a cost of living adjustment (COLA) of 3.70% (3.11% plus 0.27% and 0.32% not granted in 2024 and 2023 respectively) effective January 1, 2025
- The annual review of the Funding Policy
- The annual review and revisions to formatting of the Statement of Investment Policies to improve readability
- The KPMG Audit Findings Report for the audit of the NBPSPP for the year ended December 31, 2023
- The Financial Statements of the NBPSPP for the year ended December 31, 2023, as audited by KPMG
- Amendments to the Plan Text to reflect the cost of living adjustment awarded as at January 1, 2025
- Review amendments to the NBPSPP Member Booklet and At-A-Glance Document (required at least once every five years)
- Reciprocal Transfer Agreement between the NBPSPP and CUPE Employees' Pension Plan

The Board concluded its participation in a pension research project with another pension plan in relation to the operations of Shared Risk Pension Plans (SRP) allowed for under the New Brunswick *Pension Benefits Act*. The NBPSPP, formerly known as the *Public Service Superannuation Act*, was converted to a SRP model on January 1, 2014. This structure, when implemented, was new and vastly different than any other target benefit plan arrangements in existence in Canada at the time.

The research project, led by a research team comprised of an independent academic and the Plan's actuaries, focused on a review of certain aspects of the design and regulations to assess if there are opportunities for simplifying operations without sacrificing the spirit of the

initial objectives and at the same time, enhance potential outcomes if possible. The results of the research validate that the SRP model is sound and behaves exactly as intended relative to the research undertaken in this project and relative to the experience to date. A list of elective recommendations for consideration by the project participants was presented, and certain recommendations have been adopted, such as a “traffic light” to communicate the Plan's funded status and likelihood of granting COLA to Plan members. Additional recommendations are under review by the NBPSPP Board of Trustees.

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

Board Governance

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

- Terms of Reference for the Board, the Audit Committee, and the Governance Committee
- Code of Conduct and Ethics
- Disclosure Policy
- Compensation and Expenses Policy
- Guidelines for the Nomination of Trustees
- Trustee and Observer Orientation and Education Policy
- Board of Trustees Orientation, Growth, and Development Program
- Engagement Plan with the Sponsoring Parties
- Communications Policy
- Audit Partner Rotation Policy
- Funding Policy Philosophy
- Plan Risk Management Framework
- The Canadian Association of Pension Supervisory Authorities' Pension Plan Administrator Governance Self-Assessment Questionnaire



Summary of Board Decisions and Accomplishments for 2024

The Board continued its work on the initiatives associated with the 2024-2025 Board Priorities resulting from the latest Board Triennial Effectiveness Assessment.

Board Governance

The Board continued its work on the risk management framework for the NBPSPP.

Member Services and Communications

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

- 2024 spring and fall newsletters (active and retiree editions)
- 2023 NBPSPP Annual Report
- NBPSPP employer education sessions and member education sessions were provided in person and via video teleconference
- Development and posting on the NBPSPP website of various video employee presentations on topics of interest for the NBPSPP members
- Annual Information Meeting, held virtually in September 2024

Service Provider Engagement

The Board engaged the following service providers:

- Vestcor Inc. for pension benefits administration services and investment management services
- TELUS Health as the actuary for the 2024 actuarial valuation
- KPMG as the external auditor for the NBPSPP financial statements for the year ended December 31, 2024
- Dig Insights for a member survey
- Visualiiz Consulting for the delivery of a session on board dynamics
- Pink Larkin for legal services

APPENDIX B

New Brunswick Public Service Pension Plan Composite Ten years ended December 31, 2024

Year Ended December 31	Full Gross Return ¹ %	Net Return %	Total Fund Benchmark Return %	Full Gross Return ¹ 3-Yr Annualized %	Total Fund Benchmark Return 3-Yr Annualized %	Total Fund 3-Yr SD ² %	Total Fund Benchmark 3-Yr SD ² %	Total Fund AUM ³ (in millions of CAD\$)	Total Vestcor AUM ³ (in millions of CAD\$)
2024	12.65	12.50	12.46	5.08	4.41	5.85	6.84	10,172.3	23,084.1
2023	7.15	7.00	8.34	4.01	2.76	5.71	6.62	9,234.4	20,939.2
2022	-3.87	-4.02	-6.57	4.03	2.37	7.47	7.67	8,819.2	19,883.1
2021	9.23	9.10	7.21	9.35	8.48	6.29	6.01	9,353.4	21,018.0
2020	7.23	7.11	7.09	6.80	6.21	6.27	6.06	8,746.0	19,442.0
2019	11.65	11.51	11.20	6.99	6.09	3.54	3.74	8,333.9	18,536.7
2018	1.75	1.63	0.60	5.34	4.20	3.72	3.79	7,618.7	16,901.6
2017	7.81	7.67	6.73	7.25	6.19	4.79	5.02	7,638.1	16,645.4
2016	6.58	6.43	5.39	8.67	7.63	4.57	4.85	7,215.1	15,706.5
2015	7.37	7.21	6.45	10.83	10.02	4.79	5.14	6,910.9	13,164.0

¹ Supplemental information

² SD means "standard deviation"

³ AUM means "assets under management"

1. Vestcor Inc. ("Vestcor") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Vestcor has been independently verified for the periods December 1, 1996 through December 31, 2024. The verification reports are available upon request.

An asset owner that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the asset owner's policies and procedures related to total fund and composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on an asset owner-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.



New Brunswick Public Service Pension Plan Composite Ten years ended December 31, 2024

2. For the purpose of complying with the GIPS standards, the asset owner is defined as Vestcor because Vestcor has discretionary authority for the investment of the assets. Vestcor was initially established pursuant to the *New Brunswick Investment Management Corporation Act* proclaimed on March 11, 1996 and was continued on October 1, 2016 and amalgamated on January 1, 2018 pursuant to the Vestcor Act. Vestcor provides investment management and advisory services for pension, trust, and endowment entities and funds.

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

A complete list and description of Total Funds are available upon request.

3. The New Brunswick Public Service Pension Plan Total Fund ("Total Fund") includes all discretionary assets managed by Vestcor on behalf of the Total Fund, based on that pension plan's primary objective to achieve the risk management goals set out in the Funding Policy and the regulations under the Pension Benefits Act ("PBA"). The strategy reflects the actual asset allocation approved by the Board of Trustees and outlined in the Total Fund's Statement of Investment policies and Goals ("SIP&G"). Long term objectives are to preserve the capital value of the Total Fund while providing the best possible long-term real return on investments while continuing to achieve the risk management goals. The Total Fund has a four-year moving average rate of return target equal to a value-added contribution of 50 basis points, after deducting all investment management costs. Investment risks are reduced by prudent and thoughtful diversification which is achieved by investing in a variety of asset classes that are expected to behave differently depending on the economic environment. Derivative instruments may be used to manage performance returns and mitigate market risks such as foreign currency, interest rate and pricing risk. The Total Fund asset mix includes public equity, fixed income, inflation linked, absolute return, real estate, infrastructure and private equity asset classes. A material amount of illiquid investments may be held in real estate, infrastructure, private equity and private fixed income instruments.

The inception date of this Total Fund is March 31, 1996 and the historical results are presented on a calendar basis.

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

New Brunswick Public Service Pension Plan Composite

Ten years ended December 31, 2024

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

As of 31 December 2024, 17.54% of Total Fund assets were valued using subjective unobservable inputs. The Total Fund performance presented in this schedule may not be indicative of future performance. Readers should also be aware that other performance calculation methods may produce different results, and that the results for specific accounts and for different periods may vary from Total Fund returns presented. Comparisons of investment results should consider qualitative circumstances and should be made only to portfolios with generally similar objectives.

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

Additional information regarding Vestcor's policies and procedures for valuing portfolios, calculating and reporting Total Fund results, and preparing asset owner reports, is available upon request.

5. The three year annualized ex-post standard deviation measures the variability of the Total Fund and the benchmark daily returns, aggregated to a monthly basis, over the preceding 36 month period.
6. Vestcor has entered into sub-advisory agreements, whereby certain assets are managed by external managers for all periods presented. Rates of return earned on assets managed by the external managers are included in Total Fund presentations because Vestcor maintains full discretion over the use and choice of external managers.
7. Futures contracts, forward foreign exchange contracts, exchange traded and over-the-counter options and swaps, and short positions are used in Vestcor's investment management activities.

These derivative instruments are used for various purposes, including to:

- Simulate exposure to a particular market index, but with lower transaction costs.
- Enhance performance returns.
- Modify the cash flow characteristics of an investment.
- Hedge against potential losses due to changes in foreign exchange rates or stock prices.

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

New Brunswick Public Service Pension Plan Composite

Ten years ended December 31, 2024

8. The Total Fund blended benchmark is calculated daily using a blend of the asset class benchmarks, based on the beginning daily weights for the respective asset classes. Benchmark returns were calculated using the indices and weights listed below on December 31, 2024. Prior period indices and benchmark weights are available upon request.

Index	Weight (%)
S&P/TSX Composite Total Return Index	2.91
S&P/TSX Small Cap Total Return Index	1.59
MSCI Canada Minimum Volatility Total Return Index, Gross	2.92
MSCI World (ex. Canada) Total Return Index in \$C, Net	9.89
MSCI World (ex. Canada) Minimum Volatility Total Return Index in \$C, Net	9.86
MSCI World (ex. Canada) Small Cap Total Return Index in \$C, Net	2.08
MSCI Emerging Markets Total Return Index in \$C, Net	0.25
MSCI Emerging Markets Minimum Volatility (USD) Total Return Index in \$C, Net	4.07
MSCI USA IMI REIT Index in \$C, Gross	1.02
S&P/TSX Capped REIT Total Return Index	0.30
MSCI/REALPAC Canada Quarterly Property Fund Index (Levered), Net Total Return	7.52
MSCI World Total Return Index in \$C, Net	7.22
MSCI World Infrastructure Index (USD) in \$C, Net	0.49
4% Real Return*	6.64
FTSE Canada All Government Bond Index	13.94
FTSE Canada All Corporate Bond Index	17.87
FTSE Canada Real Return Bond Index	4.40
FTSE Canada 91-Day T-Bill Index	5.36
FTSE Canada 365 Day T-Bill Index	0.69
FTSE Canada Short Term Overall Bond Index	0.32
FTSE Canada Short Term Corporate Bond Index	0.13
One-day Canadian Call Loan Rate	0.40
Not applicable	0.12

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

New Brunswick Public Service Pension Plan Composite Ten years ended December 31, 2024

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

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

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

Effective April 1, 2021, the MSCI World Total Return Index in \$C, Net replaced the S&P/TSX Composite Total Return Index, the S&P 500 Total Return Index in \$C and the MSCI EAFE Total Return Index in \$C, Net for all Private Equity Funds.

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

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

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

Effective January 1, 2023, the MSCI World Infrastructure Index (USD) in \$C, Net replaced the 4% Real Return for the Public Infrastructure Funds.

9. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

APPENDIX C



Summary of Plan Valuation

Excess Contributions	\$ in millions
Funding Policy Valuation Normal Cost	195.5
Contributions	
Members	140.5
Employers' Initial Contributions	191.6
Total Contributions	332.1
Excess Contributions	136.6

The funding policy valuation compares the fair market value of the Plan's assets to the Plan's liabilities. The Plan's liabilities are based on the benefits earned as at January 1, 2025, assuming the Plan continues indefinitely.

Funding Policy Valuation	January 1, 2025 \$ in millions	January 1, 2024 \$ in millions
Market Value of Assets	10,193.6	9,253.5
Funding Policy Actuarial Liabilities		
Active Members	2,499.0	2,372.2
Retirees and Survivors	5,826.5	5,593.3
Deferred Vested Members	369.9	366.0
Outstanding Refunds	3.3	2.8
Total Funding Policy Actuarial Liabilities	8,698.7	8,334.3
Funding Policy Valuation Excess	1,494.9	919.2
Termination Value Funded Ratio	111.0%	111.0%

On January 1, 2025 the funding policy valuation excess decreased to \$1,494.9 million from \$919.2 million on January 1, 2024 as a result of the following:

Change in Funding Policy Valuation Excess	\$ in millions
Investment return on actuarial value of assets	677.4
Total contributions exceeded normal cost	135.2
Various other increases and decreases	43.2
Impact of changes in assumptions (discount rate and interest rate on required member contributions)	24.6
Cost of indexing provided on January 1, 2024	(304.7)
Change in Funding Policy Valuation Excess	575.7

Summary of Plan Valuation

This funding ratio compares the fair market value of the Plan's assets, plus the present value of excess contributions over the next 15 years, to the Plan's liabilities.

The Plan's liabilities are based on the benefits earned as at January 1, 2025, and assume the Plan continues indefinitely. This is an important ratio as it is used to determine the actions, such as granting indexing, to be taken by the Board under the Plan's Funding Policy.

The NBPSPP has to be in a deficit position (less than 100% funded) for two consecutive years before any action is required under the NBPSPP Funding Policy. However, if this does occur, the Board must take action to address the deficit.

The NBPSPP is deemed to be in a surplus position when the open group funded ratio exceeds 105%. When this occurs, the Board is able to use 1/5th of the surplus that may exist between 105% and 140% funded (as of the January 1, 2025 Actuarial Valuation Report) in addition to 100% of any surplus that exists above 140% funded.

With the open group funded ratio at 136.5% as at January 1, 2025, the NBPSPP was in a position to award a 2.01% cost of living adjustment (COLA) to Plan members. This will be applied on January 1, 2026. The maximum 2025 adjustment allowed, based on the increase in the average of the Consumer Price Index (Canada) for the 12-month period ending the preceding June, was X.XX%. The funding of the Plan allowed for full COLA to be granted.

	January 1, 2025 \$ in millions	January 1, 2024 \$ in millions
Market Value of Assets	10,193.6	9,253.5
Present Value of Excess Contributions Over Next 15 Years	1,683.6	1,528.1
Total Assets with Excess Contributions	11,877.2	10,781.6
Funding Policy Actuarial Liabilities	8,698.7	8,334.3
15-Year Open Group Funded Ratio	136.5%	129.4%