



Public Service Superannuation Plan
Trustee Inc.

2023-2024 Annual Report



The 2023-2024 Public Service Superannuation Plan (PSSP or Plan) Annual Report details the financial health of the Plan and provides a comprehensive review of its investment performance as at March 31, 2024.

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about

The PSSP is one of the largest public sector pension plans in Atlantic Canada. The Plan is a registered defined benefit pension plan, with a prescribed funding policy, that offers a lifetime pension benefit when you retire. Your pension benefit is funded by contributions made by you and your employer, as well as by investment income generated by the Plan's investment assets.



2023-2024 PSSP Annual Report
At a glance *as at March 31, 2024*

103.8%

Funded ratio

The Plan was 103.8 per cent funded as at March 31, 2024. The funded ratio increased by 0.9 per cent from 102.9 per cent as at March 31, 2023.

\$7.906 b

Assets available for benefits

\$7.619 b

Liabilities

Assets available for benefits were \$7.906 billion as at March 31, 2024. This is an increase of \$393 million from \$7.513 billion as at March 31, 2023.

\$0.287 b

Funding surplus

7.93%

The Plan

9.96%

Benchmark

5.75%

Discount Rate

The Plan's return on investment for fiscal 2023-2024 was 7.93 per cent, net of investment fees (8.08 per cent, gross of investment fees). The Fund outperformed the actuarial assumed rate of return, or discount rate, of 5.75 per cent, but underperformed the policy benchmark of 9.96 per cent.

2023-2024 PSSP Annual Report

At a glance

Contributions Received
\$269 million

Plan member and employer contributions received by the Plan totalled \$269 million.*

**includes all matched and unmatched current and past service contributions*

as at March 31, 2024

Benefits Paid
\$447 million

Benefits paid to retirees and survivors totalled \$447 million.*

**includes refunds*

as at March 31, 2024

Projected Retirements

There were approximately **3,752** Plan members eligible to retire from the PSSP with an unreduced pension as at December 31, 2023. The illustration below shows the number of Plan members who will be able to retire with an unreduced pension over the next several years.

December 31, 2024

4,702
Members

December 31, 2026

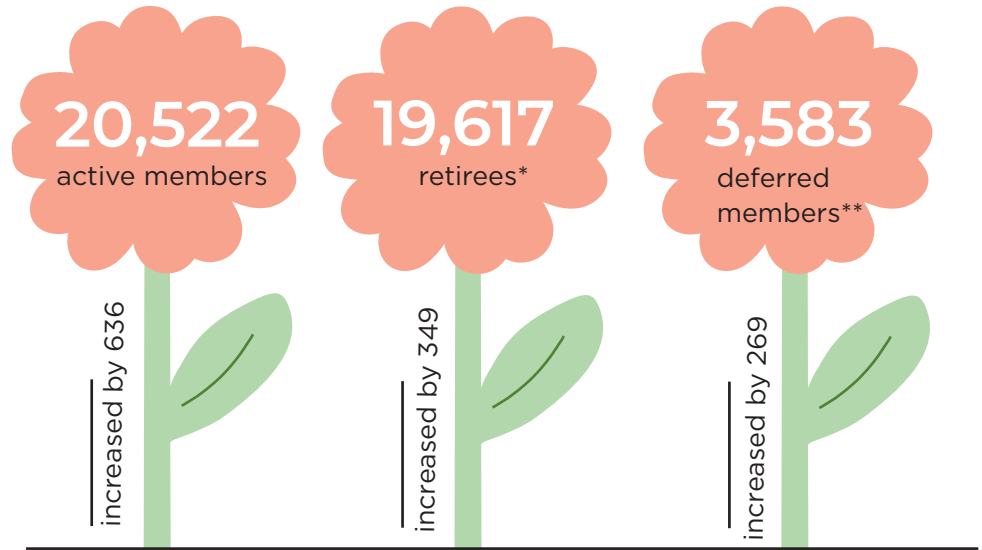
6,244
Members

December 31, 2028

7,702
Members

By way of the above illustration, at December 31, 2026, 6,244 Plan members would be eligible to retire if none retired in 2024, 2025, or 2026.

At a glance as at December 31, 2023



* includes survivors (which encompasses surviving spouses/ex-spouses, children, and dependants)

** Deferred members are Plan members who have terminated employment, but have not yet retired or removed their funds from the Plan.

Active member

46.9 **47.6**
average age median age

Retiree

71.6 **70.6**
average age median age

Retirees 100 years of age or older

40 centenarians (includes survivors)

Pensionable earnings (active members)

\$75,984 **\$69,069**
average median

Lifetime pension (retirees)*

\$22,468 **\$18,746**
average median

*This does not include any supplementary pension amount. Plan members may also receive income from the Canada Pension Plan, the Old Age Security program, and/or the Guaranteed Income Supplement.

Membership Growth

In 2023-2024, Public Service Superannuation Plan Trustee Inc. (PSSPTI) continued to focus on its membership growth initiative. The goal of this initiative is to expand the Plan's membership and improve its aging demographic profile over time.

Since the initiative commenced in 2015, the PSSP membership has grown by 3,590 members and \$480 million in assets have been added to the Plan. The guiding principles for membership growth are that it must enhance the long-term sustainability of the Plan and be cost neutral to existing members.



3,590 new members
21 new employers
\$480 million in assets

The Plan has **1.05** active members for every 1 retiree. A higher ratio of active members to retirees is a good indicator of a healthier pension plan.



Message from the Trustee Chair

Leo D. McKenna, FCPA, FCA

On behalf of Public Service Superannuation Plan Trustee Inc. (PSSPTI), I am pleased to present the annual report of the Public Service Superannuation Plan (PSSP or Plan) for the fiscal year ended March 31, 2024. Over the past year, we continued to make progress in strengthening the Plan and prudently growing its assets.

Plan Performance

The PSSP delivered a solid absolute one-year return of 7.93 per cent, net of investment management fees (8.08 per cent, gross of investment management fees) which generated \$595 million in total investment income. The Fund outperformed the actuarial assumed rate of return, or discount rate, of 5.75 per cent, but underperformed the policy benchmark of 9.96 per cent. Investment performance benchmarks for some asset classes, notably real assets (comprised of real estate, infrastructure, and agriculture/timber), have risen appreciably in the recent higher inflationary environment. The benchmark for each of these asset classes is CPI + 4.5 per cent, thus setting a very challenging short-term target. (Under more typical inflationary conditions this benchmark is achievable, and in fact has historically been achieved at 5, 7, and 10-year measurement marks, as well as since inception.) The relative underperformance of the real asset portfolio has also been contributed to by the ongoing recognition of valuation adjustments, again catalyzed by higher inflation (and, in the case of commercial office holdings, the continuing struggle to restore full occupancy in the post-Covid world). The challenge in achieving CPI-linked benchmarks was shared by most of the PSSP's peer plans.

The 2023 calendar year saw good absolute returns for many Canadian pension plans. The PSSP's participation in the surging public equity and fixed income markets in Q4 2023 was muted because of the Plan's diversified asset mix. However, the Plan's absolute return for 2023 and 2024 combined was better than the majority of Canadian plans, being in the top quartile of its peer group, illustrating the benefit of diversification across fluctuating market conditions.

For the fiscal year ended March 31, 2024, on a going-concern basis the Plan was 103.8 per cent funded, an increase of 0.9 per cent from the previous March 31st. The Plan had a surplus of \$287 million at March 31st, being the difference between the net assets available for payment of benefits of \$7.906 billion and the actuarially calculated liabilities of \$7.619 billion. The increase in the funded ratio year-over-year is attributable to the Plan's asset gains in 2023-2024.

Membership Growth

Our membership growth initiative continued to evolve in 2023-2024 with the passage of the *Private Sector Pension Plan Transfer Act*. This enables private sector pension plans to transfer into the Plan. It is beneficial to broaden the scope of potential participation as the larger the membership, the greater the Plan's financial stability. As always, the guiding principle for each membership growth opportunity is that it must be both cost-neutral to existing members and likely to enhance the long-term sustainability of the Plan.

Plan Amendments

In 2023-2024, we continued to work on implementing Plan amendments recommended by the 2022 Plan Review. Most significantly, new retirement options were put in place effective April 1, 2024. A member with a spouse at retirement can now tailor the delivery of retirement benefits to fit their and their spouse's circumstances. A member who is single at retirement now has a guarantee period during which residual pension benefits will be paid over to their estate or designated beneficiary.

2025 Funded Health Review

The *Public Service Superannuation Act* mandates the PSSPTI Board to complete a comprehensive funded health review of the Plan every 5 years. The purpose of a funded health review is to determine the Plan's ability to afford cost-of-living adjustments for the next 5 years and assess if any changes are required to Plan benefits and contribution rates. Later this year, the Board will commence preparing for the 2025 funded health review and will complete it in the first half of 2025.

Acknowledgments

I am grateful to all the PSSPTI directors who served on our Board in 2023-2024 and I would be remiss if I did not express my sincere appreciation to each of them for their hard work, engagement, and collaborative spirit. And, on behalf of the Board, I would like to specifically acknowledge and thank outgoing director, Bernie Conrad. Bernie has served as the representative for the Nova Scotia Government Retired Employees Association since 2019. Bernie's contributions over the years have helped strengthen the retirement security of all PSSP members. I would also like to welcome Keiren Tompkins to the Board. Keiren is a familiar face, having served previously, and brings deep experience and expertise to the director role.

Lastly, I would like to recognize the staff of NS Pension for their ongoing support to the Board and their high service levels and dedication to our Plan members throughout 2023-2024.

- Leo D. McKenna, FCPA, FCA
PSSPTI, Board Chair

Public Service Superannuation Plan Trustee Inc.

PSSPTI is comprised of an independent Chair and 12 directors, who represent the NSGEU, NSGREU, CUPE Local 1867, non-union employees, the Nova Scotia Government, and other employers.

PSSPTI directors are senior representatives from each stakeholder group. They have extensive experience in a wide range of disciplines required to oversee the PSSP.

PSSPTI held 5 board meetings in 2023-2024. Directors also attended committee meetings and various educational training sessions throughout the year.

Director remuneration is payable only to an individual who, while serving on the PSSPTI Board or a committee, is not otherwise employed and paid in a full-time capacity by a third-party employer. In fiscal 2023-2024, PSSPTI directors received remuneration in aggregate of \$71,000, which includes the Chair's remuneration fixed at \$35,000 per annum.

PSSPTI oversees all aspects of the Plan through the four following committees:



Audit, Actuarial, and Risk (AAR)

Oversees the Plan's auditors and actuaries. Conducts a detailed review of the audited financial statements and actuarial valuation reports. Reviews quarterly compliance reports.



Governance, Communications, and Member Services (GCMS)

Supports PSSPTI in fulfilling its obligations to ensure good governance through policy development and best practices. Ensures appropriate governance principles, structures and procedures are in place, as well as communications industry standards are met.



Investment (Invest.)

Monitors investment performance. Reviews and approves all investment management policies.



Plan Rules (PR)

Supports PSSPTI in identifying, proposing, and finalizing amendments to the plan text.

continues on next page...

Public Service Superannuation Plan Trustee Inc. *Board of Directors*

(As at March 31, 2024)



Leo McKenna

PSSPTI Chair

The Chair is an Ex-Officio member on all committees.
Meeting Attendance: 5 of 5
Appointed: 2013



Corinne Carey

Pensions and Benefits Officer
NSGEU

PSSPTI Vice-Chair

Committees: PR (Chair), AAR
Employee Representative
Meeting Attendance: 5 of 5
Appointed: 2019



Claire Norman

Benefits Manager
Public Service Commission
Committees: PR
Employer Representative
Meeting Attendance: 5 of 5
Appointed: 2021



Geoff Gatien

Associate Deputy Minister and Controller
Department of Finance and Treasury Board

PSSPTI Vice-Chair

Committee: AAR (Chair)
Employer Representative
Meeting Attendance: 4 of 5
Appointed: 2017



Bruce Thomson

Retiree
Committee: Invest. (Chair)
Employee Representative
Meeting Attendance: 5 of 5
Appointed: 2020



Jennifer Sanford

Director of Capital Markets Administration and Compliance

Department of Finance and Treasury Board

Committees: GCMS (Chair), Invest.

Employer Representative
Meeting Attendance: 5 of 5
Appointed: 2022



Bernie Conrad

Retiree
Committee: PR
Employee Representative
Meeting Attendance: 5 of 5
Appointed: 2019



Nancy Rondeaux

Executive Director, Climate Change
Department of Environment and Climate Change

Committee: Invest.

Employer Representative
Meeting Attendance: 4 of 5
Appointed: 2023



Steve Joy

President
CUPE, Local 1867 (NS Highway Workers)
Committees: GCMS, PR
Employee Representative
Meeting Attendance: 5 of 5
Appointed: 2023



Lilani Kumaranayke

Associate Deputy Minister
Department of Finance and Treasury Board

Committee: AAR, GCMS

Employer Representative
Meeting Attendance: 5 of 5
Appointed: 2023



Ryan Brothers

Director, Solicitor Services,
Legal Services Division
Department of Justice
Committees: GCMS
Employee Representative
Meeting Attendance: 4 of 5
Appointed: 2023



Jennifer Glennie

Associate Deputy Minister
Nova Scotia Executive Council Office

Committees: PR

Employer Representative
Meeting Attendance: 5 of 5
Appointed: 2023



Hugh Gillis

1st Vice President
NSGEU
Committees: AAR, Invest.
Employee Representative
Meeting Attendance: 5 of 5
Appointed: 2023

For more information on PSSPTI, visit our website at:

www.nspssp.ca/about

Plan Governance



The Public Service Superannuation Plan is comprised of the *Public Service Superannuation Act (Act)* and the plan text made pursuant to the *Act*. The *Act* and the plan text are available on our website at:
www.nspssp.ca/about/pssa-and-plan-text

The roles and responsibilities within the Plan's governance structure are highlighted below:



Public Service Superannuation Plan Trustee Inc. (PSSPTI)

- is the Trustee of the PSSP and the Public Service Superannuation Fund
- has the fiduciary responsibility for the PSSP, manages its investment assets, and is responsible for the Plan's overall operations and investment decisions
- sets policy framework and strategic direction for the investment assets

See pages 7 - 8 for more information on the PSSPTI Board.



Nova Scotia Pension Services Board of Directors

- oversees the operation of Nova Scotia Pension Services Corporation, the administrator of the PSSP
- sets strategic direction, approves operational budget, and makes key decisions
- is comprised of joint representation from PSSPTI and Teachers' Pension Plan Trustee Inc. (TPPTI)
- is an 8-person board, with alternating co-chairs, comprised of 4 representatives from PSSPTI and 4 representatives from TPPTI

To learn more visit: www.novascotiapension.ca/about/board



Nova Scotia Pension Services Corporation (NS Pension)

- under the direction of PSSPTI, manages day-to-day operation of Plan investments and pension administration
- provides Plan member, retiree, and employer services

See page 10 for more information.

Nova Scotia Pension Services Corporation

Member Services

Nova Scotia Pension Services Corporation's (NS Pension) member and employer services teams are responsible for providing pension services to all Plan members. When a Plan member retires, NS Pension's service teams provide assistance throughout the retirement process and manage pension payments. They also assist Plan members with support in making informed retirement decisions.

2023-2024 Service Results



92%

of calls were answered in less than 20 seconds



21,493

The number of plan member calls that were received.



21

pre-retirement seminars were held across the province



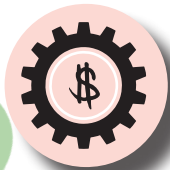
79

Reciprocal Transfers In

76

Reciprocal Transfers Out

My Retirement Plan (MRP) website usage <https://nspensions.hroffice.com>



20,907

The number of times the Pension Projection tool was used



10,987

The number of times the Annual Statement tool was used



4,571

The number of times the Pension Profile tool was used

The MRP website is a secure website that provides active Plan members with access to personalized pension information. Active Plan members can view their annual member statement, use the pension projection tool, and access other retirement planning information. Once an active Plan member retires, they will no longer have access to the MRP website. Retirees can contact us by phone or email for information relating to their pension.



Visit us online:

www.novascotiapension.ca

www.nspssp.ca

Follow us on Social Media:



@yourNSPSSP



www.facebook.com/yourNSPSSP

A look back...

Financial Position

As at March 31, 2024, the Plan had assets of \$7.906 billion and liabilities of \$7.619 billion equaling a surplus of \$287 million. The funded ratio increased to 103.8 per cent from 102.9 per cent the previous year.

The funded ratio is equal to the Plan's assets divided by the Plan's liabilities, expressed as a percentage. A funded ratio of 100 per cent or more means that the Plan is fully funded (i.e. there are sufficient assets to cover liabilities, based on current market values and actuarial assumptions).

More details about the assumptions that were used, and their impact on the valuation of Plan liabilities, may be found in the Actuarial Valuation Report (December 31, 2023) which is available on our website at:

www.nspssp.ca/investments/plan-performance

Plan Valuation highlights:

While the Actuarial Valuation Report is completed each year as at December 31, the Plan's fiscal year-end is March 31.

- The actuarial assumptions used in the December 31, 2023 valuation and extrapolation as at March 31, 2024 did not change from the previous year with exception of the discount rate which changed from 5.85 per cent to 5.75 per cent.
- Plan liabilities were valued at December 31, 2023 and measured against the assets at that date, resulting in a funded ratio of 101.5 per cent.
- Plan liabilities were extrapolated to March 31, 2024 and measured against the assets at that date, resulting in a funded ratio of 103.8 per cent.

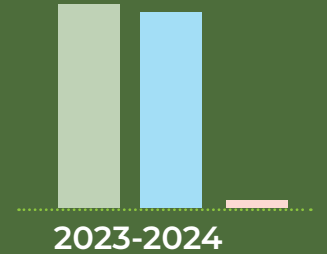
You can learn more about the financial position of the Plan by referring to the audited financial statements for the year ended March 31, 2024 located on page 22 of this Annual Report or on our website: www.nspssp.ca

(as at March 31)

Assets Available for Benefits
Liabilities
Surplus (Unfunded Liability)

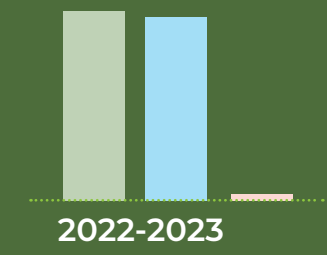


\$7.906
\$7.619
\$0.287



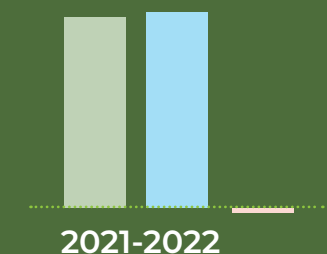
2023-2024

\$7.513
\$7.299
\$0.214



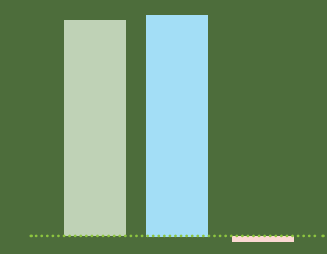
2022-2023

\$7.456
\$7.588
(\$0.132)



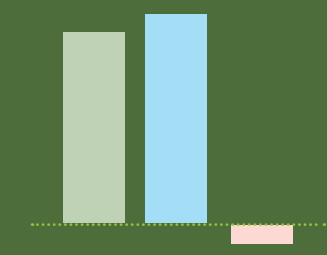
2021-2022

\$7.240
\$7.415
(\$0.175)



2020-2021

\$6.403
\$7.007
(\$0.604)



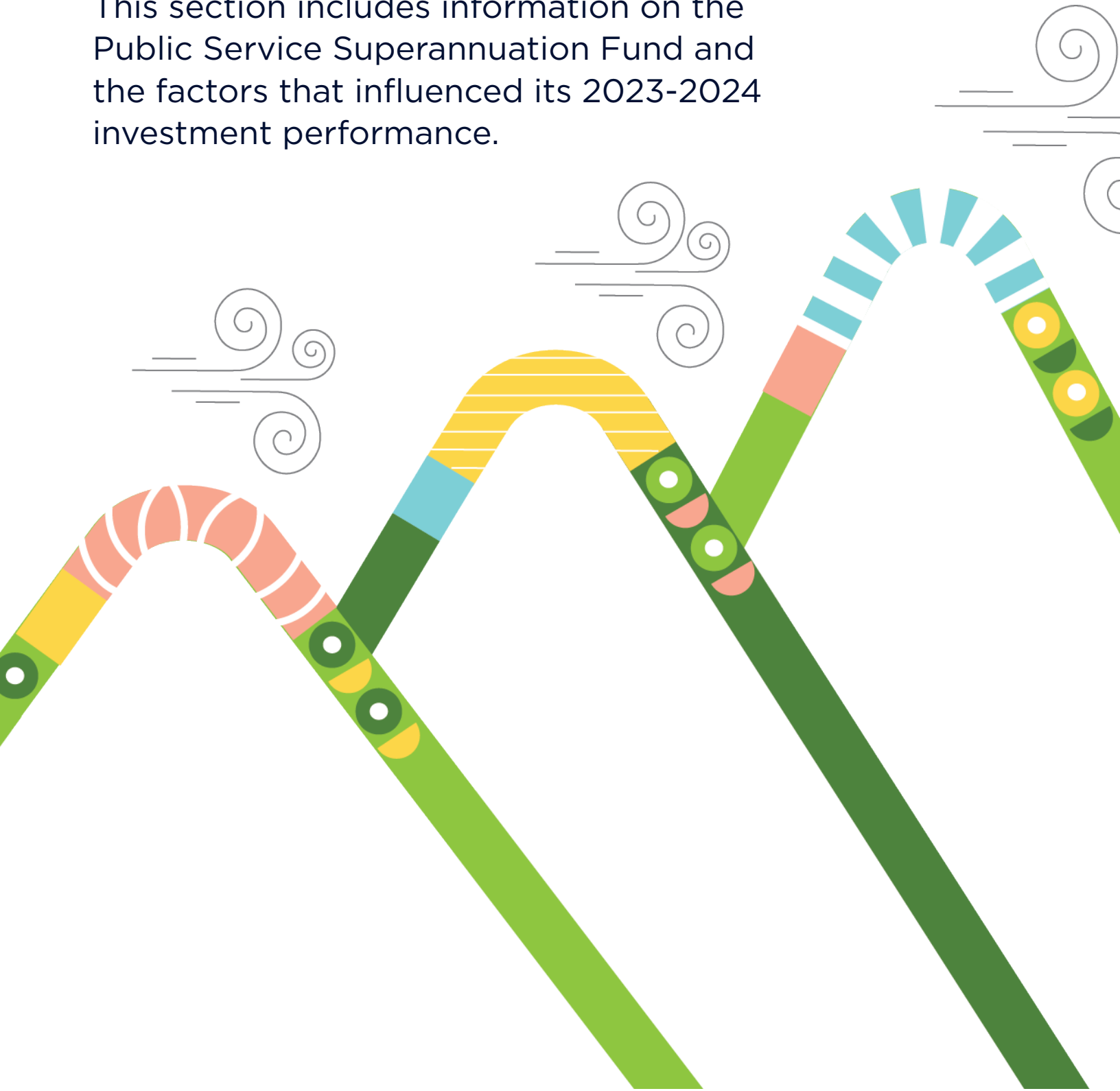
2019-2020



(in billions)

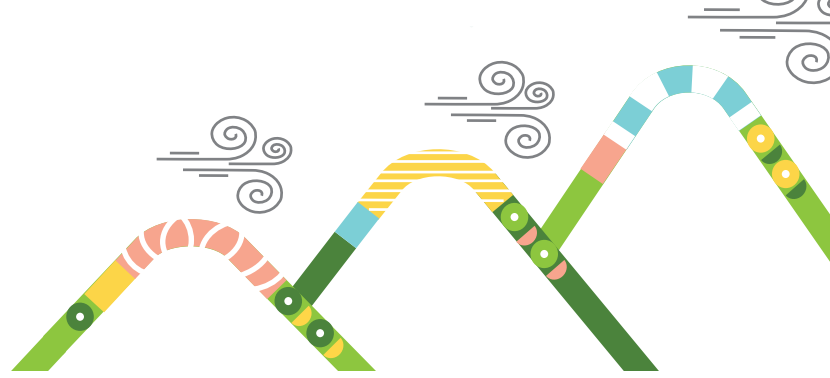
Investment Management Discussion and Analysis

This section includes information on the Public Service Superannuation Fund and the factors that influenced its 2023-2024 investment performance.



INVESTMENT MANAGEMENT

Discussion and Analysis



Overview

The Goal

The primary goal of the Public Service Superannuation Fund (Fund) is to invest pension assets in a manner that maximizes investment returns, within an acceptable level of risk, which enables the Fund to meet the long-term funding requirements of the Plan.

The SIP&G

The investment of pension assets is guided by the Fund's Statement of Investment Policies & Goals (SIP&G) as written by PSSPTI. The SIP&G sets out the parameters within which investments may be made. These parameters include permissible investments and the policy asset mix of the four main asset classes:

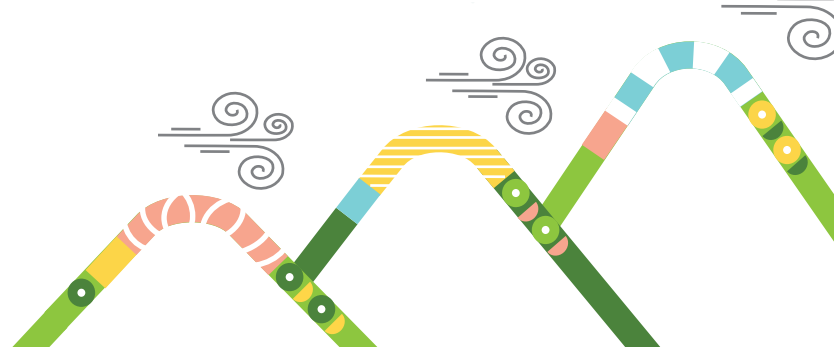
- equities,
- fixed income,
- real assets, and
- absolute return strategies.

The Investment Beliefs, also found within the SIP&G, state the general principles upon which investments are made.

The SIP&G is available on our website at:
www.nspssp.ca/investments/investment-policies

INVESTMENT MANAGEMENT

Discussion and Analysis

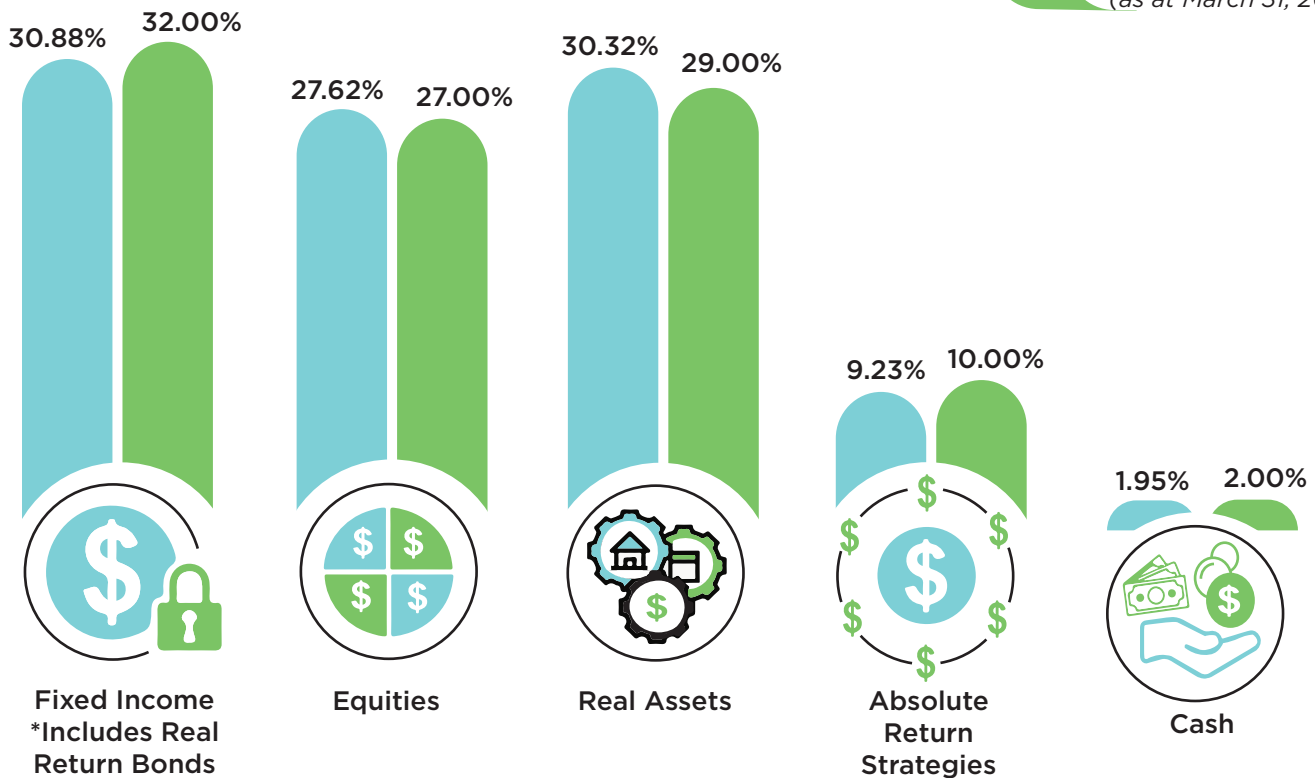


Asset Mix

During the year the asset mix moved closer to target weights for different asset classes that had drifted away from target during the prior period of high inflation and increasing interest rates. Private market commitments were managed, slowing down the pace of deployment, while some active management was taken within private markets to capitalize on sale opportunities. Public markets moved closer to target weights due to the market rebounds from prior year and new allocations to higher yielding fixed income markets. Liquidity, in both timing and source, continued to be a key theme given the Plan's need for cash flows from the investment mix to support pension payments.

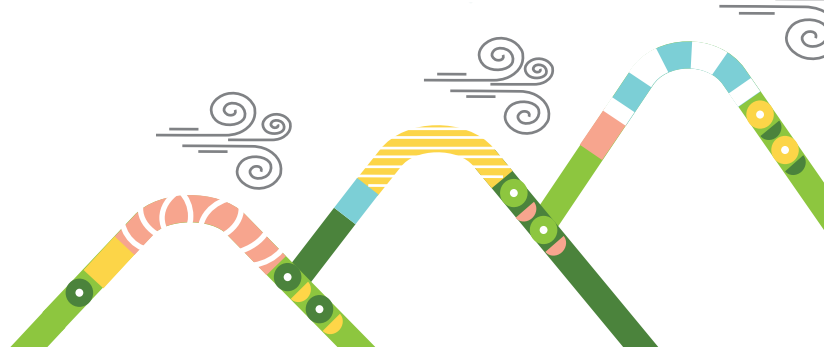
The Asset Mix
(as at March 31, 2024)

The Policy Asset Mix (benchmark)
(as at March 31, 2024)



INVESTMENT MANAGEMENT

Discussion and Analysis



2023-2024 Investment Performance

In 2023-2024, the Fund achieved a one-year return of 7.93 per cent, net of investment management fees (8.08 per cent, gross of investment management fees). The Fund underperformed the policy benchmark of 9.96 per cent on a net basis; however, outperformed the actuarial assumed rate of return of 5.75 per cent.



In 2023-2024, global markets overcame recession fears, with United States stocks driven by a resurgence in tech giants. Central banks globally maintained a “higher for longer” stance amid persistent inflation but hinted at a dovish pivot by year-end. This, along with declining inflation, fueled a late-year rally across global equities and fixed income. However, the rally in fixed income reversed as higher inflation led the Fed to delay expected rate cuts. Geopolitical tensions in Ukraine and the Middle East added to market volatility throughout the year.

The United States equity market, measured by the S&P 500 Index, gained 29.88 per cent during this period. The strong performance was supported by a robust economic environment, a stable job market, and easing inflationary pressures. Leading sectors included technology, consumer discretionary, and communication services. The “Magnificent 7”, particularly NVIDIA with its significant surge, highlighted robust investor interest in tech companies advancing artificial intelligence.

Canadian equities, measured by the S&P TSX Composite Index, advanced by 14.02 per cent. Although lagging behind the United States, Canadian equity performance was bolstered by sectors such as information technology and natural resources, benefiting from rising commodity prices and the boom in AI companies.

International equities, measured by the MSCI EAFE Index, gained 18.69 per cent. European stocks benefited from falling inflation, setting the stage for potential easing of interest rate policies by the European Central Bank. Japan’s market gains were driven by corporate governance reforms and investor optimism about corporate profitability, despite a gradual economic recovery from the pandemic.

INVESTMENT MANAGEMENT

Discussion and Analysis



2023-2024 Investment Performance continued...

Emerging market equities, measured by the MSCI EM Index, advanced by 10.31 per cent. Performance was mixed, with strong gains in Brazil and India contrasted by declines in Chinese equities. Overall, emerging markets were supported by softer interest rates in several developing economies and a depreciating US dollar, which buoyed returns.

United States fixed income, measured by the Bloomberg US Credit Index, gained 4.15 per cent, and Canadian fixed income, measured by the FTSE Canada Universe Bond Index, advanced 0.95 per cent. Expectations of a shift in central bank policies toward lowering interest rates in 2024 led to a significant rebound in bond prices in late 2023. However, this momentum faded in early 2024 as central banks reduced their projected pace of interest rate cuts. Corporate bonds, both high-yield and investment-grade, saw notable gains due to the narrowing of spreads.

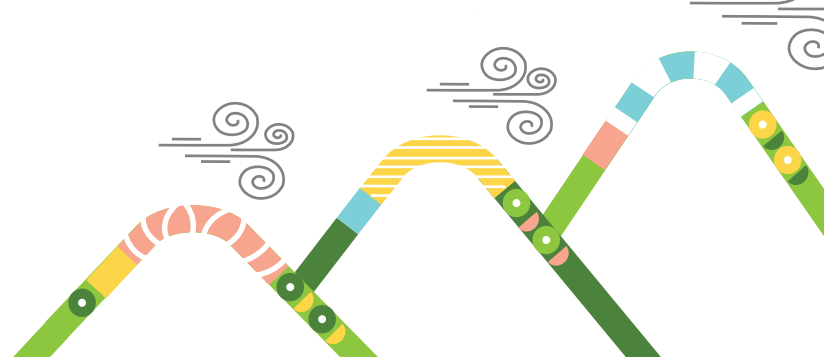
The Fund’s overall performance, on a net basis, trailed the benchmark by 229 basis points. With 30 per cent of the fund’s assets being Real Assets (real estate, infrastructure, Timber, Agriculture) and benchmarked to CPI + 4.5 per cent, this accounts for the majority of the differential and is not surprising given the high inflationary environment during the year. These assets have historically added value, but in a year of high inflation and increasing interest rates pushing down valuations, this result was within expectations and performance should improve as inflation normalizes.

Fund Investment Returns		<i>as at March 31, 2024</i>				
		<i>Annualized</i>				
	1 year	3 year	5 year	7 year	10 year	
Fund	7.93%	5.63%	6.37%	6.07%	6.33%	
Benchmark	9.96%	5.71%	6.15%	5.97%	6.10%	

Fund returns are reported net of investment management fees.

INVESTMENT MANAGEMENT

Discussion and Analysis



2023-2024 Economic Review

Global growth was 3.2 per cent in 2023¹, driven by resilience in the United States, several emerging markets, and China's fiscal support. Despite challenges like high policy rates, fiscal withdrawal, and low productivity, a quicker-than-expected decline in inflation contributed to economic stability. Although growth improved, it remained below the historical average, reflecting ongoing economic challenges. This period exemplifies the global economy's navigation through adversity, underscored by strategic policy responses and efforts toward a sustainable recovery.

Canada's economy grew 1.1 per cent in 2023², showcasing resilience amidst global uncertainties. Despite predictions of a recession, the economy maintained positive growth, supported by a strong labour market and a growing population. Challenges in sectors like real estate and manufacturing were offset by growth in high-technology services.^{3,4} Inflation pressures eased, though food prices remained high. Government strategies aimed to stimulate the economy while maintaining fiscal prudence, supporting various sectors, and addressing inflation.

The United States economy grew by 2.5 per cent in 2023⁵, fueled by strong consumer spending, a revival in manufacturing investment, and increased state and local government purchases. Manufacturing investment soared to historic highs, partly driven by legislative actions such as the *Inflation Reduction Act*. The country added an average of 232,000 nonfarm jobs per month, maintaining an unemployment rate below 4 per cent for an extended period. Inflation concerns eased due to declining food, energy, and goods prices, though services sector inflation moderated more slowly. This decline in inflation occurred alongside strong labour market conditions and above-trend GDP growth in the first half of the year. Fiscal policies boosted real GDP but also contributed to higher interest rates and inflationary pressures.

¹ World Economic Forum. (April 2024). *Steady but Slow: Resilience amid Divergence*. World Economic Outlook Update.

² World Economic Forum. (April 2024). *Steady but Slow: Resilience amid Divergence*. World Economic Outlook Update.

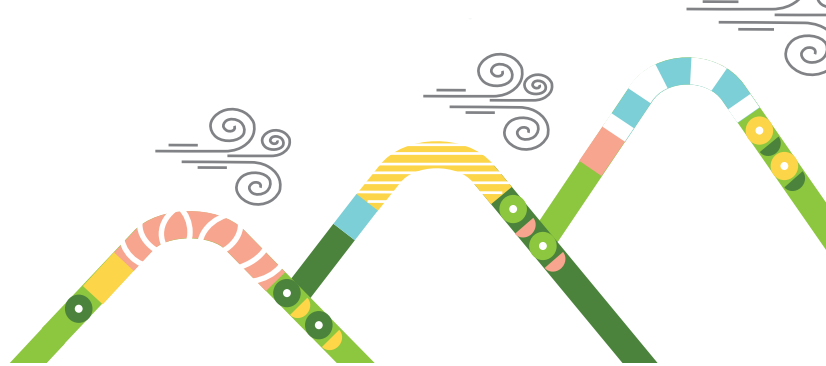
³ <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2023010/article/00006-eng.htm>

⁴ <https://www.budget.canada.ca/2023/report-rapport/overview-apercu-en.html>

⁵ World Economic Forum. (April 2024). *Steady but Slow: Resilience amid Divergence*. World Economic Outlook Update.

INVESTMENT MANAGEMENT

Discussion and Analysis



2023-2024 Economic Review continued...

Economies in the Euro area grew by 0.4 per cent in 2023⁶, experiencing a gradual economic recovery. Robust wage growth and a significant decline in inflation supported consumer spending. Despite a mild technical recession in early 2023 due to tightened financial conditions, growth is expected to modestly pick up, aided by easing supply constraints and improving external demand. The labour market remained resilient, with nominal wage growth expected to normalize. Inflation rates, while declining, are projected to align with central bank targets by mid-2025.

Japan's economy grew by 1.9 per cent⁷ in 2023, showing signs of a gradual recovery. Despite a slow start and a mild technical recession early in the year, the economy benefited from pent-up demand, especially in travel and leisure, and investments in digital transformation. Business conditions improved broadly, though large manufacturers faced challenges. The labour market experienced shortages, potentially influencing wage increases. Inflation remained above the Bank of Japan's 2.0 per cent target, driven by goods inflation and rising food prices, but it is expected to ease to an average of 1.7 per cent in fiscal 2023.⁸

Emerging market economic growth was 4.3 per cent in 2023⁹. Growth was uneven, with India and Southeast Asia showing resilience, while Latin America and parts of Europe, the Middle East, and Africa saw economic contractions. Certain countries like Saudi Arabia, South Africa, and Turkiye revised their growth projections upwards due to unexpected GDP increases. Despite global growth decelerating, China and India's recoveries significantly contributed to the global economy, with China's economic reopening notably boosting its growth forecast.

⁶ World Economic Forum. (April 2024). *Steady but Slow: Resilience amid Divergence*. World Economic Outlook Update.

⁷ World Economic Forum. (April 2024). *Steady but Slow: Resilience amid Divergence*. World Economic Outlook Update.

⁸ <https://www.nippon.com/en/in-depth/d00874/>

⁹ World Economic Forum. (April 2024). *Steady but Slow: Resilience amid Divergence*. World Economic Outlook Update.

INVESTMENT MANAGEMENT

Discussion and Analysis



Sustainable Investing

Sustainable investing and climate risk continues to be a focus for PSSPTI. Sustainable investing is an investment approach that, in addition to achieving targeted investment returns, considers long-term investing and environmental, social, and corporate governance factors. A Sustainable Investment Policy was first approved by PSSPTI in 2015. This Policy mandates an annual review of a comprehensive Sustainable Investment Report.

A summary of the Sustainable Investment Report is also posted on the PSSP website to provide Plan members with information on PSSPTI's ongoing sustainable investment activities. Work continues on how to improve the resiliency of investment portfolios, such as real estate, to protect assets that could be negatively impacted by climate change. The PSSP's infrastructure portfolio is investing in renewable energy sources to continue to meet global growth and demand, while its agriculture and timber portfolio has a lens on the shifting landscape of supply and demand of natural resources.

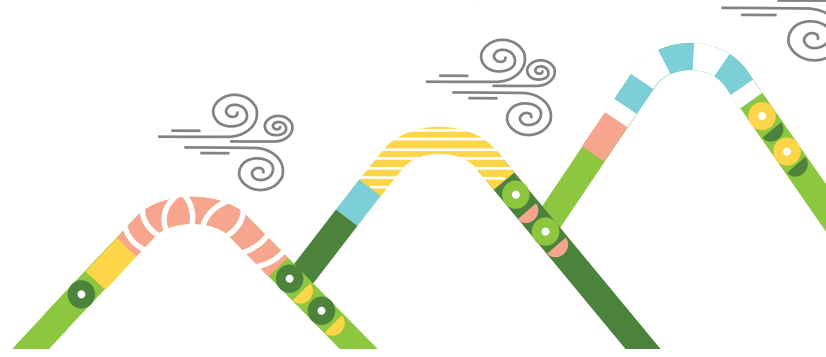
PSSPTI continues to engage with its investment managers, like-minded partners and broader industry groups to progress their sustainable investment programs. PSSPTI welcomes the emergence of Canadian pension plan and global association groups taking a leading approach to sustainable investing. PSSPTI will look to further integrate these industry best practices in the years to come.

You can view the summary of the PSSP Sustainable Investment Report on our website at: www.nspssp.ca/investments/investment-policies



INVESTMENT MANAGEMENT

Discussion and Analysis



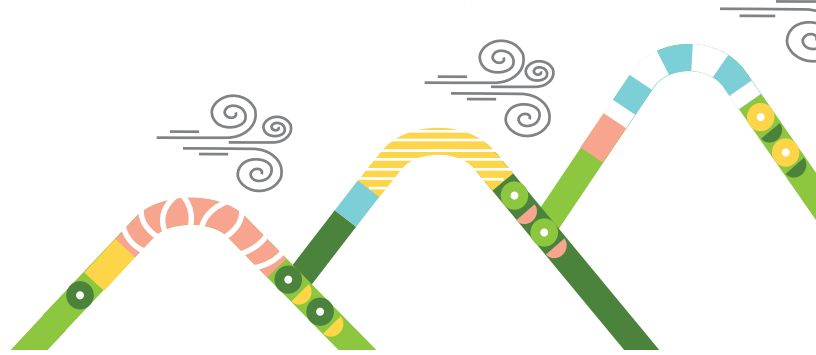
Our focus during 2023-2024

During the year, PSSPTI introduced a portable alpha program designed to enhance overall pension returns and continued discussions with larger peer plans in Canada to outline additional potential portfolio optimization tools. While the year saw a normalization of markets after a volatile 2022-2023, we remained focused on maintaining appropriate liquidity given the Plan's negative annual cash flow by continuing to rebalance portfolios across both the public and private market asset classes.

Work on individual asset class portfolios continued with a focus on value-add initiatives in each asset class, including assessing the value of fixed income given higher current yields and ensuring our exposures are in line with intended positions. On the risk side, sticky inflation, central bank rate developments, potential supply chain disruptions, and geopolitical instability continued to be dominant themes affecting markets.

INVESTMENT MANAGEMENT

Discussion and Analysis



Looking Ahead to 2024-2025

Roughly half of the world’s population in 64 countries head to the polls for elections during 2024, with the most significant one for market impact being the United States federal election in November. There will no doubt be political uncertainty heading into these elections and we expect heightened market volatility as a result. Key to managing through the volatility will be our rebalancing approach designed to keep away from any unintended positions that could negatively affect the Plan. Geopolitical risks continue with wars in Ukraine and the Middle East and the UN sounding alarms on possibly the largest emerging famine epidemics in the Middle East and Sudan.

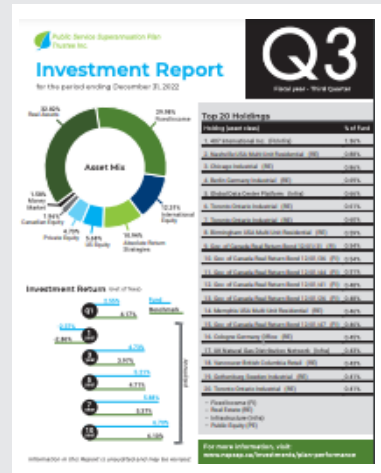
Equity markets rallied significantly at the end of the year, pushing some market valuations above normal pricing expectations. We approach these markets with caution and continue to ensure the portfolio is well exposed to higher yielding fixed income as well as other inflation sensitive and protective assets with cash flow yield. Speculative assets such as cryptocurrencies are on the rise again with increased accessibility options, global supply chain concerns remain high due to the Middle East conflict affecting shipping routes, and many developed world countries continue to struggle with housing options and inflation. All of these concerns lead to a heightened focus on portfolio diversification and a long-term focus.

PSSPTI continues to explore further portfolio optimization during the upcoming year at both the asset class and macro portfolio levels, work with other pensions plans to drive more efficient market access, and continued educational efforts with directors of the Board and other stakeholders. Preparation for the next asset-liability modeling (ALM) review in 2025 will continue during the year with a focus on long-term strategic goals for the asset mix.

You can view the PSSP’s Quarterly Investment Reports online at:

www.nspssp.ca/quarterly-investment-reports

The PSSP’s Quarterly Investment Reports are posted online shortly after each quarter end and include detailed information such as the Fund’s investment returns and asset mix.



Financial Statements of Public Service Superannuation Plan Year ended March 31, 2024

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Public Service Superannuation Plan Trustee Inc.

Opinion

We have audited the financial statements of Public Service Superannuation Plan (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligation for the year then ended
- the statement of changes in surplus for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, its changes in net assets available for benefits and its changes in pension obligation 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Page 3

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is David MacGowan.

Halifax, Canada

June 25, 2024

Financial Statements of
Public Service Superannuation Plan
Year ended March 31, 2024

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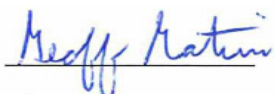
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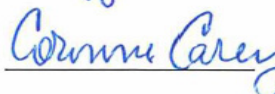
Statement of Financial Position

March 31, 2024, with comparative information for 2023	2024	2023
(in thousands of dollars)		
Net assets available for benefits		
Assets		
Cash	\$ 301,367	\$ 283,990
Contributions receivable:		
Employers'	8,907	7,165
Employees'	8,746	6,896
Accounts receivable	2,089	2,306
Prepaid expenses	8	-
Receivable from pending trades	31,111	6,729
Accrued investment income	19,803	17,191
Investments (note 5)	7,613,749	7,298,608
Total assets	7,985,780	7,622,885
Liabilities		
Due to administrator (note 13)	1,788	1,165
Accounts payable and accrued liabilities	3,696	4,302
Payable for pending trades	70,407	83,072
Investment-related liabilities (note 5)	3,621	21,350
Total liabilities	79,512	109,889
Net assets available for benefits	\$ 7,906,268	\$ 7,512,996
Accrued pension obligation and surplus		
Accrued pension obligation (note 8)	\$ 7,619,364	\$ 7,299,181
Surplus:		
Funding surplus (note 8)	286,904	213,815
	286,904	213,815
Commitments (note 9)		
Accrued pension obligation and surplus	\$ 7,906,268	\$ 7,512,996

The accompanying notes are an integral part of these financial statements.

On behalf of the board:

 Geoff Gaten, Vice-Chair, Public Service Superannuation Plan Trustee Inc.

 Corinne Carey, Vice-Chair, Public Service Superannuation Plan Trustee Inc.



Statement of Changes in Net Assets Available for Benefits

March 31, 2024, with comparative information for 2023	2024	2023
(in thousands of dollars)		
Increase in assets		
Contributions (note 4)	\$ 268,906	\$ 250,190
Transfers from other pension plans:		
Individuals	5,896	9,106
Universities, municipalities & other (note 7)	119	-
Pension plan transfer-related income (note 7)	145	129
Investment income (note 5)	229,035	187,625
Change in market value of investments (note 5)	366,396	72,806
Total increase in assets	870,497	519,856
Decrease in assets		
Benefits paid (note 10)	446,574	436,446
Transfers to other pension plans	8,226	5,960
Administrative expenses (note 11)	22,425	20,436
Total decrease in assets	477,225	462,842
Increase in net assets available for benefits	393,272	57,014
Net assets available for benefits, beginning of year	7,512,996	7,455,982
Net assets available for benefits, end of year	\$ 7,906,268	\$ 7,512,996

The accompanying notes are an integral part of these financial statements.



Statement of Changes in Pension Obligation

March 31, 2024, with comparative information for 2023	2024	2023
(in thousands of dollars)		
Accrued pension obligation, beginning of year	\$ 7,299,181	\$ 7,588,411
Increase in accrued pension benefits		
Interest on accrued pension obligation	427,002	398,392
Benefits accrued	200,929	207,283
Benefit improvements	-	28,066
Transfers from other pension plans	6,015	9,106
Purchases of service	4,400	3,441
Changes in actuarial assumptions (note 8)	85,492	-
Net experience losses (note 8)	51,145	27,986
	774,983	674,274
Decrease in accrued pension benefits		
Benefits paid	446,574	436,446
Transfers to other pension plans	8,226	5,960
Changes in actuarial assumptions (note 8)	-	521,098
	454,800	963,504
Net increase (decrease) in accrued pension benefits	320,183	(289,230)
Accrued pension obligation, end of year	\$ 7,619,364	\$ 7,299,181

Statement of Changes in Surplus (Deficit)

March 31, 2024, with comparative information for 2023	2024	2023
(in thousands of dollars)		
Surplus (deficit), beginning of year	\$ 213,815	\$ (132,429)
Increase in net assets available for benefits	393,272	57,014
Net (increase) decrease in accrued pension obligation	(320,183)	289,230
Surplus, end of year	\$ 286,904	\$ 213,815

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2024
(in thousands of dollars)



Authority and description of Plan

The following description of the Public Service Superannuation Plan (the “Plan”) is a summary only. For more complete information, reference should be made to the Plan legislative documents and agreements.

General

The Plan is governed by the *Public Service Superannuation Act* (the “Act”) as part of the Acts of Nova Scotia. It is a contributory defined benefit pension plan that covers employees of the Province of Nova Scotia (the “Province”) and certain other public sector organizations. The Act established the Nova Scotia Public Service Superannuation Fund (the “Fund”) for the purpose of crediting employer and employee contributions, investment earnings and meeting the Plan’s obligations.

The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas, are also contained in the Act and in the Plan text made under the Act.

Effective April 1, 2013, the Plan and the Fund transitioned to a new joint governance structure. The newly created Public Service Superannuation Plan Trustee Inc. (“PSSPTI”) assumed fiduciary responsibility for the Plan and the Fund from the Minister of Finance and Treasury Board. As of April 1, 2013, the Minister of Finance and Treasury Board no longer has further legal liability for the Plan and the Fund. These changes are outlined in the *2012 Public Service Superannuation Act*. That Act repealed the existing *Public Service Superannuation Act* and replaced it with a new *Public Service Superannuation Act*.

The PSSPTI is responsible for the administration of the Plan and the investment management of the Fund assets. The investment of the Fund assets is guided by the Plan’s Statement of Investment Policies & Goals (the “SIP&G”) as written by the PSSPTI. The SIP&G sets out the parameters within which the investments are made. These parameters include permissible investments and the policy asset mix. The Investment Beliefs, also found within the SIP&G, state the general principles upon which the investments are made.

Funding

The Plan is funded by investment earnings and employee and matching employer contributions of 8.4% of salary up to the Year’s Maximum Pensionable Earnings (the “YMPE”) and 10.9% of salary above the YMPE. The YMPE is a figure set annually by the Canada Pension Plan (the “CPP”).

Authority and description of Plan (continued)

Retirement benefits

Members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus years of pensionable service totaling 80 (Rule of 80);
- age 55 with an age plus years of pensionable service totaling 85 (Rule of 85) for members first hired by a participating employer on or after April 6, 2010;
- age 55 with two years of pensionable service (reduced pension);
- age 60 with two years of pensionable service.

Pension benefits are made up of two components:

Lifetime pension:

- 1.3% of the members' highest average salary (best five years) up to the YMPE for each year of pensionable service (maximum 35 years), plus
- 2.0% of the member's highest average salary (best five years) above the YMPE for each year of pensionable service (maximum 35 years)

Pension benefits are integrated with CPP benefits at age 65. To supplement members' income until unreduced CPP benefits are payable from CPP at age 65, a bridge benefit is payable until age 65. Members who receive reduced CPP benefits before age 65 will still receive the bridge benefit until age 65.

Bridge benefit payable until age 65:

- 0.7% of the members' highest average salary (best five years) up to the average YMPE (best five years) for each year of pensionable service

Death benefits

Upon the death of a vested member, the surviving spouse is entitled to receive 66.67% of the member's pension benefit payable for life (60% for the surviving spouse of a member first hired by a participating employer on or after April 6, 2010). Eligible children are entitled to receive 10% of the member's pension benefit, payable until age 18 (or 25 while still in school).

Termination benefits

Upon termination of employment, a vested member may choose to defer their pension until they satisfy one of the above eligibility criteria, or they may remove their funds from the plan in the form of a commuted value.

Refunds

The benefit payable upon termination or death of a non-vested member, or upon death prior to retirement of a vested member with no eligible survivors, is a lump sum refund of the member's contributions with interest.

Indexing

Subject to the conditions specified in the Act, pensions in pay are indexed at a rate of 0.0% from January 1, 2021, through to December 31, 2025.

2.

Basis of Preparation

a. Basis of presentation

These financial statements are prepared in Canadian dollars, which is the Plan's functional currency in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants ("CPA") Canada Handbook ("Section 4600 - Pension Plans"). Section 4600 - Pension Plans provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Plan must consistently comply with either IFRS Accounting Standards ("IFRS") in Part I or Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook. The Plan has elected to comply on a consistent basis with IFRS in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

Consistent with Section 4600, investment assets are presented on a non-consolidated basis even when the investment is in an entity over which the Plan has effective control. Earnings of such entities are recognized as income is earned and as dividends are declared. The Plan's total investment income includes valuation adjustments required to bring the investments to their fair value.

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plan as a separate reporting entity.

These financial statements were authorized for issue by the Board of Trustees of the Public Service Superannuation Plan Trustee Inc. on June 25, 2024.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value through the statement of changes in net assets available for benefits and derivative financial instruments which are measured at fair value. Units of subsidiaries held are measured at the fair value of the underlying assets and liabilities.

c. Use of estimates and judgments

The preparation of the financial statements in conformity with Section 4600 and IFRS requires management to make 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, the reported amounts of changes in net assets available for benefits and accrued pension benefits during the year. Actual results may differ from those estimates. Significant estimates included in the financial statements relate to the valuation of real estate, infrastructure and private equities investments and the determination of the accrued pension obligation.

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.

3.

Significant accounting policies**a. Investment transactions, income recognition and transaction costs****i. Investment transactions:**

Investment transactions are accounted for on a trade date basis.

ii. Income recognition:

Investment income is recorded on an accrual basis and includes interest, dividends, and distributions. Change in market value of investments includes gains and losses that have been realized on disposal of investments and the unrealized appreciation and depreciation in the fair value of investments.

iii. Transaction costs:

Brokers' commissions and other transaction costs are recorded in the statement of changes in net assets available for benefits when incurred.

b. Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on re-translation are recognized in the statement of changes in net assets available for benefits as a change in market value of investments.

c. Financial assets and liabilities**i. Non-derivative financial assets:**

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument..

The Plan classifies all of its financial assets at fair value through the statement of changes in net assets available for benefits. Financial assets are designated at fair value through the statement of changes in net assets available for benefits if the Plan manages such investment and makes purchase and sale decisions based on their fair value in accordance with the Plan's documented risk management or investment strategy. Upon initial recognition, attributed transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Financial assets at fair value through the statement of changes in net assets available for benefits are measured at fair value and changes therein are recognized in the statement of changes in net assets available for benefits.

ii. Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are presented in the statement of financial position. The net amount is presented in the statement of financial position, when and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Plan considers its amounts payable to be a non-derivative financial liability.

Significant accounting policies (continued)

iii. Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and their related transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

Derivative-related assets and liabilities are presented in the statement of financial position. The net amount is presented in the statement of financial position, when and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d. Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When a transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in market value of investments.

Significant accounting policies (continued)

Fair values of investments are determined as follows:

- i. Fixed income securities, equities, and repurchase and resell agreements are valued at year-end quoted closing prices, where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.
- ii. Short-term notes, treasury bills, and term deposits maturing within one year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.
- iii. Pooled fund investments include investments in fixed income, equities, commodities, and real estate. Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices. These net asset values are reviewed by management.
- iv. Directly held real estate is valued based on estimated fair values determined by appropriate techniques and best estimates by management, appraisers, or both. Where external appraisers are engaged to perform the valuation, management ensures the appraisers are independent and compares the assumptions used by the appraisers with management's expectations based on current market conditions and industry practice to ensure the valuation captures the business and economic conditions specific to the investment.
- v. Private fund investments include investments in private equities, real estate, infrastructure, and agriculture & timber assets. The fair value of a private fund investment where the Plan's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, is equal to the value provided by the fund's general partner unless there is specific and objectively verifiable reason to vary from the value provided by the general partner. These net asset values are reviewed by management.
- vi. Derivatives, including futures, credit default swaps, interest rate swaps, total return swaps, and currency forward contracts, are valued at year-end quoted market prices, interest, spot, and forward rates, where available. Where quoted prices are not available, appropriate alternative valuation techniques are used to determine fair value. The gains or losses from derivative contracts are included in the realized and unrealized gains or losses on investments.
- vii. Absolute return strategy investments, comprised of hedge funds, are recorded at fair value based on net asset values obtained from each of the hedge funds' administrators. These net asset values are reviewed by management.
- viii. Promissory notes issued by subsidiaries are valued at cost, non-interest bearing and mature on-demand.

Significant accounting policies (continued)

e. Non-investment assets and liabilities

The fair value of non-investment assets and liabilities are equal to their amortized cost value and are adjusted for foreign exchange where applicable.

f. Receivable/payable for pending trades

For securities transactions, the fair value of receivable from pending trades and payable for pending trades approximate their carrying amounts due to their short-term nature.

g. Accrued pension obligation

The value of the accrued pension benefit obligation of the Plan is based on a going concern method actuarial valuation prepared by an independent firm of actuaries using the projected unit credit method as at December 31 and then extrapolated to March 31. The accrued pension benefit obligation and its extrapolation is measured in accordance with accepted actuarial methods using actuarial assumptions and methods adopted by the PSSPTI for the purpose of establishing the long-term funding requirements of the Plan. The actuarial valuation and extrapolated accrued pension benefit obligation included in the financial statements is consistent with the valuation for funding purposes.

h. Contributions

Basic contributions from employers and members due to the Plan as at the end of the year are recorded on an accrual basis. Service purchases that include but are not limited to leaves of absence and transfers from other pension plans are recorded and service is credited when the purchase amount is received.

i. Benefits

Benefit payments to retired and surviving members, commuted value payments and refunds to former members, and transfers to other pension plans are recorded in the period in which they are paid. Accrued benefits are recorded as part of the accrued pension benefit obligation.

j. Administrative expenses

Administrative expenses, incurred for plan administration and direct investment management services, are recorded on an accrual basis. Plan administration expenses represent expenses incurred to provide direct services to the Plan members and employers. Investment management expenses represent expenses incurred to manage the Fund. Base external manager fees for portfolio management are expensed in investment management expenses as incurred.

k. Actuarial value of net assets and actuarial adjustment

The actuarial value of net assets of the Plan is used in assessing the funding position of the Plan, including the determination of contribution rates. The actuarial value of net assets is determined by smoothing investment returns above or below the actuarial long-term rate of return assumption over a five-year period. The fair value of net assets is adjusted by the unrecognized actuarial value adjustment to arrive at the actuarial value of net assets.

Significant accounting policies (continued)

l. Income taxes

The Fund is the funding vehicle for a registered pension plan, as defined by the *Income Tax Act (Canada)* and, accordingly is not subject to income taxes.

m. Future changes to accounting policies

No relevant new guidance has been issued by the International Accounting Standards Board.

4.

Contributions

	2024	2023
(in thousands of dollars)		
Employer		
Matched current service	\$ 131,968	\$ 122,952
Matched past service	276	210
	132,244	123,162
Employee		
Matched current service	131,921	123,140
Unmatched past service	3,826	3,021
Unmatched current service	617	657
Matched past service	298	210
	136,662	127,028
	\$ 268,906	\$ 250,190

5.

Investments and investment-related liabilities

- a. The fair value of the Plan's investments and investment-related liabilities along with the related income as at March 31 are summarized in the following tables:

	2024		2023	
(in thousands of dollars)		%		%
Investments				
Fixed income				
Money market	\$ 181,436	2.4	\$ 69,238	0.9
Canadian bonds & debentures	388,227	5.1	369,912	5.1
Non-Canadian bonds & debentures	1,573,486	20.7	1,325,296	18.2
Canadian real return bonds	339,892	4.5	339,565	4.7
Equities				
Canadian	513,721	6.7	463,531	6.4
US	308,740	4.1	438,223	6.0
Global	583,800	7.7	571,016	7.8
Private	494,929	6.5	403,273	5.5
Real assets				
Real estate	1,085,732	14.2	1,208,762	16.4
Infrastructure	1,106,571	14.5	1,023,540	14.0
Agriculture & timber	162,466	2.1	158,154	2.2
Absolute return strategies				
Hedge funds	806,331	10.6	785,576	10.8
Investment-related receivables				
Promissory notes	35,021	0.5	35,021	0.5
Derivative-related, net	33,397	0.4	11,278	0.2
Agreements to resell securities	-	-	96,223	1.3
	\$ 7,613,749	100.0	\$ 7,298,608	100.0
Investment-related liabilities				
Derivative-related, net	3,621	100.0	21,350	100.0
	\$ 3,621	100.0	\$ 21,350	100.0
Net investments	\$ 7,610,128		\$ 7,277,258	

Investments and investment-related liabilities (continued)

2024				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 100,781	\$ (15,960)	\$ 54,820	\$ 38,860
Equities	30,789	290,034	(46,612)	243,422
Commodities	-	-	-	-
Real assets	82,837	53,622	(63,516)	(9,894)
Absolute return strategies	20	23,143	47,921	71,064
Derivatives	13,515	(17,225)	41,701	24,476
Other	1,093	(12)	(1,520)	(1,532)
	\$ 229,035	\$ 333,602	\$ 32,794	\$ 366,396

2023				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 90,428	\$ (40,455)	\$ (12,498)	\$ (52,953)
Equities	33,481	91,366	(33,298)	58,068
Commodities	-	50,086	(45,078)	5,008
Real assets	57,201	35,432	161,885	197,317
Absolute return strategies	-	49,637	31,116	80,753
Derivatives	5,292	(159,679)	(55,708)	(215,387)
Other	1,223	-	-	-
	\$ 187,625	\$ 26,387	\$ 46,419	\$ 72,806

b. Derivatives

Derivatives are financial contracts, the value of which is “derived” from the value of underlying assets or interest or exchange rates. The Plan utilizes such contracts to provide flexibility in implementing investment strategies and for managing exposure to interest rate and foreign currency volatility.

Notional amounts of derivative contracts are the contract amounts used to calculate the cash flows to be exchanged. They represent the contractual amount to which a rate or price is applied for computing the cash to be paid or received. Notional amounts are the basis upon which the returns from, and the fair value of, the contracts are determined. They do not necessarily indicate the amounts of future cash flows involved or the current fair value of the derivative contracts. They are a common measure of volume of outstanding transactions but do not represent credit or market risk exposure. The derivative contracts become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in either market rates or prices relative to their terms. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

Investments and investment-related liabilities (continued)

Derivative contracts transacted either on a regulated exchange market or in the over-the-counter (“OTC”) market, directly between two counterparties include the following:

Futures

Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margining. The futures contracts that the Plan enters into are as follows:

- Government futures - contractual obligations to either buy or sell at a fixed value (the contracted price) government fixed income financial instruments at a predetermined future date. They are used to adjust interest rate exposure and replicate government bond positions. Long future positions are backed with high grade, liquid debt securities.
- Money market futures - contractual obligations to either buy or sell money market financial instruments at a predetermined future date at a specified price. They are used to manage exposures at the front end of the yield curve. Futures are based on short-term interest rates and do not require delivery of an asset at expiration. Therefore, they do not require cash backing.

Credit default swaps

Credit default swaps (“CDS”) provide protection against the decline in value of the referenced asset as a result of specified events such as payment default or insolvency. The purchaser pays a premium to the seller of the CDS in return for payment related to the deterioration in the value of the referenced asset. The referenced asset for CDS is a debt instrument. They are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure (selling protection), obligating the Plan to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure (buying protection), providing the right to “put” bonds to the counterparty in the event of a default. Net long exposures are backed with high grade, liquid debt securities. Underlying credit exposures are continuously monitored.

Interest rate swaps

Interest rate swaps involve contractual agreements between two counterparties to exchange fixed and floating interest payments based on notional amounts. They are used to adjust interest rate yield curve exposures and substitute for physical securities. Long swap positions increase exposure to long-term interest rates and short positions decrease exposure. Long swap positions are backed with high grade, liquid debt securities.

Investments and investment-related liabilities (continued)

Total return swaps

Total return swaps are contractual agreements under which the total return receiver assumes market and credit risk on a bond or loan, where the total return payer forfeits risk associated with market performance but takes on the credit exposure that the total return receiver may be subject to. The total return receiver receives income and capital gains generated by an underlying loan or bond. In return, the total return receiver must pay a set rate and any capital losses generated by the underlying loan or bond over the life of the swap.

Currency forwards

Currency forwards are contractual obligations to exchange one currency for another at a specified price or settlement at a predetermined future date. Forward contracts are used to manage the currency exposure of investments held in foreign currencies. The notional amount of a currency forward represents the contracted amount purchased or sold for settlement at a future date. The fair value is determined by the difference between the market value and the notional value upon settlement.

Investments and investment-related liabilities (continued)

The following tables set out the notional values of the Plan's derivatives and their related assets and liabilities as at March 31:

2024				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
Derivatives				
Futures	\$ 61,460	\$ 571	\$ (419)	\$ 152
Credit default swaps	18,943	1,355	-	1,355
Interest rate swaps	197,668	627	(749)	(122)
Total return swaps	363,657	26,973	-	26,973
Currency forwards	3,324,008	212	(1,232)	(1,020)
	\$ 3,965,736	\$ 29,738	\$ (2,400)	\$ 27,338
Cash collateral		3,659	(1,221)	2,438
Notional and fair value	\$ 3,965,736	\$ 33,397	\$ (3,621)	\$ 29,776

2023				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
Derivatives				
Futures	\$ 61,966	\$ 2,562	\$ (1,296)	\$ 1,266
Credit default swaps	7,500	185	(8)	177
Interest rate swaps	68,600	1,613	(3,038)	(1,425)
Total return swaps	182,706	2,534	(3,302)	(768)
Currency forwards	3,148,530	2	(13,615)	(13,613)
	\$ 3,469,302	\$ 6,896	\$ (21,259)	\$ (14,363)
Cash collateral		4,382	(91)	4,291
Notional and fair value	\$ 3,469,302	\$ 11,278	\$ (21,350)	\$ (10,072)

Investments and investment-related liabilities (continued)

The following tables set out the contractual maturities of the Plan's derivatives and their net related assets and liabilities as at March 31:

2024								
(in thousands of dollars)	Under 1 year		1 to 5 years		Over 5 years	Total		
Derivatives, net								
Futures	\$	152	\$	-	\$	-	\$	152
Credit default swaps		31		1,088		236		1,355
Interest rate swaps		(635)		237		276		(122)
Total return swaps		7,146		19,827		-		26,973
Currency forwards		(1,020)		-		-		(1,020)
	\$	5,674	\$	21,152	\$	512	\$	27,338
Cash collateral, net								2,438
Fair value, net	\$	5,674	\$	21,152	\$	512	\$	29,776

2023								
(in thousands of dollars)	Under 1 year		1 to 5 years		Over 5 years	Total		
Derivatives, net								
Futures	\$	1,266	\$	-	\$	-	\$	1,266
Credit default swaps		1		123		53		177
Interest rate swaps		-		(1,425)		-		(1,425)
Total return swaps		(3,302)		2,534		-		(768)
Currency forwards		(13,613)		-		-		(13,613)
	\$	(15,648)	\$	1,232	\$	53	\$	(14,363)
Cash collateral, net								4,291
Fair value, net	\$	(15,648)	\$	1,232	\$	53	\$	(10,072)

Cash is deposited or pledged with various financial institutions as collateral if the Plan was to default on payment obligations on its derivative contracts. On the statement of financial position, collateral is represented as part of the net balance of derivative-related receivables and liabilities.

6.

Financial Instruments

a. Fair values

The fair values of investments and derivatives are as described in note 3(d). The fair values of other financial assets and liabilities, being cash, contributions receivable, receivable from pending trades, accrued investment income, and payable from pending trades and approximate their carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1: Fair value is based on inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date. Level 1 primarily includes publicly listed investments.
- Level 2: Fair value is based on valuation methods that make use of inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market.
- Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 includes real return bonds, private equities, real estate, infrastructure, and agriculture & timber investments valued based on financial statements and or investor statements. Promissory notes are valued at cost.

Financial instruments (continued)

2024				
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
Investments				
Fixed income				
Money market	\$ 17,495	\$ 163,941	\$ -	\$ 181,436
Canadian bonds & debentures	95,869	292,358	-	388,227
Non-Canadian bonds & debentures	56,616	1,516,870	-	1,573,486
Canadian real return bonds	-	278,833	61,059	339,892
Equities				
Canadian	153,027	360,694	-	513,721
US	152,482	156,258	-	308,740
Global	494,177	89,623	-	583,800
Private	-	-	494,929	494,929
Real assets				
Real estate	-	146,662	939,070	1,085,732
Infrastructure	-	-	1,106,571	1,106,571
Agriculture & timber	-	-	162,466	162,466
Absolute return strategies				
Hedge funds	-	806,331	-	806,331
Investment-related receivables				
Promissory notes	-	-	35,021	35,021
Derivative-related, net	4,230	29,167	-	33,397
Agreements to resell securities	-	-	-	-
	\$ 973,896	\$ 3,840,737	\$ 2,799,116	\$ 7,613,749
Investment-related liabilities				
Derivative-related, net	1,640	1,981	-	3,621
	\$ 1,640	\$ 1,981	\$ -	\$ 3,621
Net investments	\$ 972,256	\$ 3,838,756	\$ 2,799,116	\$ 7,610,128

Financial instruments (continued)

2023					
(in thousands of dollars)	Level 1	Level 2	Level 3	Total	
Investments					
Fixed income					
Money market	\$ -	\$ 69,238	\$ -	\$ -	\$ 69,238
Canadian bonds & debentures	81,204	288,708	-	-	369,912
Non-Canadian bonds & debentures	45,725	1,279,571	-	-	1,325,296
Canadian real return bonds	-	277,901	61,664	-	339,565
Equities					
Canadian	144,150	319,381	-	-	463,531
US	-	438,223	-	-	438,223
Global	466,666	104,350	-	-	571,016
Private	-	-	403,273	-	403,273
Real assets					
Real estate	-	170,853	1,037,909	-	1,208,762
Infrastructure	-	-	1,023,540	-	1,023,540
Agriculture & timber	-	-	158,154	-	158,154
Absolute return strategies					
Hedge funds	-	785,576	-	-	785,576
Investment-related receivables					
Promissory notes	-	-	35,021	-	35,021
Derivative-related, net	6,944	4,334	-	-	11,278
Agreements to resell securities	-	96,223	-	-	96,223
	\$ 744,689	\$ 3,834,358	\$ 2,719,561	\$ -	\$ 7,298,608
Investment-related liabilities					
Derivative-related, net	1,387	19,963	-	-	21,350
	\$ 1,387	\$ 19,963	\$ -	\$ -	\$ 21,350
Net investments	\$ 743,302	\$ 3,814,395	\$ 2,719,561	\$ -	\$ 7,277,258

There were no significant transfers between level 1, level 2, and level 3 financial instruments during the years ended March 31, 2024 and 2023.

Financial instruments (continued)

The following tables present the changes in the fair value measurement in Level 3 of the fair value hierarchy:

2024

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment - related receivables	Total
Balance, beginning of year	\$ 61,664	\$ 403,273	\$ 2,219,603	\$ 35,021	\$ 2,719,561
Purchases, contributed capital	-	55,609	107,822	-	163,431
Sales, capital returned	(1,192)	(9,152)	(114,205)	-	(124,549)
Realized gains	295	24,436	38,561	-	63,292
Unrealized gains (losses)	292	20,763	(43,674)	-	(22,619)
Balance, end of year	\$ 61,059	\$ 494,929	\$ 2,208,107	\$ 35,021	\$ 2,799,116

2023

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment - related receivables	Total
Balance, beginning of year	\$ 66,282	\$ 296,047	\$ 1,767,603	\$ 34,611	\$ 2,164,543
Purchases, contributed capital	-	52,281	342,115	6,619	401,015
Sales, capital returned	(1,955)	-	(85,582)	(6,209)	(93,746)
Realized gains	445	10,856	21,051	-	32,352
Unrealized gains (losses)	(3,108)	44,089	174,416	-	215,397
Balance, end of year	\$ 61,664	\$ 403,273	\$ 2,219,603	\$ 35,021	\$ 2,719,561

The total realized and unrealized gains (losses) included in the change in market value of investments from level 3 financial instruments held as at March 31, 2024 and 2023, respectively, was \$40,673 and \$247,749.

Fair value assumptions and sensitivity

Level 3 financial instruments are valued using various methods. Listed real return bonds are valued by a third-party using broker prices and comparable securities. Certain unlisted private equities, real estate and infrastructure funds are valued using various methods including overall capitalization method and discount rate method. Real estate subsidiaries are valued using the overall capitalization method and discount rate method and the valuations are significantly affected by non-observable inputs, the most significant of which are the capitalization rate and the discount rate.

Financial instruments (continued)

Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at March 31, 2024 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

(in thousands of dollars)				
Description	2024 Fair value	2023 Fair value	Valuation technique	Unobservable inputs
Unlisted funds: private equity, real estate, infrastructure, agriculture & timber	\$ 1,897,699	\$ 1,718,835	Net asset value - audited financial statements	Information not available
Unlisted real estate subsidiaries	805,337	904,041	Income approach technique: overall capitalization rate method and discounted cash flow method	Capitalization rates, discount rates
Listed real return bond	61,059	61,664	Vendor supplied price - proprietary price model	Information not available
Unlisted promissory notes	35,021	35,021	Issued by subsidiaries; valued at cost	N/A
	\$ 2,799,116	\$ 2,719,561		

The following analysis illustrates the sensitivity of the Level 3 valuations to reasonably possible capitalization rate and discount rate assumptions for real estate properties where reasonably possible alternative assumptions would change the fair value significantly.

Valuations determined by the direct capitalization method and discounted cash flow method are most sensitive to changes in the capitalization and discount rates.

	2024	2023
(in thousands of dollars)		
Unlisted direct real estate subsidiaries		
Direct capitalization method		
Minimum capitalization rate	3.50%	3.50%
Maximum capitalization rate	7.50%	7.25%
Increase of 25 basis points in capitalization rate	\$ (42,804)	\$ (44,976)
Decrease of 25 basis points in capitalization rate	\$ 50,814	\$ 50,099
Discounted cash flow method		
Minimum discount rate	3.60%	3.40%
Maximum discount rate	9.25%	9.50%
Increase of 25 basis points in discount rate	\$ (34,303)	\$ (20,420)
Decrease of 25 basis points in discount rate	\$ 36,545	\$ 20,754

Note: 1 basis point is equal to 0.01%

Financial instruments (continued)

The Plan does not have access to underlying information that comprises the fair market value of real return bonds, and certain private equities, real estate and infrastructure fund investments. The fair market value is provided by the general partner or other external managers. In the absence of information supporting the fair market value, no other reasonably possible alternative assumptions could be applied.

Significant investments

The Plan's investments, each having a fair value or cost exceeding one per cent of the fair market value or cost of net investment assets and liabilities as follows:

March 31, 2024			
(in thousands of dollars)			
	Number of investments	Fair value	Cost
Private market investments	19	\$ 3,381,318	\$ 2,691,722
	19	\$ 3,381,318	\$ 2,691,722

March 31, 2023			
(in thousands of dollars)			
	Number of investments	Fair value	Cost
Private market investments	21	\$ 3,770,676	\$ 2,923,774
	21	\$ 3,770,676	\$ 2,923,774

The Plan's significant private market investments consist of fixed income and equity pooled funds, commodities, real estate, and infrastructure.

b. Investment risk management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate volatility, market price fluctuations, credit risk, foreign currency risk and liquidity risk. The Plan has set formal goals, policies, and operating procedures that establish an asset mix among equity, fixed income, real assets, absolute return strategy investments and derivatives that requires diversification of investments within categories and set limits on the size of exposure to individual investments and counterparties. Risk and credit committees have been created to regularly monitor the risks and exposures of the Plan. Trustee oversight, procedures and compliance functions are incorporated into Plan processes to achieve consistent controls and to mitigate operational risk.

Financial instruments (continued)

i. Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change with market interest rate changes, as fixed income securities are sensitive to changes in nominal interest rates. Interest rate risk is inherent in the management of a pension plan due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities. To properly manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed income investments are set and monitored.

March 31, 2024

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
Fixed income						
Money market	\$ 180,170	\$ -	\$ -	\$ -	\$ 180,170	-
Bonds & debentures	56,688	343,380	412,976	382,587	1,195,631	4.0
Real return bonds (2)	-	-	-	61,059	61,059	5.3
	\$ 236,858	\$ 343,380	\$ 412,976	\$ 443,646	\$ 1,436,860	3.5
Pooled funds					1,046,181	
Total fixed income					\$ 2,483,041	

March 31, 2023

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
Fixed income						
Money market	\$ 67,528	\$ -	\$ -	\$ -	\$ 67,528	-
Bonds & debentures	43,115	305,374	368,491	323,146	1,040,126	4.2
Real return bonds (2)	-	-	-	61,664	61,664	5.3
	\$ 110,643	\$ 305,374	\$ 368,491	\$ 384,810	\$ 1,169,318	4.0
Pooled funds					934,693	
Total fixed income					\$ 2,104,011	

1. The average effective yield reflects the estimated annual income of a security as a percentage of its year-end fair value. The total average yield is the weighted average of the average yields shown.
2. Real return bond yields are based on real interest rates. The ultimate yield will be impacted by inflation as it occurs.

The fair value of the Plan's investments is affected by short-term changes in nominal interest rates. Pension liabilities are exposed to the long-term expectation of rate of return of the Fund as well as expectations of inflation and salary escalation.

Financial instruments (continued)

Interest rate sensitivity

The Plan's investments in fixed income and fixed income related derivatives are sensitive to interest rate movements. The following table represents the assets held in the Plan as at March 31, subject to interest rate changes, average duration due to a one percent increase (decrease) in interest rate and the change in fair value of those assets:

	2024	2023
(in thousands of dollars)		
Interest rate sensitive assets	\$ 1,438,400	\$ 1,176,162
Average duration for 1% increase in interest rates	(5.0)	(5.8)
Sensitivity to 1% increase in interest rates	(71,059)	(68,162)
Fair value after 1% increase in rates	\$ 1,367,341	\$ 1,108,000
Average duration for 1% decrease in interest rates	4.9	5.8
Sensitivity to 1% decrease in interest rates	71,059	68,162
Fair value after 1% decrease in rates	\$ 1,509,459	\$ 1,244,324

ii. Market price risk

Market price risk is the risk of fluctuation in market values of investments from influences specific to a particular investment or from influences on the market, including geopolitical risk. Market price risk does not include interest rate risk and foreign currency risk which are also discussed in this note. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in financial position, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Plan through the construction of a diversified portfolio of instruments traded on various markets and across various industries.

Market sensitivity

The Plan's investments in equities are sensitive to market fluctuations. The following table represents the change in fair value of the Plan's investment in public and private equities due to a ten percent increase (decrease) in fair market values as at March 31:

	2024	2023
(in thousands of dollars)		
Total equity	\$ 1,901,190	\$ 1,876,043
10% increase in market values	190,119	187,604
Fair value after 10% increase in market values	\$ 2,091,309	\$ 2,063,647
10% decrease in market values	(190,119)	(187,604)
Fair value after 10% decrease in market values	\$ 1,711,071	\$ 1,688,439

Financial Instruments (continued)

iii. Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for the traded financial instrument is not backed by an exchange clearing house. Credit risk associated with the Plan is regularly monitored and analyzed through risk and credit committees.

Fixed income

The Plan's Fixed Income Program includes two main sectors: the Government Sector and the Corporate Sector. One benefit to managing these two pieces separately is to provide the opportunity to access physical government bonds when required. When markets are at their utmost distress these may be the only securities available for liquidation. Managing the Corporate Sector and the Government Sector separately allows for the adjustment of credit risk within the Fixed Income Program by changing the allocation between these two sectors - increasing the Government Sector through periods of market duress and increasing the Corporate Sector through periods of stability. This approach also allows the active management of the Corporate Sector and taking active decisions where returns can be maximized. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolio in 2024.

The fair values of the Plan's fixed income investments exposed to credit risk are categorized in the following table as at March 31:

	2024	2023
(in thousands of dollars)		
Fixed income		
Canadian		
Governments	\$ 282,655	\$ 201,822
Corporate	157,483	110,224
Non-Canadian		
Governments	56,616	45,725
Corporate	940,106	811,547
	\$ 1,436,860	\$ 1,169,318
Pooled funds	1,046,181	934,693
Total fixed income	\$ 2,483,041	\$ 2,104,011

Financial instruments (continued)

Derivatives

The Plan is exposed to credit-related losses in the event counterparties fail to meet their payment obligations upon maturity of derivative contracts. The Plan limits derivative contract risk by dealing with counterparties that have a minimum “A” credit rating. In order to mitigate this risk, the Fund:

- i. Deals only with highly rated counterparties, with whom International Swap and Derivative Association agreements have been executed, normally major financial institutions with a minimum credit standard of “A” rating, as supported by a recognized credit rating agency; and
- ii. Credit risk represents the maximum amount that would be at risk as at the reporting date if the counterparties failed completely to perform under the contracts, and if the right of offset proved to be non-enforceable. Credit risk exposure on derivative contracts is represented by the receivable replacement cost of contracts with counterparties, less any prepayment collateral or margin received, as at the reporting date.

Securities lending

The Plan engages in securities lending to enhance portfolio returns (see note 12). Through a securities lending program at the Plan’s custodian, the Plan lends securities for a fee to approved borrowers. Credit risk associated with securities lending is mitigated by requiring the borrowers to provide high quality collateral. In the event that a borrower defaults completely or in part, the custodian will replace the security at its expense. Regular reporting of the securities lending program ensures that its various components are continuously being monitored.

iv. Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan primarily invests in financial instruments and enters into transactions denominated in various foreign currencies, other than its measurement currency. Consequently, the Plan is exposed to risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan’s investment and non-investment assets or liabilities denominated in currencies other than the Canadian dollar. Foreign currency risk is hedged by using foreign exchange forward contracts. A policy of hedging up to 100% of the currency exposure helps to mitigate this risk.

The Plan’s currency policy allows for the management of risk of investment and non-investment assets and liabilities held in the Fund through hedging strategies that are implemented through the purchase of forward currency contracts. The forward currency contracts offset the Plan’s foreign currency exposure, hence reducing the Plan’s foreign currency risk.

Financial Instruments (continued)

The Plan's investment and non-investment assets and liabilities that are held in the Fund are represented as unhedged and hedged currency exposures as at March 31 in the following table:

March 31, 2024		
(in thousands of dollars)	Unhedged	Hedged
Summary FX exposure		
Canadian dollar	\$ 2,754,002	\$ 5,974,288
United States dollar	4,452,847	1,965,829
Euro	304,433	(129,661)
British pound sterling	160,169	11,628
Japanese yen	96,808	96,830
Other	124,548	(27,127)
	\$ 7,892,807	\$ 7,891,787

March 31, 2023		
(in thousands of dollars)	Unhedged	Hedged
Summary FX exposure		
Canadian dollar	\$ 2,693,447	\$ 5,730,102
United States dollar	4,152,720	1,863,353
Euro	281,468	(175,532)
British pound sterling	145,190	(7,236)
Japanese yen	94,558	94,558
Other	148,202	(3,274)
	\$ 7,515,585	\$ 7,501,971

After the effect of hedging, and without change in all other variables, a ten per cent increase (decrease) in the Canadian dollar against all other currencies would (decrease) increase the fair value of the Plan's investment and non-investment assets and liabilities held in the Fund, respectively.

Financial instruments (continued)

The following table below represents these changes in the Plan's investment and non-investment assets and liabilities held in the Fund as at March 31:

	2024	2023
(in thousands of dollars)		
Fund assets and liabilities	\$ 7,891,787	\$ 7,501,971
10% increase in Canadian dollar	(174,318)	(161,079)
Fund assets and liabilities after increase	\$ 7,717,469	\$ 7,340,892
10% decrease in Canadian dollar	213,055	196,874
Fund assets and liabilities after decrease	\$ 8,104,842	\$ 7,698,845

v. Liquidity risk

Liquidity risk is the risk that the Plan does not have sufficient cash to meet its current payment liabilities and acquire investments in a timely and cost-effective manner. Liquidity risk is inherent in the Plan's operations and can be impacted by a range of situation specific and market-wide events including, but not limited to, credit events and significant movements in the market. Cash obligations are fulfilled from contributions to the Plan, cash income of the Plan and planned dispositions of Plan assets as required. Cash requirements of the Plan are reviewed on an ongoing basis to provide for the orderly availability of resources to meet the financial obligations of the Plan. The Plan's cash management policy ensures that the quality and liquidity of the investment vehicles within the cash portfolios are consistent with the needs of the Plan.

Approximately 26.7% (2023 - 22.1%) of the Plan's investments are in liquid securities traded in public markets, consisting of fixed income and equities. Pooled funds consisting of exchange traded equities are approximately 22.8% (2023 - 26.2%) of the Plan's investments and are liquid within 30 days or less. Although market events could lead to some investments becoming illiquid, the diversity of the Plan's portfolio should ensure that liquidity is available for benefit payments. The Plan also maintains cash on hand for liquidity purposes and for payment of Plan liabilities. At March 31, 2024, the Plan had cash in the amount of \$301,367 (2023 - \$283,990).

7.

Universities, municipalities & other authorities pension plan transfers

On May 4, 2015, the *University Pension Plan Transfer Act* (Bill No. 102) was proclaimed to facilitate the transfer of university pension plans to the Plan and on November 9, 2016, the *Municipalities and Other Authorities Pension Plan Transfer Act* (Bill No. 55) was also proclaimed to facilitate the transfer of pension plans of municipalities and other authorities to the Plan.

Both the *University Pension Plan Transfer Act* and the *Municipalities and Other Authorities Pension Plan Transfer Act* allow the Trustee to enter into an agreement with a university, municipality or other authority to transfer, in whole or in part, assets and liabilities of a designated plan to the Plan and to allow the members, the survivors of the members, the post-transfer employees of the transferring party and the survivors of the post-transfer employees to participate in the Plan.

The Trustee's guiding principle throughout this transfer process is that it must be beneficial to the long-term sustainability of the Plan and cost-neutral to the Plan and Plan members. A transfer to the Plan resulting in a surplus or deficit to the associated liability is paid or recovered with interest owing from the transfer date.

8.

Accrued pension obligation**a. Actuarial assumptions**

The actuarial present value of the accrued pension obligation is an estimate of the value of pension obligations of the Plan in respect of benefits accrued to date for all active and inactive members including pensioners and survivors. As the experience of the Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different than the actuarial present value.

Actuarial valuations of the Plan are conducted annually and provide an estimate of the accrued pension obligation (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Mercer, performed a valuation as at December 31, 2023 and issued their report in June 2024. The report indicated that the Plan had a funding excess of \$111,394 (December 31, 2022 - \$75,847).

The actuarial valuation calculates liabilities for each member based on service earned to date and the employee's projected five-year highest average salary at the expected date of retirement or on the pension in pay, for retired members and survivors. The projected unit credit method was adopted for the actuarial valuation to determine the current service cost and actuarial liability. Under this method, the cost of providing benefits to an individual member will increase as the individual member ages and gets closer to retirement.

The assumed increases in the real rate of pensionable earnings (i.e. increase in excess of the assumed inflation rate) are dependent on the attained age of the members. These rates are based on recent experience of the Plan and current expectations for future years. Demographic assumptions are used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates, and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Plan and on the expectations for future trends.

Accrued pension obligation (continued)

The major economic and demographic assumptions used in the December 31 valuation were as follows:

	2024	2023
Discount rate	5.75% per annum	5.85% per annum
Inflation	2.00% per annum	2.00% per annum
Salary	2.50% per annum plus merit ranging from 0.00% to 2.50%	2.50% per annum plus merit ranging from 0.00% to 2.50%
Retirement age	10% at age 59; 20% at age 60; 10% at each age 61-64; 50% at each age 65-69; 100% at age 70 However, 20% each year after EURD, if it is greater 40% at 35 years of service	10% at age 59; 20% at age 60; 10% at each age 61-64; 50% at each age 65-69; 100% at age 70 However, 20% each year after EURD, if it is greater 40% at 35 years of service
Mortality	120% of CPM 2014 Publ with generational mortality using 100% of CPM-B	120% of CPM 2014 Publ with generational mortality using 100% of CPM-B

The accrued pension obligation as at March 31 is determined by an extrapolation performed by the Plan's actuary of the Plan's liabilities from December 31 of the immediately preceding calendar year, as reflected in the actuarial valuation. The following table reflects the extrapolated liability and funding surplus as at March 31:

	2024	2023
(in thousands of dollars)	Extrapolated	Extrapolated
Actuarial value of net assets	\$ 7,906,268	\$ 7,512,996
Accrued pension obligation	(7,619,364)	(7,299,181)
Funding surplus	\$ 286,904	\$ 213,815

9.

Commitments

The Plan has committed capital to investment in real estate and infrastructure over a definitive period of time. The future commitments are generally payable on demand based on the capital needs of the related investment. The table below indicates the capital amount committed and outstanding as at March 31, 2024.

March 31, 2024				
(in thousands of dollars)		Committed		Outstanding
Canadian dollar				
Private equities	CAD	20,000	CAD	16,400
Infrastructure		15,000		75
	CAD	35,000	CAD	16,475
United States dollar				
Infrastructure	USD	757,922	USD	98,134
Private equities		540,000		225,364
Real estate		25,000		4,329
	USD	1,322,922	USD	327,827
Euro				
Infrastructure	EUR	75,000	EUR	24,335
	EUR	75,000	EUR	24,335
British pound sterling				
Infrastructure	GBP	15,000	GBP	296
	GBP	15,000	GBP	296

10.

Benefits

	2024		2023	
(in thousands of dollars)				
Benefits paid to retired members	\$	387,265	\$	377,831
Benefits paid to surviving members		41,777		40,837
Refunds paid to terminated members		17,532		17,778
	\$	446,574	\$	436,446

11.

Administrative Expenses

The plan is charged by its service providers, including Nova Scotia Pension Services Corporation, a related entity, for professional and administrative services. The following is a summary of these administrative expenses.

	2024	2023
(in thousands of dollars)		
Plan administration		
Office and administration services	\$ 8,158	\$ 7,063
Legal services	200	88
Actuarial & consulting services	146	77
Audit services	64	63
Other professional services	18	79
	8,586	7,370
Pension plan transfer-related costs		
Professional services	7	22
Recovery (note 7)	(7)	(22)
		-
Investment expenses		
Investment management services	10,313	9,664
Advisory & consulting services	308	313
Transaction costs	504	607
Custody services	507	542
Information services	229	207
	11,861	11,333
Bad debt	5	10
HST	1,973	1,723
	\$ 22,425	\$ 20,436

Investment management and performance fees included in the unrealized gains/(losses) on investment vehicles consisting of pooled funds, limited partnerships and holding companies are estimated at \$42,391 (2023 - \$32,514) using financial statements and or investor statements where available, and when not available, estimates based on investment management contracts. These fees are not direct expenses of the Plan and therefore are not included in administrative expenses.

12.

Securities lending

The Plan participates in a securities lending program where it lends securities that it owns to third parties for a fee. For securities lent, the Plan receives a fee, and the borrower provides readily marketable securities of higher value as collateral which mitigates the credit risk associated with the program. When the Plan lends securities, the risk of failure by the borrower to return the loaned securities is alleviated by such loans being continually collateralized. The securities lending agent also provides indemnification if there is a shortfall between collateral and the lent security that cannot be recovered. The securities lending contracts are collateralized by securities issued by, or guaranteed without any limitation or qualification by, the Government of Canada or the governments of other countries.

The following table represents the estimated fair value of securities that were loaned out and the related collateral as at March 31:

	2024	2023
(in thousands of dollars)		
Securities on loan	\$ 227,948	\$ 195,183
Collateral held	\$ 245,649	\$ 210,207

13.

Related party transactions

Investments held by the Plan include debentures of the Province of Nova Scotia. The total fair value of these investments is \$1,512 (0.02% of total investment assets and liabilities) as at March 31, 2024 (2023 - \$1,326 (0.02% of total investment assets and liabilities)).

The Plan's administrator, Nova Scotia Pension Services Corporation, an entity co-owned by Teachers' Pension Plan Trustee Inc. and Public Service Superannuation Plan Trustee Inc. for the purpose of providing pension plan administration and investment services, charges the Plan, at cost, an amount equal to the expenses incurred in order to service the Plan. The administration expense charged to the Plan before HST for the year ending March 31, 2024, was \$8,387 (2023 - \$7,326). The amount due to the administrator as at March 31, 2024 was \$1,788 (2023 - \$1,165).

14.

Interest in subsidiaries

The Plan's subsidiaries were created for the purposes of providing investment earnings from US equities, private equities, hedge funds, real estate, and infrastructure. The Plan's subsidiaries are presented on a non-consolidated basis. The following table shows the fair values of the Plan's subsidiaries as at March 31:

		2024		2023
(in thousands of dollars)				
Subsidiary	Purpose	Ownership %	Fair value	Fair value
PSS Investments RE Inc.	Real estate	100	\$ 635,058	\$ 604,489
PSS Investments AI Inc.	Private equities	100	481,959	401,953
PSS Investments CS Inc.	Infrastructure	100	318,102	218,845
PSS Investments II Inc.	Real estate	100	271,504	271,057
PSS Investments BR Inc.	Infrastructure	100	156,002	133,290
NT Combined Investments Inc.	US equities	40	77,222	364,518
HV Combined Investments Inc.	Hedge funds	63	62,764	44,117
PSS Investments MU Inc.	Infrastructure	100	62,024	50,147
PSS Investments AX Inc.	Infrastructure	100	61,148	58,329
PSS Investments ES Inc.	Real estate	100	32,508	36,141
PSS Investments KA Inc.	Infrastructure	100	29,760	23,598
PSS Investments III Inc.	Infrastructure	100	26,067	26,453
PSS Investments IV Inc.	Infrastructure	100	24,081	35,467
PSS Investments AC Inc.	Infrastructure	100	18,180	14,302
PSS Investments HY Inc.	Infrastructure	100	10,489	-
PSS Investments AR Inc.	Private equities	100	10,297	-
PSS Investments CS II Inc.	Infrastructure	100	4	2
			\$ 2,277,169	\$ 2,282,708

The Plan either has 100% controlling interest or significant influence over its subsidiaries' cash flows. Funding is made via capital investment from the Plan. Certain subsidiaries have commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan's commitments (note 9). Financing is provided as required via shareholder loan and is payable on demand to the Plan.

15.

Capital management

The main objective of the Plan is to sustain a certain level of net assets in order to meet the Plan's pension obligations. The PSSPTI (note 1) manages the contributions and benefits as required by the *Act* and its related Regulations. The PSSPTI approves and incurs expenses to administer the commerce of the Plan in accordance with the *Act*.

Under the direction of the PSSPTI, the Plan provides for the short-term financial needs of current benefit payments while investing members' contributions for the longer-term security of pensioner payments. The PSSPTI exercises duly diligent practices and has established written investment policies and procedures, and approval processes. Operating budgets, audited financial statements, yearly actuarial valuations and reports, and as required, the retention of supplementary professional, technical and other advisors, are part of the Plan's governance structure.

The Plan fulfils its primary objective by adhering to specific investment policies outlined in its SIP&G, which is reviewed annually by PSSPTI. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the SIP&G. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and participating employers. The main use of net assets is for benefit payments to eligible Plan members.

Glossary

Absolute Return Strategies: An investment strategy which focuses on generating positive returns in rising and falling capital markets.

Actuarial assumed rate of return: The long term rate of return assumed by the Plan's external actuary in determining the value of the Plan's liabilities. Also, referred to as the Discount Rate.

Asset(s): Financial and real items owned by the Plan which have a monetary value, including cash, stocks, bonds, real estate, etc.

Asset mix: The allocation of funds to be used for investment purposes between different types of assets, including cash, stocks, bonds, real estate, etc.

Benchmark: A standard against which the performance of the Plan's return on investment can be measured.

Commodities: A commodity is a basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers.

Equity(ies): Common or preferred stock representing ownership in a company.

Fixed Income: Assets that generate a predictable stream of interest such as bonds and debentures.

Funded ratio: A ratio of the Plan's assets to liabilities, expressed as a percentage. A ratio above 100 per cent indicates that the Plan has more assets than required to fund its future estimated liabilities.

Gross of investment management fees: Refers to the fact that the return on investment is reported before the deduction of management fees.

Liabilities: An estimate of the current value of future obligations of the Plan as a result of retirement commitments made to past, current, and future employees.

Net of investment management fees: Refers to the fact that the return on investment includes investment management fees.

Real Assets: Physical real estate, infrastructure and commodity assets such as apartments, bridges, tolls, gold and farmland that are invested in either directly or through pooled vehicles.


Return on investment(s): A performance measure used to evaluate the efficiency of the Plan's investments, expressed as a percentage gain or loss on the initial investment at the beginning of the period.




We welcome your comments and feedback to help us better understand what information about your pension you would like to receive. Please email your comments to: PSSPTI@nspension.ca.

For individual pension questions, please refer to our contact information below.

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All information presented in this document is premised on the Plan rules and criteria which currently exist under the Public Service Superannuation Act (the "PSSA") and the plan text made thereunder. This document explains in plain language aspects of the rules and criteria of the Plan. Plan members, beneficiaries, and others who wish to determine their legal rights and obligations under the Plan should refer to the PSSA, the plan text, or other legal documents as appropriate. In the event of a discrepancy between the information provided in this document and the legislation and/or legal documents, the latter takes precedence.