



# Public Employees Pension Plan

2024 – 25 Annual Report

Your plan. Your way.



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## PEPP Highlights

Plannera, PEPP's administrator, is a leader in pension and benefit administration. Our team of professionals partner with some of the world's leading financial consulting firms, which enables us to deliver exceptional member service and results.

**\$13.7B**

in net assets

**\$963.7M**

total increase in net assets

**\$516.3M**

total contributions  
to the plan

**\$301.1M**

total Variable Pension Benefit  
(VPB) payments

**148**

participating employers

**75,642**

plan members

**891**

PEPP Connects online  
community members





# 1

## Executive Summary

Melinda Pelletier  
PEPP Member



# Letters of Transmittal

Her Honour the Honourable Bernadette McIntyre, S.O.M.,  
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Public Employees Pension Board (the Board) for the fiscal year ending March 31, 2025.



**Jim Reiter**  
Deputy Premier and Minister of Finance



**Hon. Jim Reiter**  
Deputy Premier and Minister of Finance

The Honourable Jim Reiter  
Minister of Finance

Sir:

On behalf of the Public Employees Pension Board, I have the honour of submitting the Annual Report of the Public Employees Pension Board (the Board) for the fiscal year ending March 31, 2025.



**Roger Brandvold**  
Chair, Public Employees Pension Board



**Roger Brandvold**  
Chair

## Message from the Chair



**On behalf of the PEPP Board, it is my privilege to present the 2024-2025 Annual Report. PEPP continues to be the largest defined contribution pension plan in Canada. We serve over 75,000 members and pensioners, 148 employers, and manage a fund valued at \$13.7 billion in total assets.**

### **Leading the industry with a new longevity-proof retirement option**

Canadians are living longer, which means our members are concerned about outliving their retirement savings. To address these concerns, PEPP developed and launched one of Canada's first Variable Pension Life Annuities (VPLA) in early 2025.

Our VPLA, known as Lifetime Pension, is designed to provide PEPP members with a dependable monthly income for life, to use in combination with our flexible Variable Pension Benefit. Lifetime Pension was created by a project team that included Plannera employees and industry professionals in actuarial science and pension governance.

The Board is confident this new retirement income option will fulfill an important need as requested by Plan members. I look forward to reporting back on member uptake in the next annual report.

### **Strengthening our member focus for 2025-2026**

The Board continues to listen to members by reviewing the results of the annual PEPP member satisfaction survey. 1,507 members responded to the 2024 pulse survey; respondents included a mix of age categories from 18-55+, and a split of 50% active members, 38% inactive, and 12% retired with a Variable Pension Benefit account.

Member satisfaction remains high, including our customer service (91%) and the administration of PEPP (87%). These results reflect our goal of delivering exceptional and innovative products and services to members and employers.

The survey also identified that awareness of our Retirement Information Consultant (RIC) services is modest. PEPP will continue to enhance promotion of these services in the coming year to ensure all members are aware of the free opportunities for financial planning the Plan offers.

## Actioning PEPP's strategic investment review

Following the completion of the Board's Strategic Investment Review in 2023, the Board actioned the results of the review in 2024, meeting with its general investment consultant during five meetings to select new investment managers. New managers were selected for PEPP's global equity large cap, emerging markets equity, fixed income, small cap Canadian equity, liquid alternatives, and large cap equities asset classes, as part of the implementation of the Plan's updated investment structure.

The investment review will occur again in four to six years as part of the Board's implementation of governance best practices from the institutional investment industry.

## Identifying and mitigating digital risks

The Board also continued its cybersecurity education in 2024-2025, enhancing ability to monitor and anticipate digital risks for PEPP. Cybersecurity is a key component of PEPP's risk management plan; keeping member data safe and secure is a Board and Plan priority.

In closing, the Board is pleased with PEPP's continued evolution as a Plan that protects members' retirement investments. Whether it is through addressing member longevity or the Plan's investment standards, PEPP continues to be an industry leader in innovation and service.

The Plan's success in these areas is in part due to the dedication and thoughtful leadership of the Board itself. I extend a heartfelt thank you to our Board members for their ongoing commitment in ensuring we stay focused on what matters most – serving our members.



**Roger Brandvold**

Chair, Public Employees Pension Board

**PEPP continues to be an industry leader in innovation and service.**



**Megan McKenny**  
PEPP Member







**Vision • Mission • Goals**  
Guiding all we do for you.

Bushirah Salami and Megan Folden  
PEPP Members







## Our Mission, Vision, and Goals



### Our Vision

To be a leading pension plan through product and service innovation.



### Our Mission

To provide members with an exceptional defined contribution pension plan.



### Our Goals

#### Investment

Earn competitive long-term investment returns for members while managing risk.

#### Service

Deliver exceptional and innovative products and services to members and employers.

#### Cost-Effectiveness

Operate efficiently and cost-effectively.

#### Stewardship

Ensure PEPP is well governed and accountable to plan members and employers.

#### Engagement

Ensure members understand their responsibilities and have the right tools and information available.

# 2

## Plan Profile

Meredith Inverarity  
PEPP Member





# Plan Profile

PEPP was established and is governed by *The Public Employees Pension Plan Act* (the Act). It is a registered pension plan pursuant to *The Pension Benefits Act, 1992* and the *Income Tax Act* (Canada).

PEPP has 148 participating employers and 75,642 members at March 31, 2025. Participating employers include the Government of Saskatchewan, Crown corporations, agencies, boards and other public institutions.

PEPP is a defined contribution (DC) pension plan. The member's contributions, their employer's contributions, plus any return on investment, provide that member with a retirement income when they retire.

Enrolment in PEPP is mandatory for employees who hold a permanent position with an employer participating in the Plan. Non-permanent employees may choose to join the Plan at any time.

Member and employer contributions are calculated as a percentage of the member's total gross regular earnings. Unless otherwise specified in an agreement, the contribution percentage is five per cent. Member contributions are made by payroll deduction.

Contributions to PEPP are tax deductible up to a maximum set by the *Income Tax Act* (Canada). Members do not pay taxes on contributions or the accumulated investment income until they withdraw an amount from the Plan.

Contributions are forwarded to the Plan and are used to purchase units in the PEPP investment option(s) of the member's choice.

Units are valued daily. Once a new unit value is declared, member accounts are valued using the new unit value. Return on investment is reflected in the changing unit value. The amount the member receives at payout or transfer is calculated using the unit value in effect at the date of payment.

Members may retire and begin to receive retirement income at age 50 or older.

Members may defer purchasing a retirement income option after retirement. The *Income Tax Act* (Canada) states that a pension must begin by the end of the calendar year in which a member turns age 71.

Table 1.1

Membership Activity	
Membership at March 31, 2024	73,509
<b>Add:</b>	
Enrolment during the year	5,388
Variable Pension Benefit	910
<b>Less:</b>	
Exiting members*	4,165
Membership at March 31, 2025	75,642

\*Includes transfers to VPB

## Plan Members

37,628 Active • 29,414 Inactive • 8,600 VPB



Accessing my account online is flexible and easy to use. It is an excellent tool.



## Public Employees Pension Board

The Board consists of nine members. Four members are appointed on behalf of participating employers and four members are appointed on behalf of employees. The Board retains an independent Chair who is appointed for a three-year term.



**Roger Brandvold**  
*Chair*



**Christine Virostek**  
*Vice Chair*  
Saskatchewan Crop Insurance Corporation, Saskatchewan Cancer Agency, Workers' Compensation Board



**Darcia Connelly**  
*Member*  
Public Service Commission



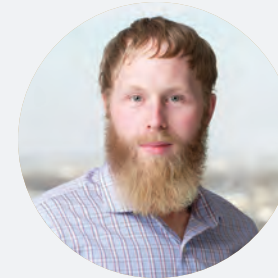
**Ryan Dionne**  
*Member*  
Unifor



**Jim Engel**  
*Member*  
Saskatchewan Polytechnic, Saskatchewan Liquor and Gaming Authority



**Genny Goodyear**  
*Member*  
Saskatchewan Government and General Employees' Union



**Mason Kaun**  
*Member*  
International Brotherhood of Electrical Workers Union Local 2067



**Troy King**  
*Member*  
SaskEnergy, SaskPower and SaskTel



**Nancy Seman**  
*Member*  
Canadian Union of Public Employees, Local 600

# Meeting Attendance

Members of the Board receive no compensation for the performance of their roles as Board members. They are remunerated for reasonable expenses for attending Board meetings and other functions in their capacity as Board members. Most notable are travel-related expenses, which are reimbursed at rates specified by the Canada Revenue Agency (CRA). The Chair is remunerated with a retainer set by the Board as per Table 1.2.

Table 1.2

Remuneration (per year)	Fees
Board Chair Retainer	\$40,000.00
Committee Chair Retainer (per year)	2,500.00

Roger Brandvold was paid a retainer of \$42,500.00 and meeting fees of \$5,320.41 for 2024-2025.

The Board had nine regular meetings in the 2024-2025 fiscal year. Table 1.3 shows the number of meetings each Board member attended.

Table 1.3

Name	Meetings Attended	Expenses (\$)	Preparation Fees
Roger Brandvold**	16	\$ 8,185.30	\$ 5,320.41 <sup>1</sup>
Christine Virostek**	14	1,972.24	2,250.00
Darcia Connelly	9	0.00	2,250.00
Ryan Dionne**	15	1,284.96	2,250.00
Jim Engel	9	486.43	2,250.00
Genny Goodyear*	3	1,524.37	750.00
Mason Kaun**	17	2,653.39	2,250.00
Troy King*	7	0.00	1,750.00
Nancy Seman	9	674.70	2,250.00
Mac Trost*	4	1,173.96	1,000.00
Total		\$ 17,955.35	\$ 22,320.41

\*Board member for a portion of 2024-2025.

\*\*Private Investment Committee member.

<sup>1</sup> Meeting Fee

Note: As per section 9.02 of its Governance Manual, Board members are paid a preparation fee of \$250 to compensate for personal time spent preparing for Board meetings.

## Board Education

**Maintaining an independent and transparent Board is critical to building member trust in the Board's rationale on important decisions.**

The Board has an education program in place for Board members. The purpose of the program is to ensure the Board members possess a sound knowledge and understanding of pensions, investments, and governance-related issues. Yearly, the Board allocates registration fees for each Board member. Expenses related to travel and accommodation are reimbursed at rates established by the CRA.

Upon appointment to the Board, new members receive an orientation provided by Planner's Executive Management.

Board members are required to undertake a formal education program. The program provides a list of courses and seminars that deliver specific investment and governance-related information relevant to Board members.

Within one year of appointment, members complete a basic trustee development course facilitated by an industry-recognized pension and benefits organization.

Within three years of appointment, members must complete the Pension Governance Education Program, presented by the International Centre for Pension Management at the Rotman School of Management, University of Toronto.

Board members who have completed the formal education program are also required to attend one educational event annually that is facilitated by an industry-recognized pension and benefits organization. A Board member who is actively pursuing the formal education program is exempt from the obligations found in the ongoing development for all members. However, all members are strongly encouraged to attend education events.

Conferences and other events attended by Board members as part of their ongoing education provide the Board with information on the current governance, investment and legal environment affecting pension plans. They also provide opportunities for Board members to meet with pension experts and pension trustees from other pension plans to discuss common issues.

Table 1.4 lists the education events attended by Board members in the fiscal year 2024-2025.



**Patricia Crowe**  
PEPP Member



## Seminars, Courses and Other Events Attended by Board Members in 2024-25

Table 1.4

Name	Education Events Attended	Total Expenses
Roger Brandvold, Chair	Advanced Trust Management	\$ 4,166.65
Christine Virostek, Vice-Chair	Pension Governance Education Program	11,305.60
Darcia Connelly	Canadian Pension and Benefits Institute Pension, Beyond the Basics	430.45
	Institute of Corporate Directors Board Oversight of Strategy	1,575.00
Ryan Dionne	Advanced Trust Management Standards - Session B	3,009.20
	Governance Solutions Financial Governance for Non-Financial Leaders Certificate Program	1,660.50
Jim Engel	Canadian Pension and Benefits Institute Annual Forum	3,579.18
Genny Goodyear	Orientation Part 1 & 2	0.00
Mason Kaun	Advanced Trust Management Standards - Session A	3,359.17
Troy King	Orientation Part 2	0.00
<b>Total Expenditures</b>		<b>\$ 29,085.75</b>

In addition to the education events listed above, comprehensive education sessions on transitioning to an NPC and segregation of responsibilities between a board of directors and a board of trustees were offered within meetings.

# 3

## Plan Administration

The Board contracts with Plannera to carry out the day-to-day administration of PEPP and the management of its assets. The cost for this is charged to the Plan. Plannera administers a wide range of pension and benefit plans.

Plannera provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan.

### To administer the Plan, Plannera:

- maintains all member and accounting records;
- collects and deposits contributions to the Fund (member accounts);
- transfers contributions to the custodian of the Fund for investment;
- handles all questions regarding Plan provisions and methods of providing or arranging for the provision of pension benefits;
- calculates and pays all pension benefits;
- communicates with members and participating employers; and
- prepares the annual report.

In 2024-2025, the Board paid Plannera \$17,081,000 for administrative services.

The Board and Plannera engage other service providers as required. Plannera reports performance measurement against standards to the Board quarterly. Table 1.5 and Table 1.6 provide measurement results for the 2024-2025 year.

## Plannera Periodic Requirements April 1, 2024 to March 31, 2025

Table 1.5

Task	Completed	Met or Exceeded Standard		Standard (Days)*	Statutory Requirement (Days)*
		Number	%		
Member Statement	3	3	100.0	75	180
Reporting on Budget Variances	4	4	100.0	Quarterly	–
Proposed Annual Budget	1	1	100.0	By March 31	–
Performance Measurement	4	4	100.0	Quarterly	–
Board Decision Affecting Individual Clients	0	n/a	n/a	1 Month	–
Newsletter (Pension Perspectives & PEPP Connection)	4	4	100.0	Quarterly	–
<b>Total</b>	<b>16</b>	<b>16</b>	<b>100.0</b>		

## Plannera Service Standards April 1, 2024 to March 31, 2025

Table 1.6

Task	Completed	Met or Exceeded Standard		Standard (Days)*	Statutory Requirement (Days)*
		Number	%		
Statement on Termination of Membership (option letter)	3,943	3,942	99.9	5	90
Payment of Termination Benefits	1,711	1,502	87.8	5	–
Statement on Retirement (option letter)	1,575	1,571	99.7	10	90
Retirement Payments - Leaving Plan	1,550	1,375	88.7	10	–
Retirement Payments - Transfer to VPB/SPAF	991	804	81.1	5	–
Statement on Death (option letter)	175	158	90.3	20	90
Payment on Death Benefits	185	159	85.9	10	–
Pension Estimates	180	161	89.4	10	–
Marriage Breakdown Estimates	130	117	90.0	15	–
Portability Transfer Values	156	123	78.8	10	–
Inter-fund Transfer	453	444	98.0	1	–
VPB Lump Sum Payment	950	917	96.5	5	–
<b>Total</b>	<b>11,999</b>	<b>11,273</b>	<b>93.9</b>		

\* Standard is set within the contract between the Board and Plannera.

\*\* Statutory Requirement is a compliance standard within *The Pension Benefits Act, 1992* and *The Pension Benefits Regulations, 1993*.



# 4

## Investments

**Mahbub Kazi**  
PEPP Member



# Investment Commentary

Investment returns for the 12 months ending March 31, 2025 were positive across PEPP's asset allocation funds. The:

- Accelerated Growth Fund increased by 10.4 per cent;
- Balanced Fund increased by 9.4 per cent;
- Conservative Fund increased by 8.1 per cent;

The Plan's defensive approach led to a slight overall lag for PEPP funds, trailing a bit in spring 2024 as markets rallied but holding up better in early 2025 when volatility hit. It was a year of mixed signals: central banks lowered rates to support economic growth, but uncertainty lingered with U.S. tariffs and a weaker Canadian dollar, which fell to 70 cents against the U.S. dollar.

## Equities

Of the Plan's three major asset-class portfolios, the PEPP equity portfolio delivered the strongest returns among the Plan's portfolios. In more detail, global stock markets saw gains, with Canada performing strongly and emerging markets leading the way, boosted by a weaker Canadian dollar, though volatility picked up in early 2025. Canada's market got a boost from strong performance in financial stocks, like the big banks, while emerging markets were lifted by a rally in Hong Kong, driven by Chinese tech stocks. Within the U.S., utilities and financial stocks were the strongest performers, as investors sought safety and stability amid uncertainty. AI-driven semiconductor stocks, like Nvidia, held up well with strong gains for much of

the year, though their lead was less pronounced than in past years, cooling off in early 2025, while energy stocks saw smaller gains over the past year despite oil prices averaging around \$70 a barrel.

Over this 12-month period of above-average stock market returns, the PEPP equity portfolio saw solid gains but modestly trailed its benchmark, as the Plan's defensive stance held back capturing the full market upswing. The most influential source of relative-return outperformance was in the growth-style segment of the large cap global portfolio and in the small cap Canadian equity portfolio, where the growth manager selected strong performers in the mining sector, particularly in gold mining. In contrast, the Plan's value-oriented equity managers struggled to keep pace with the market in this environment, as AI-driven semiconductor stocks outshone value names for much of the year, a segment where the Plan had limited exposure.

The PEPP equity portfolio has exposure to foreign currencies. Major currencies like the U.S. dollar—the largest foreign exposure—the Euro, British pound, and Yen appreciated against the Canadian dollar over the period. As a result, unhedged returns in Canadian dollar terms benefited from a positive currency translation effect. However, to moderate the volatility of foreign currency market swings, the Plan implements a passive 50 per cent currency hedge program to reduce currency risk. With the hedge in place, the Plan's asset allocation funds benefited from approximately half of the currency translation effect.

**PEPP remains committed to navigating markets with care and diligence.**



## Investment Commentary (continued)

### PEPP's defensive investment approach helped protect the Plan during the market volatility in early 2025.

**Ravija Patel**  
PEPP Member and Plannera Employee

#### Alternatives

The Alternatives portfolio, which includes infrastructure, liquid alternatives, real estate, and farmland, performed well, doing slightly better than expected compared to its benchmark. This portfolio is built to steady the ship during rough markets, and it played that role effectively in volatile periods like the first quarter of 2025, when equities faced heightened uncertainty. Infrastructure provided consistent income, while farmland, a newer allocation, showed promising early growth, and liquid alternatives contributed positively. Real estate delivered modest gains, driven by a focus on steady rental income from multi-unit residential properties and industrial assets like warehouses, despite valuation pressures from elevated interest rates across the sector. Overall, this portfolio's low correlation to stocks and bonds helped cushion the Plan, and its performance was solid.

#### Income

The Income portfolio, made up of fixed income and money market investments, delivered solid returns, reflecting a balanced approach to managing interest rate risk. A portion of the portfolio is allocated to Absolute Return strategies, which aim to deliver steady returns with lower sensitivity to interest rate changes, helping to balance the overall risk profile in varying market conditions. The portfolio also began building out a private credit program in recent years, which targets higher yields through direct lending and is expected to enhance returns as it grows toward a 10 per cent allocation. Bonds had a better year as central banks like the Bank of Canada and the U.S. Fed lowered rates over the period, with the Bank of Canada ending at 2.75 per cent and the U.S. Fed at 4.5 per cent. The Government of Canada 10-year bond yield fell to 3.0 per cent, down 0.5 per cent from last year, supporting bond prices. Strong coupon income and tighter credit spreads also helped, and the broader bond market saw favorable conditions, while the portfolio achieved strong absolute returns, supported by its diversified approach.

In summary, PEPP's funds delivered sound performance, with equities driving growth, alternatives providing stability, and income offering strong and steady returns in a mixed market. The Plan's defensive stance meant benchmarks were slightly lagged, but the strategy is designed to protect in tough times, and that strength showed in early 2025. Equities led the way, Alternatives did better than expected, and Income provided consistent returns despite the challenges of active management in a strong bond market. The Plan remains committed to navigating future markets with care and diligence.





## Overview

The Plan has eight investment fund options. These funds offer a mix of asset classes within three portfolios – Equities, Income and Alternatives.

### The PEPP investment options:

- PEPP Steps Fund
- Accelerated Growth Fund
- Growth Fund
- Balanced Fund
- Moderate Fund
- Conservative Fund
- Money Market Fund
- Bond Fund

Members can invest in any one of the listed funds. The only funds eligible to be added as a specialty fund are the Money Market Fund and/or Bond Fund.

Asset allocation funds invest in a mix of asset classes, including:

- equities (Canadian, foreign and private);
- real estate;
- liquid alternatives;
- infrastructure;
- farmland;
- fixed income;
- private credit; and
- cash and equivalents.

The mix depends on the fund. More conservative funds are weighted more heavily toward fixed-income investments where more aggressive funds are weighted more heavily toward equities. The Bond Fund is invested solely in fixed-income investments and the Money Market Fund is invested solely in highly liquid short-term debt securities.

Equities offer the greatest potential return, but are exposed to a high level of market volatility. This means they are susceptible to losses over the short-term. As such, equities are best suited for long-term investors who are able to ride out short-term volatility in return for long-term growth potential.

Fixed-income investments, such as bonds and cash equivalents, are lower-volatility investments, meaning they are much better suited to capital preservation. For this reason, members with less tolerance for short-term volatility may prefer funds with a greater percentage of fixed income.

Members are encouraged to make an investment choice that fits their risk tolerance and investment profile. PEPP's eight investment options offer members a range from the Accelerated Growth Fund, an equity-heavy fund, to the Conservative Fund, while also offering the Bond Fund and the Money Market Fund.

The PEPP Steps Fund is the default investment fund for the Plan. Members who have not made an investment choice on their own are automatically invested in the PEPP Steps Fund by default. PEPP Steps is an asset allocation fund that automatically moves members to more conservative exposures over time. Equity and alternatives holdings decrease and bond holdings increase through the 13 steps.



# Investment Options

## Accelerated Growth Fund

The Accelerated Growth Fund offers the highest risk and highest potential return. The goal of this fund is to provide capital growth over the long term. It invests primarily in equities. Foreign currency exposure for this fund is 24.60 per cent (foreign exposure of 48.10 per cent, less hedged exposure of 23.50 per cent).

Net Rate of Return

10.4%

ONE YEAR RATE OF RETURN

11.6%

LESS FUND FEES

1.2%

Asset Mix



## Growth Fund

The Growth Fund is an aggressive fund offering relatively high-risk and high-potential return. Its goal is to provide capital growth over the long term by investing largely in equities. Foreign currency exposure for this fund is 21.20 per cent (foreign exposure of 41.50 per cent, less hedged exposure of 20.30 per cent).

Net Rate of Return

10.0%

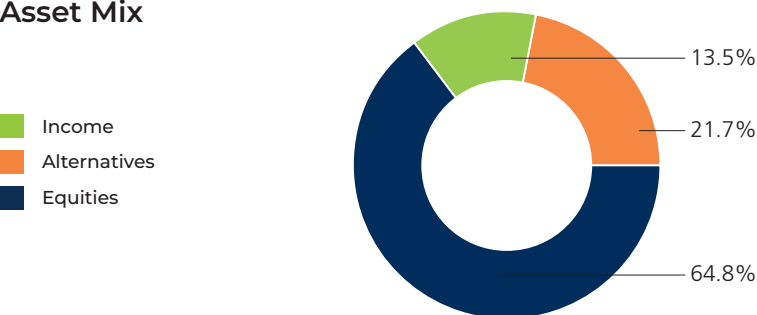
One year rate of return

11.1%

Less fund fees

1.1%

Asset Mix



## Investment Options

### Balanced Fund

The Balanced Fund offers relatively balanced potential risk and return. Its goal is to provide long-term capital growth. The Balanced Fund provides target weight of 48.0 per cent for equities. Foreign currency exposure for this fund is 16.20 per cent (foreign exposure of 31.70 per cent, less hedged exposure of 15.50 per cent).

#### Net Rate of Return

**9.4%**

ONE YEAR RATE OF RETURN

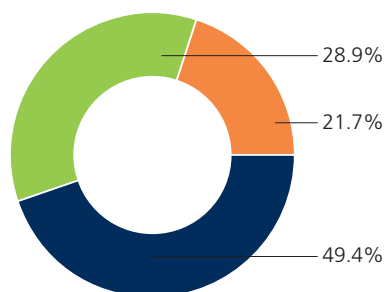
**10.4%**

LESS FUND FEES

**1.0%**

#### Asset Mix

Income  
Alternatives  
Equities



### Moderate Fund

The Moderate Fund is designated to provide a balance of security and long-term growth by balancing the risk and potential returns of the major asset classes. The Moderate Fund provides target weight of 45.0 per cent for fixed income. Foreign currency exposure for this fund is 11.20 per cent (foreign exposure of 21.80 per cent, less hedged exposure of 10.60 per cent).

#### Net Rate of Return

**8.8%**

One year rate of return

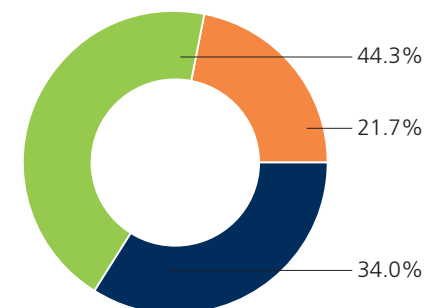
**9.8%**

Less fund fees

**1.0%**

#### Asset Mix

Income  
Alternatives  
Equities



# Investment Options

## Conservative Fund

The Conservative Fund is designated to provide returns with little fluctuation. By focusing mainly on fixed-income investments, it offers lower risk and lower potential for return than other PEPP asset allocation funds. Foreign currency exposure for this fund is six per cent (foreign exposure of 11.80 per cent, less hedged exposure of 5.80 per cent).

Net Rate of Return

8.1%

ONE YEAR RATE OF RETURN

8.9%

LESS FUND FEES

0.8%

### Asset Mix



## Bond Fund

The Bond Fund is one of the most conservative investment options within PEPP and offers low potential risk and return. Because its goal is to provide broad exposure to the bond market, earn interest income and preserve capital, it invests strictly in bonds.

Net Rate of Return

7.2%

ONE YEAR RATE OF RETURN

7.6%

LESS FUND FEES

0.4%

### Asset Mix





# Investment Options

## Money Market Fund

The Money Market Fund is the most conservative investment choice within PEPP and offers the lowest potential risks and returns. This fund is designed for members who have a very short time horizon and are looking for the ultimate capital preservation option. There is no foreign currency exposure for this fund.

### Net Rate of Return

4.6%

ONE YEAR RATE OF RETURN

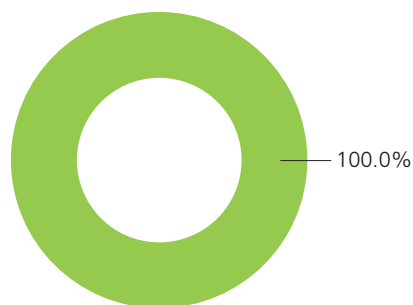
4.8%

LESS FUND FEES

0.2%

### Asset Mix

- Income
- Alternatives
- Equities



## PEPP Steps Fund

The PEPP Steps Fund is the default investment option for the Plan. It is a diversified investment portfolio that automatically moves members to more conservative investments over time. Equity and Alternative exposures decrease and bond holdings increase by increments of about five per cent for each step. Because of its unique structure, the PEPP Steps Fund does not have a single rate of return or fee level.

	One Year Rate of Return	Less Fund Fees	Net Rate of Return	Asset Mix
Step 1	11.7%	1.2%	10.5	<p>Higher Risk/ Potential Return</p> <p>Lower Risk/ Potential Return</p>
Step 2	11.4	1.1	10.3	
Step 3	11.2	1.1	10.1	
Step 4	11.0	1.1	9.9	
Step 5	10.8	1.1	9.7	
Step 6	10.6	1.1	9.5	
Step 7	10.2	1.0	9.2	
Step 8	10.0	1.0	9.0	
Step 9	9.8	1.0	8.8	
Step 10	9.6	1.0	8.6	
Step 11	9.3	0.9	8.4	
Step 12	9.2	0.9	8.3	
Step 13	8.9	0.8	8.1	

## Investment Managers

Within each asset class, one or more investment managers are used for each investment option. The use of different managers allows for further diversification of the investments within each investment option. The use of different investment managers allows the Plan to employ different investment styles that can focus on different regions or sectors for investment, reducing the risk that any one region, sector or style may suffer during any economic cycle or event.

### Investment Manager Changes in 2024-2025

#### The Board engaged six private equity managers:

- |                          |                                |
|--------------------------|--------------------------------|
| 1. Alphi Capital LP;     | 4. Main Capital Partners B.V.; |
| 2. CVC Capital Partners; | 5. TorQuest Partners; and      |
| 3. ECI Partners LLP;     | 6. Wynnchurch Capital, L.P.    |

#### The board engaged six infrastructure managers:

- |                                 |   |
|---------------------------------|---|
| 1. Ardian;                      | 4. Northampton Capital Partners;        |
| 2. Brookfield Asset Management; | 5. Novacap Digital Infrastructure; and  |
| 3. Intermediate Capital Group;  | 6. Pennybacker Capital Management, LLC. |

#### The Board engaged two private credit managers:

1. Castl lake, L.P.; and
2. Fiera Private Debt Inc.

#### The Board Engaged two farmland managers:

1. Area One Farms LTD; and
2. US Agriculture, LLC.

#### The Board Engaged one core plus fixed income manager:

1. Franklin Templeton Investments Corp.

#### The Board Engaged two global equity managers:

1. Independent Franchise Partners; and
2. J.P. Morgan Asset Management.

#### The Board Engaged one emerging markets equity manager:

1. William Blair Investment Management, LLC

The Board terminated the following six managers:

**Core Plus Fixed Income:**

- 1. AllianceBernstein Canada, Inc.

**Core Fixed Income:**

- 1. CIBC Asset Management Inc.

**Global Equity:**

- 1. Burgundy Asset Management Ltd.
- 2. Fondsmæglerselskab Maj Invest A/S

**Emerging Markets Equity:**

- 1. T. Rowe Price (Canada), Inc.

**Liquid Alternatives**

- 1. Grantham, Mayo, Van Otterloo & Co.

**Fees and Rates of Return<sup>1</sup>**

(as at March 31, 2025)

Table 1.14

Fund	Fees (%)					Net Rate of Return
	Benchmark Rate of Return	Gross Rate of Return	Plannera & Board <sup>2</sup> *	Investments <sup>3</sup>	Total Fund	
Accelerated Growth	10.7	11.6	0.1	1.1	1.2	10.4
Growth	10.2	11.1	0.1	1.0	1.1	10.0
Balanced	9.6	10.4	0.1	0.9	1.0	9.4
Moderate	8.9	9.8	0.1	0.9	1.0	8.8
Conservative	8.3	8.9	0.1	0.7	0.8	8.1
Bond	7.6	7.6	0.1	0.3	0.4	7.2
Money Market	4.5	4.8	0.1	0.1	0.2	4.6

<sup>1</sup> The rate of return and fee data for the PEPP Steps Fund varies with each step.  
<sup>2</sup> Of the 0.1% fees shown, the Board accounts for less than 0.01%.  
<sup>3</sup> Investment fees include fees for investment managers, consulting and custody.  
\* Administration fees were overstated for the 2023-24 reporting period. These fees have been adjusted for 2024-2025.

Table 1.0

# Investment Managers

Table 1.7

Investment Manager	Reference Name	Mandates
Beutel, Goodman Company Ltd.	Beutel Goodman	Canadian Equity
Fidelity Investments Canada ULC	Fidelity	Canadian Equity
QV Investors Inc.	QV	Canadian Equity
J. Zechner Associates Inc.	Zechner	Canadian Equity
Franklin Templeton Investments Corp.	Franklin	Core Plus Fixed Income
Manulife Investment Management Distributors Inc.	Manulife	Absolute Return Fixed Income
PGIM Funds Plc	PGIM	Absolute Return Fixed Income
PIMCO Canada Corp.	PIMCO	Core Plus Fixed Income
TD Asset Management Inc.	TDAM	Fixed Income
		Money Market
		Real Estate
Barings LLC	Barings	European Real Estate
Independent Franchise Partners	IFP	Global Equity
J.P. Morgan Asset Management	J.P. Morgan	Global Equity
Morgan Stanley Investment Management Inc.	Morgan Stanley	Global Equity
		Real Estate
Pzena Investment Management, LLC	Pzena	Global Equity
		U.S. Equity
Gannett Welsh & Kotler, LLC	GWK	U.S. Equity
Oberweis Asset Management, Inc.	Oberweis	EAFE Equity
Thompson, Siegel & Walmsley LLC	TSW	EAFE Equity
ARGA Investment Management, LP	ARGA	Emerging Markets Equity
William Blair Investment Management, LLC	William Blair	Emerging Markets Equity



Table 1.7

Investment Manager	Reference Name	Mandates
Elementum Advisors, LLC	Elementum	Liquid Alternatives
Hudson Bay Capital Management LLC	Hudson Bay	Liquid Alternatives
King Street Capital Management LP	King Street	Liquid Alternatives
LMR Partners LLP	LMR	Liquid Alternatives
One William Street Capital Management, LP	One William Street	Liquid Alternatives
Rokos Capital Management LLP	Rokos	Liquid Alternatives
Transtrend B.V.	Transtrend	Liquid Alternatives

## Investment Managers – Multi-Manager Programs

PEPP works with multiple managers on the following mandates:

1. Farmland;
2. Private Credit;
3. Private Equities; and
4. Infrastructure

## Currency Hedge Manager

Insight Investment Management Ltd. (Insight)

Hedge 50 per cent of foreign currency exposure in the Developed Public Market Equity portfolio using currency forwards.

Investment Performance

The Board retains 26 investment managers through 30 mandates for Public Markets (Money Market, Fixed Income, Equity, Real Estate, Liquid Alternatives), and 60 managers through 83 mandates across four Private Markets programs (Infrastructure, Farmland, Private Debt, Private Equity), plus one passive currency hedge manager, to invest the Plan's assets. Private Markets programs are accessed through limited partnership arrangements, where PEPP invests with specialized firms to manage these long-term, illiquid assets. Active managers aim to outperform their selected market index or benchmark, while passive managers aim to match it.

Canadian Equities

Table 1.8

	Net Rate of Return	
	1-Year	4-Year
<b>Canadian Equity Managers</b>		
Beutel (active manager)	9.1	8.8
Fidelity (active manager)	15.3	10.6
<b>Benchmark (S&amp;P/TSX Capped Composite Index)</b>	<b>15.8</b>	<b>10.7</b>
<b>Canadian SMID Cap Equity Manager</b>		
QV (active manager)	13.0	9.9
<b>Benchmark (S&amp;P/TSX Completion Index)</b>	<b>15.8</b>	<b>9.5</b>
<b>Canadian Small Cap Equity Manager</b>		
Zechner (active manager)	39.4	12.0
<b>Benchmark (S&amp;P/TSX Small Cap Index)</b>	<b>11.1</b>	<b>5.7</b>

U.S. Equities

Table 1.9

	Net Rate of Return	
	1-Year	4-Year
<b>U.S. Small Cap Equity Manager</b>		
GWK (active manager)	7.0	4.7
Pzena (active manager)	(9.1)	6.6
<b>Benchmark (Russell 2000 Index – \$CDN)</b>	<b>2.1</b>	<b>2.3</b>

## Global, Non-North American, Emerging Market Equities

Table 1.10

	Net Rate of Return	
	1-Year	4-Year
<b>Global Equity Managers</b>		
JP Morgan* (active manager)	n/a	n/a
IPF* (active manager)	n/a	n/a
<b>Benchmark (MSCI World Index – \$CDN)</b>	<b>14.3</b>	<b>12.5</b>
MSIM (active manager)	19.4	7.0
Pzena (active manager)	14.3	10.5
<b>Benchmark (MSCI AC World Index – \$CDN)</b>	<b>14.5</b>	<b>11.2</b>
<b>EAFE Small Cap Equity Managers</b>		
Oberweis (active manager)	11.6	(2.8)
<b>Benchmark (MSCI World ex US Small Cap Index – \$CDN)</b>	<b>10.7</b>	<b>4.1</b>
TSW (active manager)	13.2	7.4
<b>Benchmark (MSCI EAFE Small Cap Index – \$CDN)</b>	<b>10.2</b>	<b>3.6</b>
<b>Emerging Market Managers</b>		
ARGA (active manager)	19.1	11.2
W. Blair* (active manager)	n/a	n/a
<b>Benchmark (MSCI Emerging Market Index – \$CDN)</b>	<b>15.6</b>	<b>1.9</b>

\* new manager, 1-year performance history not available

## Alternatives

Table 1.11

	Net Rate of Return	
	1-Year	4-Year
<b>Real Estate Manager</b>		
TDAM (active manager)	0.1	4.5
<b>Benchmark (MSCI/REALPAC Quarterly Property Fund Index)</b>	<b>0.9</b>	<b>4.2</b>
MSIM (active manager)	8.7	8.6
<b>Benchmark (NCREIF NFI-ODCE Index)</b>	<b>8.5</b>	<b>6.6</b>
Barings LLC (active manager)	10.1	1.1
<b>Benchmark (MSCI Balanced Pan-European Property Fund Index)</b>	<b>8.2</b>	<b>0.4</b>
<b>Liquid Alternative Managers</b>		
Elementum	25.4	12.9
Rokos	25.9	15.0
One William Street	15.0	12.1
LMR	23.6	13.1
Transtrend	(15.0)	11.1
<b>Benchmark (3-Month US Treasury Bills - \$CDN)</b>	<b>11.4</b>	<b>6.9</b>
King Street	7.6	4.4
Hudson Bay	6.4	5.2
<b>Benchmark (FTSE TMX Cda 91-day T-Bill Index)</b>	<b>4.5</b>	<b>3.1</b>
<b>Private Equity Managers</b>	<b>17.3</b>	<b>10.4</b>
<b>Infrastructure Managers</b>	<b>14.1</b>	<b>7.0</b>
<b>Timberland/Farmland Managers</b>	<b>6.9</b>	<b>n/a</b>
<b>Private Debt Managers</b>	<b>15.8</b>	<b>n/a</b>

Fixed Income

Table 1.12

	Net Rate of Return	
	1-Year	4-Year
<b>Canadian Bond Managers</b>		
TDAM (passive manager)	7.6	0.7
Franklin* (active CorePlus manager)	n/a	n/a
PIMCO (active CorePlus manager)	8.4	1.3
<b>Benchmark (FTSE TMX Canada Universe Bond Total Return Index)</b>	<b>7.7</b>	<b>0.7</b>
Manulife (active absolute return manager)	5.2	1.3
<b>Benchmark (Bloomberg Barclays Multiverse Index – \$CDN)</b>	<b>9.8</b>	<b>0.8</b>
PGIM (active absolute return manager)	5.2	3.2
<b>Benchmark (FTSE TMX Cda 91-Day T-Bill Index)</b>	<b>4.5</b>	<b>3.1</b>

\* new manager, 1-year performance history not available...

Cash and Equivalents

Table 1.13

	Net Rate of Return	
	1-Year	4-Year
<b>Money Market Manager</b>		
TDAM (active manager)	4.8	3.3
<b>Benchmark (FTSE TMX Cda 91-day T-Bill Index)</b>	<b>4.5</b>	<b>3.1</b>

# Investment Consulting

The Plan’s strategic investment consultant is Aon. In 2024-2025, Aon provided strategic investment guidance and education to the Board. Aon was paid \$15,000.

Plannera’s general investment consultant is Mercer (Canada) Ltd. (Mercer). In 2024-2025, Mercer collaborated with Plannera and provided regular investment consulting services including performance monitoring. Mercer was paid \$497,000.

The Plan’s private markets consultant is Hamilton Lane Advisors LLP (Hamilton Lane) who provides investment guidance and education on future investments for privately held asset classes. Hamilton Lane was paid \$600,000.

# Investment Custody and Valuation

The Board retains CIBC Mellon as the custodian of the Plan. CIBC Mellon is responsible for custody of all financial assets for PEPP, settles all investment transactions and ensures all investment income (dividends and interest) is collected. They also report all investment transactions and conduct a valuation for the Plan.

CIBC Mellon received \$1,467,000 in custodial fees for the year ended March 31, 2025.

# Investment Administration

Investment administration includes:

- declaring unit values for all investment options;
- monitoring of investment performance;
- communicating with external investment managers and the investment consultant;
- research;
- compliance monitoring; and
- managing asset mix and cash flows.

The Board retains Rondeau Capital Inc. as a Special Aide to the Board. The Special Aide assists the Board in its oversight of the Board’s investment service providers.

Table 1.15

Special Aide Remuneration	Total
Annual Retainer	\$25,000.00
Total	\$25,000.00



# Investment Manager Fees

(for the 2024-2025 fiscal year)

Table 1.16

Investment Manager	Total Cost (\$000's)	(%)
AllianceBernstein Canada, Inc.	785	1.2
ARGA Investment Management, LP	2,650	4.1
Beutel, Goodman & Company Ltd.	1,135	1.8
Burgundy Asset Management Ltd.	2,319	3.6
CIBC Asset Management Inc.	124	0.2
Farmland*	615	1.0
Fidelity Investments Canada ULC	1,441	2.2
Franklin Templeton Investments Corp.	180	0.3
Gannett Welsh & Kotler, LLC	1,382	2.1
Independent Franchise Partners LLP	698	1.1
Infrastructure*	10,394	16.1
Insight Investment Management Inc.	415	0.6
JPMorgan Asset Management (Canada) Inc.	1,048	1.6
Maj Invest	1,991	3.1
Manulife Investment Management Distributors Inc.	784	1.2
Morgan Stanley Investment Management Inc.	4,601	7.1
Oberweis Asset Management, Inc.	1,616	2.5
Private Credit*	1,133	1.8
Private Equity*	7,099	11.0
PIMCO Canada Corporation	1,228	1.9
Pzena Investment Management, LLC	6,030	9.3
QV Investors Inc.	1,184	1.8

## Investment Manager Fees (continued)

(for the 2024-2025 fiscal year)

Table 1.16 continued

Investment Manager	Total Cost (\$000's)	(%)
T. Rowe Price (Canada), Inc.	1,711	2.7
TD Asset Management Inc.	2,989	4.6
Thompson, Siegel & Walmsley LLC	1,890	2.9
William Blair	255	0.4
J. Zechner Associates Inc.	598	0.9
Elementum Advisors, LLC	485	0.8
Grantham, Mayo, Van Otterloo & Co.	188	0.3
Hudson Bay Capital Management LP	2,273	3.5
King Street Capital Management, L.P.	800	1.2
One William Street Capital Management, L.P.	1,512	2.4
Rokos Capital Management LLP	2,201	3.4
Transtrend B.V.	849	1.3
<b>Total investment manager fees</b>	<b>64,603</b>	<b>100.00</b>
<b>Performance fees</b>		
Liquid Alternatives	24,274	58.0
Private Equity*	2,738	6.5
Private Credit*	934	2.3
Infrastructure*	13,914	33.2
<b>Total performance fees</b>	<b>41,860</b>	<b>100.00</b>

\* Private Equity, Private Credit, Farmland and Infrastructure have multiple managers. See complete list on pages 27 - 29.

Total Investment Manager and Performance Fees

**\$106,463,000**

Carrie Sweeney  
PEPP Member





# 5

## Governance



**Mahedi Hasan**  
PEPP Member

## Key Performance Indicators

**Key performance indicators allow the Board to monitor the services delivered to PEPP members and the tasks that are critical for the Plan's ongoing success.**

The Plan needs to measure its performance in areas that are critical for success if it is to deliver the services that members expect. The Plan measures these critical success factors in four categories:

**Customer** measures track the performance of key customer-related tasks and how well members tell the Plan it is doing in terms of the information and services it provides members.

**Financial** measures track the Plan's performance in the areas of administration costs and investment performance.

**Internal** measures track the Plan's performance in the area of internal administration and governance processes.

**Innovation and Learning** measures track the Board's performance of educational activities supporting its oversight of the Plan's administration and investment activities.

Establishing targets ensures that the Board is able to review the Plan's performance of key administrative tasks against a standard of practice, to track any changes in performance over time, and to be aware of the areas of strength and weakness in the Plan's administration.

The Board reviews these key performance indicators on a biannual basis. A review of the Plan's performance during the year ended March 31, 2025 is provided in the following pages.

### Summary

- The Plan met 11 of its 12 performance targets in 2024-2025.
- Member satisfaction with information sessions, quality of service and communication materials all met their targets for the year.
- All of the Plan's investment funds exceeded their one- and four-year benchmarks.
- Administrative costs were anticipated to exceed the original approved budget. A supplementary budget request was approved.
- The Plan demonstrated 100 per cent compliance with the Canadian Association of Pension Supervisory Authorities governance guidelines and guidelines for capital accumulation pension plans.



# Key Performance Indicators

## Customer

Table 1.17

Critical Success Factor	Measure	Target	Result
Provide service within service standard	Member transactions within service standards	More than 80 per cent of transactions meet the service standard.	Met
Quality of service satisfaction	Member satisfaction with information sessions	More than 80 per cent of member survey responses indicate satisfaction with information sessions.	Met
Quality of service satisfaction	Member satisfaction with quality of service	More than 80 per cent of member survey responses indicate satisfaction with the quality of service provided by the Plan.	Met
Quality of service satisfaction	Member satisfaction with quality of communication materials	More than 80 per cent of member survey responses indicate satisfaction with the quality of communication materials provided by the Plan.	Met
Member retention	Member fund retention	More than 80 per cent of funds available for withdrawal remain in the Plan.	Met

## Financial

Table 1.18

Critical Success Factor	Measure	Target	Result
Returns greater than benchmarks	Investment fund rate of return compared to benchmark	All funds perform better than their respective benchmarks over a four-year period.	Met <sup>1</sup>
Performance to budget	Administration cost	Administration cost within budgeted amount.	Not Met <sup>2</sup>

<sup>1</sup> Four-year benchmarks are available on the Plan's website.  
<sup>2</sup> Plan expenses were anticipated to exceed the original approved budget. A supplementary budget request was approved..

Internal

Table 1.19

Critical Success Factor	Measure	Target	Result
Supplier management	Satisfactory performance of service provider	Performance of all service providers is satisfactory.	Met
Governance	Compliance with Governance Self-Assessment and CAP Guidelines	Board demonstrates 100 per cent compliance with CAPSA governance and CAP guidelines.	Met
Supplier management	Executive management services are satisfactory	Executive management services are satisfactory.	Met
Supplier management	Investment manager compliance reporting is 100 per cent annually	All required compliance reports are submitted.	Met

Innovation and Learning

Table 1.20

Critical Success Factor	Measure	Target	Result
Board leadership capacity	Board training requirements	Board as a whole has completed at least 80 per cent of individual training requirements for the year.	Met



## Strategic Goals

### Vision

To be a leading pension plan through product and service innovation.

### Mission

To provide members with an exceptional defined contribution pension plan.

### Goals and Objectives

The Board identified the following five strategic goals and accompanying objectives as part of its Strategic Business Plan:

- 1 Investment
- 2 Service
- 3 Cost-effectiveness
- 4 Stewardship
- 5 Engagement

## Strategic Goals

**In 2024-2025, the Board received updates on its Strategic Business Plan. The Strategic Business Plan is built on PEPP's vision and mission.**

### Investment

#### **Earn competitive long-term investment returns for members while managing risk.**

PEPP members need their retirement savings to grow. They also need the risk of investing their retirement savings to be in line with the return expectations they adopt when they choose an investment option.

PEPP recognizes the fundamental need for members to earn competitive long-term returns to achieve their desired retirement outcomes.

Because members are responsible for their investment choices, PEPP ensures that the options members can choose from are appropriate and offer something for members of varying investment preference and risk appetite. To that end, PEPP engages in a periodic review of its investment options to ensure they meet member needs.

### Objectives

- Ensure through periodic reviews of PEPP's investment options that members have access to a portfolio of investments that is well adapted to their retirement needs.
- Provide a range of investment options to meet the diverse needs of individual members, including controlling their individual risk.

### Activities planned and accomplished in 2024-25

- The Board began implementing the recommendations of the 2023-24 strategic investment review. Recommendations, decisions and transitions began in 2024 and were completed in February 2025.
- The Board approved an annual plan for investing in private markets. The Private Investments Committee evaluated prospective investments and approved 25 private market investments.
- The Board received a report benchmarking PEPP's investment costs to those of peer Canadian pension plans.



## Strategic Goals (continued)

### Service

#### **Deliver exceptional and innovative products and services to members and employers.**

PEPP is committed to ensuring that Plan members have access to pension services and information which meet their needs.

PEPP is determined to maintain its position as an industry leader in the value-added services it offers its members. The Plan is continually exploring leading industry practices, but its primary benchmark in service delivery is the satisfaction of Plan members.

PEPP members are responsible for making important choices that play a large part in whether they achieve the retirement outcomes they desire. This means that PEPP must provide the information and services that can help members make those crucial decisions. The Board is committed to reviewing member outcomes to ensure that investment options will give members the opportunity to achieve their retirement goals.

The best way that PEPP can assess whether the service it provides is meeting member needs is to ask members. PEPP is committed to facilitating two-way communication with members to gather their feedback.

#### **Objectives**

- Maintain an up-to-date suite of products and services that:
  - meet evolving member needs;
  - provide members with a reason to remain in the Plan;
  - attract voluntary contributions from members; and
  - attract other public-sector employers to join the Plan to maintain economies of scale.

#### **Activities planned and accomplished in 2024-25**

- The Board continues to monitor member retirement outcomes with a report that tracks members' risk/reward trade-offs as well as their progress towards achieving a target income replacement ratio.

- The Board monitored the feasibility of offering new decumulation options to plan members.
- The Board received a report benchmarking PEPP's investment costs to those of peer Canadian pension plans.
- The Lifetime Pension product was officially launched on April 1, 2025, which provides a new retirement income option for Plan members entering the decumulation phase of their retirement journey.
- The Board reviewed and simplified the Variable Pension Benefit enrolment process.
- The Board implemented strategies to enhance the digital member experience by simplifying online services and enabling secure messaging and document upload in a secure electronic environment.



**Ravija Patel and Tanjila Begum**  
PEPP Members and Planners Employees

## Cost-Effectiveness

### Operate efficiently and cost-effectively

PEPP members participate in a pension plan that provides excellent value through economies of scale. It is crucial to ensure that members receive the full benefit of this value.

Efficiency of service minimizes costs and maximizes value for Plan members.

### Objectives

- Allocate resources to maximize effectiveness and efficiency of services provided to Plan members and employers.

### Activities planned and accomplished in 2024-25

- The Board received reports comparing PEPP's administrative costs and quality of service to those of peer Canadian pension plans.
- PEPP scored higher service scores than the peer average and was top of all participants for member statements, secure website accessibility, one-on-one consultations and turnaround time on pension estimates.
- The Board improved services to provide a personalized touch before and at the time of retirement.

- Personalized support services were enhanced at key transition points – particularly as members approach retirement, reinforcing the benefits of maintaining enrolment in PEPP and positioning the Plan as a trusted partner throughout members' retirement journey.
- Informed by the 2024-2025 Risk Management Plan, which identified the need to strengthen membership trust and loyalty in a competitive environment, the Board launched a formal member retention campaign in collaboration with an advertising agency.
- The campaign highlights PEPP's unique value and promotes retirement income options that support long-term member engagement.

## Stewardship

### Ensure PEPP is well governed and accountable to Plan members and employers.

The Board recognizes that good governance is crucial to the long-term success of the Plan. Good governance requires appropriate control mechanisms that encourage good decision-making, proper and timely execution, and regular review and assessment. The Board strives to be an industry leader in its pension plan governance practices.

The Board believes that good governance requires a strong focus on accountability, the basis of which is the establishment of measurable objectives, the monitoring of progress against these objectives, and the communication of the results to Plan stakeholders.

### Objectives

- Implementing an appropriate plan governance structure to improve performance and efficiency.
- The Board demonstrates that it governs the Plan responsibly.
- The Board provides appropriate oversight of service providers.

### Activities planned and accomplished in 2024-25

- The Board made several decisions supporting the Plan's administrator in its transition to Plannera.
- The successful transition to a new corporate structure integrated governance, finance, legislative and human resources considerations to improve operational efficiencies.
- The Board participated in a strategic planning session in November 2024, which supported the Board in defining priorities and setting a clear direction for the 2025-2026 to 2027-2028 Strategic Plan.

## Engagement

### Ensure members understand their responsibilities and have the right tools and information available.

PEPP members are responsible for making decisions while they participate in the Plan. Members need to be aware of this responsibility and the ways in which PEPP can help them make these decisions.

PEPP provides the tools and information that members need. PEPP strives to ensure that members are aware of their responsibilities and the ways PEPP can help.

PEPP also makes every effort to ensure that its provision of information and services is proactive and anticipates the needs of the Plan's members.

### Objectives

- Support member understanding of the Plan, including individual member benefits and responsibilities for making informed decisions pursuant to the Plan.

- Increase awareness and usage of member resources.
- Provide relevant, timely and accurate information which is easy to understand.
- Provide useful information on asset retention and decumulation options so members understand the value of remaining in the Plan.

### Activities planned and accomplished in 2024-25

- The Board revised its strategy to engage with Plan members and stakeholders.
- Plannera engaged with members and employers to determine their needs through regular research, including member and employer satisfaction surveys.
- The engagement strategy targeted new and young members and effectively utilized communication channels for disseminating information to Plan members.
- Members of PEPP Connects, PEPP's online community, participated in online activities and discussion groups.

”

**I've had excellent services and communication on planning for pension benefits through my one-to-one meeting with a RIC.**

# Risk Management

**Within its mandate, the Board is responsible for managing risks that could affect the Plan's members, the operation of PEPP, and other stakeholders.**

The Board's annual risk management cycle begins in November with a review of the Plan's risk register to confirm risks.

Next, the Board votes on the approved risk register.

The Board reviews the outcome of its risk register voting and conducts its annual risk management review. This annual review is designed to identify potential events and trends that may positively or negatively affect the Board's ability to achieve its strategic goals or maintain its operations. These events and trends are defined as risks.

The Board also reviews and approves the new Risk Management Plan annually.

Mid-year, the Board reviews the Risk Management Dashboard which reports on the status of the risks identified in the Risk Management Plan.

The risk management process and review ensure the Board, along with its administrator, identifies

and evaluates risks, ensures appropriate strategies are in place to manage these risks, and reviews the performance of the risk management strategies for the previous year.

The Risk Management Plan and its annual review ensure that a regular, documented process is in place for the management of the Plan's foreseeable risks. Documenting the rationale for arriving at decisions strengthens accountability and demonstrates due diligence.

The Board believes that the broad-based risks are integrated with each other and with the processes of the Plan. Therefore, the Board has resolved to retain a balanced approach in the management of all four types of risks: financial, operational, regulatory and strategic.

## The Board's Risk Management Philosophy Statement:

The Board is committed to creating and maintaining value for members of the Plan. The Plan faces risks as the Board fulfills this commitment. Therefore, the Board is responsible for implementing a process to identify and manage all foreseeable risks that could affect the operation of the Plan and the Plan's stakeholders. Through its risk management process, the Board identifies, measures, monitors and manages these risks in a manner that is consistent with the Board's governance model.

*The Board has resolved to retain a balanced approach in the management of all four types of risks: financial, operational, regulatory and strategic.*

**Risk:** *The potential events and trends that may positively or negatively affect the operation of the Plan, the members or other stakeholders of the Plan or the attainment of strategic goals.*

# Key Risks

In order to assist in the identification and assessment of all foreseeable risks in the Plan, the Board has identified the following key broad-based risks to the Plan:

Risks are to be considered at a Plan level and assessed on the residual risk left after current mitigation strategies are employed.

## Strategic Risk

**Uninformed Decisions by Members:** Risk that the Plan does not provide sufficient, timely, or appropriate information, resulting in poor member outcomes as they might make decisions that are not in their best interest.

**Governance:** Risk that the appointed Board members skills and competencies, governance practices and policies may not be, or remain, sufficient to effectively govern the Plan and meet stakeholder expectations.

**Plan Structure:** Risk that the Plan's accumulation and decumulation strategies do not meet the future retirement needs of all members as demographics, market conditions and employment patterns change.

**Competition and Retention:** Risk that the Plan fails to position itself appropriately and effectively in a competitive environment, causing members to remove their funds from the Plan when able.

## Financial Risk

**Investment Structure:** Risk that the investment strategy is not designed or executed appropriately to achieve the expected longer-term returns and mitigate the market risks of the Plan's various investment options, resulting in loss or damage to members or reputational damage to the Plan.

**Plan Costs:** Risk that the Plan costs may not be offset by a commensurate level of benefits and rewards, causing members to perceive the Plan cost as too high, resulting in members becoming dissatisfied and leaving the Plan when able.

**Risk of Losses:** Risk of financial, legal or reputational loss to the Plan including, but not limited to, errors, negligence, fraud, conflict of interest, privacy breaches, or information loss.



## Key Risks (continued)

### Operational Risk

**Investment Manager Performance:**

Risk that at a Plan level, enough of the investment managers' performance deviate from expectations and their mandate sufficiently to impair overall returns for members.

**Plannera as a Service Provider:** Risk that poor performance by, or disruption of service from Plannera may result in delays in service, loss or damage to members, or reputational damage to the Plan.

**Other Service Provider:** Risk that poor performance by, or disruption of service from a service provider other than Plannera may result in delays in service, loss or damage to members, or reputational damage to the Plan.

**Cyber Security:** Risk that a breach from internal or external suppliers of IT security, or issues with IT general controls, could result in theft or damage of member private information (personal or financial) that Plannera controls, that may result in delays in services, loss or damage to members, or reputational damage to the Plan.

### Regulatory Risk

**Non-Compliance:** Risk of failing to comply with regulatory requirements, legal obligations, or industry standards governing pension plans, potentially resulting in penalties, legal actions, loss or damage to members, or additional costs or fines.

Tyler Pillipow  
PEPP Member



## Key Risks (continued)

### The Board has developed and implemented these strategies and ongoing business practices to manage the key risks facing the Plan:

- The Board implemented a Statement of Investment Policies and Goals (SIP&G) that outlines the Board's investment beliefs and provides for risk management through diversification of asset classes, capital markets and investment managers.  
The SIP&G defines the benchmark to which investment performance is measured. The Board annually reviews the SIP&G.  
The Board communicates investment performance.  
Independent monitoring is carried out by:
  - Plannera;
  - Mercer;
  - CIBC Mellon; and
  - custodians of pooled funds used by the Board.
- The Board ensures initiatives and Plan-related activities are adequately funded through its budgeting process.
- The Board receives a report comparing the administrative and investment costs for public-sector pension plans, including other public-sector defined contribution pension plans, every two to four years.
- The Board reviews the performance standards for the Board's administrator and investment managers quarterly. The Board reviews the performance of its auditor, private markets consultant, strategic investment consultant, legal service provider, investment legal service provider, custodian and special aide annually.
- The Board annually evaluates the performance of the executive management services provided by its administrator.
- The Board requires that service providers confirm that they maintain disaster recovery plans and adhere to a code of conduct.
- There are two levels of audit:
  - The Board retains KPMG LLP to conduct an audit of the Plan; and
  - the Provincial Auditor reports to the Legislative Assembly regarding the audit of the Plan.
- The Board has an Acquisition and Retention of Services policy that details how the Board is to retain and evaluate service providers. The Board retains service providers who are experts in the responsibilities to which they are assigned with respect to the Plan.
- The Board's administrator reviews and reports compliance with legislative requirements annually.
- The Periodic Checklist is a list of major items identified by the Board that are necessary for the administration of a pension plan. The list allows verification that an activity has been carried out. The completed Periodic Checklist is provided to the Board on a semi-annual basis.
- Board members are required to review and sign the Board's Code of Conduct and Conflict of Interest Procedures at least annually.
- The Board has outlined the education required to aid Board members in executing their fiduciary and governance duties.
- The Board formally reviews its Strategic Business Plan annually. This forward-thinking roadmap ensures the Plan's long-term financial sustainability.
- The Board regularly consults with legal counsel and outside advisors regarding issues on which it is deliberating.
- The Board retains service providers who are experts in the responsibilities to which they are assigned with respect to the Plan.
- Plannera staff provides free retirement information seminars and individual consultation to Plan members.
- Information tools include member and employer seminars, employer bulletins and guides, written materials, and online resources such as the Plan website, PLANet and the PEPP Retirement Planner.
- The Board consults with Plan members and participating employers on a regular basis to determine their needs.
- The Board strives to demonstrate leading practices in pension plan governance. This includes regular review of its Governance Manual to ensure it is comprehensive and effective.
- In order to identify and mitigate risks that affect the Plan, the Board undertakes an annual risk management process.

## Key Risks (continued)

### Activities planned and accomplished in 2024-2025

#### The following risk management activities were completed in 2024-2025:

- The Board received the results of the annual member satisfaction survey in February 2024, which provides an opportunity to assess member needs, improve service and ensure alignment with member expectations.
- The Board communicated with members using a variety of communication channels, and where appropriate, targeted messages were employed for various demographic groups within the Plan's membership.
- The Board executed the Member Retention Strategy aimed at building trust and fostering long-term relationships with Plan members.
- The Board maintained its Statement of Investment Policy and Goals and reviewed its investment structure.
- The Board evaluates all its service providers against established performance standards annually.
- Plannera has a Service Level Agreement with PEPP with clearly defined service expectations.
- The Board effectively assessed and managed its financial, legal, and reputational risks through annual third-party audits. Plannera continues to invest in a comprehensive insurance program that covers potential financial and reputational damages.

- Within regular meetings, the Board received education on Cybersecurity, which is designed to inform the Board about current cyber risks, focusing on ISO27001 standards and best practices.

#### The Board continued its oversight of the implementation of strategic initiatives.

- The Board received updates on its Strategic Business Plan for 2024-2025.

#### Periodic evaluation by the Board's administrator of the performance of the auditor, special aide, strategic investment consultant, private markets consultant, custodian, legal service provider, and investment legal service provider.

- The Board reviewed the performance of its special aide in June 2024.
- The Board reviewed the performance of its auditor in September 2024.

- The Board reviewed the performance of its private markets consultant in May 2024.
- The Board reviewed the performance of its custodian in November 2024.
- The Board reviewed the performance of its investment legal service provider in May 2024.
- The Board reviewed the performance of its legal service provider in November 2024.

#### Quarterly updates comparing actual expenditures versus budgeted amounts.

- The Board received quarterly updates on expenditures for the quarters ended March, June, September, and December 2024.

**Imran Bipul, Lindsay Bryanton, Morgan Sansom,  
Rosario Marcelino, Matt Frass**  
PEPP Members and Plannera Employees







## Key Risks (continued)

- Plannera provided the Board with the final Periodic Checklist for 2023-2024 in May 2024 and the interim Periodic Checklist for the first six months of 2024-2025 in November 2024. No exceptions were noted.

### Monitoring member outcomes

The Board reviewed a report monitoring outcomes for members.

### Activities planned for 2025-2026

- The Board will continue to periodically evaluate the performance of its auditor, special aide, strategic investment consultant, private markets consultant, custodian, administrator, legal service provider, and investment legal service provider.

- The Board will continue to receive quarterly updates comparing actual expenditures to budgeted amounts.
- Information regarding the completion of activities identified in the Periodic Checklist will be provided to the Board on a semi-annual basis.
- The Board will complete the activities identified within its annual risk management cycle.
- The Board will build on existing initiatives while introducing new initiatives designed to respond to evolving member needs, market conditions and support its strategic priorities and objectives.
- The Board approved commissioning Aon to complete an outcome risk monitoring report in 2025-26, which will provide insights into the effectiveness of recent investment strategy changes.

**Megan Folden**  
PEPP Member

## Looking Back

2024-2025

**\$13.7** billion in assets

TOTAL CONTRIBUTIONS **\$516.3 M**

TRANSFERS-IN **\$11.4 M**

TRANSFERS TO VPB **\$404.7 M**

2023-2024

**\$12.7** billion in assets

TOTAL CONTRIBUTIONS **\$438.0 M**

TRANSFERS-IN **\$7.0 M**

TRANSFERS TO VPB **\$412.4 M**

2022-2023

**\$11.6** billion in assets

TOTAL CONTRIBUTIONS **\$415.2 M**

TRANSFERS-IN **\$5.1 M**

TRANSFERS TO VPB **\$371.2 M**

2021-2022

**\$11.8** billion in assets

TOTAL CONTRIBUTIONS **\$415.5 M**

TRANSFERS-IN **\$9.1 M**

TRANSFERS TO VPB **\$453.3 M**

2020-2021

**\$11.7** billion in assets

TOTAL CONTRIBUTIONS **\$391.1 M**

TRANSFERS-IN **\$26.7 M**

TRANSFERS TO VPB **\$326.5 M**

2019-2020

**\$9.3** billion in assets

TOTAL CONTRIBUTIONS **\$356.6 M**

TRANSFERS-IN **\$32.2 M**

TRANSFERS TO VPB **\$398.6 M**



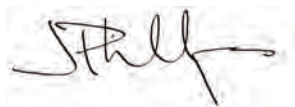
## Management's Report

To the Members of the Legislative Assembly of Saskatchewan:

The Public Employees Pension Board is comprised of four members appointed on behalf of participating employers, four members appointed on behalf of employees, and a Chairperson selected through a formal recruitment process. The Board is responsible for financial administration, administration of the funds and management of assets.

The financial statements, which follow, have been prepared by management in conformity with Canadian accounting standards for pension plans and have been approved by the Board. Management uses internal controls and exercises its best judgment in order that the financial statements reflect fairly the financial position of the Public Employees Pension Plan.

The financial statements were audited by KPMG LLP. Their report follows.

A handwritten signature in black ink, appearing to read 'J Phillips', is displayed within a light gray rectangular box.

**Jeremy Phillips**  
President and CEO  
Plannera Pensions and Benefits

Regina, Saskatchewan  
June 25, 2025





# 4

## Financial Statements

**Andrea Martineau**  
PEPP Member



# Independent Auditor's Report



**KPMG LLP**  
 Hill Centre Tower II  
 1881 Scarth Street, 20th Floor  
 Regina, SK S4P 4K9  
 Canada  
 Telephone 306-791-1200  
 Fax 306-757-4703

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

### ***Opinion***

We have audited the financial statements of Public Employees Pension Plan ("the Plan"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of changes in net assets available for benefits and pension obligations for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2025, and its changes in net assets available for benefits and pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

### ***Basis for Opinion***

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

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

# Independent Auditor's Report



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

## ***Other Information***

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report document as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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



# Independent Auditor's Report



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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Independent Auditor's Report



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP" with a long horizontal flourish underneath.

Chartered Professional Accountants

Regina, Canada

June 25, 2025

# Financial Statements

## Statement of Financial Position – Statement 1

As at March 31	(in thousands)	
	2025	2024
<b>ASSETS</b>		
Investments (Note 4)	\$ 13,118,963	\$ 12,127,457
Investments Under Securities Lending Program (Note 4)	340,318	356,919
Repurchase Agreements (Note 4)	115,354	105,618
	13,574,635	12,589,994
Plannera Prepaid (Note 6)	9,693	9,308
Receivables		
Employee Contributions	4,939	3,913
Employee Contributions - Voluntary	450	174
	5,389	4,087
Employer Contributions	5,894	4,889
Accrued Investment Income	28,778	32,707
Other Receivables	13,172	68,462
Plannera Loan Receivable (Note 7)	2,300	2,300
	55,533	112,445
Cash (Note 9)	180,051	136,165
Total Assets	13,819,912	12,847,912
<b>LIABILITIES</b>		
Administrative Expenses Payable	11,419	11,169
Refunds, Transfers and Other Payables	20,894	28,777
Repurchase Agreement Liability	122,335	114,289
Derivative Liability	7,910	-
Total Liabilities	162,558	154,235
NET ASSETS AVAILABLE FOR BENEFITS	13,657,354	12,693,677
PENSION OBLIGATIONS	13,657,354	12,693,677
SURPLUS	\$ -	\$ -

(See accompanying notes to the financial statements.)

# Financial Statements

## Statement of Changes in Net Assets Available for Benefits and Pension Obligations – Statement 2

	(in thousands)	
For the Year Ended March 31	2025	2024
<b>INCREASE IN ASSETS AND PENSION OBLIGATIONS</b>		
Investment Income (Note 4)	\$ 321,818	\$ 282,580
Increase in Fair Value of Investments	1,023,017	1,131,646
Contributions		
Employee Contributions	200,451	176,601
Employee Contributions - Voluntary	68,924	42,598
	269,375	219,199
Employer Contributions	246,906	218,856
External Transfers In	11,426	6,955
	527,707	445,010
Transfer from Legal Aid Saskatchewan	-	28,173
Total Increase in Assets and Pension Obligations	1,872,542	1,887,409
<b>DECREASE IN ASSETS AND PENSION OBLIGATIONS</b>		
Transfers, Refunds and Benefits (Note 8)	764,519	707,508
Transfers to Saskatchewan Pension Annuity Fund	4,363	3,987
Investment Transaction Costs	4,791	3,209
Administrative Expenses (Note 10)	134,884	120,616
Other Expenses	308	276
Total Decrease in Assets and Pension Obligations	908,865	835,596
Net Increase in Net Assets and Pension Obligations	963,677	1,051,813
NET ASSETS AVAILABLE FOR BENEFITS AND PENSION OBLIGATIONS, BEGINNING OF YEAR	12,693,677	11,641,864
NET ASSETS AVAILABLE FOR BENEFITS AND PENSION OBLIGATIONS, END OF YEAR	\$ 13,657,354	\$ 12,693,677

(See accompanying notes to the financial statements.)

# Public Employees Pension Plan Notes to the Financial Statements

March 31, 2025

## 1. Description of Plan

The following description of the Public Employees Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to *The Public Employees Pension Plan Act*.

### a) General

*The Public Employees Pension Plan Act* (the Act) is the legislative authority and plan text for the Plan which is domiciled in Regina, Saskatchewan, and which is a defined contribution plan that covers the employees of the employers prescribed by *The Public Employees Pension Plan Regulations, 2015*. Effective September 1, 2002, the Plan also covers the Members of the Legislative Assembly. Members who are employed outside of Saskatchewan, and monies earned outside of Saskatchewan, are subject to the minimum standards of the jurisdiction in which the income was earned. The Plan's policy with respect to those members and monies subject to extra-provincial jurisdiction is documented in the Plan's Policy for the *Extra-Jurisdictional Application of the Act (Saskatchewan) and Regulations* thereunder.

The Act established the Plan to accumulate all contributions and earnings for plan members. The Plan consists of five asset allocation Funds: the Accelerated Growth Fund, the Growth Fund, the Balanced Fund, the Moderate Fund and the Conservative Fund; one Lifecycle Fund: the PEPP Steps Fund; and two other stand-alone funds: the Bond Fund and the Money Market Fund. Members of the Plan may choose either one of the five asset allocation funds or the PEPP Steps Fund. In addition, each member may also choose the Bond Fund and/or Money Market Fund.

All Funds receive and hold, in trust for members, contributions from the members and employers (collectively Participants) and investment income derived from the Plan's investments.

The Plan holds varying percentages of bonds and debentures, equities, private equities, infrastructure, private credit, farmland, pooled funds, short-term investments, repurchase agreements and derivative financial instruments. The asset mix of each fund is established based on the expected volatility of the underlying securities and assets. The Accelerated Growth Fund is considered the most volatile and contains the highest percentage of equities relative to fixed-income investments of all the funds.

The Plan uses a unitized method of plan participation whereby each member has a certain number of units of ownership in the net assets of the investment funds. Investment income including changes in the market value of the investments and expenses is reflected in the market value of the net asset value per unit of participation. The total available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.



## 1. Description of Plan (continued)

The Plan introduced a Variable Pension Benefit option (VPB) in May 2006 whereby retired members could elect to withdraw all or some of their pension funds either through lump-sum withdrawals or scheduled monthly payments. Members who participate in the VPB may choose to invest in any of the funds which are offered by the Plan. A VPB is a periodic payment made from a registered plan to a member of that plan and which must conform to certain minimum payment requirements but not to any maximum payment requirements according to Saskatchewan legislation. Members subject to extra-provincial jurisdiction may be subject to a maximum payment requirement.

### b) Administration

The Act established the Public Employees Pension Board (PEPB) to administer the Plan. The Pension Board is composed of nine members: four are appointed on behalf of participating employers, four on behalf of employees. The Board conducts an external recruitment process to choose an independent Chair, who is appointed for a three-year term. The Plan was administered by the Public Employees Benefits Agency (PEBA) until December 31, 2023. Effective January 1, 2024, the Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits (Plannera, the Corporation), began administering the Plan. As per Order in Council #194-2024, the Government of Saskatchewan authorized PEBA to delegate the administration of the Plan to Plannera. Plannera is a not-for-profit organization without share capital whose Members consist of the Public Employees Pension Board (PEPB) and the Municipal Employees' Pension Commission (MEPC).

### c) Retirement

Members may retire as early as age 50.

Upon retirement a member may choose to receive a VPB from the Plan, purchase a prescribed Registered Retirement Income Fund (pRRIF) or transfer to a Locked-in Retirement Account (LIRA) purchased from an outside financial institution and/or to purchase an annuity from the Saskatchewan Pension Annuity Fund (SPAF) or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 71, or be transferred to another registered pension plan by means of a portability agreement.

Members who elect to receive a VPB retain their account balances within the Plan. Those members who purchase their annuities from the SPAF or have their account balances transferred to a financial institution have their accumulated balance, or any portion of their balance, in the Plan at the date of payment, transferred to the SPAF or financial institution respectively.

### d) Completeness of Contributions

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan. Accordingly, these financial statements presume the accuracy and completeness of the Participants' contributions.

## 2. Basis of Preparation

### a) Statement of Compliance

The financial statements for the year ended March 31, 2025, have been prepared in accordance with Canadian accounting standards for pension plans as defined in the CPA Canada Handbook section 4600, *Pension Plans*. For matters not addressed in Section 4600, IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) has been followed.

These financial statements were authorized and issued by the Pension Board on June 25, 2025.

### b) Functional and Presentation Currency

These financial statements are presented in Canadian Dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise noted.

## 3. Material Accounting Policies

The material accounting policies are as follows:

### a) Investments

Investments are stated at their fair value in the Statement of Financial Position. The change in the fair value of investments from the beginning to the end of each year is reflected in the Statement of Changes in Net Assets Available for Benefits and Pension Obligations.

Fair value of investments is determined as follows:

Short-term investments are valued at cost which, together with accrued investment income, approximates fair value given the short-term nature of these investments.

Bonds and debentures are valued at year-end quoted prices in an active market when available. When quoted market prices are not available, the fair value is based on a valuation technique, being the present value of the principal and interest receivable discounted at the appropriate market interest rates.

Equities are valued at year-end quoted prices from accredited stock exchanges on which the security is principally traded.

### 3. Material Accounting Policies (continued)

Private equity investments are valued at fair values supplied by the private equity investment manager. These market values are based on the latest available private equity manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Private credit investments are valued at fair values supplied by the private credit investment manager. These market values are based on the latest available private credit manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Infrastructure investments are valued at fair values supplied by the infrastructure investment manager. These market values are based on the latest available infrastructure manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Farmland and farmland-related investments are valued at fair values supplied by the farmland investment manager. These market values are based on the latest available farmland manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing prices. Real estate pooled fund underlying assets are valued by third-party appraisals.

Investments in derivative financial instruments, including futures, repurchase agreements, forwards and option contracts, are valued at year-end quoted market prices where available. Where quoted market prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the position.

Investment transactions are recorded on the trade date.

#### b) Other Financial Instruments

Receivables, cash and payables are classified and measured at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximates their fair value.

#### c) Investment Income and Transaction Costs

Investment income, which is recorded on an accrual basis, includes interest income, dividends, pooled fund income, private equity income, private credit income, infrastructure income, farmland income, security lending income and other income.

### 3. Material Accounting Policies (continued)

Brokers' commissions and other transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits and Pension Obligations in the period incurred.

#### d) Foreign Currency Translation

The fair values of foreign currency denominated investments included in the Statement of Financial Position are translated into Canadian dollars at year-end rates of exchange. Gains and losses from translations are included in the change in fair value of investments.

Foreign currency denomination transactions are translated into Canadian dollars at the rates of exchange on the trade dates of the related transactions. Realized gains and losses on the sale of investments are included in the change in fair value of investments.

#### e) Income Taxes

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

#### f) Use of Estimates and Judgments

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments. Actual results could differ from these estimates.

#### g) Adoption of New and Revised Accounting Standards

Effective April 1, 2024, the Plan adopted the amendments to Section 4600, Accounting standards for the Pension Plans. The amendments clarify uncertainty in the standards and provide new guidance where no guidance previously existed. These amendments include:

- i. Guidance on determining the split or amalgamation of pensions;
- ii. Guidance on accounting guaranteed annuity contracts;
- iii. Clarifying the presentation requirements for combination plans; and
- iv. Requirement of additional risk disclosures for investments in master trusts.

The nature of these amendments did not have a material impact on the financial statements.

#### 4. Investments

The fair values of the Plan's investments are as follows:

	(in thousands)	
	2025	2024
<b>Investments</b>		
Short-term	\$ 13,048	\$ 40,181
Bonds and Debentures	20,088	162,332
Equities	5,671,103	5,675,427
Pooled Funds	6,036,558	5,471,576
Private Equities	420,115	262,119
Private Credit	93,848	41,526
Farmland	92,743	37,504
Infrastructure	771,460	436,792
	<u>13,118,963</u>	<u>12,127,457</u>
<b>Investments Under Securities Lending:</b>		
Short-term	16,819	8,644
Bonds and Debentures	-	38,211
Equities	323,499	310,064
	<u>340,318</u>	<u>356,919</u>
<b>Repurchase Agreements</b>	<u>115,354</u>	<u>105,618</u>
	<u>\$ 13,574,635</u>	<u>\$ 12,589,994</u>



#### 4. Investments (continued)

The Plan's investment income is comprised of the following:

	(in thousands)	
	2025	2024
<b>Investment Income</b>		
Interest	\$ 6,537	\$ 17,388
Pooled Funds	167,672	123,145
Dividends	129,330	130,308
Private Equities	1,385	(2,357)
Private Credit	10,519	3,089
Infrastructure	(2,485)	5,462
Farmland	1	-
Security Lending	977	948
Other	7,882	4,597
	<u>\$ 321,818</u>	<u>\$ 282,580</u>

#### Securities Lending Program

Through its custodian, the Plan participates in an investment securities lending program for the purpose of generating fee income. Non-cash collateral of at least 102 per cent of the fair value of the loaned securities is retained by the Plan until the loaned securities have been returned (see Securities Lending Program in Note 11). The fair value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the fair value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

#### Short-term Investments

Short-term investments are comprised of treasury bills, discount notes, commercial paper, foreign exchange forward contracts, equity futures, swaps, and short-term investment funds. Directly held treasury bills and discount notes held at March 31, 2025 had effective rates of 0.6 per cent to 8.4 per cent (2024 – 4.1 per cent to 13.6 per cent), and an average remaining term to maturity of 68 days (2024 - 57 days).

Other than the Government of Canada, no single issuer represents more than 16.32 per cent (2024 – 15.17 per cent) of the fair value of the directly held treasury bills and discount notes.

Forward contracts are included in short-term investments when they are in a net gain position and included in derivative liability when they are in a net loss position. The foreign exchange forward contracts are discussed further in Note 5.

#### 4. Investments (continued)

##### Bonds and Debentures

The Plan's segregated bonds and debentures are comprised of the following:

2025 (in thousands)						
Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Coupon Rate	Effective Interest Rate
Under 5	\$ 3,606	\$ 3,177	\$ -	\$ 6,783	0.25% - 5.70%	2.19%
5 to 10	3,302	6,313	-	9,615	1.25% - 4.45%	3.04%
Over 10	294	3,396	-	3,690	1.75% - 5.21%	3.72%
Market Value	<u>\$ 7,202</u>	<u>\$ 12,886</u>	<u>\$ -</u>	<u>\$ 20,088</u>		

2024 (in thousands)						
Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Coupon Rate	Effective Interest Rate
Under 5	\$ 15,308	\$ 8,664	\$ 49,293	\$ 73,265	1.00% - 8.88%	4.09%
5 to 10	21,651	18,412	26,951	67,014	1.50% - 6.67%	3.51%
Over 10	11,474	41,222	7,568	60,264	1.75% - 8.75%	4.14%
Market Value	<u>\$ 48,433</u>	<u>\$ 68,298</u>	<u>\$ 83,812</u>	<u>\$ 200,543</u>		

*During the fiscal year, the Plan transitioned the CIBC Asset Management segregated bond mandate to a pooled fund mandate. The balance of this mandate was \$182 million as of March 31, 2024.*

As of March 31, 2025 the Plan did not hold any corporate foreign bonds, issued by foreign entities in Canadian currency (2024 – \$5.3 million). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

## 4. Investments (continued)

### Equities

As at March 31, 2025, the fair value of the Plan's directly held foreign equity investments in Canadian dollars amounted to \$4,761 million (2024 - \$4,479 million) and foreign equities represent 79.4 per cent (2024 – 74.8 per cent) of the fair value of the directly-held equity portfolio.

The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 2.16 per cent (2024 – 2.31 per cent).

### Private Equities

Private equity investments are made through limited partnership arrangements. The investments represent partial equity ownership in entities that are not traded and priced in stock exchanges. Future commitments are due on demand and are based on the needs of the various partnerships the Plan has entered into. Liquidity requirements of meeting the future commitments are met through income generated from investments, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Private equity managers form limited partnerships to facilitate investments in private companies in various markets across the globe. As at March 31, 2025, the Plan holds \$420.1 million in private equity investments (2024 – \$262.1 million) and was committed to further invest in private equity limited partnerships up to \$429.5 million in Canadian funds (2024 – \$429.5 million).

Private equity managers utilize an internal valuation policy to establish a fair value for the underlying assets within their portfolios. This policy outlines that any marketable assets within the portfolio will be valued at the price on the relevant securities exchange. Non-marketable securities will be subject to professional judgment and may take into account several factors such as:

- Market conditions;
- Purchase price;
- Estimated liquidation value;
- Third-party transactions in the private market;
- Present value of expected future cash flows; and/or
- Present value of anticipated sale or flotation when asset is soon to be divested.

The above factors involve various assumptions. Changes in the underlying assumptions will have an impact on the fair value of the investments.

#### 4. Investments (continued)

##### Infrastructure

Infrastructure investments are made through limited partnership arrangements. Advances are made to the limited partnerships, some of which are used to select and provide management support to the invested companies. The investments represent ownership in entities that invest in infrastructure assets. Future commitments are due on demand and are based on the needs of the various partnerships the Plan has entered into. Liquidity requirements of meeting the future commitments are met through income generated from investment, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Infrastructure managers form limited partnerships to facilitate investments in infrastructure projects in various markets across the globe. As at March 31, 2025, the Plan holds \$771.5 million in infrastructure investments (2024 – \$436.8 million) and was committed to further invest in infrastructure limited partnerships up to \$586.4 million in Canadian funds (2024 - \$431.0 million).

Infrastructure managers utilize an internal valuation policy to establish a fair value for the underlying assets within their portfolios. This policy outlines that any marketable assets within the portfolio will be valued at the price on the relevant securities exchange. Non-marketable securities will be subject to professional judgment and may take into account several factors such as:

- Market conditions;
- Purchase price;
- Estimated liquidation value;
- Third-party transactions in the private market;
- Present value of expected future cash flows; and/or
- Present value of anticipated sale or flotation when asset is soon to be divested.

The factors involve various assumptions. Changes in the underlying assumptions will have an impact on the fair value of the investments.

##### Private Credit

Private credit investments are made through limited partnership arrangements. These investments represent a loan to a borrower, who agrees to pay back the loan in full along with fees and interest, which are set out in the terms of the loan. Risk levels will vary between borrowers and returns are based on the risk level of the individual loans and borrowers, as well as any security backing the loans.

As at March 31, 2025, the Plan holds \$93.8 million in private credit securities (2024 - \$41.5 million) and was committed to further invest in private credit partnerships up to \$337.5 million in Canadian funds (2024 - \$166.8 million).

#### 4. Investments (continued)

Private credit managers use a variety of techniques to establish fair values for the underlying investments. Factors taken into account for the valuation of private credit investments may include:

- Current interest rates and market yields;
- Changes in the credit worthiness of the borrower;
- Changes in the value of any underlying secured assets;
- Current market conditions; and/or
- Prices of similar debt instruments.

The above factors involve various assumptions. Changes in these underlying assumptions will have an impact on the fair value of private credit investments.

#### Farmland

Farmland and farmland-related investments are made primarily through limited partnership arrangements. The investments represent partial equity ownership in entities that are not traded and priced in stock exchanges. Future commitments are due on demand and are based on the capital requirements of the various partnerships the Plan has entered into. Liquidity requirements for meeting any future commitments are met through income generated from investments, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Farmland managers form limited partnerships to facilitate investments in agriculture-producing land, agri-business and related value-add businesses in multiple markets across the globe. As at March 31, 2025, the Plan holds \$92.7 million in farmland investments (2024 - \$37.5 million) and was committed to further invest in farmland investment partnerships up to \$157.9 million in Canadian funds (2024 - \$113.8 million).

Farmland managers utilize an internal valuation policy to establish a market value for the underlying assets within their portfolios. This policy outlines how assets will be valued by the manager, as well as specify how external valuations and auditing of the assets will occur. Valuation of farmland and related assets will be subject to professional judgment and may take into account several factors such as:

- Current market conditions;
- Current purchase price;
- Current and future prospective production;
- External valuation of assets;
- Estimated liquidation value;
- Third-party transactions in the private market;
- Present value of expected future cash flows; and/or
- Present value of anticipated sale or flotation when asset is soon to be divested.



#### 4. Investments (continued)

The factors on the previous page involve various assumptions. Changes in the underlying assumptions will have an impact on the fair value of the investments.

##### Real Estate

Investments in real estate consist of Canadian commercial property held through an investment in TD Asset Management Real Estate Fund and Foreign commercial real estate held through an investment with Morgan Stanley Real Estate Advisor, Inc. and Barings European Core Property Fund. The market appraisals used in valuing the real estate involves various assumptions. Changes in the underlying assumptions will have an impact on the fair value of the investments. The Plan holds investments in real estate through pooled funds.

##### Liquid Alternatives

Investments in liquid alternative investment strategies provide diverse exposure across multiple asset classes and employ a range of global macro and relative value trading strategies. These mandates invest in liquid financial instruments within various markets such as fixed income, foreign currency, commodities and equities. The Plan holds investments in liquid alternatives through pooled funds.

##### Pooled Funds

Pooled-fund investment vehicles provide exposure to a diverse range of asset classes such as short-term, fixed income, large cap equities, real estate, and liquid alternative strategies without directly holding underlying securities. The Plan holds investments in both passive and actively managed pooled funds.

The Plan's pooled funds are comprised of:

Pooled Funds	Market Value (in thousands)	
	2025	2024
Canadian Equity	\$ 893,870	\$ 721,838
Fixed Income Bond	2,586,408	2,297,352
Liquid Alternative Investments	801,938	948,592
Short-term Investment	659,438	572,009
Real Estate	1,094,904	931,785
	<u>\$ 6,036,558</u>	<u>\$ 5,471,576</u>

#### 4. Investments (continued)

##### Repurchase Agreements

A repurchase agreement is a contract entered into between two counterparties to sell securities together with an agreement for the seller to buy back the securities at a later date. At March 31, 2025, the Plan has entered into repurchase agreements with a notional value of \$115.3 million (2024 - \$105.6 million) and a fair value of negative \$7.0 million (2024 - negative \$8.7 million). The repurchase agreements have a term to maturity of less than one year.

Repurchase agreements require a fraction of their fair value to be available as collateral to back the market exposure provided. PEPP has invested \$20.1 million (2024 - \$18.9 million) in physical bonds which serve as a backing asset for the repurchase agreements with TD Asset Management. There is a \$35.1 million (2024 - \$107.0 million) investment in the TD Emerald Canadian Short-term Investment Fund which is available as additional margin. The amount held in the Short-term investment fund was significantly reduced in March 2025 due to member movement and market volatility, however, was replenished shortly after yearend. As of April 30, 2025, the amount held in TD Emerald Canadian Short-term Investment Fund was \$115.3 million. No specific collateral is pledged for the repurchase agreement exposure as the investment is not leveraged. Collateral may be pledged to the Plan if the market value of the repurchase agreements changes significantly.

##### Fair Value

The Plan has classified its investments using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

**4. Investments (continued)**

The following table classifies the Plan's financial instruments within a fair value hierarchy:

<b>2025 (in thousands)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Short-term	\$ -	\$ 29,867	\$ -	\$ 29,867
Bonds and Debentures	-	20,088	-	20,088
Equities	5,994,602	-	-	5,994,602
Pooled Funds	-	4,163,385	1,873,173	6,036,558
Private Equities	-	-	420,115	420,115
Private Credit	-	-	93,848	93,848
Infrastructure	-	-	771,460	771,460
Farmland	-	-	92,743	92,743
Repurchase Agreements	-	115,354	-	115,354
Total	\$ 5,994,602	\$ 4,328,694	\$ 3,251,339	\$ 13,574,635
Repurchase Agreement Liability	\$ -	\$ 122,335	\$ -	\$ 122,335

**Fair Value measurements using level 3 inputs**

<b>2025 (in thousands)</b>						
	<b>Balance at April 1, 2024</b>	<b>Purchases</b>	<b>Sales</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>	<b>Balance at March 31, 2025</b>
Real Estate Pooled Funds	\$ 931,784	165,167	(28,453)	17,913	8,493	\$ 1,094,904
Liquid Alternatives	833,218	140,422	(283,032)	131,260	(43,599)	778,269
Private Equities	262,119	143,829	(42,110)	4,565	51,712	420,115
Private Credit	41,526	57,793	(12,005)	734	5,800	93,848
Infrastructure	436,792	301,180	(76,648)	14,318	95,818	771,460
Farmland	37,504	76,230	(25,023)	52	3,980	92,743
Total	\$ 2,542,943	884,621	(467,271)	168,842	122,204	\$ 3,251,339

No investments were transferred between levels during the year.

## 4. Investments (continued)

2024 (in thousands)				
	Level 1	Level 2	Level 3	Total
Short-term	\$ -	\$ 48,825	\$ -	\$ 48,825
Bonds and Debentures	-	200,543	-	200,543
Equities	5,985,491	-	-	5,985,491
Pooled Funds	-	3,706,574	1,765,002	5,471,576
Private Equities	-	-	262,119	262,119
Private Credit	-	-	41,526	41,526
Infrastructure	-	-	436,792	436,792
Farmland	-	-	37,504	37,504
Repurchase Agreements	-	105,618	-	105,618
Total	\$ 5,985,491	\$ 4,061,560	\$ 2,542,943	\$ 12,589,994
Repurchase Agreement Liability	\$ -	\$ 114,289	\$ -	\$ 114,289

## Fair Value measurements using level 3 inputs

2024 (in thousands)						
	Balance at April 1, 2024	Purchases	Sales	Realized Gains (Losses)	Unrealized Gains (Losses)	Balance at March 31, 2025
Real Estate Pooled Funds	\$ 937,126	33,359	-	-	(38,701)	\$ 931,784
Liquid Alternatives	710,306	-	(28)	18	122,922	833,218
Private Equities	133,576	117,828	(24,868)	5,113	30,470	262,119
Private Credit	15,800	29,423	(4,377)	33	647	41,526
Infrastructure	248,808	181,088	(38,096)	5,998	38,994	436,792
Farmland	-	37,284	-	-	220	37,504
Total	\$ 2,045,616	398,982	(67,369)	11,162	154,552	\$ 2,542,943

## 5. Derivatives

Derivative financial instruments are financial contracts whose values are derived from changes in underlying assets, interest or currency exchange rates.

The Plan held the following derivatives as of March 31, 2025:

### Forward Contracts

The Plan has entered into foreign exchange forward contracts to passively hedge some of its foreign currency exposure in foreign equities. Foreign exchange forward contracts are obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement on a predetermined date in the future.

The following summarizes the Plan's use of foreign currency forward exchange contracts within the passive currency hedging strategy:

FOREIGN EXCHANGE FORWARD CURRENCY CONTRACTS				
(in thousands)				
2025			2024	
Currency	*Notional Value	Gain (Loss)	*Notional Value	Gain (Loss)
AUD	(10,565)	\$ 86	(10,504)	\$ 102
CHF	(56,313)	(219)	(54,021)	1,199
DKK	(26,208)	(328)	(23,721)	215
EUR	(303,150)	(3,445)	(279,831)	2,208
GBP	(178,221)	(1,510)	(102,868)	706
HKD	(43,803)	(46)	(35,482)	(39)
JPY	(104,119)	217	(138,966)	3,127
MXN	-	-	(4,657)	(97)
NOK	(10,242)	(560)	(6,608)	192
SEK	(19,635)	(297)	(5,922)	221
SGD	(5,565)	27	-	-
USD	(1,380,993)	(1,835)	(1,237,896)	(2,576)
		(\$ 7,910)		\$ 5,258

\*Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange rate of cash flows, and is therefore not recorded on the financial statements.



## 5. Derivatives (continued)

Based on the current rate of exchange as of March 31, 2025, the forward contracts are in a net loss position of \$7.9 million (2024 – net gain position of \$5.3 million). The foreign currency forward exchange contracts are short-term in duration and all contracts as of March 31, 2025 have a maturity date of less than one year. Forward contracts are included in short-term investments when they are in a net gain position and included in derivative liability when they are in a net loss position.

## 6. Plannera Prepaid

On January 3, 2024, the Plan transferred \$10.3 million to Plannera for the purchase of capital assets used for administration of the pension plans and benefit programs from PEBA, an agency of the Government of Saskatchewan that was previously delegated administration of the plan. The assets were purchased at net book value at the time of purchase. As a member of Plannera, and per the corporate funding policy included in the member agreement, the Plan will continue to fund the purchase of capital assets, with the Municipal Employees' Pension Plan (MEPP). The prepaid will be amortized over the useful life of the assets. As of March 31, 2025, the Plannera prepaid was \$9.7 million (2024 - \$9.3 million).

## 7. Plannera Loan Receivable

On January 3, 2024, the Plan transferred \$2.3 million to Plannera for operational funding requirements. As per the corporate funding policy included in the member agreement, the Plan along with MEPP, provides operational funding for day-to-day activities of the corporation. The funds have been provided to Plannera as a loan without conventional repayment terms. The funds will be used indefinitely to fund operations of Plannera. The loan amount is reviewed annually and adjusted, as required, to ensure Plannera is provided with sufficient funding to cover monthly expenditures.

## 8. Transfers, Refunds and Benefits

	(in thousands)	
	2025	2024
Termination Refunds	\$ 13,737	\$ 14,438
Death and Lump Sum Benefits	31,695	18,824
Variable Pension Benefits	301,142	268,844
Marital Transfers	2,364	2,758
Transfers to Registered Retirement Savings Plans and to Private Companies Providing Annuities	405,473	389,558
Transfers Out	10,108	13,086
	<u>\$ 764,519</u>	<u>\$ 707,508</u>

## 9. Cash

The Plan's operating bank account was included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan until December 15, 2023, and remained under the Government of Saskatchewan's Financial Services Agreement until December 31, 2023. The Plan's earned interest was calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the Government's 30-day borrowing rate and the Plan's average bank account balance. The Government's average 30-day borrowing rate from April 1, 2023 – December 31, 2023, was 4.85 per cent.

Effective January 1, 2024, the Plan's bank account was transitioned to the Plannera's Master Client Agreement. Per the new agreement, interest is earned at a rate per annum equal to the daily value of Royal Bank Prime rate (RBP) less 1.90%. The average interest rate earned in 2025 was 4.35 per cent (January 1, 2024, to March 31, 2024 was 5.30 per cent). The Plan's operating bank account is included in the cash line item. Cash held in the Plan's operating bank account at March 31, 2025, was \$24.1 million (2024 - \$22.8 million).

## 10. Administrative Expenses

As of January 1, 2024, the annual operating expenditures associated with the Plan's administration are paid to Plannera except for bank fees, certain consulting fees, custodial fees, investment base fees, performance fees and other investment fees, which are paid directly by the Plan. Prior to January 1, 2024, the administration expenses paid by Plannera were paid through the PEBA Revolving Fund.

	(in thousands)	
	2025	2024
Audit Fees	\$ 143	\$ 48
Administration Costs - PEBA	-	12,250
Administration Costs - Plannera	16,938	3,723
Custodial Fees	1,467	1,371
Investment Manager Fees*	64,098	55,548
Performance Fees	41,860	40,158
Other Investment Fees	10,378	7,518
Total	<u>\$ 134,884</u>	<u>\$ 120,616</u>

\* Included in the investment manager fees is a rebate of \$505 (2024 - \$470) for PGIM Funds Plc. Total investment manager fees, excluding this rebate is \$64,603 (2024 - \$56,018).

## 11. Financial Risk Management

The nature of the Plan's operations results in a Statement of Financial Position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), securities lending program and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having an investment policy, which is approved annually by the Pension Board. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity. The asset mix helps to reduce the impact of fair value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Derivatives are allowed within the Plan to hedge against losses and substitute for direct investment. The Pension Board reviews and reports on regular compliance reports from its investment managers and custodian as to their compliance with the investment policy. The Pension Board also reviews and reports on regular compliance reports from its custodian as to the investment managers' compliance with the investment policy.

### Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: receivables and certain investments.

The maximum credit risk to which it is exposed at March 31, 2025, is limited to the carrying value of the financial assets summarized as follows:

	(in thousands)	
	2025	2024
Cash	\$ 180,051	\$ 136,165
Receivables	55,533	112,445
Fixed Income Investments <sup>1</sup>	39,388	240,697
Private Credit	93,848	41,526
Equities Under Security Lending	323,499	310,064

<sup>1</sup> Includes short-term investments, bonds, bonds under security lending, and repurchase agreements

Credit risk related to cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies.

Receivables are primarily made up of employee and employer contributions receivable and accrued investment income. Employee and employer contributions receivable are generally received in less than 30 days. Accrued investment income is received on the next scheduled payment date, generally either annually or semi-annually.

## 11. Financial Risk Management (continued)

Credit risk within investments is primarily related to short-term investments, bonds and debentures, private credit and the fixed income pooled funds. It is managed at the mandate level as each portfolio must comply with various quality, issuer, and sector constraints appropriate and unique to the mandate.

Credit ratings for bonds and debentures are as follows:

(In thousands)				
Credit Rating	2025		2024	
	Fair Value	Makeup of Portfolio (%)	Fair Value	Makeup of Portfolio (%)
AAA	\$ 7,202	35.86	\$ 52,754	26.30
AA	11,901	59.24	64,258	32.04
A	985	4.90	40,120	20.01
BBB	-	-	43,411	21.65
Total	<u>\$ 20,088</u>	<u>100.00</u>	<u>\$ 200,543</u>	<u>100.00</u>

As of March 31, 2025 the Plan did not hold any directly held bonds and debentures from any issuer other than the Government of Canada or a Canadian province. In 2024, within directly held bonds and debentures, there were no holdings from one issuer other than the Government of Canada or a Canadian province over 3.19 per cent of the market value of the portfolio. No one holding of a province is over 11.25 per cent (2024 – 3.55 per cent) of the market value of the bond and debentures portfolio.

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The currency manager must receive approval from the Board prior to engaging a new counterparty.

### Market Risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by the geopolitical environment, changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

### Geopolitical Environment

The current geopolitical environment increases uncertainty in financial markets with a possible resurgence of trade tariffs and inflation, including upward pressure on commodity prices and the potential for global supply-chain disruptions. With the recent changes in the U.S. Government, the threat of protectionism increases the risks of tariffs, stagflation, turbulence in the financial markets, and a weakening of the Canadian Dollar against other currencies. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates and assumptions.

## 11. Financial Risk Management (continued)

### Interest Rate Risk

The Plan is exposed to changes in interest rates in its investment in bonds, debentures and fixed income pooled funds. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase in interest rates would decrease net assets available for benefits by \$212.2 million at March 31, 2025 (2024 - \$206.4 million); representing 6.00 per cent of the \$3,536 million fair value of bonds, debentures and fixed income pooled funds.

Conversely, a decrease in interest rates of 100 basis points would increase net assets available for benefits by \$212.2 million at March 31, 2025 (2024 - \$206.4 million); representing 6.00 per cent of the \$3,536 million fair value of bonds, debentures and fixed income pooled funds.

### Foreign Exchange

The Plan is subject to changes in the U.S./Canadian dollar exchange rate for U.S. denominated investments. Also, the Plan is exposed to changes in Non-North American exchange rates through its investments denominated in other foreign currencies. At March 31, 2025, the Plan's exposure to U.S. equities was 19.18 per cent of total investments (2024 – 20.04 per cent) and its exposure to Non-North American equities was 15.76 per cent of total investments (2024 – 15.34 per cent).

At March 31, 2025, a 10 per cent change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a \$392.4 million (2024 - \$326.0 million) change in net assets available for benefits. A 10 per cent change in the Canadian dollar versus the Non-North American currencies would result in approximately a \$200.3 million (2024 - \$174.0 million) change in the net assets available for benefits.

The Plan's exposure to exchange rate risk resulting from the purchase of goods and services are not considered material to the operations of the Plan. The Plan has mitigated its exposure to foreign exchange through the use of derivatives as described in Note 5. As at March 31, 2025, the Plan's foreign exchange exposure that is hedged is \$2,125 million (2024 - \$1,875 million). A 10 per cent change in the aggregate exchange exposure would equate to a net change of \$212.5 million (2024 - \$187.5 million).

### Equity Prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and International markets. Equities, including equities invested in pooled funds, comprise 43.99 per cent (2024 – 47.28 per cent) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee represents greater than 10 per cent of the market value of the Plan.



**11. Financial Risk Management (continued)**

The following table indicates the approximate change that could be anticipated to the net assets available for benefits based on the following equity categories as of March 31, 2025:

	(Change in thousands of \$)	
	10% increase	10% decrease
Canadian Equities	\$123,332	\$(123,332)
U.S. Equities	261,368	(261,368)
Other Foreign Equities	214,747	(214,747)

**Securities Lending Program**

At March 31, 2025, no Plan assets have been deposited or pledged as collateral as part of the securities lending strategy. As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At March 31, 2025, the total amount of collateral pledged to the Plan amounted to \$372.4 million (2024 - \$386.6 million). The Plan obtains collateral of at least 102 per cent of the fair value of the securities lent. Such loans must be secured by readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks.

**Private equities, Infrastructure, Private Credit, Farmland, Liquid Alternatives and Real Estate Risk**

Private equities, infrastructure, private credit, farmland, liquid alternatives and real estate assets are valued at estimated fair values supplied by the investment manager using appropriate valuation techniques. An independent auditor performs an annual audit of these investment managers and their valuation techniques to ensure the assets are fairly stated in all material aspects. Risk in private equities, infrastructure, private credit, farmland and liquid alternatives is managed through diversification across sectors and geographic regions. Adverse impacts in any one sector of the market or geographic location are minimized by having holdings diversified across sectors, geographic location and investment size. Risk in real estate investments is managed through diversification across geographic locations and property type. Adverse impacts in any one geographic location are minimized by having holdings in other locations and property types.

**Liquidity Risk**

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The Plan invests in repurchase agreements in order to increase Plan liquidity while maintaining fixed income exposure. Repurchase agreements provide \$115.3 million (2024 - \$105.6 million) in fixed income exposure with a margin of \$20.1 million (2024 - \$18.9 million) in physical bond investments which take three days to liquidate, but also \$35.1 million (2024 - \$107.0 million) invested in money market investments which can be liquidated for cash in a single day. All the Plan's financial liabilities are due within one year.

## 12. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan are collectively referred to as “related parties”. Costs charged by the Public Employees Benefits Agency Revolving Fund and Plannera in administering the Plan are reflected in these financial statements (see Note 10).

As at March 31, 2025, the Plan directly holds \$1.0 million (2024 - \$5.1 million) Province of Saskatchewan Bonds and Debentures. Investment gain on these bonds was \$0.1 million (2024 – gain of \$0.5 million). Included within accrued investment income is \$0.01 million (2024 - \$0.2 million) relating to Province of Saskatchewan Bonds.

The Plan has an accounts payable balance as at March 31, 2025 of \$2.1 million (2024 - \$2.0 million) due to Plannera.

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the Statement of Changes in Net Assets Available for Benefits and Pension Obligations and are settled at agreed upon exchange rates.

## 13. Capital Management

The Plan receives new capital from participant contributions. The Plan also benefits from income and fair value increases on its invested capital. The Plan’s capital is invested in a number of asset classes including equities, bonds and debentures, pooled funds, private equities, infrastructure, private credit and short-term investments. The Pension Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan’s Statement of Investment Policy and Procedures.

## 14. Value and Performance of Members’ Accounts

In accordance with Canadian accounting standards for pension plans, various accruals are included in the Statement of Financial Position. However, only transactions that were processed and unitized during the fiscal year ending March 31, 2025, are reflected in the unitized account balances of members at year-end. The total value of members’ unitized accounts at March 31, 2025 was \$13,560 million (2024 - \$12,635 million).

Investment income including changes in the fair value of the investments (investment performance) and expenses is reflected in the fair value of the net asset value per unit of participation and is determined daily. Investment and administration expenses relating to each Fund are accrued to or paid from the Fund prior to establishing its daily unit price. The Funds’ unit price will increase or decrease according to the Funds’ investment performance after expenses.

#### **14. Value and Performance of Members' Accounts (continued)**

Fund transactions are processed using forward pricing. This means they are processed at the next unit price set after the Plan receives contributions or requests for transfers, refunds and benefits.

Fund transactions may be suspended temporarily at management's discretion where an accurate unit price for a Fund cannot be determined due to the unavailability of reliable market pricing or other asset valuations.



## Publications

- PEPP Member Booklet
- Pension Perspectives – newsletter for plan members
- PEPP Connection – newsletter for VPB members
- PEPP Talks - provide details about specific Plan aspects
- Investment Basics Booklet
- PEPP Retirement Planning Worksheet
- Fund Performance Bulletins
- Market Commentary
- Investment Holdings Report
- Annual Report

Publications and other information about PEPP are available online at:  
**[pepp.plannera.ca](http://pepp.plannera.ca)**

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