



# 2025-2026 Annual Report



# Strengthening the Fabric *Across Nova Scotia*

The Nova Scotia Public Service Superannuation Plan (PSSP or Plan) is a registered defined benefit pension plan with a prescribed funding policy that offers a lifetime pension benefit upon retirement.

The PSSP is one of the largest pension plans in Atlantic Canada. It is funded by contributions from you and your employer, along with investment income earned by the Plan's assets.

This Annual Report provides you with an overview of the PSSP's investment performance and financial health at March 31, 2026.

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

# 2025-2026 PLAN PERFORMANCE

*At a Glance... as at March 31, 2026*

# 105.5%

**Funded status**

The Plan remained fully funded at 105.5 per cent as at March 31, 2026.

## Financial Position

**\$8.661 b** Assets available for benefits

**\$8.211 b** Liabilities

**\$450 m** Funding surplus

Plan assets grew to \$8.661 billion as at March 31, 2026. This is an increase of \$386 million from \$8.275 billion as at March 31, 2025.

## Investment Performance

**6.55%**  
The Plan

**8.60%**  
Benchmark

**6.25%**  
Discount Rate

The Plan's return on investment for fiscal 2025-2026 was 6.55 per cent, net of investment fees (6.70 per cent gross of investment fees). The Fund exceeded the actuarial assumed rate of return (discount rate) of 6.25 per cent but underperformed its policy benchmark return of 8.60 per cent.

## Plan Contributions and Benefits Paid

As a mature pension plan, annual benefit payments exceed annual contributions.

**\$334 m** Contributions received\*

Plan member and employer contributions received by the Plan this year.

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

**\$472 m** Benefits paid\*

Benefits paid to retirees and survivors by the Plan this year.\*

*\*includes refunds*





## Message from the Trustee Chair

Leo D. McKenna, FCPA, FCA

On behalf of Public Service Superannuation Plan Trustee Inc. (PSSPTI or Trustee), I am pleased to present the annual report of the Public Service Superannuation Plan (PSSP or Plan) for the fiscal year ended March 31, 2026. The Plan had another solid year on all fronts and we are proud to continue to contribute to the retirement security of more and more Nova Scotians.

### Plan Performance

In the 2025-2026 fiscal year, the PSSP achieved an absolute one-year return of 6.55 per cent, net of investment management fees (6.70 per cent, gross of investment management fees). The Fund outperformed the actuarial assumed rate of return, or discount rate, of 6.25 per cent, but did not reach the policy benchmark of 8.60 per cent. Investment performance benchmarks for some asset classes, particularly real assets (comprised of real estate, infrastructure, and natural resources) and some other alternatives such as private equity, remained high due to the recent period of higher than usual inflation. Most of the PSSP's peer plans also continued to deal with the challenge of high benchmarks. While relative returns for some asset classes were therefore below their benchmark targets, the Plan's overall absolute return continued to be solid and contributed to keeping the Plan's funded status well above 100 per cent. The PSSP's diversified asset mix performed as planned, adding value while guarding against downside risks.

At March 31, 2026, the Plan was 105.5 per cent funded on a going-concern basis. The Plan's surplus was \$450 million. The surplus is the difference between the net assets available for payment of benefits of \$8.661 billion and the actuarially calculated liabilities of \$8.211 billion. For the December 31, 2025 actuarial valuation, a discount rate of 6.25 per cent was applied, being a decrease from the discount rate used as at December 31, 2024. The reduction in the discount rate included an increase in the 'provision for adverse deviations (PfAD)'. The PSSP's December 31, 2025 PfAD stood at 0.50 per cent (compared to 0.25 per cent the prior year).

### 2025 Funded Health Review

With a funded health review of the Plan completed in the first half of 2025, in late June 2025 the Trustee was able to announce approval of annual indexing for pensions in pay, subject to the terms of the *Public Service Superannuation Act*, of 2.61 per cent for the period January 1, 2026 to December 31, 2030. Communications to pensioners occurred in the summer and fall of 2025, and appropriate adjustments to pensions in pay were implemented in early 2026.

## Plan Demographics & Membership Growth

The Plan's demographic profile continues to be a significant headwind. A modest increase in active membership did occur – to 21,667 in 2025-2026 (from 21,475 the prior year). However, the Plan also added more pensioners and their survivors (20,259 in 2025-2026 compared to 19,916 in 2024-2025). As a result, the active member-to-pensioner ratio of 1.07 remains less than ideal. Because of this low ratio of actives to pensioners, each year the PSSP experiences a net outflow of approximately \$150 million – that is, the difference between pension benefits paid out and contributions collected from active members and employers.

The PSSP's membership growth initiative therefore continues to be a priority for the Trustee. New employers admitted to the Plan during the fiscal year included: Amos Pewter, the Municipality of the County of Cumberland, the Town of Annapolis Royal, the Town of Kentville, and the Nova Scotia Federation of Municipalities.

Vigorous efforts to accelerate the PSSP's growth will continue through fiscal 2026-2027 and beyond, with the ultimate objective of materially improving the Plan's active-to-pensioner ratio.

## Asset Liability Modelling Study

The Asset Liability Modelling (ALM) Study commenced by PSSPTI in 2024 was completed by mid-2025. An external expert reviewed the investment asset mix of the Plan in light of its liabilities and made recommendations on how that mix might be adjusted to best maximize returns in an appropriate risk-conscious fashion. Several recommendations were accepted by the PSSPTI Board, including adjusting some asset classes, expanding the use of portable alpha, and introducing some leverage to enhance returns (see page 23 for more information).

## Plan Amendments

Implementation of PSSP amendments coming from the 2022 Plan Review was completed by the end of fiscal 2025-2026, with the final change, removal of the 35-year cap on accrual of pensionable service, happening on April 1, 2026.

## Acknowledgments

The PSSPTI Board directors continued to work hard and serve members well throughout fiscal 2025-2026. On March 31, 2026, we saw the departure from the Board of Geoff Gatien after 10 consecutive years of Board service (the maximum permitted by the legislation). Geoff's contributions were significant and we will miss him very much. Geoff was replaced by Robert Bourgeois effective April 1, 2026, and we welcome Rob to the Board. Several other directors had their terms extended beyond March 31, 2026, including: Bruce Thomson, Hugh Gillis, Claire Sanderson, and Jennifer Glennie.

All our directors bring a high level of dedication and diligence. I am honoured to work with such a talented group. Together we continue to build the PSSP and strengthen it for current members and future generations.

I also wish to thank the staff of NS Pension for their consistent, professional support of the Board and the committed service they bring to the needs of our Plan members.

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

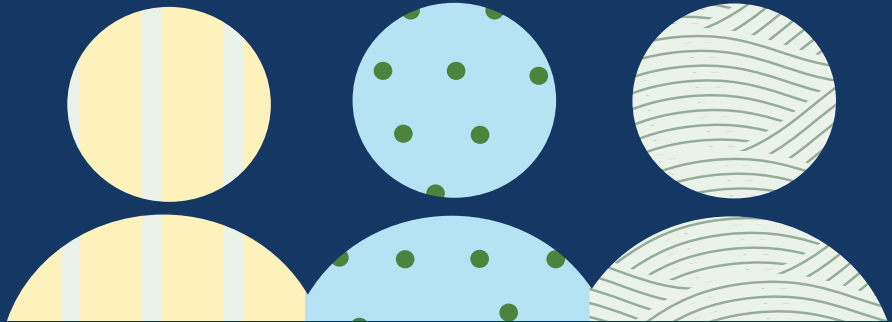
# PLAN MEMBERSHIP *By the Numbers*

as at December 31, 2025

# 46,198

Total members

943 new members in 2025



## 21,667

Active members

increased by 192

## 20,259

Retired members\*

increased by 343

## 4,272

Deferred members\*\*

increased by 408

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

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



### Average age

**46.8** Active member

**72.2** Retired member



### Average pensionable earnings

Active members

**\$81,331** average

**\$72,724** median



### Average lifetime pension\*

Retired members

**\$23,295** average

**\$19,219** median



### Retirees and survivors over 100 years of age

**28** members

### Median age

**47.2** Active member

**71.5** Retired member

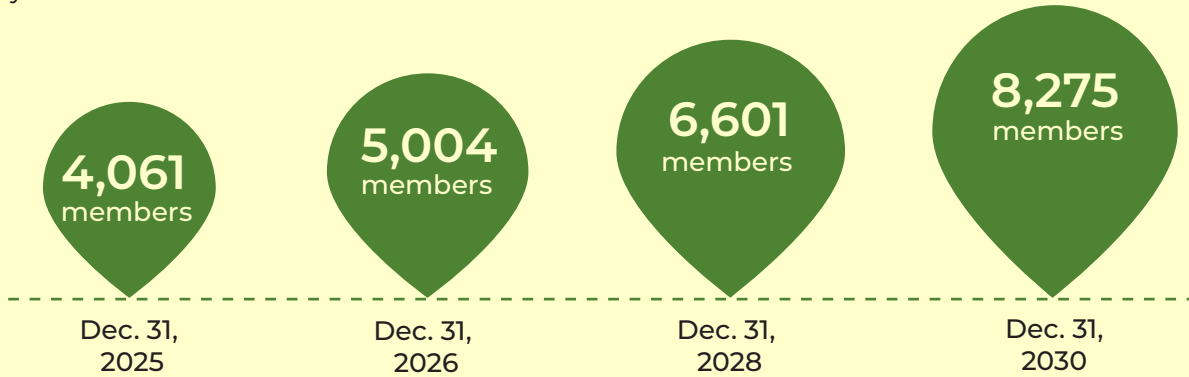
\*This does not include any supplementary pension amount. Plan members may also receive income from the Canada Pension Plan, the Old Age Security program, and/or the Guaranteed Income Supplement.

# PLAN MEMBERSHIP

## Projected Retirements

### *A growing number of members are approaching retirement eligibility*

There were approximately **4,061** Plan members eligible to retire from the PSSP with an unreduced pension as at December 31, 2025. The illustration below shows the number of Plan members who will be able to retire with an unreduced pension over the next several years.



*If no members retired, approximately 4,061 members would be eligible to retire as at December 31, 2025, increasing to 6,601 by December 31, 2028 and 8,275 by December 31, 2030.*



**The growing number of retirement-eligible members highlights the importance of maintaining a strong and sustainable active membership base.**



**The Plan has 1.07 active members for every 1 retiree.**

A higher ratio of active members to retirees supports the long-term sustainability of the Plan.

*See page 8 to learn about Trustee's Membership Growth Initiative.*

## Supporting Long-Term Retirement Security

*The strength of the Plan is reflected not only in its membership base, but also in the long-term retirement security it provides to members.*



Retirement income outcomes are influenced by both years of service and pensionable earnings. Members with longer service histories generally receive higher pension benefits, supporting the Plan's objective of providing meaningful income replacement in retirement.

The growing number of members approaching retirement eligibility highlights the importance of maintaining a sustainable Plan that can continue to provide secure, predictable lifetime pension benefits for current and future retirees.

## Membership Growth Initiative

In 2025–2026, the PSSP continued to advance its membership growth initiative through ongoing discussions with prospective Nova Scotian employers.

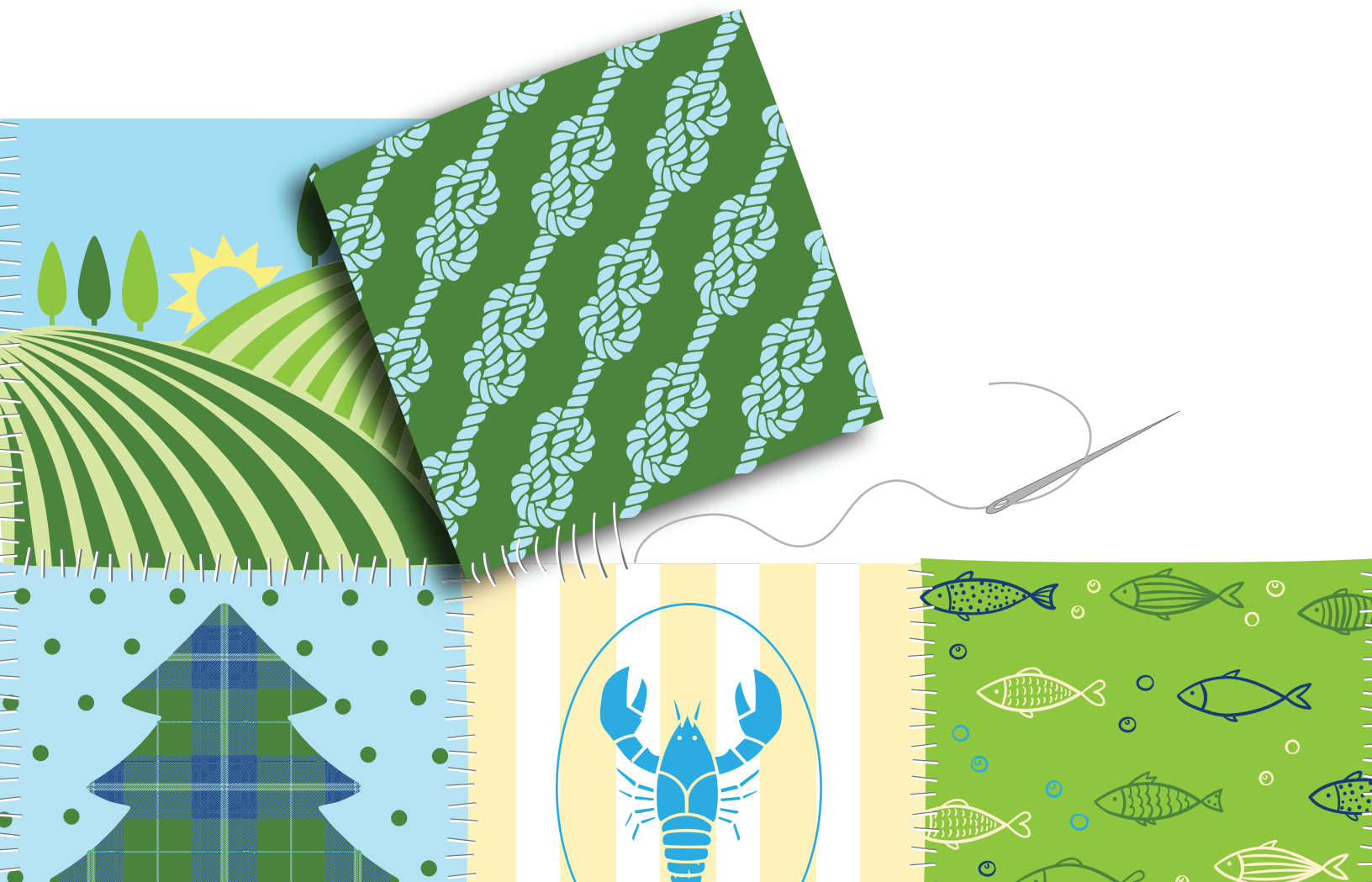
By offering flexible participation options, the Plan is expanding opportunities for organizations across the public, private, and non-profit sectors to explore participation in a defined benefit pension plan.

As conversations continue to progress, the initiative is helping strengthen the Plan’s membership base while supporting the long-term sustainability of the Plan for current and future members.

### *Building Connections Across Nova Scotia*

Throughout the year, interest continued to grow among organizations seeking pension solutions that support workforce attraction, retention, and long-term financial security.

The initiative reflects the PSSP’s commitment to building a stronger, more connected Plan by expanding access to employers and employees across a broad range of industries and communities throughout the province.



## Our Employers - *The Fabric of Our Membership*

Each participating employer contributes to the strength, diversity, and long-term sustainability of the Plan.

Acadia University	Amos Pewter	Atlantic Provinces Special Education Authority	Art Gallery of Nova Scotia	Autism Nova Scotia	Build Nova Scotia	Canada-Nova Scotia Offshore Energy Regulator
Cape Breton Regional Municipality	Cape Breton University	Cheticamp Area Residential & Educational Society	Chignecto Central Regional Centre for Education	Dalhousie University	DirectionS	East Coast Credit Union
Events East Group	Halifax Harbour Bridges	Heatherton Activity Centre	Invest Nova Scotia	Link Nova Scotia	Municipality of Argyle	Municipality of Colchester
Municipality of Digby	Municipality of the County of Annapolis	Municipality of the County of Cumberland	Municipality of Pictou	Municipality of the District of Chester	Municipality of the District of Lunenburg	Nova Scotia College of Art & Design (NSCAD)
Nova Scotia Community College (NSCC)	Nova Scotia Federation of Municipalities	Nova Scotia Government and General Employees Union	Nova Scotia Legal Aid	Nova Scotia Liquor Corporation (NSLC)	NS Pension	Nova Scotia Provincial Housing Agency
Nova Scotia Public Service Long Term Disability Plan Trust Fund	Nova Scotia Energy and Regulatory Boards Tribunal	Pictou County Shared Services Authority	Property Valuation Services Corporation	Province of Nova Scotia	Region of Queens Municipality	Riverview Enhanced Living
Sherbrooke Village Restoration Commission	South Shore Public Libraries	Town of Annapolis Royal	Town of Bridgewater	Town of Kentville	Town of Stewiacke	Town of Truro
Town of Yarmouth	Université Sainte-Anne College de l'Acadie	University of King's College	Village of Bible Hill	Workers' Compensation Board of Nova Scotia	IWK Addiction Services	Nova Scotia Health Authority

*For greater clarity, please note that not all PSSP employers have all of their employees in the Plan.*

## Public Service Superannuation Plan Trustee Inc.

PSSPTI is composed of an independent Chair and 12 directors. Appointing bodies include the NSGEU, NSGREU, CUPE Local 1867, and the Nova Scotia Government.

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

PSSPTI held 5 board meetings in 2025-2026. Directors also attended committee meetings and various educational training sessions throughout the year.

Director remuneration is payable only to an individual who, while serving on the PSSPTI Board or a committee, is not otherwise employed and paid in a full-time capacity by a third-party employer. In fiscal 2025-2026, PSSPTI directors received remuneration in aggregate of \$71,375, which includes the Chair's remuneration fixed at \$35,000 per annum.

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



### **Audit, Actuarial, and Risk (AAR)**

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



### **Governance, Communications, and Member Services (GCMS)**

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



### **Investment (Invest.)**

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



### **Plan Rules (PR)**

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

*continues on next page...*

**PSSPTI Board of Directors** (As at March 31, 2026)



**Leo McKenna, FCPA**  
**PSSPTI Chair**  
 Chief Financial Officer, WCB  
 (Retired)  
 The Chair is an Ex-Officio member  
 on all committees.  
 Meeting Attendance: 5 of 5  
 Appointed: 2013



**Corinne Carey**  
 Pensions and Benefits Officer  
 NSGEU  
**PSSPTI Vice-Chair**  
 Committees: PR (Chair), AAR  
 Employee Representative  
 Meeting Attendance: 5 of 5  
 Appointed: 2019



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



**Geoff Gatien, CPA, ICD.D**  
 Associate Deputy Minister  
 Department of Health and Wellness  
**PSSPTI Vice-Chair**  
 Committee: AAR (Chair)  
 Employer Representative  
 Meeting Attendance: 4 of 5  
 Appointed: 2017



**Bruce Thomson**  
 Director, Finance and Admin.  
 NSGEU (Retired)  
 Committee: Invest. (Chair)  
 Employee Representative  
 Meeting Attendance: 5 of 5  
 Appointed: 2020



**Jennifer Sanford, CFA**  
 Director of Capital Markets  
 Administration and Compliance  
 Dept. of Finance & Treasury Board  
 Committees: GCMS (Chair), Invest.  
 Employer Representative  
 Meeting Attendance: 5 of 5  
 Appointed: 2022



**Lilani Kumaranayke**  
 Associate Deputy Minister  
 Department of Finance and  
 Treasury Board  
 Committee: AAR  
 Employer Representative  
 Meeting Attendance: 4 of 5  
 Appointed: 2023



**Nancy Rondeaux, P.Eng., ICD.D**  
 Managing Director, Business  
 Continuity and Corporate Strategy  
 Department of Emergency  
 Management  
 Committee: Invest.  
 Employer Representative  
 Meeting Attendance: 5 of 5  
 Appointed: 2023



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



**Keiren Tompkins**  
 Executive Director, NSGEU  
 (Retired)  
 Committee: PR, GCMS  
 Employee Representative  
 Meeting Attendance: 5 of 5  
 Appointed: 2024



**Ryan Brothers, KC, ICD.D**  
 Director, Solicitor Services,  
 Legal Services Division  
 Department of Justice  
 Committees: GCMS  
 Employee Representative  
 Meeting Attendance: 4 of 5  
 Appointed: 2023



**Jennifer Glennie, KC**  
 Deputy Minister  
 Office of Addictions and Mental Health  
 Committees: PR  
 Employer Representative  
 Meeting Attendance: 4 of 5  
 Appointed: 2023



**Hugh Gillis**  
 1<sup>st</sup> Vice President  
 NSGEU  
 Committees: AAR, Invest.  
 Employee Representative  
 Meeting Attendance: 4 of 5  
 Appointed: 2023

For more information on PSSPTI,  
 visit our website at:

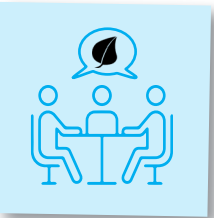
**[www.nspssp.ca/about](http://www.nspssp.ca/about)**

# Plan Governance



The Public Service Superannuation Plan is governed by the *Public Service Superannuation Act* (Act) and the plan text established under the Act. Together, these documents define the Plan's legal framework, including eligibility and membership requirements, contribution provisions, pension benefits, and the roles and responsibilities of the Plan's stakeholders. The Act and plan text are available on our website at: [www.nspssp.ca/about/pssa-and-plan-text](http://www.nspssp.ca/about/pssa-and-plan-text)

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



## ***Public Service Superannuation Plan Trustee Inc. (PSSPTI)***

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

*See page 10 for more information on the PSSPTI Board.*



## **Nova Scotia Pension Services Board of Directors**

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

To learn more visit: [www.novascotiapension.ca/about/board](http://www.novascotiapension.ca/about/board)



## **Nova Scotia Pension Services Corporation (NS Pension)**

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

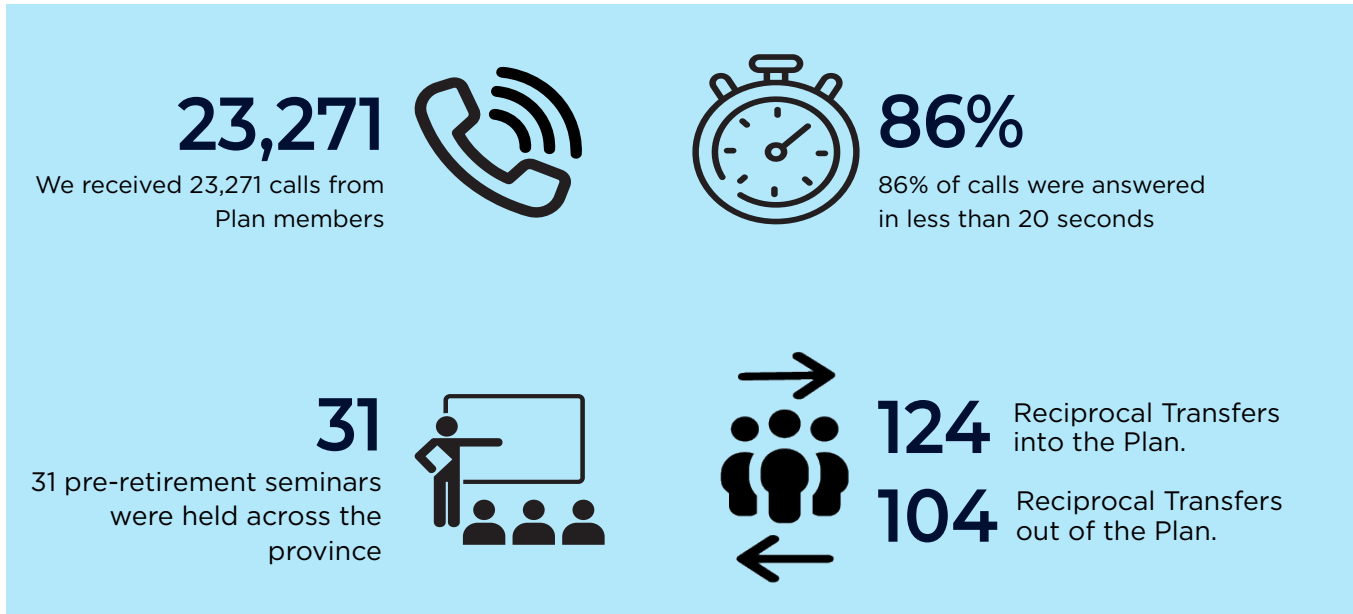
*See page 13 for more information.*

# Nova Scotia Pension Services Corporation

## Member Services

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

### 2025-2026 Service Results



### My Retirement Plan (MRP) website usage

<https://nspensions.hroffice.com>



The MRP website is a secure website that provides active Plan members with access to personalized pension information. Active Plan members can view their annual member statement, use the pension projection tool, and access other retirement planning information.




Once an active Plan member retires, they will no longer have access to the MRP website. Retirees can contact us by phone or email for information relating to their pension.



#### Visit us online:

[www.nspssp.ca](http://www.nspssp.ca)  
[www.novascotiapension.ca](http://www.novascotiapension.ca)

#### Follow us on social media:

-  [www.facebook.com/yourNSPSSP](https://www.facebook.com/yourNSPSSP)
-  **NEW** Instagram [@yourNSPSSP](https://www.instagram.com/yourNSPSSP)
-  [@yourNSTPP](https://twitter.com/yourNSTPP)

## Financial Position

As at March 31, 2026, the Plan had assets of \$8.661 billion and liabilities of \$8.211 billion equaling a surplus of \$450 million. The funded ratio decreased to 105.5 per cent from 106.8 per cent the previous year.

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

More details about the assumptions that were used and their impact on the valuation of Plan liabilities, may be found in the Actuarial Valuation Report (December 31, 2025) which is available on our website at:

[www.nspssp.ca/investments/plan-performance](http://www.nspssp.ca/investments/plan-performance)

### Plan Valuation highlights:

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

The actuarial assumptions used in the December 31, 2025 valuation, and in the extrapolation to March 31, 2026, remained unchanged from the previous year, except for the discount rate, which was updated to 6.25 per cent.

Plan liabilities were extrapolated to March 31, 2026 and measured against the assets at that date, resulting in a fiscal year-end funded ratio of 105.5 per cent.

## A look back...

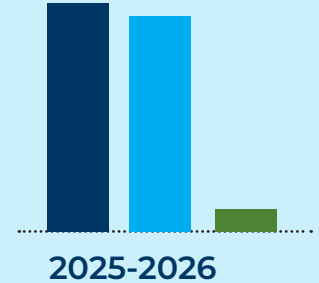
(as at March 31)

### Assets Available for Benefits

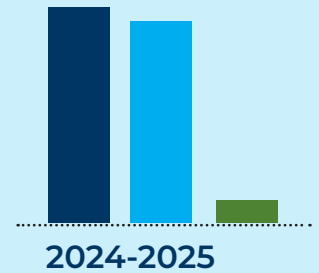
Liabilities

Surplus (Unfunded Liability)

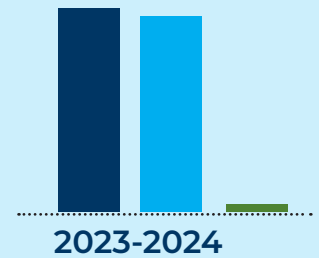
\$8.661  
\$8.211  
\$0.450



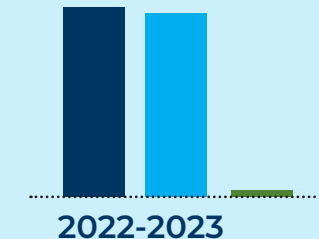
\$8.275  
\$7.750  
\$0.525



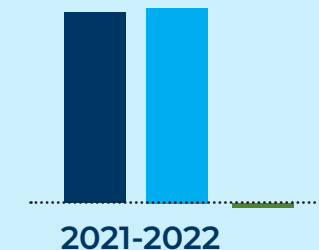
\$7.906  
\$7.619  
\$0.287



\$7.513  
\$7.299  
\$0.214



\$7.456  
\$7.588  
(\$0.132)

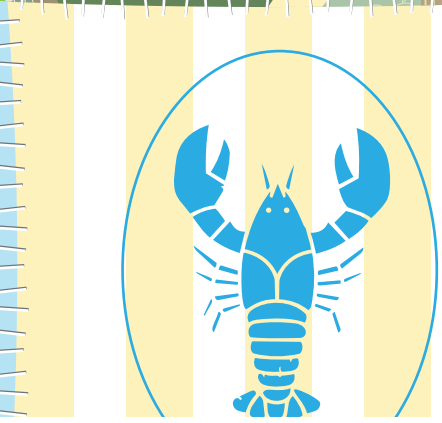
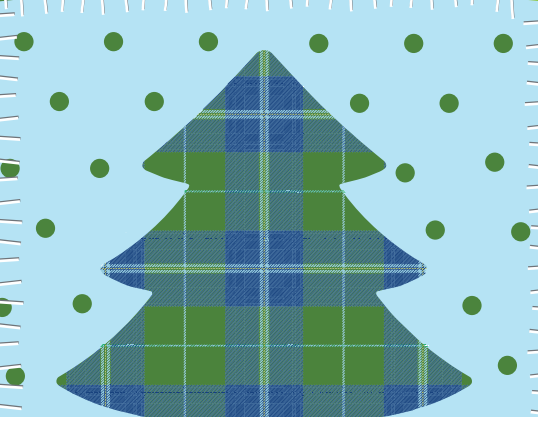


(in billions)



# Investment Management *Discussion and Analysis*

This section includes information on the Public Service Superannuation Fund and the factors that influenced its 2025-2026 investment performance.



# INVESTMENT MANAGEMENT

## *Discussion and Analysis*



## Overview

### The Goal

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

### The SIP&G

The investment of pension assets is guided by the Fund's Statement of Investment Policies & Goals (SIP&G) as written by PSSPTI. The SIP&G sets out the parameters within which investments may be made.

These parameters include permissible investments and the policy asset mix of the four main asset classes:

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

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

The SIP&G is available on our website at:  
***[www.nspssp.ca/investments/investment-policies](http://www.nspssp.ca/investments/investment-policies)***

# INVESTMENT MANAGEMENT

## Discussion and Analysis



### Asset Mix

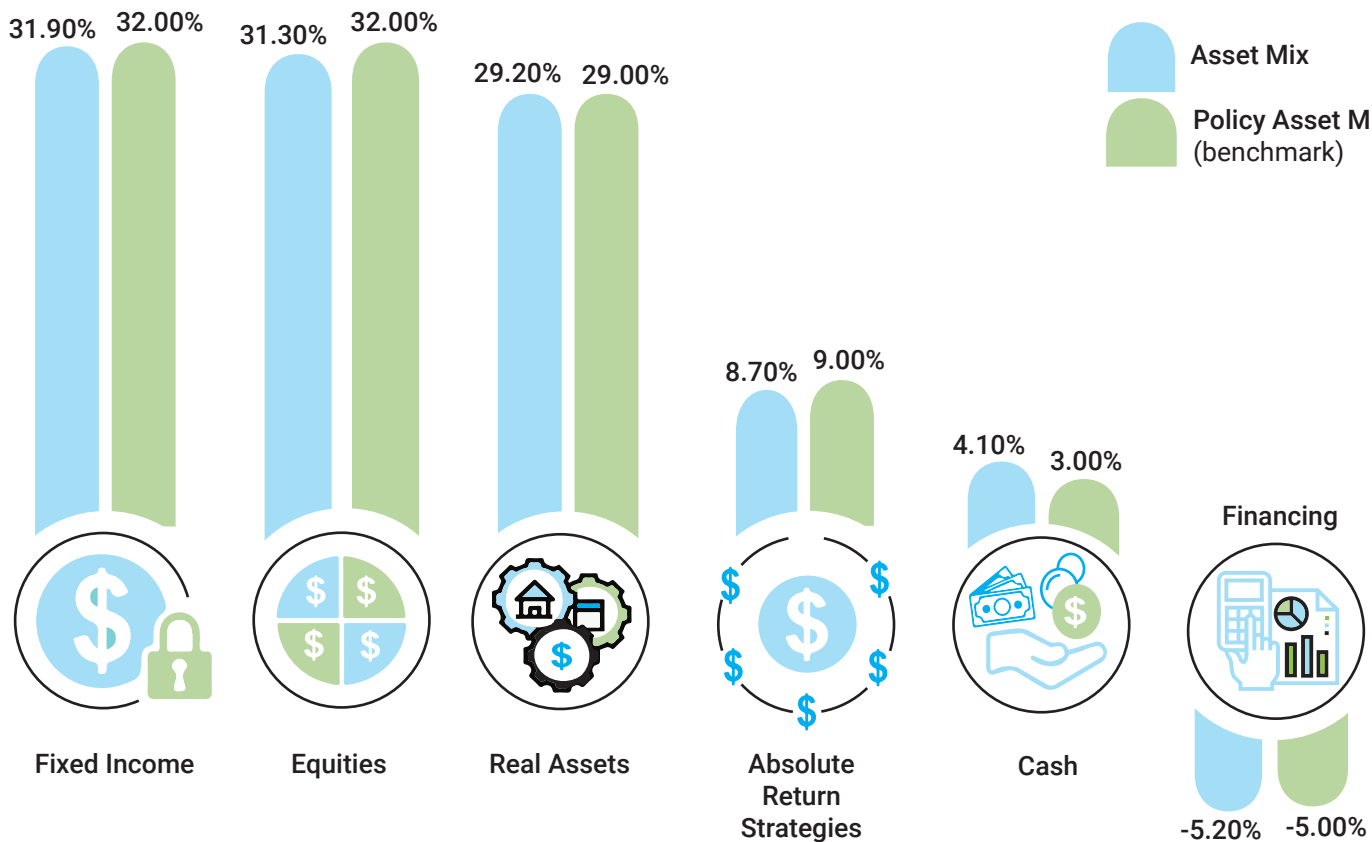
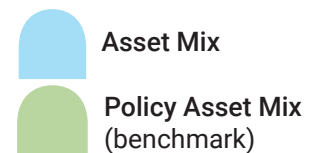
The 2025 Asset Liability Management (ALM) study was the main focus during 2025, this project culminated in an approved expansion to the asset mix which will see a build out of leverage, portable alpha, expansion of private equity and natural resources and the introduction of private debt later in 2026. Most other asset classes will be managed close to existing weights while also being integrated into master trusts by asset class for better implementation of investments.

Over the year, positioning of the Fund's asset classes was maintained close to benchmark. The equity markets rallied again during the year, albeit with foreign markets outperforming the U.S. and with some sector differentiation emerging after a couple years of U.S. exceptionalism. Some relatively expensive markets were pared back to keep exposures in line and complete rebalancing and pension payments.

#### What's Changing in the Portfolio?

- Expanded private equity allocation
- Introduction of private debt
- Growth in natural resources investments
- Enhanced portable alpha program
- Use of leverage to improve risk-adjusted returns

(as at March 31, 2026)



# INVESTMENT MANAGEMENT

## Discussion and Analysis



### 2025-2026 Investment Performance

In 2025, the Fund achieved a one-year return of 6.55 per cent, net of investment management fees (6.70 per cent gross of investment management fees). The Fund underperformed the policy benchmark of 8.60 per cent on a net basis, however it outperformed the actuarial assumed rate of return of 6.25 per cent.



### 2025-2026 Market Environment

The MSCI ACWI Index returned 18.60 per cent over the fiscal year. Global equities advanced through most of the period, supported by central bank rate cuts, ongoing AI-related capital spending, and broadly steady corporate earnings. A more defensive tone emerged among some investors in February 2026 on concerns about AI-related disruption, and a sharp escalation of Middle East conflict in March added volatility heading into fiscal year end. Full year gains across most regions remained strong.

The S&P 500 Index returned 17.41 per cent over the fiscal year. U.S. equities were supported by continued strength in technology earnings and AI-related infrastructure spending. The Federal Reserve cut its policy rate by 25 basis points in September, October, and December, which coincided with firmer equity valuations during the second half of 2025. Returns moderated in the first calendar quarter of 2026 as investors reassessed AI capital expenditure assumptions and as the escalation of Middle East conflict pushed Treasury yields higher in March.

The S&P/TSX Composite Index returned 34.26 per cent over the fiscal year. Canadian equities produced exceptionally strong results, with gold and other precious metals producers leading the index higher. Financials contributed positively as credit conditions firmed, and the materials sector benefited from sustained strength in gold prices through the year. The energy sector lagged for most of the period before oil prices spiked sharply in March 2026.

The MSCI EAFE Index returned 16.48 per cent over the fiscal year. Developed international markets gained as the Bank of England continued its easing cycle through 2025. The European Central Bank cut rates in the first half of the fiscal year before pausing as inflation stabilized. Japanese equities were supported in part by continued progress on corporate governance reform, which was a draw for foreign investors. Improving sentiment toward European banks also contributed to returns.

# INVESTMENT MANAGEMENT

## Discussion and Analysis



### 2025-2026 Market Environment continued...

The MSCI Emerging Markets Index returned 29.62 per cent over the fiscal year. Emerging-market equities posted broad gains, supported by a softer U.S. dollar for most of the period, accommodative monetary policy across major economies, and renewed investor interest in Chinese technology. Taiwan and Korea benefited from AI-related semiconductor demand, India continued to draw flows on the back of domestic growth, and Latin American markets recovered, helped by rising precious metals prices, improving terms of trade for selected commodity exporters, and expectations of continued Federal Reserve easing.

The FTSE Canada Universe Bond Index returned 0.47 per cent over the fiscal year. Canadian fixed income produced only modest positive returns, as interest income was largely offset by volatility in yields. The Bank of Canada eased through much of the fiscal year before pausing from December 2025 onward, citing weaker domestic activity and elevated uncertainty. A sharp move higher in global yields in March 2026, alongside rising oil prices and renewed inflation concerns tied to the Middle East conflict, weighed on returns at the close of the fiscal year. The index fell 1.97 per cent in March alone.

The Bloomberg U.S. Credit Index returned 4.59 per cent over the fiscal year. U.S. investment grade credit benefited from elevated carry, narrowing credit spreads through most of 2025, and the Federal Reserve’s resumption of rate cuts in the second half of the year. Investment grade spreads reached their tightest level in roughly three decades in early 2026, at approximately 71 basis points. That was the lowest level since the late 1990s. Spreads then widened meaningfully into March as risk sentiment deteriorated.

*as at March 31, 2026*

#### Fund Investment Returns (net of fees) - annualized

	1 year	3 year	5 year	7 year	10 year
<b>Fund</b>	<b>6.55%</b>	<b>7.17%</b>	<b>6.09%</b>	<b>6.49%</b>	<b>6.66%</b>
<b>Benchmark</b>	<b>8.60%</b>	<b>9.25%</b>	<b>6.98%</b>	<b>6.93%</b>	<b>6.91%</b>

# INVESTMENT MANAGEMENT

## *Discussion and Analysis*



## 2025-2026 Economic Review

### Global Economy

The global economy continued to expand at a moderate pace through the fiscal year, with disinflation allowing major central banks to ease policy further. AI-related capital spending remained an important growth driver, particularly in the United States and parts of Asia. However, a more defensive tone emerged among some investors in February 2026 on concerns about AI-related disruption. Furthermore, in March, a sharp escalation of conflict in the Middle East, including the effective closure of the Strait of Hormuz following US-Israeli military action against Iran, pushed energy prices sharply higher and added to financial market volatility. Oil rose from roughly \$67 per barrel at the end of February to over \$100 by the end of March 2026.

### Canadian Economy

Canada's economy faced a difficult mix of tariff-related trade pressures with the United States, weaker oil activity for most of the year, and slower population growth following adjustments to immigration policy. Stronger gold and base metals prices supported activity in resource-linked regions and contributed to outsized gains in the S&P/TSX Composite. The Bank of Canada eased through much of the fiscal year before pausing from December 2025 onward, citing weaker domestic activity, elevated uncertainty, and renewed upside risks to inflation from energy prices.

### United States Economy

U.S. growth held up better than many forecasts at the start of the fiscal year, driven by consumer spending, business investment in AI infrastructure, and continued strength in technology sector profits. Labour market conditions were broadly stable through most of 2025 but showed signs of cooling early in 2026 and the unemployment rate ticked up to 4.4 per cent. Headline CPI slowed to 2.4 per cent in January 2026, its lowest level since April 2025. The Federal Reserve cut rates three times during 2025 before signalling a pause. At its March 2026 meeting, the FOMC left rates unchanged, citing uncertainty around recent geopolitical developments.

# INVESTMENT MANAGEMENT

## Discussion and Analysis



## 2025-2026 Economic Review continued...

### European Region and Japan

Growth across Europe and Japan was modest but improved relative to the prior year. The Bank of England continued its easing cycle through 2025 as inflation pressures faded, which supported equity valuations and sentiment toward bank stocks in particular. The European Central Bank cut rates in the first half of the fiscal year before pausing as inflation stabilized. Manufacturing activity remained mixed, weighed down by softer external demand and trade-policy uncertainty. Japan continued its gradual policy normalization, with the Bank of Japan raising its policy rate by 25 basis points in December 2025. Corporate governance reforms and shareholder return programs continued to attract foreign investor interest in Japanese equities through the fiscal year.

### Emerging Markets

Emerging markets had a strong fiscal year. A softer U.S. dollar, gradual easing across most developing market central banks, and improved risk sentiment provided a supportive backdrop. China contributed positively to gains with renewed policy support and investor interest in domestic technology stocks. Taiwan and Korea benefited from semiconductor demand linked to global AI investment. Latin American economies improved, helped by rising precious metals prices and improving terms of trade for selected exporters, though oil-sensitive economies faced challenges from the swings in crude prices late in the period.

#### Sources:

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# INVESTMENT MANAGEMENT

## *Discussion and Analysis*



## Sustainable Investing

Sustainable investing is an investment approach that, in addition to achieving targeted investment returns, considers long-term investing and environmental, social, and corporate governance factors. A Sustainable Investment Policy was first approved in 2015. Since then, an annual Sustainable Investment Report has become a recurring item on the PSSPTI Board's agenda. A sustainability report is also posted on the PSSP website to provide members with more information on ongoing sustainable investment activities.

A Sustainable Investment Committee has been established within NS Pension. This Committee sets the overall direction for sustainable investment and the integration of sustainable investing into the investment process. Implementation of investment strategies that create long-term sustainable value, as well as the hiring of external service providers that consider the long-term impact of their actions, are key parts of the PSSPTI's sustainable investment approach. PSSPTI continues to engage with its investment managers and monitor their progress on their sustainable investment programs.

2025 was a complex year for institutional investors at the forefront of sustainable investments, some plans reduced their net-zero commitments, while certain asset managers scaled back both their commitments and their public discussion of sustainability initiatives. The U.S. has moved away from some forms of renewable energy investments, notably wind farms, while embracing others such as nuclear. Europe and Asia continue to move forward with most types of renewable investments and China is rapidly emerging as the leader in total forms of renewable energy production, citing energy independence in the future as key to their strategic goals.

Investments in real assets such as real estate, infrastructure, and natural resources play an important role in sustainable investment efforts. Real estate holdings continue to be assessed for possible negative effects of climate change and for ways to improve their resiliency against these threats as well as reducing their overall carbon footprint. In 2025, further investment in renewable energy sources was made within the infrastructure asset class.

PSSPTI continues to work with other Canadian pension plan and global association groups to further integrate industry best practices in the years to come.

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

# INVESTMENT MANAGEMENT

## Discussion and Analysis



### Our Focus During 2025-2026

During 2025-2026, PSSPTI's new portable alpha program continued to deliver positive results. Discussions continued with larger Canadian peer plans to explore additional portfolio optimization tools. This work culminated in the completion of an ALM that will see the portable alpha program enhanced and the introduction of leverage at the Plan level to enhance risk-adjusted returns.

Volatility picked up in many markets early in the year heading into President Trump's 'liberation day' in April, which saw increased volatility play out during the year with intermittent tariffs causing business uncertainty and disruption. The year concluded amid heightened geopolitical tensions in Venezuela and the Middle East, contributing to volatility in global energy markets and reinforcing concerns about ongoing geopolitical risks. They then followed by moving into war measures with Iran which resulted in much higher oil prices and currently a blockade of one of the world's most strategic water pathways for shipment. NS Pension remained focused on maintaining appropriate liquidity during the year given the Plan's negative annual cash flow by continuing to rebalance portfolios across both the public and private market asset classes and preparing to implement the new asset mix.

Work on individual asset class portfolios continued throughout the year with a focus on value-add initiatives, including development of Canadian multifamily housing in real estate with four new development projects underway, exploring co-investment along the natural resources portfolio and additional co-investments in infrastructure. On the risk side, tariff fallout, inflation that showed signs of reacceleration against a backdrop of low rates, potential economic and physical wars, pending central bank leadership changes in the US, supply chain disruptions and geopolitical instability continued to be dominant themes affecting markets. The focus will continue to be on maintaining a well-diversified portfolio with ample liquidity mechanisms to take advantage of market dislocations.

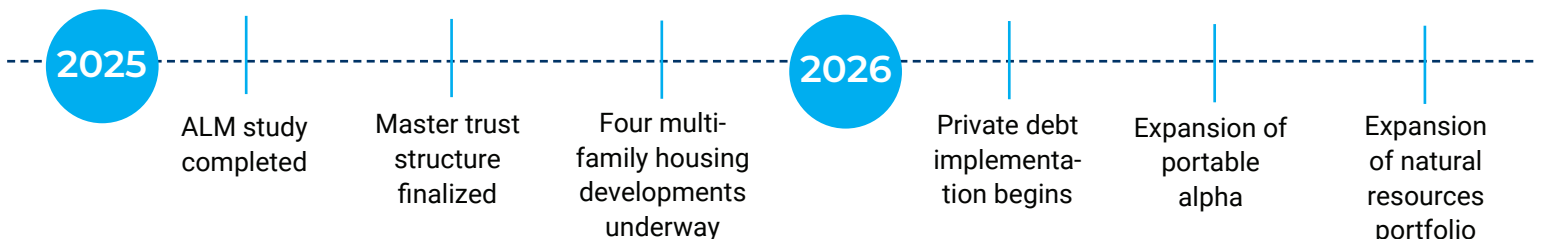
NS Pension has structured many asset classes into pooled funds or master trusts such that PSSPTI can purchase units of a well diversified pool. This allows for greater efficiency in how assets are managed and allocated by the team while the Board maintains full transparency into the process and underlying holdings. The first such fund was opened in 2024 and the full suite of funds by asset class was finalized in 2025. The majority of assets now invest via the funds with a few funds continuing to transfer in legacy or existing assets in 2026.

#### What is Portable Alpha?

Portable alpha is a structure whereby passive market exposures are enhanced with active strategies to produce additional returns or alpha.

#### What is Leverage?

Leverage is a tool that allows the Plan to increase its investment exposure by borrowing a limited amount of capital. When used prudently, leverage can help improve long-term returns and increase diversification while remaining within the Plan's established risk limits.



# INVESTMENT MANAGEMENT

## Discussion and Analysis



### Looking Ahead to 2026-2027

While 2025 was marked by tariffs and economic conflict that escalated toward physical conflict as the year ended, 2026 is already evolving into one of global instability and energy distribution insecurity, having an impact on various markets and investment portfolios. U.S. equity markets saw immediate declines from lofty valuations as markets assess the future impacts on businesses of AI integration, particularly for software companies. European and Emerging Market equities moved higher into the new year but pulled back quickly on the U.S. military campaign into Iran as oil price shocks due to the reduction in supply hit Asian markets harder than North American. Fixed income markets continue to produce yield and act as somewhat of a safe haven as rates remain attractive amid the uncertainty. Private debt, however, particularly loans tied to software companies, showed signs of weakness among investor withdrawals from funds that were supposed to provide liquidity.

PSSPTI will continue evolving individual asset classes for growth including adding development deals to real estate, and additional co-investments for infrastructure and private equity. Private debt will be introduced as a new asset class, and natural resources will also be expanded. Research on potential private debt investing has been an additional focus while monitoring the ongoing liquidity situations of certain aspects of the marketplace and the types of loans that have been made. Monitoring of market conditions for opportunities to expand the leverage and portable alpha positions continues as we progress toward the expanded asset mix for the long term. Equity and fixed income mandates continue to be monitored for effectiveness and portfolio fit with some changes likely as 2026 progresses.

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

[www.nspssp.ca/quarterly-investment-reports](http://www.nspssp.ca/quarterly-investment-reports)

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



# Financial Statements of Public Service Superannuation Plan Year ended March 31, 2026





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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nova Scotia Pension Services Corporation

### ***Opinion***

We have audited the financial statements of Nova Scotia Pension Services Corporation (the Entity), which comprise:

- the balance sheet as at March 31, 2026
- the earnings and retained earnings for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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

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

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

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



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

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

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

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

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

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

Chartered Professional Accountants

Halifax, Canada

June 24, 2026

# Financial Statements of Public Service Superannuation Plan Year ended March 31, 2026

## Contents

### Financial Statements

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## Statement of Financial Position

March 31, 2026, with comparative information for 2025	2026	2025
(in thousands of dollars)		
<b>Net assets available for benefits</b>		
<b>Assets</b>		
Cash	\$ 203,417	\$ 315,656
Contributions receivable:		
Employers'	9,872	8,442
Employees'	9,775	8,370
Accounts receivable	1,974	1,961
Prepaid expenses	5	15
Receivable from pending trades	11,911	88,588
Accrued investment income	7,877	20,674
Investments (note 5)	8,510,964	7,992,420
	<b>8,755,795</b>	<b>8,436,126</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,470	3,504
Due to administrator (note 14)	3,046	2,047
Payable for pending trades	3,639	104,324
Investment-related liabilities (note 5)	85,011	51,675
	<b>95,166</b>	<b>161,550</b>
<b>Net assets available for benefits</b>	<b>\$ 8,660,629</b>	<b>\$ 8,274,576</b>
<b>Items not included in net assets available for benefits</b>		
Segregated cash held as employer security (note 17)	6	-
Employer security (liability) (note 17)	(6)	-
<b>Net effect on net assets available for benefits</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Accrued pension obligation and surplus</b>		
Accrued pension obligation (note 8)	\$ 8,210,989	\$ 7,750,201
Surplus:		
Funding surplus (note 8)	449,640	524,375
	<b>449,640</b>	<b>524,375</b>
Commitments (note 9)		
<b>Accrued pension obligation and surplus</b>	<b>\$ 8,660,629</b>	<b>\$ 8,274,576</b>

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

On behalf of the board:

  
Leo McKenna, Chair

  
Corinne Carey, Vice-Chair

  
Nancy Rondeaux, Vice-Chair



## Statement of Changes in Net Assets Available for Benefits

Year ended March 31, 2026, with comparative information for 2025	2026	2025
(in thousands of dollars)		
<b>Increase in assets</b>		
Contributions (note 4)	\$ 334,489	\$ 292,815
Transfers from other pension plans	8,920	7,271
Recovery of benefit costs (note 7)	150	150
Investment income (note 5)	221,428	197,906
Change in market value of investments (note 5)	375,270	420,260
	940,257	918,402
<b>Decrease in assets</b>		
Benefits paid (note 10)	471,923	459,934
Transfers to other pension plans	6,968	8,647
Investment expenses (note 12)	63,505	70,959
Administrative expenses (note 11)	11,808	10,554
	554,204	550,094
<b>Increase in net assets available for benefits</b>	<b>386,053</b>	<b>368,308</b>
<b>Net assets available for benefits, beginning of year</b>	<b>8,274,576</b>	<b>7,906,268</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 8,660,629</b>	<b>\$ 8,274,576</b>

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

Certain comparative amounts have been restated for presentation and classification only (note 19).



## Statement of Changes in Pension Obligation

Year ended March 31, 2026, with comparative information for 2025	2026	2025
(in thousands of dollars)		
<b>Accrued pension obligation, beginning of year</b>	\$ 7,750,201	\$ 7,619,364
<b>Increase in accrued pension benefits</b>		
Interest on accrued pension obligation	503,763	438,113
Benefits accrued	209,682	207,937
Benefit improvements	-	524,623
Purchases of service	16,733	10,364
Transfers from other pension plans	8,920	7,271
Changes in actuarial assumptions (note 8)	215,071	-
Net experience losses (note 8)	-	78,345
	<b>954,169</b>	<b>1,266,653</b>
<b>Decrease in accrued pension benefits</b>		
Benefits paid	471,923	459,934
Transfers to other pension plans	6,968	8,647
Changes in actuarial assumptions (note 8)	-	667,235
Net experience gains (note 8)	14,490	-
	<b>493,381</b>	<b>1,135,816</b>
<b>Net increase in accrued pension benefits</b>	<b>460,788</b>	<b>130,837</b>
<b>Accrued pension obligation, end of year</b>	\$ <b>8,210,989</b>	\$ <b>7,750,201</b>

## Statement of Changes in Surplus (Deficit)

Year ended March 31, 2026, with comparative information for 2025	2026	2025
(in thousands of dollars)		
<b>Surplus, beginning of year</b>	\$ 524,375	\$ 286,904
Increase in net assets available for benefits	386,053	368,308
Net increase in accrued pension obligation	(460,788)	(130,837)
<b>Surplus, end of year</b>	\$ <b>449,640</b>	\$ <b>524,375</b>

See accompanying notes to financial statements.

# Notes to Financial Statements

Year ended March 31, 2026  
(in thousands of dollars)



## Authority and description of Plan

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

### General

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

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

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

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

### Funding

The Plan is funded by investment earnings and employee and matching employer contributions. Contribution participation rates are 100%, 80%, and 60% of 8.4% of salary up to the Year’s Maximum Pensionable Earnings (the “YMPE”) and 10.9% of salary above the YMPE. The YMPE is a figure set annually by the Canada Pension Plan (the “CPP”).

## Authority and description of Plan (continued)

### Retirement benefits

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

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

Pension benefits are directly linked to contribution participation rates, and are accrued at 100%, 80%, and 60% of the following two components:

Lifetime pension:

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

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

Bridge benefit payable until age 65:

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

### Death benefits

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

### Termination benefits

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

### Refunds

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

### Indexing

Subject to the conditions specified in the Act, pensions in pay are indexed at a rate of 0.0% from January 1, 2021 through to December 31, 2025, and 2.61% from January 1, 2026 through to December 31, 2030.

## 2.

**Basis of Preparation****a. Basis of presentation**

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

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

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

These financial statements were authorized for issue by the Board of Trustees of the Public Service Superannuation Plan Trustee Inc. on June 23, 2026.

**b. Basis of measurement**

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

**c. Use of estimates and judgments**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

# 3.

## Significant accounting policies

### a. Investment transactions, income recognition and transaction costs

#### i. Investment transactions:

Investment transactions are accounted for on a trade date basis.

#### ii. Income recognition:

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

#### iii. Transaction costs:

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

### b. Foreign currency translation

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

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

### c. Financial assets and liabilities

#### i. Non-derivative financial assets:

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

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

#### ii. Non-derivative financial liabilities:

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

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

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

## Significant accounting policies (continued)

### iii. Derivative financial instruments:

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

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

### d. Fair value measurement

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

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

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

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

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

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

## Significant accounting policies (continued)

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

## Significant accounting policies (continued)

### e. Non-investment assets and liabilities

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

### f. Receivable/payable for pending trades

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

### g. Accrued pension obligation

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

### h. Contributions

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

### i. Benefits

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

### j. Investment expenses

Investment expenses represent expenses incurred to manage the Fund. Investment expenses incurred for direct investment management, custody, advisory, consulting, legal, and other investment management-related services, are recorded on an accrual basis. Fees embedded in investment vehicles include investment management services, performance fees, partnership fees, and other investment management-related expenses. Where observable or able to be estimated, embedded fees are reclassified from unrealized gains and losses on investment vehicles to investments expenses.

### k. Administrative expenses

Administrative expenses, incurred for plan administration, are recorded on an accrual basis. Plan administration expenses represent expenses incurred to provide direct services to the Plan members and employers.

## Significant accounting policies (continued)

### **l. Actuarial value of net assets and actuarial adjustment**

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

### **m. Income taxes**

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

### **n. Employer security**

The Plan holds cash in a segregated non-operating bank account as security provided by private-sector participating employers (“Employer Security”). Employer Security is not a contribution to the Plan and does not form part of the Plan’s net assets available to provide benefits. Employer Security is offset by a liability, and their fair values are equal to their amortized cost value.

### **o. Future changes to accounting policies**

The Plan has reviewed forthcoming IASB and Canadian pension plan accounting changes effective for periods beginning on or after January 1, 2027.

#### IFRS 13, Fair Value Measurement

Amendments to Section 4600 will expand required disclosures for Level 3 fair value measurements. The Plan is assessing the impact on its financial statements.

#### IFRS 18, Presentation and Disclosures in Financial Statements

The Plan has elected to early adopt IFRS 18 (note 19). The standard strengthens aggregation and disaggregation requirements and enhances transparency in the presentation of income and expenses. Under IFRS 18, the Plan has separately disclosed embedded investment fees within pooled funds and other investment vehicles and will present investment and administrative expenses separately on the statement of changes in net assets available for benefits.

## 4.

## Contributions

	2026	2025
(in thousands of dollars)		
<b>Employer</b>		
Matched current service	\$ 158,730	\$ 140,922
Matched past service	211	262
	<b>158,941</b>	141,184
<b>Employee</b>		
Matched current service	158,292	140,877
Unmatched past service	16,310	9,840
Unmatched current service	735	652
Matched past service	211	262
	<b>175,548</b>	151,631
	<b>\$ 334,489</b>	<b>\$ 292,815</b>

## 5.

## Investments and investment-related liabilities

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

(in thousands of dollars)	2026		2025	
	Fair value	%	Fair value	%
<b>Investments</b>				
<b>Fixed income</b>				
Short-term investments	\$ 294,428	3.5	\$ 144,695	1.8
Non-Canadian bonds & debentures	1,820,753	21.4	1,722,679	21.6
Canadian bonds & debentures	733,633	8.6	417,284	5.2
Canadian real return bonds	58,278	0.7	354,156	4.4
	2,907,092	34.2	2,638,814	33.0
<b>Equities</b>				
Public	1,653,451	19.4	1,383,525	17.3
Private	545,653	6.4	565,859	7.1
	2,199,104	25.8	1,949,384	24.4
<b>Real assets</b>				
Infrastructure	1,267,253	14.9	1,216,806	15.2
Real estate	1,030,883	12.1	1,044,339	13.1
Natural resources	217,580	2.6	216,667	2.7
	2,515,716	29.6	2,477,812	31.0
<b>Absolute return strategies</b>				
Hedge funds	830,528	9.8	851,729	10.7
	830,528	9.8	851,729	10.7
<b>Investment-related receivables</b>				
Promissory notes	35,021	0.4	35,021	0.4
Derivative-related, net	23,503	0.2	39,660	0.5
	58,524	0.6	74,681	0.9
<b>Total Investments</b>	\$ 8,510,964	100.0	\$ 7,992,420	100.0
<b>Investment-related liabilities</b>				
Derivative-related, net	\$ (85,011)	100.0	\$ (51,675)	100.0
<b>Total investments-related liabilities</b>	\$ (85,011)	100.0	\$ (51,675)	100.0
<b>Net investments</b>	\$ 8,425,953		\$ 7,940,745	

## Investments and investment-related liabilities (continued)

2026				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 110,168	\$ 40,247	\$ (75,356)	\$ (35,109)
Equities	43,915	626,227	(375,938)	250,289
Real assets	58,886	334,252	(253,879)	80,373
Absolute return strategies	-	22,881	27,864	50,745
Derivatives	6,148	83,305	(49,489)	33,816
Cash and Other	2,311	(602)	(4,242)	(4,844)
	<b>\$ 221,428</b>	<b>\$ 1,106,310</b>	<b>\$ (731,040)</b>	<b>\$ 375,270</b>

2025				
(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 103,729	\$ 20,110	\$ 150,357	\$ 170,467
Equities	16,600	161,938	(4,972)	156,966
Real assets	67,444	96,577	77,336	173,913
Absolute return strategies	-	52,802	74,078	126,880
Derivatives	5,944	(176,646)	(39,352)	(215,998)
Cash and Other	4,190	-	8,032	8,031
	<b>\$ 197,907</b>	<b>\$ 154,781</b>	<b>\$ 265,479</b>	<b>\$ 420,260</b>

Certain comparative amounts have been restated for presentation and classification only (note 19).

### b. Derivatives

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

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

## Investments and investment-related liabilities (continued)

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

### **Total return swaps**

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

### **Currency forwards**

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

## Investments and investment-related liabilities (continued)

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

2026				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
<b>Derivatives</b>				
<b>Fixed Income</b>				
Total return swaps	\$ 177,286	\$ -	\$ (3,192)	\$ (3,192)
<b>Equities</b>				
Total return swaps	496,663	23,503	(19,385)	4,118
<b>Currency forwards</b>	3,740,214	-	(62,434)	(62,434)
	\$ 4,414,163	\$ 23,503	\$ (85,011)	\$ (61,508)
<b>Cash collateral</b>				-
<b>Notional and fair value</b>	\$ 4,414,163	\$ 23,503	\$ (85,011)	\$ (61,508)

2025				
(in thousands of dollars)				
	Notional value	Fair value		
		Assets	Liabilities	Net
<b>Derivatives</b>				
<b>Fixed Income</b>				
Futures	\$ 72,235	\$ 1,210	\$ (860)	\$ 350
Options	11,699	-	(20)	(20)
Credit default swaps	37,629	1,462	(70)	1,392
Interest rate swaps	335,900	1,901	(1,783)	118
Total return swaps	143,803	-	(921)	(921)
<b>Equities</b>				
Total return swaps	245,824	29,544	(12,135)	17,409
<b>Currency forwards</b>	3,691,845	65	(34,181)	(34,116)
	\$ 4,538,935	\$ 34,182	\$ (49,970)	\$ (15,788)
<b>Cash collateral</b>		5,478	(1,705)	3,773
<b>Notional and fair value</b>	\$ 4,538,935	\$ 39,660	\$ (51,675)	\$ (12,015)

## Investments and investment-related liabilities (continued)

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

2026							
(in thousands of dollars)	Under 1 year		1 to 5 years		Over 5 years		Total
<b>Derivatives, net</b>							
<b>Fixed Income</b>							
Total return swaps	\$	(3,192)	\$	-	\$	-	\$ -
<b>Equities</b>							
Total return swaps		4,118		-		-	4,118
Currency forwards		(62,434)		-		-	(62,434)
	\$	(58,316)	\$	-	\$	-	\$ (58,316)
<b>Cash collateral, net</b>							
<b>Fair value, net</b>	\$	(58,316)	\$	-	\$	-	\$ (58,316)

2025							
(in thousands of dollars)	Under 1 year		1 to 5 years		Over 5 years		Total
<b>Derivatives, net</b>							
<b>Fixed Income</b>							
Futures	\$	350	\$	-	\$	-	\$ 350
Options		(20)		-		-	(20)
Credit default swaps		2		1,079		311	1,392
Interest rate swaps		-		(11)		129	118
Total return swaps		(921)		-		-	(921)
<b>Equities</b>							
Total return swaps		2,610		14,799		-	17,409
Currency forwards		(34,116)		-		-	(34,116)
	\$	(32,095)	\$	15,867	\$	440	\$ (15,788)
<b>Cash collateral, net</b>							
							3,773
<b>Fair value, net</b>	\$	(32,095)	\$	15,867	\$	440	\$ (12,015)

Cash is deposited or pledged with various financial institutions as collateral if the Plan was to default on payment obligations on its derivative contracts. On the statement of financial position, collateral is represented as part of the net balance of derivative-related receivables and liabilities. Prior period comparatives have been updated to conform to current year's presentation.

## 6.

## Financial Instruments

### a. Fair values

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

Fair value measurements recognized in the statement of financial position are classified within a hierarchy based on the significance of inputs used in determining fair value:

- **Level 1** - Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date. This category primarily includes publicly listed investments.
- **Level 2** - Fair value determined using observable inputs other than quoted prices included in Level 1, including inputs from markets that are not active. Level 2 mainly includes debt securities, OTC derivatives, and publicly traded equities that do not trade in an active market.
- **Level 3** - Fair value determined using significant unobservable inputs. Level 3 primarily includes real return bonds, private equities, infrastructure, real estate, and natural resource investments valued using financial or investor statements, whether held directly or indirectly through subsidiaries or master trust structures. Promissory notes are measured at cost.

## Financial instruments (continued)

<b>2026</b>				
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Fixed income	\$ 462,856	\$ 2,385,958	\$ 58,278	\$ 2,907,092
Equities	-	1,653,451	545,653	2,199,104
Real assets	-	73,850	2,441,866	2,515,716
Absolute return strategies	-	830,528	-	830,528
Investment-related receivables	-	23,503	35,021	58,524
<b>Total Investments</b>	<b>\$ 462,856</b>	<b>\$ 4,967,290</b>	<b>\$ 3,080,818</b>	<b>\$ 8,510,964</b>
<b>Investment-related liabilities</b>	<b>\$ -</b>	<b>\$ (85,011)</b>	<b>\$ -</b>	<b>\$ (85,011)</b>
<b>Net investments</b>	<b>\$ 462,856</b>	<b>\$ 4,882,279</b>	<b>\$ 3,080,818</b>	<b>\$ 8,425,953</b>
<b>2025</b>				
(in thousands of dollars)	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Fixed income	\$ 190,513	\$ 2,388,640	\$ 59,661	\$ 2,638,814
Equities	781,351	602,174	565,859	1,949,384
Real assets	-	105,798	2,372,014	2,477,812
Absolute return strategies	-	851,729	-	851,729
Investment-related receivables	6,688	32,972	35,021	74,681
<b>Total Investments</b>	<b>\$ 978,552</b>	<b>\$ 3,981,313</b>	<b>\$ 3,032,555</b>	<b>\$ 7,992,420</b>
<b>Investment-related liabilities</b>	<b>\$ (2,585)</b>	<b>\$ (49,090)</b>	<b>\$ -</b>	<b>\$ (51,675)</b>
<b>Net investments</b>	<b>\$ 975,967</b>	<b>\$ 3,932,223</b>	<b>\$ 3,032,555</b>	<b>\$ 7,940,745</b>

There were no significant transfers between level 1, level 2, and level 3 financial instruments during the years ended March 31, 2026 and 2025. Prior period comparatives have been updated to conform to current year's presentation.

## Financial instruments (continued)

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

### 2026

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment - related receivables	Total
<b>Fair value, beginning of year</b>	\$ 59,661	\$ 565,859	\$ 2,372,014	\$ 35,021	\$ 3,032,555
Purchases, capital called	38	24,186	1,379,672	-	1,403,896
Sales, capital returned	(1,386)	(56,879)	(1,373,937)	-	(1,432,202)
Realized gains	328	45,191	311,066	-	356,585
Unrealized gains (losses)	(363)	(32,704)	(246,949)	-	(280,016)
<b>Fair value, end of year</b>	\$ 58,278	\$ 545,653	\$ 2,441,866	\$ 35,021	\$ 3,080,818

### 2025

(in thousands of dollars)

	Fixed income	Equities	Real assets	Investment - related receivables	Total
<b>Fair value, beginning of year</b>	\$ 61,059	\$ 494,929	\$ 2,208,107	\$ 35,021	\$ 2,799,116
Purchases, capital called	-	190,834	133,098	-	323,932
Sales, capital returned	(1,283)	(182,144)	(124,525)	-	(307,952)
Realized gains	311	51,361	68,025	-	119,697
Unrealized gains (losses)	(426)	10,879	87,309	-	97,762
<b>Fair value, end of year</b>	\$ 59,661	\$ 565,859	\$ 2,372,014	\$ 35,021	\$ 3,032,555

The total realized and unrealized gains (losses) included in the change in market value of investments from level 3 financial instruments held as at March 31, 2026 and 2025, respectively, was \$76,569 and \$217,459.

#### Fair value assumptions and sensitivity

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

## Financial instruments (continued)

Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at March 31, 2026 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

(in thousands of dollars)				
Description	2026 Fair value	2025 Fair value	Valuation technique	Unobservable inputs
Unlisted funds: co-investments held directly and indirectly:			Net asset value - audited financial statements.	Information not available.
Infrastructure	\$ 1,267,253	\$ 1,216,806		
Private equities	545,653	565,859		
Natural resources	217,580	216,667		
Real estate	150,646	133,645		
Unlisted real estate subsidiaries	806,387	804,896	Income approach technique: overall capitalization rate method and discounted cash flow method; audited financial statements.	Capitalization rates, discount rates.
Publicly listed real return bond	58,278	59,661	Vendor supplied price - proprietary price model.	Information not available.
Unlisted promissory notes	35,021	35,021	Issued by subsidiaries - zero interest, at cost.	N/A
	\$ 3,080,818	\$ 3,032,555		

The following analysis illustrates the sensitivity of the Level 3 valuations to reasonably possible capitalization rate and discount rate assumptions for real estate properties where reasonably possible alternative assumptions would change the fair value significantly. Prior period comparatives have been updated to conform to current year's presentation.

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

	2026	2025
(in thousands of dollars)		
<b>Unlisted direct real estate subsidiaries</b>		
<b>Direct capitalization method</b>		
Minimum capitalization rate	3.75%	3.75%
Maximum capitalization rate	7.25%	10.07%
Increase of 25 basis points in capitalization rate	\$ (43,903)	\$ (40,682)
Decrease of 25 basis points in capitalization rate	\$ 43,394	\$ 45,438
<b>Discounted cash flow method</b>		
Minimum discount rate	5.25%	4.20%
Maximum discount rate	9.00%	9.25%
Increase of 25 basis points in discount rate	\$ (26,578)	\$ (29,829)
Decrease of 25 basis points in discount rate	\$ 29,268	\$ 32,880

**Note: 1 basis point is equal to 0.01%**

## Financial instruments (continued)

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

### Significant investments

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

#### As at March 31, 2026

(in thousands of dollars)

	Number of investments	Fair value	Cost
Master trust funds:			
NS Pension Fixed Income Fund	1	\$ 1,820,753	\$ 1,777,269
NS Pension Public Equity Fund	1	1,288,409	1,337,360
NS Pension Infrastructure Fund	1	1,172,191	1,089,712
NS Pension Natural Resources Fund	1	217,580	203,377
NS Pension Private Equity Fund	1	221,954	182,510
Unlisted investments	5	1,426,865	989,218
	10	\$ 6,147,752	\$ 5,579,446

#### As at March 31, 2025

(in thousands of dollars)

	Number of investments	Fair value	Cost
Master trust funds:			
NS Pension Private Equity Fund	1	\$ 179,919	\$ 159,454
Unlisted investments	17	3,269,423	2,550,853
	18	\$ 3,449,342	\$ 2,710,307

As at March 31, 2026, the Plan's significant unlisted investments consisted of an equity pooled fund, and real estate subsidiaries.

### b. Investment risk management

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

## Financial instruments (continued)

### i. Master trust fund concentration risk

The Plan is exposed to concentration risk through its proportionate interest in the master trust funds' investment portfolios (note 15). Concentrations may arise from allocations to certain asset classes, sectors, geographic regions, or counterparties. The master trust funds monitor concentration risk and adhere to established investment policy limits designed to ensure appropriate diversification.

The master trust funds are governed by investment policies that establish permitted asset classes, risk management practices, diversification requirements, and monitoring processes. The trustee and investment managers are required to comply with the policy's guidelines, regularly report performance, and provide oversight to ensure alignment with the risk objectives of participating pension plans.

### ii. Interest rate risk

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

## Financial instruments (continued)

## March 31, 2026

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
<b>Fixed income</b>						
Short-term investments	\$ 294,428	\$ -	\$ -	\$ -	\$ 294,428	0.1
Bonds & debentures	1,894	284,661	253,212	193,866	733,633	3.1
Real return bonds (2)	-	-	-	58,278	58,278	5.3
	\$ 296,322	\$ 284,661	\$ 253,212	\$ 252,144	\$ 1,086,339	2.4
NS Pension Fixed Income Fund					1,820,753	
<b>Total fixed income</b>					\$ 2,907,092	

## March 31, 2025

(in thousands of dollars)

	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total	Average yield (%)(1)
<b>Fixed income</b>						
Short-term investments	\$ 138,196	\$ -	\$ -	\$ -	\$ 138,196	0.2
Bonds & debentures	27,699	402,052	489,892	392,018	1,311,661	4.1
Real return bonds (2)	-	-	-	59,661	59,661	5.3
	\$ 165,895	\$ 402,052	\$ 489,892	\$ 451,679	\$ 1,509,518	3.8
Pooled funds					1,129,296	
<b>Total fixed income</b>					\$ 2,638,814	

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

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

## Financial instruments (continued)

### Interest rate sensitivity

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

	2026		2025	
(in thousands of dollars)				
<b>Interest rate sensitive assets</b>	\$	<b>1,083,148</b>	\$	1,510,437
Average duration		<b>5.2</b>		(5.1)
Sensitivity to 1% increase in interest rates	\$	<b>(56,809)</b>	\$	(77,418)
Sensitivity to 1% decrease in interest rates	\$	<b>56,809</b>	\$	77,418

### iii. Market price risk

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

### Market sensitivity

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

	2026		2025	
(in thousands of dollars)	Fair value	+/-10%	Fair value	+/-10%
Equities	\$ 2,907,092	\$ 290,709	\$ 1,949,384	\$ 194,938
Equities-based derivatives	(3,192)	(319)	17,409	1,741
	\$ 2,903,900	\$ 290,390	\$ 1,966,793	\$ 196,679

## Financial Instruments (continued)

### iv. Credit risk

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

### Fixed income

The Plan's Fixed Income Program includes two main sectors: the Government Sector and the Credit Sector. One benefit to managing these two pieces separately is to provide the opportunity to access physical government bonds when required. When markets are at their utmost distress these may be the only securities available for liquidation. Managing the Credit Sector and the Government Sector separately allows for the adjustment of credit risk within the Fixed Income Program by changing the allocation between these two sectors - increasing the Government Sector through periods of market duress and increasing the Credit Sector through periods of stability. This approach also allows the active management of the Credit Sector and taking active decisions where returns can be maximized. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolio in 2026, and 2025.

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

	2026	2025
(in thousands of dollars)		
<b>Fixed income</b>		
<b>Canadian</b>		
Governments sector	\$ 891,550	\$ 267,336
Credit sector	194,789	648,799
<b>Non-Canadian</b>		
Credit sector	1,820,753	1,656,072
Governments sector	-	66,607
<b>Total fixed income</b>	<b>\$ 2,907,092</b>	<b>\$ 2,638,814</b>

## Financial instruments (continued)

### Derivatives

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

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

### Securities lending

The Plan engages in securities lending to enhance portfolio returns (see note 13). Through a securities lending program at the Plan’s custodian, the Plan lends securities for a fee to approved borrowers. Credit risk associated with securities lending is mitigated by requiring the borrowers to provide high quality collateral. In the event that a borrower defaults completely or in part, the custodian will replace the security at its expense. Regular reporting of the securities lending program ensures that its various components are continuously being monitored.

### v. Foreign currency risk

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

The Plan’s currency policy allows for the management of risk through hedging strategies that are implemented at the Fund through the purchase of forward currency contracts. The forward currency contracts offset the Fund’s foreign currency exposure, hence reducing the Fund’s foreign currency risk.

## Financial Instruments (continued)

The fair value of the Fund's investment and non-investment assets and liabilities are represented as unhedged and hedged currency exposures as at March 31 in the following tables:

<b>March 31, 2026</b>		
(in thousands of dollars)	<b>Unhedged</b>	<b>Hedged</b>
<b>Currency exposure</b>		
Canadian dollar	\$ 7,173,277	\$ 10,637,358
United States dollar	1,510,131	(1,198,988)
Euro	22,609	(466,932)
British pound sterling	110	(161,657)
Other	37	(166,051)
	<b>\$ 8,706,164</b>	<b>\$ 8,643,730</b>

<b>March 31, 2025</b>		
(in thousands of dollars)	<b>Unhedged</b>	<b>Hedged</b>
<b>Currency exposure</b>		
Canadian dollar	\$ 2,973,349	\$ 6,438,131
United States dollar	4,630,613	1,912,884
Euro	319,955	(159,921)
British pound sterling	153,060	10,034
Japanese yen	105,650	105,596
Other	111,010	(47,204)
	<b>\$ 8,293,637</b>	<b>\$ 8,259,520</b>

The Plan's investments include funds, co-investments, and real estate subsidiaries containing underlying unhedged foreign currency exposures. The Plan has made decisions to hedge certain underlying foreign currency exposures which may reflect net negative hedged foreign currency exposures.

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

## Financial instruments (continued)

The following tables below represent these changes in the fair value of the Fund's investment and non-investment assets and liabilities as at March 31:

March 31, 2026				
(in thousands of dollars)	+10% in CAD		-10% in CAD	
United States dollar	\$	119,899	\$	(119,899)
Euro		46,693		(46,693)
British pound sterling		16,166		(16,166)
Other		16,605		(16,605)
	\$	199,363	\$	(199,363)

March 31, 2025				
(in thousands of dollars)	+10% in CAD		-10% in CAD	
United States dollar	\$	(191,288)	\$	191,288
Euro		15,992		(15,992)
British pound sterling		(1,003)		1,003
Japanese yen		(10,560)		10,560
Other		4,720		(4,720)
	\$	(182,139)	\$	182,139

### v. Liquidity risk

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

Exchange-traded securities held directly by the Plan, as well as those held indirectly through master trust funds, can generally be liquid within 1-3 days. Investments in pooled funds are typically redeemable within 30 days or less. While extreme market conditions could temporarily reduce liquidity in certain asset classes, the Plan's diversified investment portfolio is designed to ensure adequate liquidity to meet ongoing benefit payments. The Plan also maintains cash balances to support liquidity needs and to fund Plan obligations.

## Financial Instruments (continued)

As at March 31, 2026, the fair value of the Plan's liquid assets were as follows:

	2026	2025
(in thousands of dollars)		
Cash	\$ 203,417	\$ 315,656
Liquid within 1-3 days	2,316,470	2,135,050
Liquid within 30 days or less	2,259,645	1,837,268
	<b>\$ 4,779,532</b>	<b>\$ 4,287,974</b>

## 7.

### Membership growth

The following Acts were introduced to allow the Plan to expand its membership:

- *University Pension Plan Transfer Act (Bill No. 102), May 4, 2015*
- *Municipalities and Other Authorities Pension Plan Transfer Act (Bill No. 55), November 9, 2016*
- *Private Sector Pension Plan Transfer Act (Bill No. 339), February 4, 2025*

These Acts allow the Trustee to enter into an agreement with a university, municipality, other authority, or private-sector employer to join the Plan, and transfer, in whole or in part, assets and liabilities of a designated plan to the Plan and to allow the members, the survivors of the members, the post-transfer employees of the transferring party and the survivors of the post-transfer employees to participate in the Plan.

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

## 8.

## Accrued pension obligation

### Actuarial assumptions

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

Actuarial valuations of the Plan are conducted annually and provide an estimate of the accrued pension obligation (Plan liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Mercer, performed a valuation as at December 31, 2025 and issued their report in June 2025. The report indicated that the Plan had a funding excess of \$440,160 (December 31, 2024 - \$525,072).

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

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

## Accrued pension obligation (continued)

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

	2026	2025
Discount rate	6.25% per annum	6.50% per annum
Inflation	2.00% per annum	2.00% per annum
Salary	2.50% per annum plus merit ranging from 0.00% to 2.50%	2.50% per annum plus merit ranging from 0.00% to 2.50%
YMPE	2.50% per annum	2.50% per annum
Indexing	0.00% per annum December 31, 2025; 2.61% per annum January 1, 2026 through December 31, 2030; none thereafter	0.00% per annum December 31, 2025; 2.61% per annum January 1, 2026 through December 31, 2030; none thereafter
Retirement age	<ul style="list-style-type: none"> <li>• 10% at age 59;</li> <li>• 20% at age 60;</li> <li>• 10% at each age 61-64;</li> <li>• 50% at each age 65-69;</li> <li>• 100% at age 70</li> </ul> <p>However, 20% each year after EURD, if it is greater</p> <p>40% at 35 years of service</p>	<ul style="list-style-type: none"> <li>• 10% at age 59;</li> <li>• 20% at age 60;</li> <li>• 10% at each age 61-64;</li> <li>• 50% at each age 65-69;</li> <li>• 100% at age 70</li> </ul> <p>However, 20% each year after EURD, if it is greater</p> <p>40% at 35 years of service</p>
Mortality	120% of CPM 2014 Publ with generational mortality using 100% of CPM-B	120% of CPM 2014 Publ with generational mortality using 100% of CPM-B

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

	2026		2025	
(in thousands of dollars)	Extrapolated		Extrapolated	
Actuarial value of net assets	\$	8,660,629	\$	8,274,576
Accrued pension obligation		(8,210,989)		(7,750,201)
<b>Funding surplus</b>	<b>\$</b>	<b>449,640</b>	<b>\$</b>	<b>524,375</b>

## 9.

**Commitments**

The Plan has committed capital to investment in real assets over a definitive period, either through direct investment, or indirectly via subsidiary or master trust fund. The future commitments are generally payable on demand based on the capital needs of the related investment. The table below indicates the capital amount outstanding in local currency as at March 31, 2026.

	2026		2025	
(in thousands of dollars)	Outstanding		Outstanding	
<b>Canadian dollar</b>				
Infrastructure	CAD	11,213	CAD	75
Private equities		7,313		12,579
	CAD	18,526	CAD	12,654
<b>United States dollar</b>				
Private equities	USD	141,631	USD	182,013
Infrastructure		88,062		74,614
Real estate		4,261		4,329
Natural resources		2,772		2,851
	USD	236,726	USD	263,807
<b>Euro</b>				
Infrastructure	EUR	21,657	EUR	15,879
	EUR	21,657	EUR	15,879
<b>British pound sterling</b>				
Infrastructure	GBP	323	GBP	323
	GBP	323	GBP	323

## 10.

**Benefits**

	2026		2025	
(in thousands of dollars)				
Benefits paid to retired members	\$	402,232	\$	392,878
Benefits paid to surviving members		45,604		44,574
Refunds paid to terminated members		24,087		22,482
	\$	471,923	\$	459,934

## 11.

**Administrative Expenses**

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

	2026	2025
(in thousands of dollars)		
<b>Plan administration</b>		
Office and administration services	\$ 10,461	\$ 9,235
Legal services	115	84
Actuarial & consulting services	114	151
Audit services	58	64
Other professional services	74	72
	<b>10,822</b>	<b>9,606</b>
<b>Recoverable plan transfer-related costs</b>		
Professional services	-	4
Recovery	-	(4)
	-	-
<b>Non-recoverable GST/HST</b>	<b>963</b>	<b>946</b>
<b>Bad Debt</b>	<b>23</b>	<b>2</b>
	<b>\$ 11,808</b>	<b>\$ 10,554</b>

Certain comparative amounts have been restated for presentation and classification only (note 19).

## 12.

**Investment expenses**

The Plan is directly charged by its service providers, including Nova Scotia Pension Services Corporation (“NS Pension”), a related entity, for investment expenses, and allocated investment expenses via master trust funds. Fees embedded in investment vehicles, held directly and indirectly, are reclassified from unrealized gains and losses to investment expenses. The following is a summary of these investment expenses.

	2026	2025 (restated)
(in thousands of dollars)		
<b>Direct investment expenses</b>		
Investment management services	\$ 11,597	\$ 11,131
Transaction costs	1,085	638
Custody services	737	589
Legal services	402	108
Advisory & consulting services	372	375
Information services	257	244
Audit services	22	4
	<b>14,472</b>	13,089
<b>Non-recoverable GST/HST</b>	<b>1,256</b>	1,228
<b>Fees embedded in investment vehicles</b>		
Investment management services	25,927	32,771
Performance fees	13,686	14,665
Partnership fees	7,473	8,936
Property management fees	691	270
	<b>47,777</b>	56,642
	<b>\$ 63,505</b>	\$ 70,959

Certain comparative amounts have been restated for presentation and classification only (note 19).

## 13.

**Securities lending**

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

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

	2026	2025
(in thousands of dollars)		
Securities on loan	\$ 227,876	\$ 315,751
Collateral held	\$ 244,193	\$ 334,267

In 2026, the Plan transferred securities to master trust funds in exchange for redeemable units, reducing securities available to loan.

## 14.

**Related party transactions**

The Province is a contributing employer and is represented on the PSSPTI. Investments held by the Plan include debentures of the Province. The total fair value of these investments is \$6,331 (0.07% of total investment assets and liabilities) as at March 31, 2026 (2025 - \$9,267 (0.11% of total investment assets and liabilities)).

The Plan's administrator, NS Pension, an entity co-owned by the PSSPTI and the Teachers' Pension Plan Trustee Inc. (the "TPPTI") for the purpose of providing pension plan administration and investment services, charges the Plan, at cost, an amount equal to the expenses incurred in order to service the Plan. The administration expense charged to the Plan before GST/HST for the year ending March 31, 2026, was \$10,644 (2025 - \$9,546). The amount due to the administrator as at March 31, 2026 was \$3,046 (2025 - \$2,047).

Other related parties include subsidiaries (note 15) and master trust funds (note 16).

## 15.

**Interest in subsidiaries**

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

Subsidiary	Purpose	2026		2025	
		Ownership %	Fair value	Ownership %	Fair value
PSS Investments RE Inc.	Real estate	100	\$ 690,327	100	\$ 663,844
PSS Investments AI Inc.	Private equities	100	323,699	100	385,941
PSS Investments II Inc.	Real estate	100	246,679	100	244,388
HV Combined Investments Inc.	Hedge funds	59	54,137	63	71,284
PSS Investments CS Inc.*	Infrastructure	100	53,145	100	327,190
PSS Investments ES Inc.	Real estate	100	20,027	100	30,308
PSS Investments IV Inc.	Infrastructure	100	19,324	100	22,378
PSS Investments HY Inc.	Infrastructure	100	1,312	100	1,449
PSS Investments BR Inc.*	Infrastructure	-	-	100	159,758
PSS Investments MU Inc.*	Infrastructure	-	-	100	77,536
NT Combined Investments Inc.*	Public equities	-	-	36	66,503
PSS Investments AX Inc.*	Infrastructure	-	-	100	63,639
PSS Investments KA Inc.*	Infrastructure	-	-	100	28,776
PSS Investments III Inc.*	Infrastructure	-	-	100	26,304
NS Pension Investments QP Inc.*	Infrastructure	-	-	50	23,886
PSS Investments CP Inc.*	Infrastructure	-	-	100	20,783
PSS Investments AC Inc.*	Infrastructure	-	-	100	20,146
			<b>\$ 1,408,650</b>		<b>\$ 2,234,113</b>

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

The Plan's proportionate share of estimated fees embedded in underlying investment vehicles are reclassified from unrealized gains and losses to investment expenses (note 12).

\*During the year, certain subsidiaries were partially or fully transferred to master trust funds in exchange for redeemable units of those funds.

## 16.

**Interest in master trust funds**

The PSSPTI has entered a master trust agreement with the TPPTI as participants, NS Pension as investment manager, and the custodian as trustee and administrator, to create unitized pooled master trust funds to pool assets and provide investment income to the participants. Investment income is allocated pro-rata to each participant at each valuation date. The master trust funds provide economies of scale, centralized oversight, and access to investment vehicles with minimum investment commitments not typically available to individual plans.

**a. Plan's proportionate interest**

The following tables show the fair values of the Plan's investment in master trust funds and their allocation of investment expenses at March 31, 2026 and 2025:

**March 31, 2026**

(in thousands of dollars)

Master trust fund	Ownership %	Fair value	Level 3 assets included in fair value	Level 3 assets included in fair value
NS Pension Fixed Income Fund	62	\$ 1,820,753	\$ -	\$ 3,156
NS Pension Public Equity Fund	40	1,288,409	-	1,835
NS Pension Infrastructure Fund	56	1,172,191	1,172,191	7,766
NS Pension Private Equity Fund	76	221,954	221,954	4,439
NS Pension Natural Resources Fund	58	217,580	217,580	1,503
		\$ 4,720,887	\$ 1,611,725	\$ 18,699

**March 31, 2025**

(in thousands of dollars)

Master trust fund	Ownership %	Fair value	Level 3 assets included in fair value	Level 3 assets included in fair value
NS Pension Private Equity Fund	89	\$ 179,919	\$ 179,919	\$ 5,929
		\$ 179,919	\$ 179,919	\$ 5,929

The Plan's share of each underlying asset and liability within the master trust funds is reflected within the corresponding investment categories on the statement of net assets available for benefits. Certain investments - particularly infrastructure, natural resources, and private equities are classified as Level 3, requiring significant judgment in determining fair value.

The Plan has significant influence over the master trust funds' cash flows. Funding is made via capital investment from the Plan. The master trust funds have commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan's commitments (note 9).

## Interest in master trust funds (continued)

### b. Valuation of master trust funds' investments

Investments held within the master trust funds are measured at fair value (note 6).

### c. Liquidity and redemption restrictions

The master trust funds may impose restrictions on withdrawals, including:

- Redemption windows,
- advance notice requirements,
- lock-up periods for certain alternative investments, and
- gate provisions limiting redemptions during periods of market stress.

These restrictions could temporarily limit the Plan's ability to access cash needed for benefit payments or rebalancing.

The Plan's utilization of master trust funds does not necessarily reduce liquidity compared to owning the master trust funds' investments directly.

### d. Concentration and other investment risks

The Plan is exposed to various risks arising from its proportionate interest in the master trust funds, including:

- Market risk: exposure to fixed-income, and alternative asset price movements.
- Credit risk: risk of loss from counterparties failing to meet contractual obligations.
- Concentration risk: risk arising from significant exposure to certain asset classes, industries, or geographic regions within the master trust funds.

### e. Investment expenses

Investment expenses incurred within the master trust funds - including investment management fees, transaction costs, GST/HST, and other master trust fund-level expenses - are allocated to the Plan based on its proportionate interest in the master trust funds. The Plan's proportionate share of estimated fees embedded in underlying investment vehicles are reclassified from unrealized gains and losses to investment expenses (note 12). Certain expenses including custody fees, trustee fees, legal fees, administration expenses, and GST/HST are paid by NS Pension for operational efficiency, and rebilled pro-rata to the Plan as incurred, at the last valuation participant rate.

**17.****Employer security**

The PSSPTI requires private-sector participating employers to provide security (“Employer Security”) equal to the estimated total contributions for four bi-weekly pay periods. This security may be applied to any outstanding contributions and remains in place for as long as the PSSPTI considers necessary. Employer Security is presented as an asset (“Segregated cash held as employer security”) with a corresponding liability (“Employer security liability”) on the statement of financial position. The funds are held exclusively as security, maintained in a segregated account, not commingled with Plan assets, and not available to pay benefits to members.

**18.****Capital management**

The primary objective of the Fund is to maintain sufficient net assets to meet the Plan’s pension obligations. The PSSPTI (see Note 1) oversees the management of contributions and the payment of benefits in accordance with the Act and its Regulations. It also approves and incurs administrative expenses to administer the Plan in accordance with the Act.

Under PSSPTI’s direction, the Fund meets the short-term cash requirements of current benefit payments while investing member contributions to support the long-term financial security of future pension payments. The PSSPTI follows diligent governance practices, supported by formal investment policies and procedures, established approval processes, operating budgets, audited financial statements, annual actuarial valuations, and the engagement of professional, technical, and other advisors as needed.

The Fund achieves its objectives by adhering to the investment policies set out in its SIP&G, which the PSSPTI reviews annually. Net assets are managed through qualified investment managers responsible for investing both existing assets and current-year contributions from employees and employers in accordance with the SIP&G. Growth in net assets results from investment income and contributions from eligible employees and participating employers, while the primary use of those assets is the payment of benefits to eligible Plan members.

## 19.

**Early adoption of IFRS 18**

Effective for fiscal years beginning on or after January 1, 2027, amendments to the Chartered Professional Accountants (CPA) Canada Handbook (Section 4600), Pension Plans introduce revised guidance on the identification and treatment of embedded fees within investment vehicles and require the separate presentation of investment fees and administrative fees on the statement of changes in net assets available for benefits.

In order to present the current year's financial information on a basis consistent with the amended standards, the Plan has retrospectively applied the new guidance. As a result, certain comparative figures have been restated to (i) reflect the revised accounting treatment for embedded investment fees, and (ii) separately disclose investment fees and administrative fees.

This restatement only affects the presentation and classification of amounts within the financial statements and does not impact the Plan's net assets available for benefits or pension obligations. Comparative figures have been restated as follows:

**a. Statement of Changes in Net Assets Available for Benefits**

The following adjustments were made for the year ended March 31, 2025:

- Embedded investment fees totaling \$56,642 were reclassified from unrealized gains and losses to investment expenses.
- Investment expenses totaling \$14,317 were reclassified from administration expenses to investment expenses.

**Statement of Changes in Net Assets Available for Benefits**

	2025	Adjustment	Adjustment	2025 (restated)
(in thousands of dollars)				
<b>Increase in assets</b>				
Contributions (note 4)	\$ 292,815	-	-	\$ 292,815
Transfers from other pension plans:	7,271	-	-	7,271
Recovery of benefit costs (note 7)	150	-	-	150
Investment income (note 5)	197,906	-	-	197,906
Change in market value of investments (note 5)	363,618	56,642	-	56,642
	861,760	56,642	-	918,402
<b>Decrease in assets</b>				
Benefits paid (note 10)	459,934	-	-	459,934
Transfers to other pension plans	8,647	-	-	8,647
Investment expenses (note 12)	-	56,642	14,317	70,959
Administrative expenses (note 11)	24,871	-	(14,317)	10,554
	493,452	56,642	-	550,094
<b>Net increase in net assets available for benefits</b>	368,308	-	-	368,308
<b>Net assets available for benefits, beginning of year</b>	7,906,268			7,906,268
<b>Net assets available for benefits, end of year</b>	\$ 8,274,576			\$ 8,274,576

## Early adoption of IFRS 18 (continued)

### b. Note 5 – Investments and investment-related liabilities

The following adjustment was made for the year ended March 31, 2025:

- Embedded investment fees totaling \$56,642 were reclassified from unrealized gains and losses to investment expenses.

#### 2025

(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 103,729	\$ 20,110	\$ 149,476	\$ 169,586
Equities	16,600	161,938	(15,453)	146,485
Real assets	67,444	96,577	59,513	156,090
Absolute return strategies	-	52,802	74,078	99,423
Derivatives	5,944	(176,646)	(39,352)	(215,998)
Cash and Other	4,190	-	8,032	8,032
	\$ 197,907	\$ 154,781	\$ 208,837	\$ 363,618

#### Adjustment

(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ -	\$ -	\$ 881	\$ 881
Equities	-	-	10,481	10,481
Real assets	-	-	17,823	17,823
Absolute return strategies	-	-	27,457	27,457
Derivatives	-	-	-	-
Cash and Other	-	-	-	-
	\$ -	\$ -	\$ 56,642	\$ 56,642

#### 2025 (restated)

(in thousands of dollars)	Investment income	Changes in market value of investments and derivatives		
		Realized	Unrealized	Total
Fixed income	\$ 103,729	\$ 20,110	\$ 150,357	\$ 170,467
Equities	16,600	161,938	(4,972)	156,966
Real assets	67,444	96,577	77,336	173,913
Absolute return strategies	-	52,802	74,078	126,880
Derivatives	5,944	(176,646)	(39,352)	(215,998)
Cash and Other	4,190	-	8,032	8,032
	\$ 197,907	\$ 154,781	\$ 265,479	\$ 420,260

## Early adoption of IFRS 18 (continued)

### c. Note 11 – Administrative expenses

The following adjustment was made for the year ended March 31, 2025:

- Investment-related expenses totaling \$14,317 were reclassified from administrative expenses to investment expenses.

	2025	Adjustment	2025 (restated)
(in thousands of dollars)			
<b>Plan administration</b>			
Office and administration services	\$ 9,235	\$ (4)	\$ 9,231
Legal services	192	(108)	84
Actuarial & consulting services	151	-	151
Audit services	68	-	68
Other professional services	72	-	72
	9,718	(112)	9,606
<b>Recoverable plan transfer-related costs</b>			
Professional services	4	-	4
Recovery (note 7)	(4)	-	(4)
	-	-	-
<b>Investment expenses</b>			
Investment management services	11,131	(11,131)	-
Transaction costs	638	(638)	-
Custody services	589	(589)	-
Advisory & consulting services	375	(375)	-
Information services	244	(244)	-
	12,977	(12,977)	-
<b>Non-recoverable GST/HST</b>	2,174	(1,228)	946
<b>Bad Debt</b>	2	-	2
	\$ 24,871	(14,317)	\$ 10,554

## Early adoption of IFRS 18 (continued)

### d. Note 12 – Investment expenses

The following adjustment were made for the year ended March 31, 2025:

- Investment-related expenses totaling \$14,317 were reclassified from administrative expenses to investment expenses.
- Embedded investment fees totaling \$56,642 were reclassified from unrealized gains and losses to investment expenses.

	2025	Adjustment	Adjustment	2025 (restated)
(in thousands of dollars)				
<b>Direct investment expenses</b>				
Investment management service	\$ -	\$ 11,131	\$ -	\$ 11,131
Transaction costs	-	638	-	638
Custody services	-	589	-	589
Legal services	-	108	-	108
Advisory & consulting services	-	375	-	375
Information services	-	244	-	244
Audit services	-	4	-	4
	-	13,089	-	13,089
<b>Non-recoverable GST/HST</b>	-	1,228	-	1,228
<b>Fees embedded in investment vehicles</b>				
Investment management services	-	-	32,771	32,771
Performance fees	-	-	14,665	14,665
Partnership fees	-	-	8,936	8,936
Property management fees	-	-	270	270
	-	-	56,642	56,642
	\$ -	\$ 14,317	\$ 56,642	\$ 70,959

# Glossary

**Absolute Return Strategies:** An investment strategy focused on generating positive returns in both rising and falling market conditions.

**Actuarial assumed rate of return:** The long-term rate of return assumed by the Plan's external actuary when determining the value of the Plan's liabilities. Also referred to as the discount rate.

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

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

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

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

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

**Fixed Income:** Investments that generate a predictable stream of income, such as bonds and debentures.

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

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

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

**Leverage:** Enhancing the notional size of investment of a portfolio using derivatives or other borrowing instruments

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

**Portable alpha:** a structure whereby passive market exposures are enhanced with active strategies to produce additional returns or alpha

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


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




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


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

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