

The

Road

Ahead

**2024
Annual Report**

How we're securing the Plan and your retirement:
Your questions answered

How well funded is our Plan?
Will my pension be there for me when I retire?
When can I retire?

Are future benefit enhancements guaranteed?
Will global events affect the Plan?
How does my pension compare to others?

Will inflation affect my pension?
Where can I get more information?
Are you investing in Canada?

How is the Plan performing?
How do contributions work?
How much will my pension be?

What is the road ahead?

We know you have questions about the Plan.
We're here to provide the help you need.

2024 Plan Highlights **Membership Snapshot**



1,472
NEW MEMBERS



16,772
ACTIVE MEMBERS

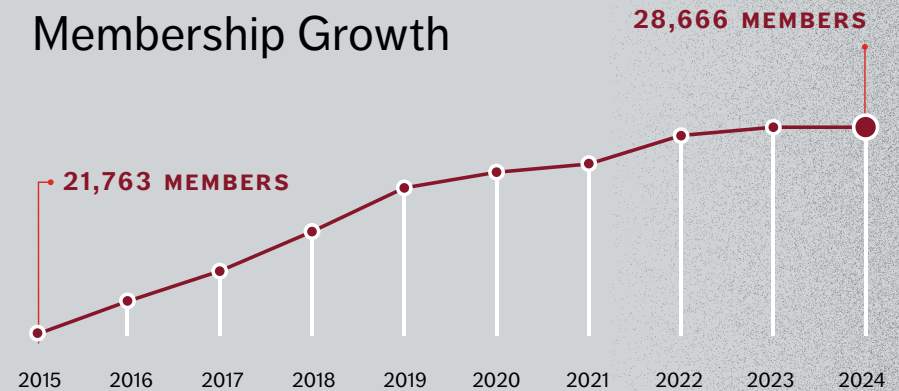


1,175
DEFERRED
MEMBERS



10,719
RETIRED MEMBERS

Membership Growth



336

RETIREMENTS IN 2024

62.6

AVERAGE AGE OF MEMBERS
RETIRED IN 2024



57%

of **active members** feel "very financially secure" or "somewhat financially secure" about their future retirement.



77%

of **retired members** are "very satisfied" or "somewhat satisfied" with TTCPP.

2.69%

COST-OF-LIVING ADJUSTMENT (COLA)

Effective Jan 1, 2025. If you retired in 2024, your COLA will be prorated for the number of days you were retired in 2024.

2024 Plan Highlights **Financial Snapshot**

TTC Pension Plan is fully funded*

This means there's enough money in the Plan to cover all our pension obligations for the foreseeable future.

One key reason we're fully funded* is that our investments are producing strong returns that outperform the Plan's discount rate.

Our Returns[†]

6.9%	6.7%	12.7%
OVER 10 YEARS	OVER 5 YEARS	OVER 1 YEAR

*Going-concern funded status

[†]Net annualized returns



\$157M

**EMPLOYER
CONTRIBUTIONS**

+

\$153M

**EMPLOYEE
CONTRIBUTIONS**



\$465M

BENEFIT PAYMENTS

\$9.2B

NET ASSETS AVAILABLE TO PAY FOR BENEFITS

Our Diversified Portfolio

By carefully managing our investments and spreading them across different types of assets, we're set up to meet our pension obligations now and in the future.

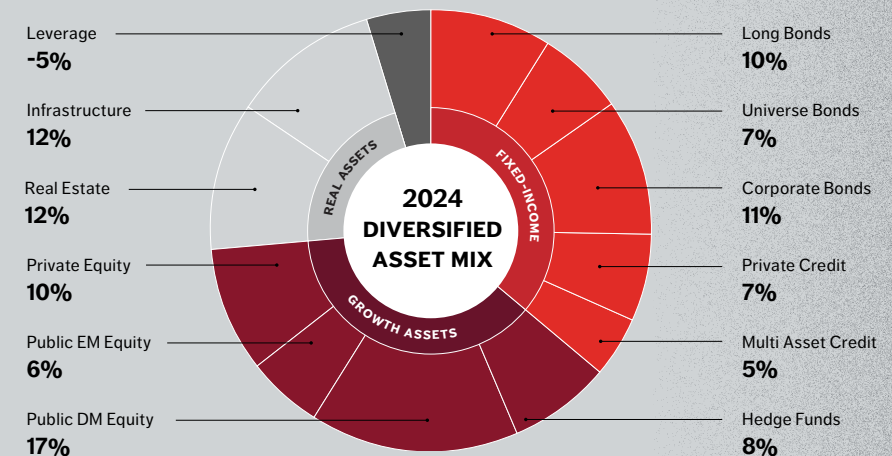


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Message from the CEO

I'm both honoured and excited to step into the role of CEO and help lead TTC Pension Plan into its next chapter. It's a privilege to serve you — our members, who are dedicated to keeping our communities moving and connected — and I'm truly grateful for the chance to support you in this role.

My personal connection to the TTC began early. As a teenager, I took the 53 Steeles East bus to Finch Station to travel downtown. Like many of you, the TTC has been a familiar presence in my life for years. So to now be in a role where I can support the people behind the service is incredibly meaningful.

In my first few weeks, I had a memorable moment that really reminded me why this work matters. I was commuting to the gym before work when I crossed paths with a Wheel-Trans operator. I stopped to offer him a coffee, say thanks and chat for a bit. He told me he was 56 and he had 23 years on the job. His wife had just retired and he was starting to think about when it might be his turn. He had some questions for me and we had a great conversation. That conversation reminded me clearly of what this Plan is all about: delivering a pension for life to those who've served our communities with dedication and care.

That purpose is more important than ever. We know members have questions — about the future, about the stability of the Plan and about what comes next. This report is all about answering your questions.

Whether you're currently working or already retired, you should feel confident that your pension is secure. The Plan is fully funded, meaning we're well-positioned to meet our long-term commitments. TTCPP is a defined benefit pension plan. That means your pension is based on your earnings and years of service — not just how much money is in the Plan. So, unlike some other plans, your pension isn't directly affected by things that happen in the market, like potential tariffs. And while market volatility is always a factor, our investment strategy is designed to be resilient and adaptable. In the pages that follow, you'll find more detail on how we're managing the Plan for long-term strength and stability.

Above all, we want to make clear in this report the value of the Plan for you and why you can feel proud and assured to be a member of TTCPP.

Since joining TTCPP, I've had the chance to meet every member of our team. What stood out immediately was their shared sense of purpose. Across the board, team members expressed how rewarding it is to help our members understand the pension plan and feel secure in their retirement. That kind of alignment is rare — and I'm filled with pride to be part of this team.

As we look ahead, we're more committed than ever to finding new and better ways to serve our members. We're listening carefully — paying attention to what's working well, where there are gaps and how we can improve. Whether it's upgrading how we administer the pension plan, simplifying our communications or making it easier to get the information you need, we're committed to making your experience as clear and accessible as possible.

I want to extend my sincere thanks to James Clarkson who served as Acting CEO before I stepped into the role. His steady leadership, thoughtful guidance and deep commitment to this organization made my transition smooth and welcoming. I'm grateful to continue working alongside James in his role as Chief Financial Officer & Treasurer.

We have a solid foundation, a clear mission and a team that genuinely cares. I'm excited about the future we're building — together — for all our members. We're ready for the road ahead — and proud to walk it with you.

Thank you for your continued trust.

Heather Wolfe
Chief Executive Officer

Message from the Board of Directors

As the Board of Directors of the TTC Pension Plan, one of the main questions we keep coming back to is: *What lies ahead for the Plan?* With so much uncertainty in today's economy, it's more important than ever to make sure the Plan stays strong, steady and ready for whatever the future brings.

Our role is to provide oversight, guidance and support to the management team as they work to ensure our members receive secure pensions throughout their retirement years. We take that responsibility seriously — and it means looking not just at where we are today, but where we need to be tomorrow.

A significant part of that future-focused work this year involved selecting a new CEO to lead the organization through its next chapter. We're pleased to welcome Heather Wolfe as the new Chief Executive Officer of TTCPP. Heather brings a wealth of experience and a people-first approach that aligns perfectly with our mission. Her focus on sustainability, accountability and open, honest communication will play an important role in helping the Plan grow and move forward.

We also extend our heartfelt thanks to James Clarkson, our Chief Financial Officer & Treasurer, who provided thoughtful and capable leadership during this time of transition. James was instrumental in keeping the Plan on track as we navigated this important period.

Looking ahead, we're focused on shaping the direction of the Plan for the next five years. That means taking a close look at how we work, how decisions are made and



Front row, left to right: Anja Schiralli, Marvin Alfred, Michelle Jones, Tony Meglio. Back row, left to right: Frank Malta, Mario Azzopardi, Shakira Naraine, Michael Atlas, Angie Clark. Not pictured: Steve Anderson.

how we can improve the way we serve our members. An important part of this process is modernizing our pension administration system — a project that will make it easier for members to access information and get the support they need, when they need it.

Above all, we are here to represent you. The Board is made up of 10 voting members, with equal representation from both the Toronto Transit Commission and the Amalgamated Transit Union Local 113. Many of us have walked in your shoes or have worked closely alongside you, and that experience helps us keep your needs and perspectives front and centre in everything we do.

We are committed to ensuring the team we've assembled is fully dedicated to supporting you — every day, in every way — as we look toward the road ahead.

Mission, Vision and Values



OUR VISION IS CLEAR

To always be there for our members — today and for a lifetime.

THIS IS OUR MISSION

Providing a financially secure retirement for our members by delivering a pension for life at a reasonable cost.

Supporting our members with responsiveness, open communication and hands-on service, now and throughout their retirement.

WE LIVE OUR VALUES EVERY DAY

Sustainability

We take a long-term view because nothing is more important than ensuring our members can count on a retirement income for life.

Accountability

We are careful stewards of the funds our members have entrusted. We know how important their pension is to them and we take that responsibility seriously.

Communication

We are responsive to our members and strive to always keep them informed.

Knowledge

We value expertise and continual learning, drawing on this wealth of understanding to make the best strategic investment decisions.

Professionalism

We take pride in our work and believe in always treating everyone with dignity and respect.

Membership Highlights

Pension details can be confusing. Can you make it easier for me to understand?

We're always looking to improve our service and make sure you have the support you need. That's why we're making our forms and materials simpler and easier to understand. We're also creating a library of videos that quickly explain important pension topics and expanding our resources for retirees to keep you well-informed. Our aim is to make accessing information easier so you can feel confident about your pension.

Membership Highlights

Member Service



4,578

Online pension
estimates generated

623

Pension estimates
issued



3,077

Emails answered

7,328

Calls answered



468

One-on-one
in-person meetings



21,208

Visits to the website

1,049

Members attended
a pension webinar
or seminar

377

Retirement
meetings

91

Pension estimate
reviews



1,472

NEW MEMBERS



16,772

ACTIVE MEMBERS



1,175

DEFERRED
MEMBERS



10,719

RETIRED MEMBERS

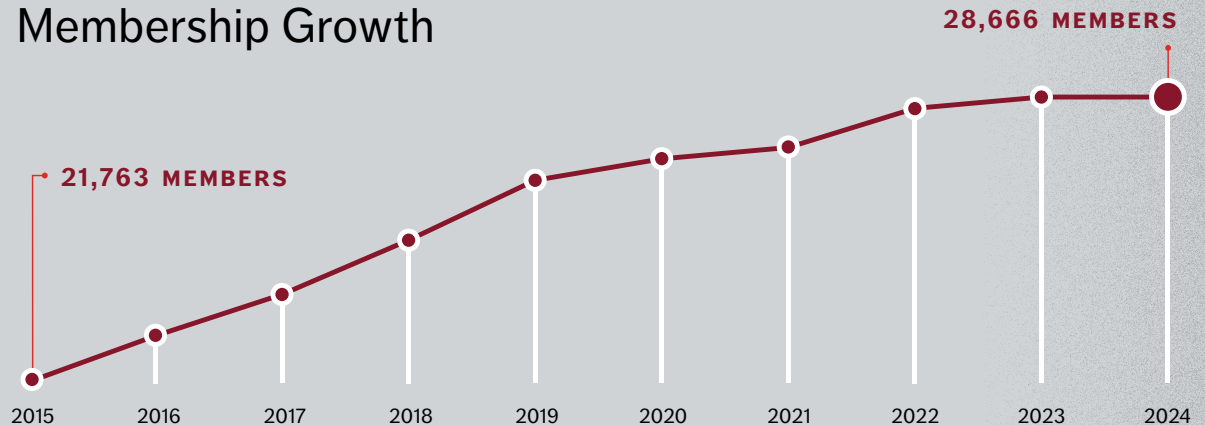
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RETIREMENTS IN 2024

62.6

AVERAGE AGE OF MEMBERS
RETIRING IN 2024

Membership Growth



Financial Highlights

With everything going on in the economy, can I still count on my pension?

We know that market ups and downs can be unsettling, but our pension plan is built for the long term. Our portfolio is carefully designed to weather volatility and soften the impact of short-term changes. So no matter how the markets move day to day, you can be confident that your pension is secure.

What really matters for keeping your pension safe is the Plan's funded status. TTCPP remains **fully funded***. This means there's enough money in the Plan to pay all the pensions that have been promised – now and in the future.

** Going-concern basis, excludes provision for future benefit increases.*

Financial Highlights

One key reason we're **fully funded*** is that our investments are producing strong returns.

*Going-concern basis, excludes provision for future benefit increases.

Our Returns[†]

6.9%

OVER 10 YEARS

6.7%

OVER 5 YEARS

12.7%

OVER 1 YEAR

[†]Net annualized returns



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EMPLOYER
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\$153M

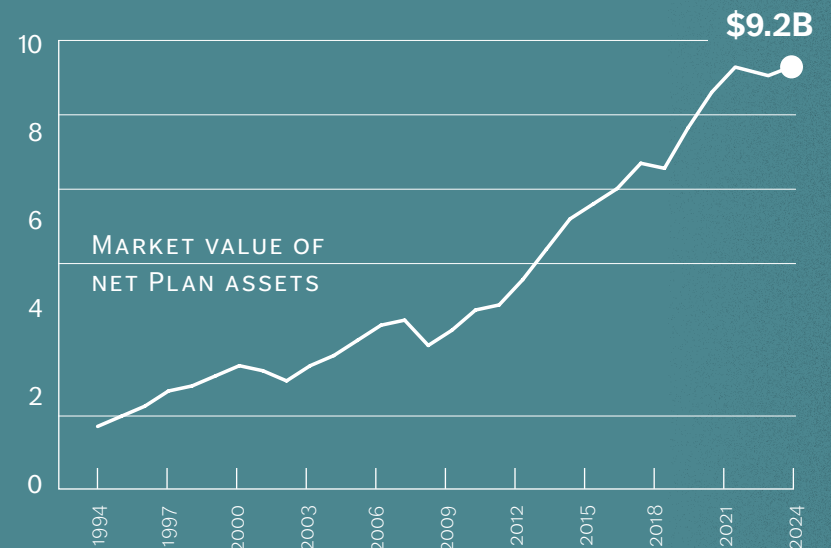
EMPLOYEE
CONTRIBUTIONS



\$465M

BENEFIT PAYMENTS

Growth of Net Assets Available for Benefits (\$B)



Governance Structure

The Toronto Transit Commission Pension Fund Society (“TTC Pension Plan” or “TTCPP”) was incorporated in 1940 under Part XVI of *The Companies Act* of Ontario. Through its Board of Directors (the “Board”), TTCPP administers a contributory, defined benefit pension plan (the “Plan”). The Board consists of 10 voting members, 5 each from the Toronto Transit Commission and the Amalgamated Transit Union Local 113. The terms of the Plan are set out in the Bylaws of TTCPP (the “Bylaws”), which may be amended periodically.

How the Board guides the Plan

The Board is supported by three committees:

Investment Committee

The Investment Committee helps guide the Board in its role overseeing the Plan’s investments. They review investment managers and strategies, and they monitor the performance of the investment managers to make sure everything stays on track.

2024 highlights:

The following changes to the Plan benefits were approved:

- Completed annual review of the Statement of Investment Policies and Procedures (“SIP&P”)
- Approved the 2025 Interim Asset Mix
- Approved the allocation to a new Emerging Markets Equity Fund
- Approved the allocation to a new Canadian Corporate Bond Fund
- Reviewed the Liquidity and Cash Flow Budget
- Approved the hiring of a new investment manager for the bulk of the Canadian Real Estate portfolio

Governance and Human Resources Committee

The Governance and Human Resources Committee advises the Board on governance and governance and human resources (HR) policies, organizational structure and compensation, playing a key role in supporting the growth and development of both the organization and its people.

2024 highlights:

- Recommended updates to Board and HR policies: Code of Conduct, Travel and Expense, Delegation of Monetary Authority
- Completed recruitment for new TTCPP CEO
- Developed employee engagement survey and executed on action plan to strengthen culture, collaboration and retention strategies
- Completed total rewards benchmarking for TTCPP staff

Audit and Risk Committee

The Audit and Risk Committee supports the Board by overseeing financial reporting and risk management. They review the annual audited financial statements and budgets, offering recommendations to help maintain financial integrity and transparency.

2024 highlights:

- Recommended the 2023 financial statements be approved
- Recommended the 2025 budget be approved
- Reviewed the ongoing development of the Enterprise Risk Management program
- Oversaw the status and successful completion of the custodian transition to CIBC Mellon
- Monitored the pension administration project conversion status



Committee review

The committees’ mandate are reviewed every three years to ensure they continue to meet the governance needs of the Plan. The next review is set for 2025.

Board of Directors

Board of Directors

Marvin Alfred (President)
Michelle Jones (Vice-President)
Steve Anderson
Michael Atlas
Mario Azzopardi
Angie Clark
Frank Malta
Tony Meglio
Shakira Naraine
Anja Schiralli

Investment Committee

Frank Malta (Chair)
Steve Anderson
Angie Clark
Michael Atlas

Governance and Human Resources Committee

Michelle Jones (Chair)
Mario Azzopardi
Tony Meglio
Anja Schiralli
Shakira Naraine

Audit and Risk Committee

Anja Schiralli (Chair)
Michael Atlas
Mario Azzopardi
Angie Clark
Frank Malta

External Advisors

Jim Knowles
Ana Nunes
Jill Pepall

Leadership Team

Heather Wolfe
Chief Executive Officer

James Clarkson
Chief Financial Officer & Treasurer

Titi Desbiens
Vice-President, Human Resources

Andrew Greene
Chief Investment Officer

Donna Miyasaki
Vice-President, Communications

Helen Redmond
Vice-President, Pension Administration
& Corporate Secretary

Actuaries

Geoffrey Melbourne
Mercer

Karen Koop
Mercer

Auditor

KPMG LLP

Custodian

CIBC Mellon

What is the role of the Board?

The Board's role is to oversee the TTC Pension Plan and make sure it's working to secure your pension for the future. We support the management team and the work they do on investments, funding and spending and ensure that everything is done according to strict governance policies to protect your retirement.

About the Plan

How do defined benefit pension plans like TTCPP differ from other types of pension plans?

Unlike plans where your retirement income can vary based on market performance or how much money is in the plan, your TTCPP pension is based on your earnings and how long you've been part of the Plan. Your pension is calculated using a set formula, so you have a clear idea of what to expect each month.

One of the ways our Plan stands out is by using your highest four years of earnings — regardless of when they occur — to calculate your pension. In other words, those four years don't have to be consecutive, which can make a real difference over time.

The Plan is designed to be both affordable for you and sustainable over the long term. In fact, our contribution rates haven't increased since 2011, a reflection of that long-term stability. And with matching contributions from your employer, every dollar you contribute is working twice as hard toward your retirement.

How do contributions work?

Active members of the Plan contribute a percentage of their earnings each pay period, and the employer matches that amount. Since contributions are shared 50/50, every dollar members put in is effectively doubled. Member contributions are tax-deductible, and there is no income tax paid on the portion the employer adds.

From the moment you start contributing, you're vested in the Plan. That means you've earned the right to receive a pension benefit in retirement, no matter what.

About the Plan

How much are pension contributions?

Our contribution rate is one of the lowest among plans like ours. Every pay period, you contribute a percentage of your earnings to the plan – and your employer matches your contribution in full. The amount is based on a formula. You each contribute:

- 9.25% on earnings below the YMPE* and
- 10.85% on earnings above the YMPE*

9.25%

ON THE PART OF YOUR
EARNINGS UP TO YMPE*

10.85%

ONLY ON EARNINGS
ABOVE THAT LIMIT

* What's YMPE?

YMPE stands for Year's Maximum Pensionable Earnings. Each year, the federal government sets this income limit to help calculate how much you and your employer contribute to the Canada Pension Plan (CPP). Pension plans like TTCPP also use the YMPE to determine contribution amounts. The YMPE changes every year to keep up with average wages. In 2024, it was set at \$68,500.

How much will my pension be?

The amount you receive in retirement depends on a few key factors – mainly how long you worked and your four highest-earning years. Those four best years don't have to be consecutive either. Your pension is calculated using the average of your top four years of earnings, up to the base year, along with your total years in the Plan.

To see what your pension could look like, try our Pension Estimator at **ttcpp.ca/resources**. You can test out as many different scenarios as you like to see how the changes affect your pension amount.

About the Plan

When can I retire?

You can retire with an unreduced pension when you meet one of the following:

- You have 30 years of service in the Plan no matter your age
- You're 60 years of age no matter how long you have worked
- You have 29 years of service in the Plan, and your age plus years of service adds up to 80

You also have the option to take an **early retirement** with a reduced pension if:

- You're at least 50 years old with less than 29 years of service in the Plan

Will my pension keep up with inflation?

We understand that every dollar matters. That's why TTCPP offers periodic cost-of-living adjustments (COLAs), which are periodic increases to your pension that help keep up with inflation and maintain your purchasing power over time. These increases are not guaranteed and are based on whether the Plan can afford them.

Plan Updates

The following notice outlines Plan updates that have been set forth after careful actuarial consideration of the affordability and the long-term health of the Plan by the TTCPP Board of Directors. Additional approval is required on these updates, which will be presented to the TTC Board on June 23, 2025, and to the members at the Annual General Meeting (AGM) on June 28, 2025, before the updates come into effect.

Including the updates below, the Plan remains fully funded.*

**Going-concern basis, excludes provision for future benefit increases.*

The following changes to the Plan benefits have been proposed:

- For members who retired on or after January 1, 2025, your pensionable earnings in 2024 will now be included in the base period for calculating your pension benefits. The base-period formula will now be the average of your best four years of pensionable earnings up to December 31, 2024.
- With this formula update, the survivor benefit date has been moved to January 1, 2025. This means that for married members, the 60% survivorship option will have no cost for all service prior to January 1, 2025.
- Also, members who retired before January 1, 2025, will receive an ad hoc COLA of 2.69%. This adjustment has an effective date of January 1, 2025. If you retired in 2024, your COLA will be prorated for the number of days you were retired in 2024.

Note: There is no contractual obligation to provide benefit improvements and future Plan enhancements are not guaranteed.

Additional Bylaw amendments

In addition to amendments required as a result of Board-approved formula improvements, TTC Pension Plan administration and the Board of Directors have approved the incorporation of several housekeeping updates to correct Bylaw reference numbers.

Investment Management

The TTCPP investment portfolio is managed based on a set of guidelines called the Statement of Investment Policies and Procedures, which is reviewed by the Board every year.

This policy helps ensure that the Plan's money is invested responsibly, with the goal of meeting our pension promises while keeping risk at an acceptable level. To do this, we take a long-term, sustainable approach, spreading investments across a wide mix of asset types, each with different levels of risk, return and accessibility.

Who manages the Plan's investments?

The Plan's investments are managed by a combination of in-house expertise and trusted external Investment firms. Our in-house Investment team carefully selects experienced firms with the right skills to manage specific strategies and types of investments. In some cases, we also co-manage investments with a partner. The team closely monitors all investments to ensure they're performing as expected – not just in terms of returns, but also in how much risk they carry. This balanced approach helps keep the Plan strong and sustainable, aiming to protect your pension while keeping it affordable.

How does the Plan's money grow over time?

The Plan's assets grow through a combination of member contributions, matching contributions from employers and investment returns. As the Plan assets have matured, investment earnings have become increasingly important – **these investment returns together with employer contributions make up over 80% of the cost of pensions.** Our main goal is to grow the Plan's assets at a pace that exceeds the growth of our long-term pension obligations.

Risk Management

What the state of the market means for you

Will changes in the economy affect my pension?

In a defined benefit pension plan like TTCPP, your pension at retirement does not depend directly on how the plan's assets perform – it is defined based on your earnings and years of service as a plan member. TTCPP's pension investments are built to handle the natural ups and downs in the market. We focus on the long term, aiming for steady growth over time instead of reacting to short-term market noise.

To help protect the Plan from those short-term swings, we diversify. This means we spread investments across different regions, industries and types of assets – like stocks, bonds, real estate and more. Some parts of the portfolio are built for growth, while others are more defensive and help provide stability. With this strategy, you can feel confident that your pension is in good hands – now and in the years to come.

Risk Management

How do you manage risk and make sure the pension plan stays financially healthy?

Risk management supports our ability to make effective decisions regarding the Plan by understanding risks that could impact it. We have a system – our Enterprise Risk Management framework – that creates a proactive approach to help us ensure the Plan remains robust against unexpected events by identifying and managing any risks that could affect the Plan's stability and performance. This includes things like changes in the market, the overall economy, long-term planning decisions and shifts in the population, such as people living longer.

As part of our risk framework, we regularly review and assess our portfolio to ensure it's positioned to weather various scenarios. Our team runs tests to understand potential risks, and we assess how our investments are allocated – typically every three years – to ensure they're still aligned with our long-term goals. The purpose of this ongoing review is to keep the Plan's funding status healthy and ensure we're managing risk appropriately. It's not about avoiding risk altogether, but about taking the right amount of risk to generate sufficient returns to meet our obligations to members over time. This approach helps us strike a balance between security and growth, ensuring the plan stays on track for the future.

AI is impacting everything. How is the Plan responding?

AI and technological disruptions are reshaping industries across the board, and we're actively exploring how these changes might influence both the Plan and our investment approach. While AI has the potential to enhance productivity and innovation in many sectors, it also comes with risks, particularly around security, privacy and regulation. Just as with the internet boom in the 2000s, there will be winners and losers in the AI space, and the future is uncertain.

As far as the Plan goes, we're staying vigilant. Our investments are diversified across sectors, industries and stages of development, ensuring that we're not overexposed to any one area of AI. Instead, we are positioned to take advantage of opportunities as they emerge, whether through early-stage innovators, established firms or transformative technologies. At the same time, we are mindful of the risks and are working closely with our investment managers to factor in issues like security, regulation and long-term sustainability.

As a team, we are also actively exploring ways to use AI to make our Plan administration more efficient and responsive. At the same time, we recognize the importance of using these tools responsibly. We are committed to setting clear internal guidelines to ensure that sensitive information remains protected. Like any powerful tool, AI offers great potential – and with thoughtful safeguards in place, we believe it can enhance the service we provide to our members.

Ultimately, we view AI as an important piece of the evolving investment landscape, but one that needs careful consideration and balance. We are confident that by staying diversified and adapting as technology advances, we can continue to secure your pension in the long run.

Investment Strategy

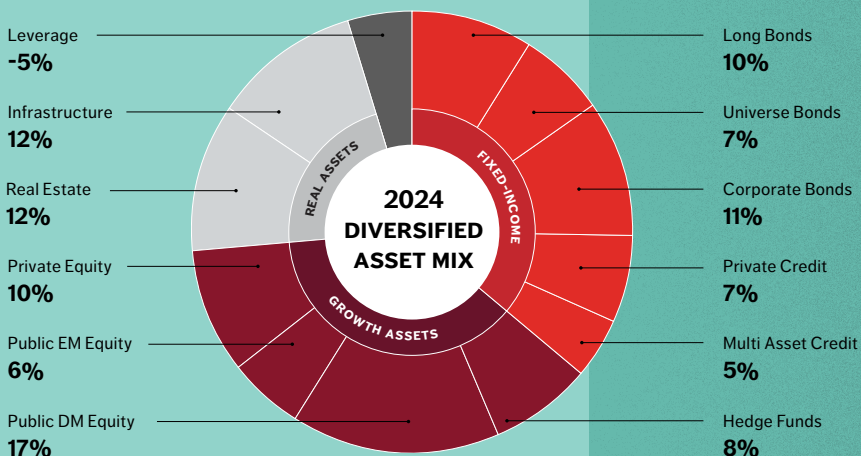
The pension plan is fully funded*

By carefully managing our investments and spreading them across different types of assets, we're set up to meet our pension obligations now and in the future.

**Going-concern basis, excludes provision for future benefit increases.*

Building a Diversified Portfolio

To protect the Plan from short-term market changes, we diversify our portfolio by spreading investments across different regions, industries and asset types, balancing growth with stability. The chart below illustrates our target asset mix.



Our returns[†] vs. policy benchmark

To evaluate the success of our investment strategies, we use a set of Board-approved policy benchmarks as a comparison tool. The total fund benchmark return is calculated by aggregating the benchmark returns of each individual asset class and weighting them according to the Plan's policy benchmark.

TTCPP	BENCHMARK
6.9%	6.9%
OVER 10 YEARS	OVER 10 YEARS
6.7%	7.1%
OVER 5 YEARS	OVER 5 YEARS
12.7%	14.2%
OVER 1 YEAR	OVER 1 YEAR

[†]Net annualized returns

10-Year Snapshot


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Financials (\$M)											
Fixed income and cash	2,654	2,437	2,316	2,675	2,534	2,358	2,574	2,902	2,681	2,788	2,613
Equities	2,825	2,694	2,662	3,359	3,238	2,805	2,445	2,558	2,356	2,526	2,415
Alternative investments	4,130	3,476	3,184	2,810	2,449	2,393	1,831	1,449	1,389	819	710
Investment receivables and other	19	78	34	20	65	55	18	59	38	23	46
Investment liabilities	-433	-367	-401	-329	-311	-284	-332	-322	-328	-346	-286
Total net assets	9,195	8,318	7,795	8,535	7,975	7,316	6,536	6,646	6,136	5,810	5,498
Contributions	310	279	268	260	258	255	239	234	224	216	207
Investment income (loss)	1,069	719	-549	726	796	894	-15	583	377	352	621
Benefit payments	-465	-439	-428	-395	-371	-350	-320	-291	-258	-239	-216
Expenses	-37	-37	-31	-31	-24	-19	-14	-16	-17	-17	-18
Change in net assets	877	522	-740	560	659	780	-110	510	326	312	594
Membership											
Active	16,772	15,984	15,393	14,860	15,384	15,217	14,649	14,287	14,091	13,686	13,237
Retired	10,719	10,584	10,322	10,065	9,729	9,457	9,027	8,539	8,091	7,699	7,375
Deferred	1,175	1,150	1,063	1,136	765	813	668	561	400	378	374
Total members	28,666	27,718	26,778	26,061	25,878	25,487	24,344	23,387	22,582	21,763	20,986
Active members per retiree	1.565	1.510	1.490	1.480	1.581	1.609	1.623	1.673	1.742	1.778	1.795
Retirements	336	413	441	464	439	544	621	613	572	431	443

Looking at the Road Ahead

How can I get more information about the Plan?

We're making it easier than ever to get the information you need. This year, we're expanding our webinars and enhancing our Pension Pop-Ins, where we'll guide you through key details in a simple, easy-to-understand way. Our website is always available with the same great content as our pension seminars, and we're adding new features like a video library covering various pension topics.

We're also working on better ways to engage with retired members and support new members as they get started with the Plan. Our goal is to make your experience as smooth and informative as possible. If you ever have any questions, don't hesitate to reach out – we're here to help!



Front row, left to right: Donna Miyasaki (Vice-President, Communications), Heather Wolfe (Chief Executive Officer). **Back row, left to right:** Helen Redmond (Vice-President, Pension Administration & Corporate Secretary), James Clarkson (Chief Financial Officer & Treasurer), Titi Desbiens (Vice-President, Human Resources), Andrew Greene (Chief Investment Officer).

We're here to make sure you feel supported and informed every step of the way. That means continually working to improve the service we provide while keeping the Plan strong and sustainable for the long term. Your peace of mind is at the heart of everything we do, and we're committed to helping you feel confident about the road ahead.

Looking at the Road Ahead

Will you still be offering pension seminars?

Definitely! We continue to offer pension seminars, but we've enhanced them with a new tailored format to make them more relevant to members at different career stages. Whether you're early in your career or starting to think about your retirement, this is your chance to learn more about the Plan and how to make the most of your pension benefits.

What is the member portal – and what will it mean for me?

We're building a new member portal that will make it easier for you to access everything you need, while still keeping the personalized service you trust. When launched, the portal will be a central hub for pension details, statements and educational resources in one secure place.

And don't worry – you can still reach us through the usual contact methods whenever you need help. We're always here for you!

This portal is part of Project Encore, our new pension administration system. While it won't be online until 2027 or later, our team is working hard to bring you an improved experience.

We'll keep you updated on our progress.

Looking at the Road Ahead

Is sustainability important to the Plan?

Sustainability is a crucial factor for the Plan in two key ways: ensuring its long-term stability and considering the broader world's sustainability.

First, we focus on the sustainability of the Plan itself. Our priority is to ensure it remains secure and able to support members for years to come. We are constantly thinking about how to make the Plan strong and stable for the future.

At the same time, we're mindful of the world's sustainability – things like climate change, political unrest and social responsibility. While this might seem separate from the Plan, these factors can impact the investments we make and the future needs of our members. For example, environmental shifts or political changes can affect markets, which can influence the Plan's performance.

We think about these factors not just for the sake of being good corporate citizens, but because they matter for the health of the Plan. Sustainability risks and opportunities – like climate change – can have ripple effects, so we aim to stay ahead of them to protect and grow the Plan. The key is balancing opportunities with potential risks, ensuring that we continue to deliver on the Plan's goals.

Ultimately, our top priority is the health and stability of the Plan, so it can continue fulfilling its promises to members. Everything we do is aimed at ensuring that sustainability, both for the Plan and the world, contributes to that goal.

Members Survey

One of our main priorities is to keep improving how we connect with and engage our members. The annual members survey is an important tool that helps us understand how we're doing and where we can improve. Your feedback is invaluable in guiding the initiatives we take each year to ensure we're meeting your needs.

In total, 1,571 members took part in the survey, more than four times the participation in 2023. The respondents represented a diverse cross-section of active and retired members.



65% of **respondents** rated their interaction with TTCPP as "excellent" or "very good."



57% of **active members** feel "very financially secure" or "somewhat financially secure" about their future retirement.



77% of **retired members** are "very satisfied" or "somewhat satisfied" with TTCPP.



"It is clear to me that employees at the Plan care about who I am and get back to me quickly."

–Active member



"I recently attended a very informative seminar that TTCPP hosted and it was very helpful."

–Active member



See the full summary of our survey responses on our website at ttcpp.ca/memberssurvey.



Audited Financial Statements

Actuaries' Opinion

Mercer (Canada) Limited was retained by the Board of the Toronto Transit Commission Pension Fund Society (the TTC Pension Plan) to perform an actuarial valuation of the assets and Section 4600 accounting liabilities of the TTC Pension Plan as at December 31, 2024, for inclusion in the TTC Pension Plan's financial statements. We have completed such a valuation and provided our report to the Board.

The valuation of the TTC Pension Plan's Section 4600 accounting liabilities was based on:

- Membership data as at January 1, 2024, supplied by the TTC Pension Plan and used to extrapolate valuation results to December 31, 2024,
- Methods prescribed by Section 4600 of the CPA Canada Handbook – Accounting for pension plan financial statements, and
- Assumptions about future events (including mortality levels, future investment returns, and future pay levels), which have been developed by the Board with input from the actuaries and the auditors, and have been adopted by the Board as its best estimates for accounting purposes, in accordance with Section 4600 of the CPA Canada Handbook.

The valuation of the TTC Pension Plan's assets was based on information provided by the TTC Pension Plan.

The objective of the financial statements is to fairly present the financial position of the TTC Pension Plan on December 31, 2024, in accordance with accounting practices. This is very different from the statutory funding valuation required by the Pension Benefits Act to ensure that the TTC Pension Plan meets the funding requirements for the benefits being provided. As a result, the valuation results presented in the financial statements and notes are not indicative of the TTC Pension Plan's ability to meet its funding requirements or of the benefit levels which it is able to provide.

While the actuarial assumptions used to estimate liabilities for the TTC Pension Plan's financial statements represent the Board's best estimate of future events and market conditions at the end of 2024, the TTC Pension Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains and losses in future valuations.

We have tested the data used for the valuation for reasonableness and consistency, and in our opinion, the data are sufficient and reliable for purposes of the valuation and we believe that the methods employed are appropriate for purposes of the valuation. Our opinions have been given, and our valuation has been prepared, in accordance with accepted actuarial practice in Canada.



Geoffrey Melbourne

Fellow of the Canadian Institute of Actuaries
June 5, 2025



Karen E. Koop

Fellow of the Canadian Institute of Actuaries
June 5, 2025



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Telephone 416 777 8500
Fax 416 777 8818

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Toronto Transit Commission Pension Fund Society

Opinion

We have audited the financial statements of Toronto Transit Commission Pension Fund Society Plan (the Plan), which comprise:

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

Basis for Opinion

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

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



We also:

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 5, 2025

Statement of Financial Position

(In thousands of Canadian dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Cash	\$ 29,510	\$ 38,158
Investments (NOTE 3)	9,579,929	8,569,011
Investment-related receivables (NOTE 3)	31,989	94,719
Contributions receivable:		
Members	7,400	5,801
Employers	7,435	5,820
Other assets	6,290	4,164
Total assets	9,662,553	8,717,673
Liabilities		
Investment-related liabilities (NOTE 3)	432,941	367,123
Other liabilities (NOTE 7)	34,086	32,517
Total liabilities	467,027	399,640
Net assets available for benefits	9,195,526	8,318,033
Pension benefit obligation (NOTE 9)	6,857,057	6,314,322
Surplus	\$ 2,338,469	\$ 2,003,711

See accompanying notes to financial statements.

ON BEHALF OF THE:



DIRECTOR



DIRECTOR

Statement of Changes in Net Assets Available for Benefits

(In thousands of Canadian dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Increase in net assets available for benefits:		
Net investment income (NOTE 11)	\$ 786,269	\$ 229,943
Net increase in fair values of investments (including total gains and losses) (NOTE 11)	283,082	489,414
Contributions:		
Members	152,614	137,810
Employers	157,124	142,002
	1,379,089	999,169
Decrease in net assets available for benefits:		
Benefit payments:		
Pension	436,539	409,861
Death	9,364	6,388
Termination refunds	17,483	21,561
Marriage breakdown	1,282	1,206
Investment and plan administration expenses (NOTE 12)	36,928	37,392
	501,596	476,408
Increase in net assets available for benefits	877,493	522,761
Net assets available for benefits, beginning of year	8,318,033	7,795,272
Net assets available for benefits, end of year	\$ 9,195,526	\$ 8,318,033

See accompanying notes to financial statements.

Statement of Changes in Pension Benefit Obligations

(In thousands of Canadian dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Pension benefit obligation, beginning of year	\$ 6,314,322	\$ 5,754,916
Benefits accrued	171,883	148,398
Benefits paid	(464,668)	(439,016)
Interest accrued on benefits	439,882	419,345
Changes in actuarial assumptions	175,571	198,531
Experience losses	5,083	9,691
Plan amendments	214,984	222,457
Net increase in pension benefit obligation	542,735	559,406
Pension benefit obligation, end of year	\$ 6,857,057	\$ 6,314,322

See accompanying notes to financial statements.

Notes to Financial Statements

(In thousands of Canadian dollars)

Year ended December 31, 2024

1. Description of the Plan:

The following is a description of the Toronto Transit Commission Pension Fund Society (the "Plan"). For more complete information, reference should be made to the bylaws of the Plan. The Plan is administered by the Toronto Transit Commission Pension Plan ("TTCPP").

(A) GENERAL:

The Plan commenced operations on January 3, 1940 as a corporation pursuant to letters patent under Part XVI of the Corporations Act of the Province of Ontario. The Board of Directors (the "Board"), which consists of ten voting members, five of whom are appointed from the Toronto Transit Commission ("TTC") and five of whom are appointed by Amalgamated Transit Union Local 113 ("ATU"), administers the affairs of the Plan. Pursuant to the Sponsors' Agreement between ATU and TTC (the "Sponsors"), the Plan is registered as a Jointly Sponsored Pension Plan ("JSPP") effective January 1, 2011.

The Plan covers substantially all employees of the TTC, ATU and TTCPP who have completed six months of continuous service. Under the Plan, contributions are made by members and matched by their employers. The Plan is registered with the Financial Services Regulatory Authority of Ontario ("FSRA") under the Pension Benefits Act (Ontario) ("PBA") and the Income Tax Act (Canada) (registration number 0317586) and, therefore, is exempt from taxation on its income under Part I of the Income Tax Act (Canada). The Plan may be liable for taxes in other jurisdictions where full tax exemptions are not available.

The Plan is a defined benefit plan. The Board sets the employer and employee contribution rates, subject to the funding requirements determined in the actuarial report and subject to limitations in the Sponsors' Agreement between the ATU and TTC. Members' benefits are determined using the highest four-year career average pensionable earnings and credited service up to the current base period-end date. Plan improvements, including increases to the base period and pension indexing may be adopted by the Board. Improvements may be granted if affordable, taking into account the Plan's funded status. There is no contractual obligation to provide benefit improvements, and future enhancements are not guaranteed.

(B) FUNDING:

The Plan is funded by contributions and investment earnings. The Board has adopted a Funding Policy that aims to achieve long-term funding stability, with the objective of supporting benefit levels higher than the contractual benefits, including base period updates and pension increases as stipulated in the bylaws. Actuarial funding valuations are conducted to determine the pension liabilities, the funded position and the contribution rates of the Plan.

(C) CONTRIBUTIONS:

In 2024, each member employed by the TTC, ATU and TTCPP contributed 9.25% (2023 - 9.25%) of their earnings to the Plan up to the year's maximum pensionable earnings ("YMPE") of \$69 (2023 - \$67) and 10.85% (2023 - 10.85%) of earnings above the YMPE. The TTC, ATU and TTCPP contributed an amount equivalent to each member's annual contribution.

On an annual basis, the TTC provides the TTCPP with an additional cash contribution to partially offset the administration expenses (salaries, benefits, overhead expenses) in accordance with the Letter of Understanding, dated September 21, 2018. In 2024, this amount was \$2,646 (2023 - \$2,537). The contribution is indexed to a positive change in the Toronto consumer price index ("CPI"), for a 12-month period ending in August.

The Board establishes and maintains the contribution rate for members, within an upper and lower limit. The limits are defined in the Memorandum of Agreement, dated May 27, 2011, which established the Plan as a JSPP. A contribution rate outside of this corridor must be approved by the Sponsors.

The TTC is also obligated to make contributions for certain early retirement benefits after 29 years of service and some temporary supplements. These payments are indefinite and are adjusted based on the most recent actuarial valuation filed.

(D) BENEFITS:

Pensions are payable from the Plan based primarily on years of credited service and members' highest four-year career average pensionable earnings up to the current base period-end date of December 31, 2023 (2023 - December 31, 2022). The benefits provided are those that can be actuarially supported by the Plan's assets and the contributions to the Plan based on funding requirements specified in the PBA and priorities outlined in the bylaws.

Death benefits, marriage breakdown and lump sum payments on termination before eligibility for retirement are also available from the Plan. Death benefits may take the form of a survivor pension or lump-sum payments.

2. Significant accounting policies:

(A) BASIS OF ACCOUNTING:

These financial statements are prepared in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants ("CPA") Canada Handbook - Accounting ("Section 4600") and the relevant sections of the Canadian accounting standards for private enterprises ("ASPE") in the CPA Canada Handbook - Accounting. The financial statements also include current disclosure requirements outlined by FSRA, under guidance number PE0139ORG (Disclosure of Expectations for Financial Statements Filed Pursuant to Regulation 909.76).

These financial statements are prepared on a going concern basis and present the information of the Plan as a separate financial reporting entity independent of the Sponsors and members.

(B) INVESTMENT ASSETS AND INVESTMENT LIABILITIES:

Section 4600 requires pension plans to measure investment assets and investment-related liabilities at fair value in accordance with IFRS 13.

All investment transactions are recorded when the risks and rewards of ownership are transferred. Investment transactions relating to marketable securities and derivatives are recorded as of the trade date. Transactions that have not yet been settled are reflected in the statement of financial position as investment-related receivables/liabilities.

(C) SUBSIDIARIES AND AFFILIATES:

The Plan does not consolidate investment related subsidiaries and affiliates; all investment-related units are recorded at fair value.

(D) FAIR VALUES:

The fair values of the investments are determined as follows:

- (i) cash includes both cash and cash equivalents and is recorded at cost, which approximates fair value;
- (ii) short-term investments are recorded at cost, which, together with accrued income, approximates fair value;
- (iii) bonds are valued based on quoted market prices obtained from independent

third-party pricing sources; where quoted market prices are not available, estimated values are calculated using discounted cash flows based on current market yields for comparable securities;

- (iv) securities sold under agreements to repurchase are valued using discounted cash flows based on current market yields;
- (v) publicly traded Canadian and non-Canadian stocks are valued at the closing price on the applicable stock exchange;
- (vi) real estate property values are generally based on estimated fair values determined through independent annual appraisals of the property or the adjusted acquisition price in the year of purchase; when associated mortgages payable are measured at amortized cost;
- (vii) infrastructure, private equity, private credit and hedge fund investments are valued by the general partner based on the most appropriate industry valuation models applied on an investment-by-investment basis, as disclosed in NOTE 5;
- (viii) the investment values of pooled funds and funds of hedge funds are supplied by the fund administrators which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices; and
- (ix) exchange traded derivatives, such as futures, are valued at quoted market prices; for other derivative financial instruments, where market prices are not available, appropriate valuation techniques are used to estimate fair values, as disclosed in NOTE 6.

(E) INVESTMENT INCOME:

Dividend income is recognized based on the ex-dividend date and interest income is recognized on the accrual basis as earned.

Net realized gain (loss) on sale and settlement of investment assets and investment liabilities during the year represents the difference between sale or settlement proceeds and average cost. The net change in unrealized gains (losses) on investment assets and investment liabilities represents the change in the difference between the fair value and cost of investment assets and investment liabilities at the beginning and end of the year. All realized and net changes in unrealized gains and losses on investment assets and investment liabilities are recorded in the statement of changes in net assets available for benefits in the year in which they occur.

(F) FOREIGN CURRENCY TRANSLATION:

These financial statements are prepared in Canadian dollars, the Plan's functional currency. Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates in effect at year-end. The resulting realized and unrealized gains or losses are included in the statement of changes in net assets available for benefits as net increase in fair values of investments (including total gains and losses).

(G) DERIVATIVES:

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or foreign currency exchange rates. Derivative contracts are transacted either in the over-the-counter ("OTC") market or on regulated exchanges.

(H) PENSION BENEFIT OBLIGATION:

Valuation of the pension benefit obligation and changes therein during the year are based on an actuarial valuation prepared by Mercer (Canada) Limited, an independent firm of actuaries. The valuation is based on data as at the beginning of the year extrapolated to the year-end. It uses the projected benefit method pro-rated on service and the Board's best estimate of various economic and non-economic assumptions. The discount rate reflects the best estimate of the long-term expected return on plan assets.

(I) CONTRIBUTIONS:

Contributions from members and employers due to the Plan at year-end are recorded on an accrual basis. Contributions for past service purchases are recorded when received. Cash transfers from other pension plans are not permitted.

(J) BENEFITS:

Benefits paid to pensioners are recorded in the year in which they are due. Refunds to former members and the estates of deceased members are recorded in the year in which they are paid. Refunds attributable to the current year but paid after year-end are reflected in accrued pension benefits.

(K) ADMINISTRATIVE EXPENSES:

In 2019, the Plan became responsible for TTCPP administration expenses, including salaries, office expenses and other overhead, in exchange for an additional employer contribution (NOTE 1). The sole cost that the TTC continues to bear is for information technology (network, infrastructure, end user devices and software).

(L) USE OF ESTIMATES:

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets available for benefits during the reporting year. Estimates and assumptions are evaluated on an ongoing basis and take into account historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. Significant estimates are used, primarily in the determination of the pension obligation and the fair value of certain investments. NOTE 9 explains how estimates and assumptions are used in determining accrued pension benefits. NOTE 4 explains how estimates are used to determine the fair value of investments. Actual results could materially differ from those estimates.

By their very nature, the judgments and estimates made for the purposes of preparing these financial statements relate to matters that are inherently uncertain. Management believes that the estimates of the value of the Plan's assets and liabilities are appropriate as at December 31, 2024.

3. Investments:

The Plan invests, directly or through derivatives and/or pooled funds, in fixed income, equities or alternative investments in accordance with the Statement of Investment Policies and Procedures ("SIP&P").

The following schedule summarizes the Plan's investments and investment-related receivables and liabilities before allocating the effect of derivative financial instruments:

	2024		2023	
	Fair value	Cost	Fair value	Cost
Investments (a):				
Fixed income:				
Invested cash	\$ 80,124	\$ 80,124	\$ 103,727	\$ 103,727
Short-term money market securities	2,321	2,202	5,759	5,749
Canadian bonds	2,010,926	2,008,071	1,809,107	1,802,276
Non-Canadian bonds	529,947	454,364	477,495	460,940
Funds of hedge funds	1,163	918	2,209	1,971
	2,624,481	2,545,679	2,398,297	2,374,663
Equities:				
Canadian	115,784	80,540	136,967	101,135
Non-Canadian	2,709,197	2,019,726	2,557,085	2,185,411
	2,824,981	2,100,266	2,694,052	2,286,546
Alternative investments:				
Real estate	642,379	483,986	768,364	537,409
Foreign real estate (NOTE 14)	312,432	331,236	242,836	227,104
Infrastructure (NOTE 14)	1,103,134	919,337	878,272	703,257
Hedge fund secondaries	246	569	791	1,192
Hedge funds	787,018	595,523	614,520	537,937
Private equity (NOTE 14)	700,314	769,960	515,596	399,085
Private credit (NOTE 14)	584,944	494,286	456,283	350,367
	4,130,467	3,594,897	3,476,662	2,756,351
	9,579,929	8,240,842	8,569,011	7,417,560
Derivative financial instruments:				
Receivable (NOTE 6(b))	239	—	69,293	—
Payable (NOTE 6(b))	(72,054)	—	(1,053)	—
	(71,815)	—	68,240	—
Investments-related receivables:				
Pending trades	17,938	17,928	13,081	13,065
Accrued investment income	13,812	13,812	12,369	12,369
	31,750	31,740	25,450	25,434
Investments-related liabilities:				
Bonds sold under repurchase agreements (b)	(359,042)	(359,042)	(362,625)	(362,625)
Pending trades	(1,845)	(1,809)	(3,469)	(3,461)
	(360,887)	(360,851)	(366,094)	(366,086)
	\$ 9,178,977	\$ 7,911,731	\$ 8,296,607	\$ 7,076,908

(a) Includes investments in pooled funds, details of which are provided in NOTE 13(c).

(b) Bonds sold under repurchase agreements are secured by collateral of \$432,525 (2023 - \$435,494). The collateral amount in excess of the amount noted for bonds sold under repurchase agreements in the statement of financial position is \$73,483 (2023 - \$73,705). Collateral on the bond repurchase agreement is pledged through cash equivalent and short-term fixed income securities.

4. Financial risk management:

(A) CAPITAL MANAGEMENT:

The capital of the Plan is represented by the net assets available for benefits less the pension benefit obligation referred to in NOTE 9. The objective of managing the Plan's capital is to ensure it is fully funded and sufficient assets are available to pay for the benefit obligations over the long term. The Board manages the Plan's capital through an annual actuarial valuation on both the going concern and solvency basis to determine the Plan's funded status. Based on the results of this valuation, the priorities set out in the Plan's bylaws and the funding policy, the Board makes decisions with respect to pension formula updates, pension indexing and Plan improvements. Investments and the use of derivatives are based on an asset mix that is projected to enable the Plan to meet or exceed its long-term funding requirements, within an acceptable level of risk, consistent with the Plan's SIP&P approved by the Board. No contributions remain past due as at December 31, 2024.

The Plan's administrator has adopted a SIP&P that states investment objectives, guidelines and benchmarks used in investing the capital of the Plan,

permitted categories of investments, asset-mix diversification and rate of return expectations. The target asset mix in the SIP&P was reviewed by the Board, approved on June 15, 2023, and was effective as of January 1, 2023. The significant amendments included eliminating the interim target asset mix as well as refining the Plan's long term target asset mix.

The Plan's investment objective, outlined in the SIP&P, is to achieve a long-term rate of return that equals or exceeds the discount rate used to value the Plan's going concern liabilities, reflecting available market opportunities, and at acceptable levels of expected investment risk.

For financial reporting purposes, the Plan uses a discount rate based on the expected net long-term rate of return on Plan assets, in accordance with Section 4600 of the CPA Canada Handbook. As at December 31, 2024, this rate was 6.6% (2023 - 6.8%).

		2024		2023	
		Portfolio weight year-end	Asset mix policy target weight	Portfolio weight year-end	Asset mix policy target weight
	Index benchmark	%	%	%	%
Fixed income:	Composite	34.7	36.0	34.4	34.5
Cash and overlay	FTSE Canada 91-day T-bill	0.7	—	1.1	—
Long-term bonds	FTSE Canada Overall Long Bond	8.9	10.0	9.0	9.5
Universe bonds	FTSE Canada Overall Universe Bond	6.4	7.0	7.1	7.0
Credit bonds	FTSE Canada Universe All Corporate	9.1	10.0	9.0	10.0
Alternative fixed income**	S&P/LTSA Leveraged Loans +2%	6.3	6.0	5.6	5.5
Multi Asset Credit	Composite	3.3	3.0	2.6	2.5
Equities:	Composite	31.0	32.0	32.8	33.0
Canadian	S&P/TSX Composite	31.0	32.0	32.8	33.0
U.S.	S&P 500, net in C\$				
Non-North American	MSCI EAFE, net in C\$				
Global	MSCI World, net in C\$				
Emerging Markets	MSCI EM, net in C\$				
Private equity	MSCI World +3% in C\$	7.6	7.0	6.4	6.5
Real estate	Composite	10.3	11.0	12.3	12.0
Infrastructure	Consumer Price Index (CAN) +4%	11.7	11.0	10.7	11.0
Absolute return*	HFRI Conservative FoF Index	8.6	8.0	7.8	8.0
Leverage	3-month CORRA	(3.9)	(5.0)	(4.4)	(5.0)
Total portfolio	Composite	100.0	100.0	100.0	100.0

*Absolute return includes the asset class of Hedge Funds, but excludes Hedge Fund Secondaries.

**Includes private credit.

The Plan's investment portfolio is subject to various risks, which may adversely affect its income, cash flows and net assets available for benefits. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Plan manages investment-related risks through the SIP&P, which establishes long-term asset mix policies for the investment portfolio as a whole. This promotes investment diversification and limits exposure to individual investments, major asset classes, geographic markets and currencies. The long-term policy also specifies a target weighting for matching assets, which are expected to have a relatively high correlation with the Plan's actuarial liability. It also establishes mandate-specific policies for each investment manager of the Plan. The investment managers' compliance with the policies is confirmed quarterly.

(B) MARKET RISK:

Market risk is the risk of loss from changes in equity pricing, interest and foreign exchange rates, and credit spreads. Changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

The Plan mitigates market risk through diversification of its investment portfolio, across industry sectors, investment strategies and on a geographic basis, based on asset and risk limits established in the SIP&P and through the use of derivative financial instruments.

(i) CURRENCY RISK:

Currency risk arises from the Plan's exposure to foreign currency-denominated assets. Fluctuations in the value of the Canadian dollar relative to foreign currencies may significantly increase or decrease the Plan's fair value and returns.

The Plan invests in assets denominated in foreign currencies other than the Canadian dollar in order to improve its risk and return profile. The Plan's currency risk management policies are designed to limit the overall impact of currency fluctuations on Plan returns.

The Plan's currency manager mitigates risk through the use of forward contracts; 100% of foreign fixed income, private credit, foreign real estate and infrastructure and 75% of hedge funds, the majority of which are denominated in U.S. dollars.

The following schedule summarizes the Plan's currency exposure, net of foreign exchange forward contracts used in the passive currency programs:

Net currency exposure*	2024		
	Gross exposure	Notional amount	Net exposure
United States dollar	\$ 5,231,442	\$ (2,443,851)	\$ 2,787,591
Euro	470,041	(197,850)	272,191
Hong Kong dollar	131,564	—	131,564
Chinese yuan renminbi	109,608	—	109,608
Japanese yen	99,932	—	99,932
British pound sterling	97,307	—	97,307
Taiwan dollar	95,945	—	95,945
Indian rupee	48,199	—	48,199
South Korean won	45,230	—	45,230
Swiss franc	24,875	—	24,875
Danish krone	20,225	—	20,225
Australian dollar	18,743	—	18,743
Brazilian real	11,219	—	11,219
Swedish krona	5,727	—	5,727
Other	67,716	(36,369)	31,347
	\$ 6,477,773	\$ (2,678,070)	\$ 3,799,703

Net currency exposure*	2023		
	Gross exposure	Notional amount	Net exposure
United States dollar	\$ 4,453,713	\$ (2,155,275)	\$ 2,298,438
Euro	367,350	(135,741)	231,609
Japanese yen	133,132	38	133,170
Hong Kong dollar	94,969	—	94,969
British pound sterling	94,770	203	94,973
Swiss franc	70,415	—	70,415
Taiwan dollar	64,576	—	64,576
Indian rupee	54,508	—	54,508
South Korean won	42,976	—	42,976
Australian dollar	36,836	—	36,836
Brazilian real	30,075	—	30,075
Chinese yuan renminbi	29,822	—	29,822
Danish krone	28,752	—	28,752
Swedish krona	12,278	—	12,278
Chinese yuan	6,024	—	6,024
Other	95,333	(40,839)	54,494
	\$ 5,615,529	\$ (2,331,614)	\$ 3,283,915

*Includes pooled funds.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following a reasonably possible 5% change in foreign currency exchange rates, with all other variables and underlying values held constant, for each currency to which the Plan has a significant exposure:

Change in net assets available for benefits*	2024	2023
United States dollar	\$ 139,380	\$ 114,922
Euro	13,610	11,580
Hong Kong dollar	6,578	4,748
Chinese yuan renminbi	5,480	1,491
Japanese yen	4,997	6,659
British pound sterling	4,865	4,749
Taiwan dollar	4,797	3,229
Indian rupee	2,410	2,725
South Korean won	2,261	2,149
Swiss franc	1,244	3,521
Danish krone	1,011	1,438
Australian dollar	937	1,842
Brazilian real	561	1,504
Swedish krona	286	614
Chinese yuan	-	301
Other	1,567	2,725
	\$ 189,984	\$ 164,197

*Includes pooled funds.

A strengthening Canadian dollar, relative to foreign currency values, results in a decrease in the market value of foreign currencies in Canadian terms.

(ii) INTEREST RATE RISK:

Interest rate risk is the effect that changing interest rates have on the market value of both the Plan's assets and liabilities. The value of the Plan's net assets available for benefits is affected by changes in nominal interest rates. The pension benefit obligation is impacted by fluctuations in long-term nominal and real interest rates.

The Plan administrator views interest rate risk on interest bearing financial instruments as an offset to the larger interest rate risk on pension benefit liabilities. In order for this offset to significantly reduce the overall level (on assets and pension benefit liabilities) of the Plan's interest rate risk, the SIP&P has a target of 17% (2023

- 17%) of its holdings to be held in interest bearing financial instruments with long maturities.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits following a reasonably possible change in interest rates for all maturities (a parallel shift in the yield curve). An increase in interest rates results in a decrease in the market value of interest-bearing financial instruments and vice versa for a decrease in interest rates.

Change in net assets available for benefits*	Interest rates	-/+ 2024	-/+ 2023
Interest-bearing financial instruments	+/- 1%	\$ 211,538	\$ 186,547

*Includes pooled funds.

As at December 31, 2024, assuming all other factors remain constant, a 1% decrease in the assumed long-term rate of return on assets would result in the pension benefit obligation increasing by 11.5% (2023 - 11.3%) OR \$791,319 (2023 - \$715,334).

(iii) EQUITY PRICE RISK:

One item that affects equity prices is the risk that the fair value of equities decreases as a result of changes to their related indices.

The following sensitivity analysis summarizes the impact on the Plan's net assets available for benefits, following reasonably possible changes in equity prices for each stock market benchmark to which the Plan has a significant exposure.

Change in net assets available for benefits*	Stock benchmark	Change in index value	+/- 2024*	+/- 2023*
Canadian equities	S&P/TSX comp	+/- 10%	\$ 7,260	\$ 8,744
Non-Canadian equities**	Various	+/- 10%	267,557	254,059
			\$ 274,817	\$ 262,803

*Includes pooled funds. ** NOTE 4A.

(iv) GEOPOLITICAL RISK:

Terrorism, war, military confrontations, trade disputes (including tariffs) and related geopolitical events (and their aftermath) can lead to increased short-term market volatility and may have adverse long-term effects on the Canadian, U.S., and world economies and markets generally.

(v) NATURAL DISASTERS:

Natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Fund's investments.

(c) CREDIT RISK:

Credit risk is the loss potential associated with a counterparty's inability or unwillingness to fulfill its contractual obligations.

In order to mitigate against losses associated with credit risk, the Plan adheres to investment policies that require:

- (i) having a minimum rating of R1 "low" by DBRS or equivalent for all cash and short-term investments;
- (ii) limiting the maximum exposure to bonds issued or guaranteed by any one non-governmental entity or group of affiliated entities to 5% of the fair value of the total fixed income portfolio held by the Plan;
- (iii) limiting the maximum exposure to non-investment grade bonds (defined as below BBB- or equivalent) to 10% of the fixed income portfolio held by the Plan;
- (iv) dealing with counterparties to derivative transactions that have credit quality of no less than an A rating;
- (v) securities lent will be secured by initial collateral of no less than 105%;
- (vi) entering into International Swaps and Derivative Association Inc. agreements with over-the-counter derivative counterparties to limit the Plan's exposure to credit losses;
- (vii) entering into derivative financial instruments only on an unlevered basis; and
- (viii) where feasible, directing managers to enter into master netting arrangements.

Credit risk on equity and bond futures is minimal as the counterparty to every futures trade is a clearing corporation, which acts as a third party that matches trades and collects and maintains margins. These contracts are marked-to-market and margin receivables and payables are settled in cash daily.

The following are the interest-bearing financial instruments, the exposure to credit risk and the Plan's share of it.

	December 31, 2024**	December 31, 2023**
AAA*	\$ 505,361	\$ 468,917
AA	719,122	583,039
A	429,126	435,402
BBB	313,244	284,915
R1 or equivalent	—	—
Non-investment grade/unrated	114,715	109,858
	\$ 2,081,568	\$ 1,882,131

*Includes cash balances from fixed income account and accrued interest.

**Includes pooled funds.

(d) LIQUIDITY RISK:

Liquidity risk is the risk the Plan may be unable to meet obligations associated with pension payments and/or financial liabilities that are settled by delivering cash or another financial asset under both normal and stressed conditions.

Management of liquidity seeks to ensure that even under adverse conditions, the Plan has access to immediate cash that is necessary to cover benefits payable, withdrawals and other liabilities. The SIP&P requires a significant portion of the Plan's investments to be highly liquid so they can be converted into cash on short notice. Further, the employee and employer contributions will typically offset a portion of the benefit payment requirements. Therefore, the Plan's exposure to liquidity risk is considered insignificant.

The Plan's SIP&P (NOTE 3) was designed and stress tested, to ensure that under adverse economic conditions the Plan is able to meet its current and future obligations.

In order to meet short-term liquidity requirements, cash and short-term investments are available for \$111,955 (2023 - \$147,644). With the exception of the pension benefit obligation, all liabilities are current and due within one year.

In addition to cash and short-term investments, the bond holdings held also aid in managing liquidity risk and have the following maturities:

	December 31, 2024*	December 31, 2023*
1 year	\$ 18,862	\$ 60,203
1-5 years	564,619	493,200
5-10 years	399,535	372,841
10-20 years	372,585	375,299
20 years	725,967	580,588
	\$ 2,081,568	\$ 1,882,131

*Includes pooled funds.

5. Fair value hierarchy:

Financial assets and liabilities are measured at fair value and can be classified based on the method used to determine their valuation. The fair value hierarchy has the following three levels:

- **Level 1** — fair value is based on quoted market prices in markets for identical financial assets or financial liabilities. Level 1 financial assets generally include equity investments traded in an active market.
- **Level 2** — fair value is based on observable inputs, other than quoted prices included within Level 1, such as quoted market prices for identical financial assets or financial liabilities in markets that are not active and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial assets or financial liabilities. Level 2 financial assets and financial liabilities generally include pooled funds, short-term money market securities, Government of Canada, provincial and other government bonds, Canadian corporate bonds and certain derivative financial instruments.
- **Level 3** — fair value is based on inputs that are not supported by observable market data. Valuation methodologies are determined by the fund administrators and independent appraisers. Level 3 financial assets and financial liabilities include the funds of hedge funds, real estate, infrastructure, hedge fund secondaries investments, private credit and private equity investments.

The following table presents the level within the fair value hierarchy for each of the financial assets and financial liabilities measured at fair value. The table excludes other financial assets and financial liabilities that are valued at their carrying amount, which represents a reasonable approximation of fair value due to their short-term nature.

December 31, 2024	Level 1	Level 2	Level 3	Total
Invested cash and short-term money market securities	\$ 81,713	\$ 732	\$ —	\$ 82,445
Bonds*	659,776	1,710,790	170,307	2,540,873
Funds of hedge funds	-	-	1,163	1,163
Equities	1,420,850	1,404,131	-	2,824,981
Real estate	-	-	642,379	642,379
Foreign real estate	-	-	312,432	312,432
Infrastructure	-	-	1,103,134	1,103,134
Hedge funds secondaries	-	-	246	246
Hedge funds	-	-	787,018	787,018
Private equity	-	-	700,314	700,314
Private credit	-	-	584,944	584,944
Derivative financial instruments	-	(71,815)	-	(71,815)
Other investment-related assets and liabilities	(329,137)	-	-	(329,137)
	\$ 1,833,202	\$ 3,043,838	\$ 4,301,937	\$ 9,178,977

*Bonds total is net of bonds sold under repurchase agreements of \$359,042 (2023 – \$362,625).

December 31, 2023	Level 1	Level 2	Level 3	Total
Invested cash and short-term money market securities	\$ 106,456	\$ 3,030	\$ —	\$ 109,486
Bonds*	163,955	1,918,169	204,484	2,286,608
Funds of hedge funds	—	—	2,209	2,209
Equities	2,093,690	600,372	—	2,694,062
Real estate	—	—	768,364	768,364
Foreign real estate	—	—	242,836	242,836
Infrastructure	—	—	878,272	878,272
Hedge funds secondaries	—	—	791	791
Hedge funds	—	—	614,520	614,520
Private equity	—	—	515,596	515,596
Private credit	—	—	456,283	456,283
Derivative financial instruments	—	68,240	—	68,240
Other investment-related assets and liabilities	(340,660)	—	—	(340,660)
	\$ 2,023,441	\$ 2,589,881	\$ 3,683,355	\$ 8,296,607

*Bonds total is net of bonds sold under repurchase agreements of \$359,042 (2023 – \$362,625).

There were no transfers between Levels 1, 2 and 3 in the years presented.

The following table summarizes the changes in the fair values of financial instruments classified in Level 3.

	Funds of hedge funds	Real estate	Foreign real estate	Infrastructure	Hedge fund secondaries	Hedge funds	Private equity	Private credit	Bonds	Total
Fair value, December 31, 2022	\$ 5,694	\$ 823,085	\$ 224,515	\$ 752,692	\$ 1,836	\$ 594,592	\$ 420,786	\$ 366,831	\$ 197,417	\$ 3,387,448
Total unrealized gains (losses)	(2,653)	(54,981)	(29,138)	(2,134)	(1,053)	11,389	(10,245)	(12,159)	7,067	(93,907)
Purchases	327	260	49,527	141,675	8	31,461	123,758	113,695	—	460,711
Disposition	(1,159)	—	(2,068)	(13,961)	—	(22,922)	(18,703)	(12,084)	—	(70,897)
Fair value, December 31, 2023	2,209	768,364	242,836	878,272	791	614,520	515,596	456,283	204,484	3,683,355
Total unrealized gains (losses)	8	(72,561)	(34,535)	8,781	78	114,912	(186,157)	(15,258)	33,840	(150,892)
Purchases	32	333	106,970	290,077	—	57,586	394,678	155,412	—	1,005,088
Disposition	(1,086)	(53,757)	(2,839)	(73,996)	(623)	—	(23,803)	(11,493)	(68,017)	(235,614)
Fair value, December 31, 2024	\$ 1,163	\$ 642,379	\$ 312,432	\$ 1,103,134	\$ 246	\$ 787,018	\$ 700,314	\$ 584,944	\$ 170,307	\$ 4,301,937

Investments that are classified as Level 3 have their fair values derived using net asset value of the underlying financial statements of the investments. The fair value of these investments are based on the net asset values provided by the general partner or other external manager and therefore, in the absence of specific information to support deviating from this value, no other reasonably possible alternative assumptions can be applied.

(A) SENSITIVITY TO CHANGES IN ASSUMPTIONS:

The following analysis demonstrates the sensitivity of several Level 3 valuations to potential changes in capitalization rates, discount rates or interest rates, where applicable. These sensitivities are hypothetical and in actual experience, the change in the key factor may be the result of changes in a number of underlying assumptions that could increase or decrease the effect on the valuation.

December 31, 2024				
Asset type	Key factor	Fair value	+0.25%	−0.25%
Real estate	Capitalization rate	\$ 954,811	\$ (40,454)	\$ 44,884
Infrastructure	Discount rate	1,103,134	(17,736)	17,392
Hedge fund secondaries	Discount rate	246	—	—
Hedge funds	Discount rate	787,018	(2,411)	2,410
Private equity	Discount rate	700,314	(2,494)	2,510
Private credit	Interest rate	584,944	(3,473)	3,505
		\$ 4,130,467	\$ (66,568)	\$ 70,701

December 31, 2023				
Asset type	Key factor	Fair value	+0.25%	−0.25%
Real estate	Capitalization rate	\$ 1,011,200	\$ (27,240)	\$ 28,993
Infrastructure	Discount rate	878,272	(15,571)	13,414
Hedge fund secondaries	Discount rate	791	(1)	1
Hedge funds	Discount rate	614,520	(2,090)	2,089
Private equity	Discount rate	515,596	(2,142)	2,160
Private credit	Interest rate	456,283	(3,248)	3,286
		\$ 3,476,662	\$ (50,292)	\$ 49,943

The sensitivity analysis for the fund of hedge funds has been excluded from the above table. The impact to the fair value of the investment is not practical to determine given the underlying nature of the holdings.

6. Derivative financial instruments:

(A) DERIVATIVE PRODUCTS AND INVESTMENT OBJECTIVES:

During the year, the Plan entered into the following types of derivative financial instruments:

(i) EQUITY AND BOND FUTURES:

Futures contracts involve an agreement to buy or sell standardized amounts of equity or bond indices at a predetermined future date and price in accordance with the terms specified by a regulated futures exchange and are subject to daily cash margining. These contracts were purchased and/or sold with the primary objective of rebalancing the Plan's actual asset mix to closely align with that specified in the SIP&P. At the end of the year, the Plan no longer held any of these contracts. Although the Plan has the ability to use equity and bond futures, it is not doing so at this time.

(ii) FOREIGN EXCHANGE FORWARD CONTRACTS:

A foreign exchange forward contract is a customized agreement negotiated between two parties to buy or sell a specific amount of a foreign currency at a price specified at the origination of the contract, with settlement at a specified future date. Foreign exchange forward contracts are used to mitigate the Plan's foreign currency risk.

(B) NOTIONAL AMOUNTS:

Notional amounts of derivative financial instruments represent the dollar value of the market exposure gained through the purchase/sale of a contract. Notional amounts are not recorded as financial assets or financial liabilities on the annual statements of financial position and accrued pension benefits and surplus. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

The following is a schedule of notional amounts and fair values of derivative financial instruments:

December 31, 2024	Notional amount	Fair value receivable	Fair value payable
Foreign exchange forward contracts	\$ 5,405,551	\$ —	\$ (71,815)

December 31, 2023	Notional amount	Fair value receivable	Fair value payable
Foreign exchange forward contracts	\$ 4,683,113	\$ 68,240	\$ —

Derivative financial instruments held by the Plan generally have at least quarterly resets and all settle within one year.

(C) NET INVESTMENTS AFTER ALLOCATING MARKET EXPOSURE OF DERIVATIVE FINANCIAL INSTRUMENTS:

The following table summarizes the effective fair value of the Plan's investments after the allocation of market exposure of derivative financial instruments and investment-related receivables and liabilities:

	2024		2023	
	Effective net investments at fair value	Effective asset mix (%)	Effective net investments at fair value	Effective asset mix (%)
Fixed income:				
Invested cash and short-term money securities	\$ 40,536	0.4	\$ 199,706	2.4
Canadian bonds	1,651,883	18.0	1,446,483	17.4
Non-Canadian bonds	529,947	5.8	477,495	5.8
Funds of hedge funds	1,163	0.0	2,209	0.0
	2,223,529	24.2	2,125,893	25.6
Equities:				
Canadian	115,784	1.3	136,967	1.7
Non-Canadian	2,709,197	29.5	2,557,085	30.8
	2,824,981	30.8	2,694,052	32.5
Alternative investments:				
Real estate	954,811	10.4	1,011,200	12.2
Infrastructure	1,103,134	12.0	878,272	10.6
Hedge funds secondaries	246	0.0	791	0.0
Hedge funds	787,018	8.6	614,520	7.4
Private equity	700,314	7.6	515,596	6.2
Private credit	584,944	6.4	456,283	5.5
	4,130,467	45.0	3,476,662	41.9
	\$ 9,178,977	100.0	\$ 8,296,607	100.0

7. Other liabilities:

Other liabilities consist of the following:

	2024	2023
Accrued pension benefits	\$ 18,178	\$ 17,188
Fees payable to custodian, investment consultants and other advisers	9,165	10,956
Other accounts payable*	6,743	4,373
	\$ 34,086	\$ 32,517

*Includes the post-retirement liability obligation (NOTE 8) for the employees of TTCPP.

8. Post-retirement liability obligation:

Other retirement and post-employment benefits consist of health, dental and life insurance coverage provided to eligible retirees of the TTCPP. In order to be eligible for retiree benefits, an employee must complete a minimum of ten years of service. In 2024, the obligation also includes a supplemental retirement benefit for qualifying TTCPP employees.

In exchange for an ongoing, additional annual employer contribution from the TTC, the Plan also became responsible for both pension and other employee future benefits. The current year impact for TTCPP employees can be seen below.

The Plan measured its accrued benefit obligations for accounting purposes as at December 31, 2024. The most recent actuarial valuation of the post-retirement benefits was performed as at December 31, 2024. Information about the TTCPP's post-employment benefit plans is as follows:

Post-retirement benefits	2024	2023
Benefit obligation, beginning of year	\$ 635	\$ 476
Current service cost	111	56
Interest cost	29	25
Actuarial (gain) loss	(96)	80
Remasurements	593	—
Benefit payments	(2)	(2)
Benefit obligation, end of year	\$ 1,270	\$ 635

9. Pension benefit obligation:

An estimate of the Plan's obligation for pension benefits has been made as at December 31, 2024 by Mercer (Canada) Limited for inclusion in the Plan's financial statements. The estimate is an extrapolation of the January 1, 2024 actuarial valuation based on membership data on that date, using the methods and assumptions summarized below. The Plan's obligation for pension benefits includes all employees of the TTC, ATU and TTCPP who have completed six months of continuous service.

(A) METHODS AND ASSUMPTIONS:

The valuation is based on the requirements outlined in Section 4600 of the CPA Canada Handbook - Accounting for pension plan financial statements. The estimated actuarial present value of accrued pension benefits is determined using the projected benefit method, pro-rated on service. The pension formula in effect in the Plan's bylaws, including the current base period (average of the four calendar years before

2023 with the highest average pensionable earnings) for credited service before 2023, is used to project the pension at retirement, without provision for future updates in the base period or other changes in the bylaws. The pro rata portion of the projected pension, which relates to past service, is then valued as the accrued pension.

Under NOTE 1, description of the Plan, the Board has the authority to provide plan improvements, including increases to the career average base period and also for ad hoc pension indexing. The following amendments to the Plan were adopted by the Board effective January 1, 2024:

- (i) a one-year update of the base period to December 31, 2023;
- (ii) a one-year update of the survivor benefit date to January 1, 2024; and
- (iii) a one-time ad hoc pensioner increase of 4.77% (2023 – 5.35%) as at January 1, 2024.

As at December 31, 2024, the financial impact of these changes is \$214,984 (2023 – \$222,457).

Assets were valued at fair value as at December 31, 2024.

The major assumptions used as best estimates of the Plan's future experience for calculating the actuarial present value of accrued pension benefits are summarized as follows:

	2024	2023
Discount rate, net of expenses	6.60%	6.80%
Rate of inflation	2.00%	2.00%
Weighted average rate of salary increase	3.25%	3.25%

(B) STATUTORY ACTUARIAL VALUATIONS:

In accordance with the PBA and the Income Tax Act (Canada), an actuarial valuation is required to be filed at least every three years to report the Plan's surplus or deficit, and to determine the Plan's funding requirements. The most recent actuarial valuation for funding purposes was conducted as at January 1, 2024 and filed with regulators on September 26, 2024. The next required funding valuation filing with the regulators will be as at January 1, 2027. The two valuations required by the PBA, the going concern basis and the solvency basis, are determined using different valuation methods and assumptions and yield different surplus or deficit amounts than those disclosed in these financial statements. A solvency (hypothetical windup) valuation must be performed on the Plan, even though the risk of its being wound up, in management's view, is remote. As a JSPP, the Plan is permitted and has elected an exemption from solvency funding requirements.

10. Related party transactions and balances:

Related parties include the Plan's Sponsors and the Plan's subsidiaries. Expenses borne by the Sponsors are listed under NOTE 12, Administrative Expenses. Information technology costs are not charged to the Plan.

Alternative investments held in subsidiary corporations are managed on behalf of the Plan by external advisers through investment management agreements. The Plan has 12 wholly owned subsidiary corporations. The assets held within the subsidiary corporations are investments in real estate, infrastructure, private equity, hedge funds and private credit. The subsidiary corporations are 100% owned by the Plan. Regular transactions include investment income and return of capital distributions, or capital contributions. For real estate investments, the market value is comprised of both an equity component and also a note payable to the Plan relating to the initial investment.

The following schedule summarizes the Plan's net related party alternative investments:

	2024		2023	
	Fair value	Cost	Fair value	Cost
PFS Exchange Inc.*	\$ 128,383	\$ 77,100	\$ 129,752	\$ 77,100
PFS GTA Industrial Inc.*	208,212	58,165	304,508	97,025
PFS Retail Two Inc.	52,546	51,550	54,007	51,500
PFS Office One Inc.*	119,946	190,045	156,005	204,700
PFS Retail One Inc.	43,246	16,022	40,107	15,980
PFS Faubourg Inc.*	90,046	91,104	83,985	91,104
Net investment in real estate	642,379	483,986	768,364	537,409
1793177 Ontario INC.*	477,747	420,003	407,344	338,289
TTC PFS Secondaries Inc.	246	569	791	1,192
TTC PFS Private Equities Inc.*	159,687	318,730	180,488	111,764
TTC PFS Private Debt Inc.*	176,790	158,368	210,228	222,855
TTC PFS Taurus Inc.*	246,528	173,647	205,708	123,939
TTC PFS HL Inv Blocker Inc.	57,942	47,914	43,352	42,881
	1,118,940	1,119,231	1,047,911	840,920
Net related party alternative investments	\$ 1,761,319	\$ 1,603,217	\$ 1,816,275	\$1,378,329

*Exceeds 1% of the fair value or cost of the Plan in either 2024 or 2023.

11. Net investment income:

The following schedule summarizes investment income, broken down by earned income, realized gain/loss and unrealized gain/loss:

December 31, 2024	Earned income (loss)	Realized gain (loss)	Unrealized gain (loss)	Total
Fixed income:				
Invested cash	\$ 6,152	\$ —	\$ —	\$ 6,152
Short-term money market securities	(9,513)	2,319	108	(7,086)
Canadian bonds	69,455	6,063	(3,977)	71,541
Non-Canadian bonds	(2,440)	1,885	59,027	58,472
Fund of hedge funds	—	68	8	76
Derivatives	—	(80,444)	(140,028)	(220,472)
Equities:				
Canadian	4,325	18,984	(8,534)	14,775
Non-Canadian	49,443	261,529	325,682	636,654
Alternative investments:				
Real estate	103,964	—	(107,097)	(3,133)
Infrastructure	174,259	—	8,782	183,041
Hedge funds secondaries	86	—	78	164
Hedge funds	—	25,131	114,913	140,044
Private equity	272,650	—	(186,156)	86,494
Private credit	117,888	—	(15,259)	102,629
Pending Foreign Exchange	—	—	—	—
	\$ 786,269	\$ 235,535	\$ 47,547	\$ 1,069,351

December 31, 2023	Earned income (loss)	Realized gain (loss)	Unrealized gain (loss)	Total
Fixed income:				
Invested cash	\$ 5,633	\$ —	\$ —	\$ 5,633
Short-term money market securities	(18,052)	(3,602)	2,229	(19,425)
Canadian bonds	61,899	(49,902)	118,004	130,001
Non-Canadian bonds	4,281	136	22,843	27,260
Fund of hedge funds	—	523	(2,652)	(2,129)
Derivatives	—	(22,951)	69,774	46,823
Equities:				
Canadian	4,061	14,131	120,924	139,116
Non-Canadian	52,151	176,738	118,010	346,899
Alternative investments:				
Real estate	31,488	—	(84,119)	(52,631)
Infrastructure	59,563	—	(2,135)	57,428
Hedge funds secondaries	82	—	(1,052)	(970)
Hedge funds	—	13,748	11,389	25,137
Private equity	17,991	—	(10,246)	7,745
Private credit	10,846	—	(2,368)	8,478
Pending Foreign Exchange	—	—	(8)	(8)
	\$ 229,943	\$ 128,821	\$ 360,593	\$ 719,357

12. Investment and Plan administration expenses:

The following summarizes the expenses paid by the Plan:

	2024	2023
Investment managers' fees	\$ 22,758	\$ 26,812
Other plan administration expenses	11,584	9,019
Actuarial fees	561	660
Custodial fees	642	503
Legal fees	1,161	326
Investment consultants' fees	222	72
	\$ 36,928	\$ 37,392

13. Significant investments and statutory disclosure:

(A) SIGNIFICANT INDIVIDUAL SECURITIES*:

As at December 31, 2024, the Plan held the following investments with fair value or cost exceeding 1% of the fair value or cost of the Plan:

Fund name	Fund operator	Nature of investments held	2024		2023	
			Fair value	Cost	Fair value	Cost
Arrowstreet Global All Country Fund I PVAC	Arrowstreet	Equities	\$ 658,676	\$ 580,725	\$ 647,056	\$ 622,413
PHN Long Bond Pension Trust	PHN	Fixed income	576,353	595,410	507,138	516,999
TDAM Emerald US Equity Pooled Fund	TDAM	Equities	358,414	236,624	262,896	232,081
Northleaf Star Investor Corp.	Northleaf	Private credit	270,861	140,920	225,599	140,173
TDAM Long Bond Broad Market Pooled Fund Trust	TDAM	Fixed income	246,175	228,352	143,897	142,366
CF William Blair Emerging Market Equity	William Blair	Equities	212,602	172,308	175,269	168,089
PFS GTA Industrial Inc.	BGO/Triovest**	Real estate	208,212	58,165	304,508	97,025
Oaktree Capital Emerging Market Equity	Oaktree	Equities	174,438	133,674	162,207	133,674
Prima Mortgage Investment Trust	Prima	Fixed income	170,307	143,820	204,484	205,195
Wellington Multi Asset Credit Pooled Fund	Wellington	Fixed income	156,532	136,126	100,922	91,060
TDAM Canadian Bond Pooled Fund Trust 1512	TDAM	Fixed income	149,953	147,326	242,887	218,749
Ares Multi Asset Credit Pooled Fund	Ares	Fixed income	143,847	120,000	113,346	100,000
Brookfield Infrastructure Fund IV	Brookfield	Infrastructure	131,757	89,480	100,933	86,392
PFS Exchange Inc.	Triovest	Real estate	128,383	77,100	129,752	77,100
Blackstone U.S. Real Estate Fund	Blackstone	Real estate	110,753	100,674	117,049	99,437
PFS Faubourg Inc.	Crestpoint	Real estate	90,046	91,104	83,985	91,104
PFS Office One Inc. Tahoe	BGO/Triovest**	Real estate	78,916	94,973	114,031	109,700
PFS Office One Inc. Twin Atria	BGO/Triovest**	Real estate	41,030	95,072	41,974	95,000
Brookfield Infrastructure Fund I	Brookfield	Infrastructure	28,756	75,635	24,490	8,893
Northleaf Private Credit I	Northleaf	Private credit	18,286	83,663	37,706	16,195
Northleaf Global Private Equity Partners	Northleaf	Private equity	5,228	112,799	14,863	15,633

*Exceeds 1% of the fair value or cost of the Plan in either 2024 or 2023.

**Investment Manager in 2023.

(B) SIGNIFICANT ISSUERS*:

Fixed Income and Equities, invested by the Plan, were examined and the following Fixed Income issuers exceeded 1% of the fair value or cost of the Plan's net assets:

	2024		2023	
	Fair value	Cost	Fair value	Cost
Government of Canada	\$ 222,820	\$ 224,090	\$ 237,990	\$ 233,546
Province of Ontario	92,027	89,727	89,780	86,416

*Exceeds 1% of the fair value or cost of the Plan in either 2024 or 2023.

(C) POOLED FUND INVESTMENTS:

The Plan owns the following pooled fund investments as at December 31. The fair value of these pooled fund investments is included in the statement of financial position under the investment type to which they relate.

	2024		2023	
	Fair value	Cost	Fair value	Cost
Short-term money market securities:	\$ 732	\$ 732	\$ 3,030	\$ 3,029
Fixed Income:	1,326,032	1,279,689	1,155,585	1,116,531
Non-Canadian equities:	1,404,129	1,123,331	1,247,428	1,156,257
Real estate:	312,432	308,197	242,836	235,757
	\$ 3,043,325	\$ 2,711,949	\$ 2,648,879	\$ 2,511,574

*Exceeds 1% of the fair value or cost of the Plan in either 2024 or 2023.

**Investment Manager in 2023.

14. Commitments:

As part of normal business operations, the Plan enters into commitments to the funding of investments. Future commitments to fund investments include investment in infrastructure, private credit, private equity and foreign real estate. The future commitments are generally payable on demand based on the capital needs of the investment.

In particular, the Plan is committed to investing up to an additional \$341,367 (2023 - \$276,080) in existing infrastructure investments, \$340,824 in private credit (2023 - \$269,691), \$587,243 in private equities (2023 - \$540,678) and an additional \$127,887 in foreign real estate (2023 - \$92,907).



TTC Pension Plan

2 Bloor Street East, Suite 1901, PO Box 79
Toronto, ON M4W 1A8

1-800-663-6820

ttcpp.ca

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