2024

ANNUAL REPORT

UNIVERSITIES ACADEMIC PENSION PLAN

UAPP
UNIVERSITIES ACADEMIC
PENSION PLAN

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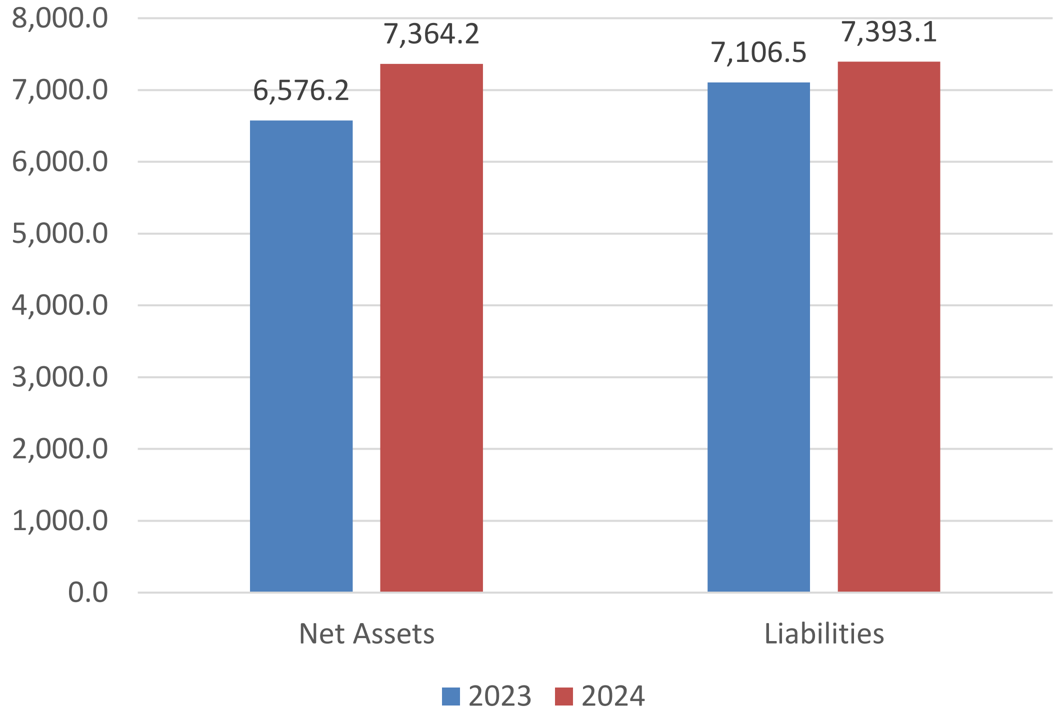
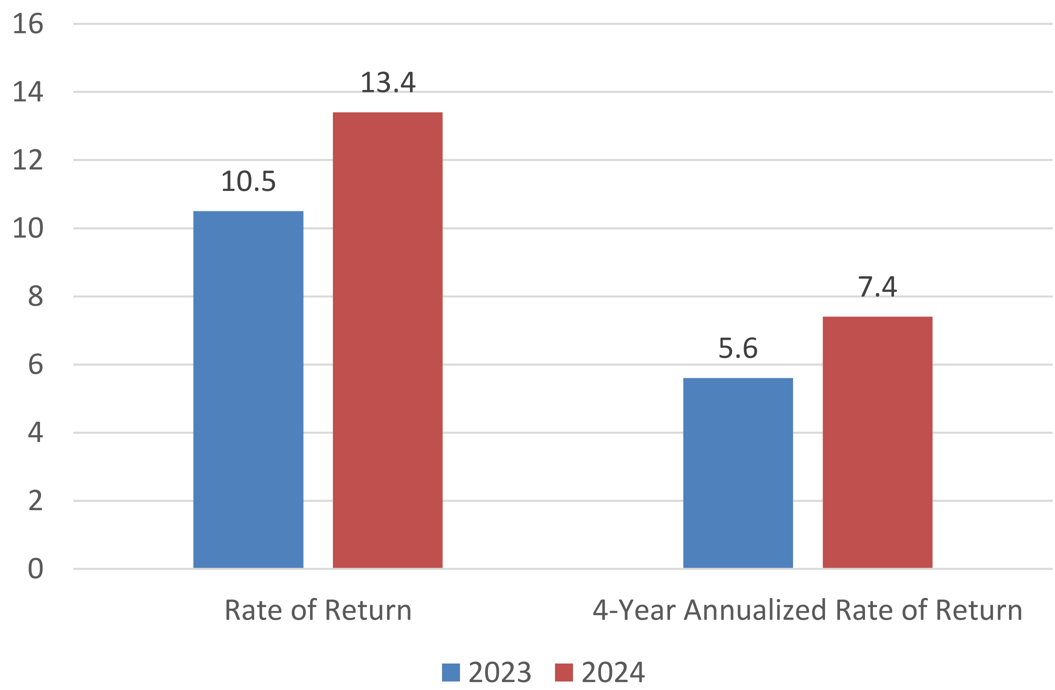
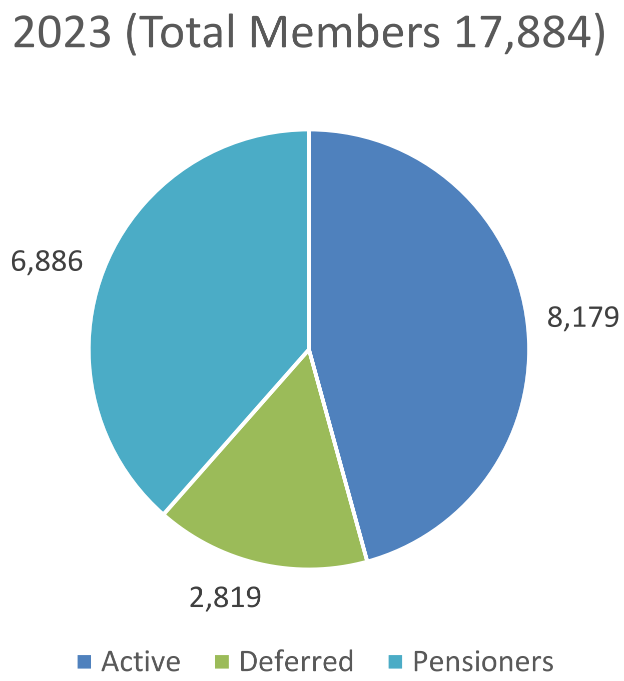


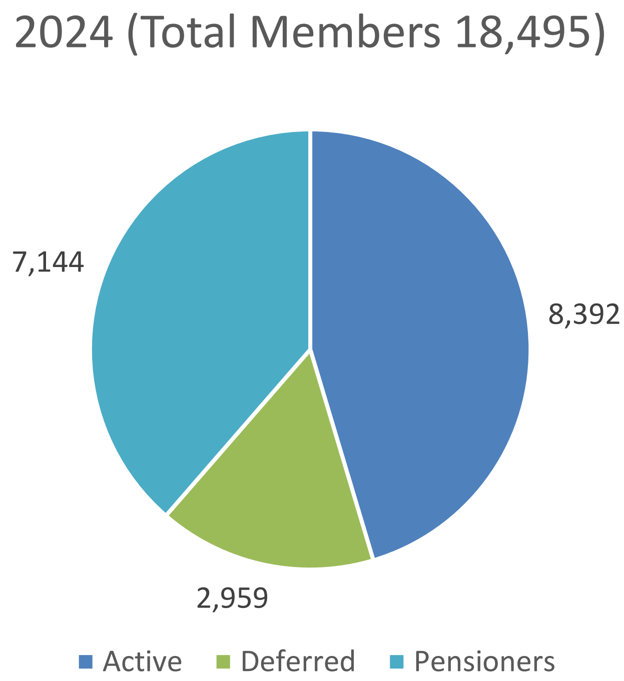
Rates of Return (in %)



2024 HIGHLIGHTS

Membership





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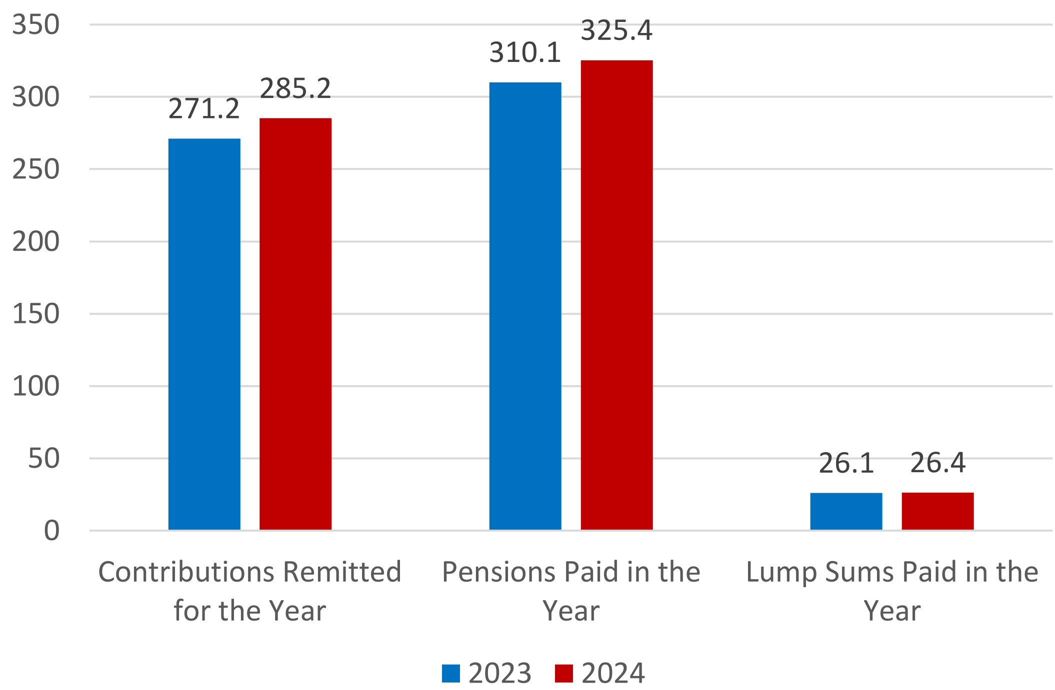
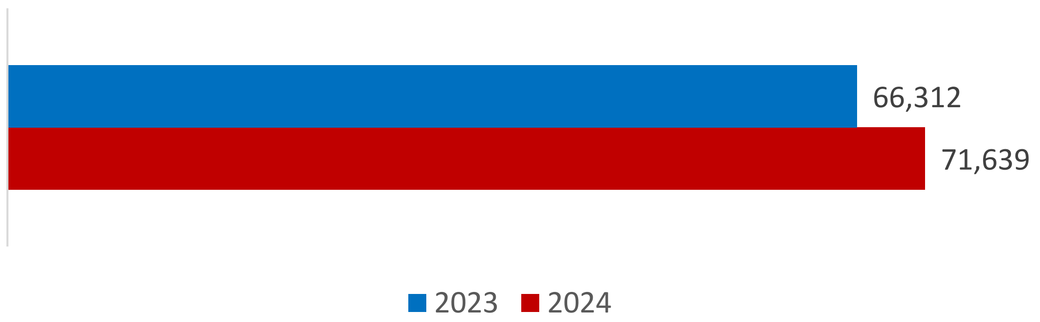


2024 HIGHLIGHTS

Member Facts

Website Visits



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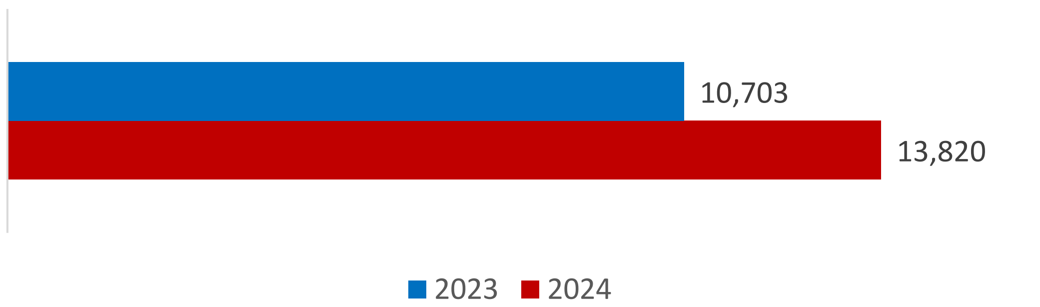

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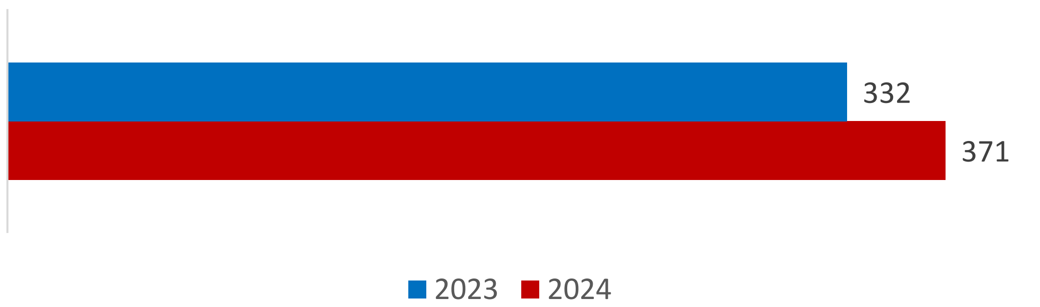
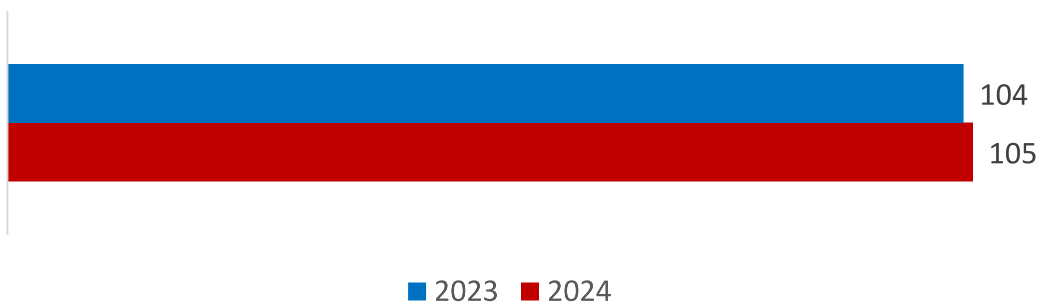


Age of Oldest Plan Member



GOVERNANCE OF THE PLAN

PROFILE

The Universities Academic Pension Plan ("UAPP" or "Plan") was established in 1978 as a defined benefit pension plan for members of the academic and professional staff of Alberta universities and Banff Centre. The UAPP was set up under the Province of Alberta *Public-Sector Pension Plans Act* and the Provincial Treasurer was the trustee until December 31, 2000. The Plan became an independent pension plan registered under the Province of Alberta *Employment Pension Plans Act* and the *Income Tax Act* (Canada) as of January 1, 2001. The UAPP is now established under the Sponsorship and Trust Agreement signed by the Plan's sponsors: the academic staff associations and the boards of governors of the University of Alberta, University of Calgary, University of Lethbridge, Athabasca University, and Banff Centre ("Sponsors").

- The Board of Trustees ("Board"), as established under the Sponsorship and Trust Agreement, is responsible for administering the Plan and investing the Plan's assets ("Fund").

- The UAPP is financed by employer and employee contributions, and by investment earnings. The Government of Alberta also contributes towards eliminating the unfunded liability for service before 1992.

- At December 31, 2024, the UAPP has 8,392 active members, 2,959 deferred members, and 7,144 pensioners.

- The UAPP Fund's market value at the end of 2024 was $7,364.2 million.

GOVERNANCE OF THE PLAN

BOARD OF TRUSTEES

TODD GILCHRIST (VICE CHAIR)
UNIVERSITY OF ALBERTA

ADITYA KAUL
ASSOCIATION OF ACADEMIC STAFF
UNIVERSITY OF ALBERTA

RON KIM
UNIVERSITY OF CALGARY

ALIZA LEBLANC
BANFF CENTRE

DEBORAH LUCAS
UNIVERSITY OF LETHBRIDGE

PAUL ROGERS
THE FACULTY ASSOCIATION OF
THE UNIVERSITY OF CALGARY

LAWTON SHAW (CHAIR)
ATHABASCA UNIVERSITY
FACULTY ASSOCIATION

PAULINE SMELTZ
ATHABASCA UNIVERSITY

JAMES SMITH
UNIVERSITY OF LETHBRIDGE
FACULTY ASSOCIATION

GOVERNANCE OF THE PLAN

Board Mandate

The Board is responsible for administration of the UAPP, investment of UAPP funds, setting contribution rates required to fund the UAPP, and assisting Sponsors in developing appropriate changes to the UAPP. In carrying out its mandate, the Board is assisted by a small management team.

Mission

It is the mission of the Board to deliver on its mandate in a manner that is consistent with:

- high quality services to the UAPP members and stakeholders,
- prudent investment of the fund,
- seeking stable contribution rates within the funding requirements of the *Employment Pension Plans Act*,
- best practices in pension plan governance and management, and
- all applicable rules, laws, and regulations.

Board Composition

The Board of the UAPP oversees the Plan and is composed of five employer trustees and four employee trustees. The total votes carried by the employer trustees are the same as the votes carried by the employee trustees. The offices of Chair and Vice Chair alternate every two years between employer and employee trustees.

Values

In carrying out its mission, the Board is guided by the following values:

- work in full partnership with Sponsors,
- be member/stakeholder focused,
- be open, accountable, and responsible for its actions,
- conduct UAPP business with trust, fairness, and integrity,
- adhere to the highest ethical standards,
- value and treat its employees as a vital resource, and
- strive to adopt best business practices.

COMMITTEES OF THE BOARD

Actuarial

Paul Rogers (Chair)
Aliza LeBlanc
Deborah Lucas
James Smith

Audit

Todd Gilchrist (Chair)
James Smith (Vice Chair)
Pauline Smeltz
Megan Costiuk (External Member)

Investment

Aditya Kaul (Chair)
Ron Kim (Vice Chair)
Paul Rogers
Lawton Shaw
Ron Helmhold (External Member)
David Lawson (External Member)
Sandy McPherson (External Member)

PLAN SERVICE PROVIDERS

Administration Service Provider

Gallagher (formerly known as Buck)
UAPP Administration Centre
Member Pension Inquiries:
201 City Center Drive
Suite 1000
Mississauga, ON L5B 4E4
Phone: 1.866.709.2092

Email: uapp.pensions@buck.com

Pensioner Payroll Provider

CIBC Mellon Global Securities Services
Pensioner Payroll Inquiries:
CIBC Mellon Pension Benefits Dept.
PO Box 5858, Station B
London, ON N6A 6H2
Phone: 1.800.565.0479

Website: www.cibcmellon.com

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Actuary & Investment Consultants

Aon

Auditor

KPMG LLP

Legal Counsel

Bennett Jones LLP

Investment Managers

Alberta Investment Management Corporation

Beutel, Goodman & Company Ltd.

Connor, Clark & Lunn Investment Management

Fiera Capital Corporation

Leith Wheeler Investment Counsel Ltd.

North of South Capital

PineStone Asset Management Inc.

MANAGEMENT

Chief Executive Officer
Chris Schafer
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Email: lise.skrundz@uapp.ca

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Email: vasily.prosolupov@uapp.ca

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Email: paola.matallana@uapp.ca

Board Administrative Officer
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Email: chloe.muller@uapp.ca

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MESSAGE FROM THE CHAIR

The past year was one of significant change at Universities Academic Pension Plan, and I am pleased to present the Plan's 2024 annual report on behalf of the Board of Trustees for the UAPP. The purpose of this report is to provide our members and other stakeholders with a comprehensive update on the Plan's activities in 2024. The report provides the financial statements and summarizes the accomplishments and challenges of the Plan. I also want to take this opportunity to share some exciting developments shaping UAPP's future.

In 2024, the Fund attained a rate of return of 13.4 per cent and grew by $788.1 million to end the year with assets of $7,364.2 million. The Fund benefited from excellent returns in the equity asset class which comprises about half of the overall asset mix. Besides providing outstanding performance through all four quarters of the year, that asset class was a particular focus of UAPP as the entire public equity portfolio was transitioned from passive management to the five active investment managers recently appointed by the Board. This transition to new management was completed by November 2024 and the Board is looking forward to UAPP receiving the ongoing benefits of active management in the public equity class after more than three years of passive management while manager searches were conducted. In addition to the superb Fund rate of return, the increase in the number of UAPP's investment managers from four to seven throughout the year represented the most exciting development on the investment side of the Plan's operation.

There were some significant developments on the Plan's administration side as well, though unlike the changes to investment managers, these events were not expected at the start of the year. Due to continued underperformance by its primary service provider, the Board elected to terminate its long-standing relationship with Gallagher (formerly known as Buck). After providing pension administration services since January 1, 2003, service levels had recently deteriorated enough to prompt the Board to conduct a thorough review of both the service provider and the model of delivery. As in past years, detailed information on the service levels received by the Plan is summarized in the Administration Report. Following an extensive Request for Proposal process, the Board directed UAPP's management team to engage WTW (Willis Towers Watson) to construct a new pension administration system for the Plan. The new system is expected to be fully implemented in early spring of 2026. Further, the Board reiterated its mission which includes the provision of high quality services to UAPP members and stakeholders. As the pension plan itself is UAPP's core business, management will work throughout 2025 to assemble its own team of talented pension administrators as the Plan will transition from the current co-source arrangement with Gallagher to a fully insourced model. UAPP members and employers will benefit from the singular focus on plan administration rather than relying on a third-party service provider.

UAPP members should be reassured that the Plan's financial health continues to be strong. Based on the actuarial extrapolation completed by the Plan's actuary for this year's Financial Statements, the funding position of the Plan has remained relatively stable at 93.8 per cent, decreasing from 94.4 per cent at the end of 2023. This decrease was anticipated due to the smoothing method applied to determine the actuarial value of assets. As at December 31, 2024, the smoothing method resulted in the Plan having understated the value of assets to provide a margin for adverse experience in the future. With an actuarial valuation scheduled for completion by June 2025, the Board continues to focus on Plan funding and investment performance to ensure sufficient assets will always be available to meet pension obligations for all Plan members. In advance of the valuation, the actuary will be performing a longevity study to assist in properly setting the mortality assumption for the Plan. Contribution rate changes resulting from this valuation would likely take effect July 1, 2026. Upon completion of the valuation, UAPP will undertake an asset/liability modeling study that will help in identifying the ideal asset mix that best supports the expected payouts of the Plan's pension obligations.

MESSAGE FROM THE CHAIR

In last year's annual report, my predecessor alluded to the release of the Canadian Association of Pension Supervisory Authorities' Guideline for Risk Management for Plan Administrators. This Guideline was finalized in September 2024 with the expectation that plan administrators will implement the recommendations by the end of 2025. UAPP will be incorporating these important enhancements throughout the year to better position the Plan to manage risk.

The Plan is positively impacted by the valuable involvement of external members of its Committees and the Board would like to express its sincere gratitude to Ron Helmhold, David Lawson, and Sandy McPherson on the Investment Committee and Megan Costiuk on the Audit Committee. Their knowledge and experience provide outstanding and immeasurable benefits to UAPP.

There were some significant changes on the Board throughout 2024. On behalf of the Board, I want to acknowledge the excellent contributions of those who resigned as Trustees through the year, including Rob Kindrachuk and Dale Mountain. I would also like to thank Gary Smith who resigned as an external member on the Investment Committee.

After first being appointed to the Board as of January 1, 2003, Nancy Walker served as a Trustee for almost 22 years until her retirement effective September 30, 2024. During that time, she served as Chair and Vice-Chair multiple times and served on several Committees. The Board, management, and Plan members benefited significantly from her dedication to the role of Trustee and will miss her steady influence. On behalf of the Board, I want to express our deep gratitude for Nancy's substantial contributions to UAPP.

I would like to welcome Aliza LeBlanc (employer Trustee for Banff Centre), Pauline Smeltz (employer Trustee for Athabasca University), Deborah Lucas (employer Trustee for University of Lethbridge), and Sandy McPherson (external member, Investment Committee) and I look forward to continuing to work with them and the rest of the Board and its Committees. I would also like to thank my colleagues on the Board for their service to UAPP and their support of me in my role as Chair.

The Board relies on several service providers to support the Plan's ongoing operations and wishes to thank the staff at Aon, Gallagher, and CIBC Mellon for their work on UAPP's administration and the staff at Alberta Investment Management Corporation, Beutel Goodman & Company Ltd., Connor, Clark & Lunn Investment Management, Fiera Capital Corporation, Leith Wheeler Investment Counsel Ltd., North of South Capital, PineStone Asset Management Inc., and State Street Global Advisors for their work on UAPP's investments throughout the year.

To accomplish its mandate, the Board especially relies on the team of professionals who work in the Trustees' Office. 2024 marked some major changes in the Trustees' Office - most importantly a leadership transition. Our Executive Director, Dave Schnore, retired after a long and successful career with UAPP. Following a Canada-wide search process for a new CEO, the Board selected Chris Schafer, who previously served as UAPP's Director, Finance & Administration since 2013. As CEO, Mr. Schafer moved quickly to hire Ms. Rebecca Lasquety to the position of Chief Operating Officer, filling the vacant position of Director, Finance & Administration, Mr. Vasily Prosolupov to the position of Chief Investment Officer, and Lise Skrundz to the position of Pension Specialist. The UAPP Management Team includes continuing members Mr. Vinko Majkovic, Pension Officer, and Ms. Chloe Muller, Administrative Officer.

On behalf of the Board, it is my pleasure to acknowledge and thank our new and continuing team members for their dedication and service to the UAPP and its stakeholders. I would also like to thank our former Executive Director, Dave Schnore, for his many years of leadership and service with UAPP.

Lawton Shaw
Chair, Board of Trustees

MESSAGE FROM THE CEO

Message From The CEO

Following several years of stability, the past year was one of significant change for UAPP. Some of that change was anticipated. After almost twelve years in the role of Executive Director, Dave Schnore retired at the end of March. On April 1, I was honoured to take on the responsibility of serving as UAPP's new Chief Executive Officer. I want to thank the Board of Trustees for giving me this opportunity to serve UAPP's members and stakeholders. It is a privilege to take on this new role after working at UAPP as Director, Finance and Administration since September 2013.

Rebecca Lasquety, UAPP's first Chief Operating Officer, has been working very hard on making improvements to all pension administration processes, meeting with employers, managing Plan communications, and developing the UAPP Cybersecurity Strategic Plan.

Due in part to growth in the roster of investment managers, we identified the need to expand resources at the Trustees' Office, something that hasn't happened since the office was first founded in 2001. With significant growth in Plan membership and assets and increasing demands for enhanced risk management, rapidly evolving cybersecurity challenges, and elevated expectations for internal investment monitoring, we set out to hire a dedicated investment professional and to divide the finance and administration roles. These changes are expected to cultivate advancements in the oversight capabilities of the Trustees' Office to better enable the Board to fulfill its mission.

The hiring of our first Chief Investment Officer, Vasily Prosolupov, was completed in November 2024. Based on Vasily's past experiences working at another pension plan and an asset manager, I am eager to put his exceptional investment knowledge and expertise to work for UAPP and its stakeholders. He has outlined his strategic vision for UAPP's investments to include:

- building collaborative and transparent partnerships with all investment managers to enhance alignment with the Plan's objectives,
- developing quantitative tools for investment manager sourcing, monitoring, and decision-making support,
- building an efficient process to identify, assess, and monitor investment managers, and
- building a high-performing investment team to foster long-term success.

With the finance and administration roles split within the management team, Rebecca will have greater capacity to ensure the pension transformation project is successfully implemented. Her knowledge, experience, and steady leadership have proven extremely valuable as we spent time in 2024 exploring what the future of pension administration will look like for UAPP.

To assess and mitigate the risks of this project, and to ensure sufficient internal capabilities for managing the Fund's investment risks, UAPP will benefit from the tools to be developed by our new Chief Financial Officer Paola Matallana. Starting in January 2025, Paola brings a wealth of risk management expertise and is the first team member with an accounting designation since 2008.

I also want to acknowledge the superb contributions of our other team members: Vinko, Chloe, and Lise.

Each year in December, UAPP publishes its Business Plan for the coming three-year period which includes a summary of the Board's mission and values as well as the Board's strategic direction. As 2024 ends, it is fitting to evaluate how UAPP fulfilled the Board's mission during the year and how we intend to continue to do so in 2025 for each of four areas of focus:

MESSAGE FROM THE CEO

Provide High Quality, Cost-Effective Pension Benefits Administration Services

UAPP has not been receiving high quality pension administration services commensurate with the needs of the Plan's members and stakeholders. While the process to implement the new solution will take several months, major improvements are planned that will greatly benefit all members and stakeholders. Rebecca will be managing the progression of these services to the new system and insource delivery as her primary focus is pension administration.

Optimize Long-Term Investment Returns

Building relationships with the new investment managers, developing internal monitoring tools, and improving investment governance and risk management processes will all be key components of optimizing long-term investment returns. An asset-liability modeling study will be conducted in 2025 to closely review the Fund's asset mix. Vasily will continue the work he started in 2024 in overseeing these processes to enhance internal stewardship of investments by the Trustees' Office.

Provide Effective Communications

In February 2024, UAPP's new website was launched. It continued to feature all the valuable publications site visitors have come to expect but also included a new tool for contacting the Trustees' Office. The 2023 Annual Report published in April 2024 featured more information than any prior annual report and the quarterly Communique, written with the goal of informing members about the plan and pension topics in general, remained a popular section. A detailed change management plan is being developed to fully communicate the changes to all members and employers over the coming months.

Practice Effective Governance

Changes were made during the year to the Statement of Investment Policies and Goals and the Funding Policy as UAPP begins the process of complying with the new CAPSA Guideline which was released in September 2024. Work to incorporate all provisions of this Guideline will continue throughout 2025. In spring 2024, both cybersecurity and risk management were identified as vital areas of increased focus for the Trustees' Office. The UAPP Cybersecurity Strategic Plan was created with several important measures implemented throughout the year. Securing member data and assets are crucial components to the work of UAPP and the cybersecurity landscape continues to evolve at a rapid pace. Paola will be working to develop a more comprehensive risk management framework for the Plan.

The challenges facing UAPP continue to change. Greater geopolitical volatility around the world creates significant challenges for the Plan's investments. Cybersecurity threats affecting the Fund and member data are evolving exponentially. Regulators, members, and employers have increased expectations for the management of risks faced by pension plan administrators. To navigate these new and ever more difficult situations, UAPP has been carefully building its team to enlist the sufficient and talented resources needed to ensure the ongoing security of pension benefits. The Trustees' Office will continue work towards our goal to provide secure and sustainable pensions to our members by delivering high quality services to stakeholders, prudent investments, cost consciousness, and effective risk management from a culture of discipline, determination, accountability, and integrity.

Chris Schafer
Chief Executive Officer

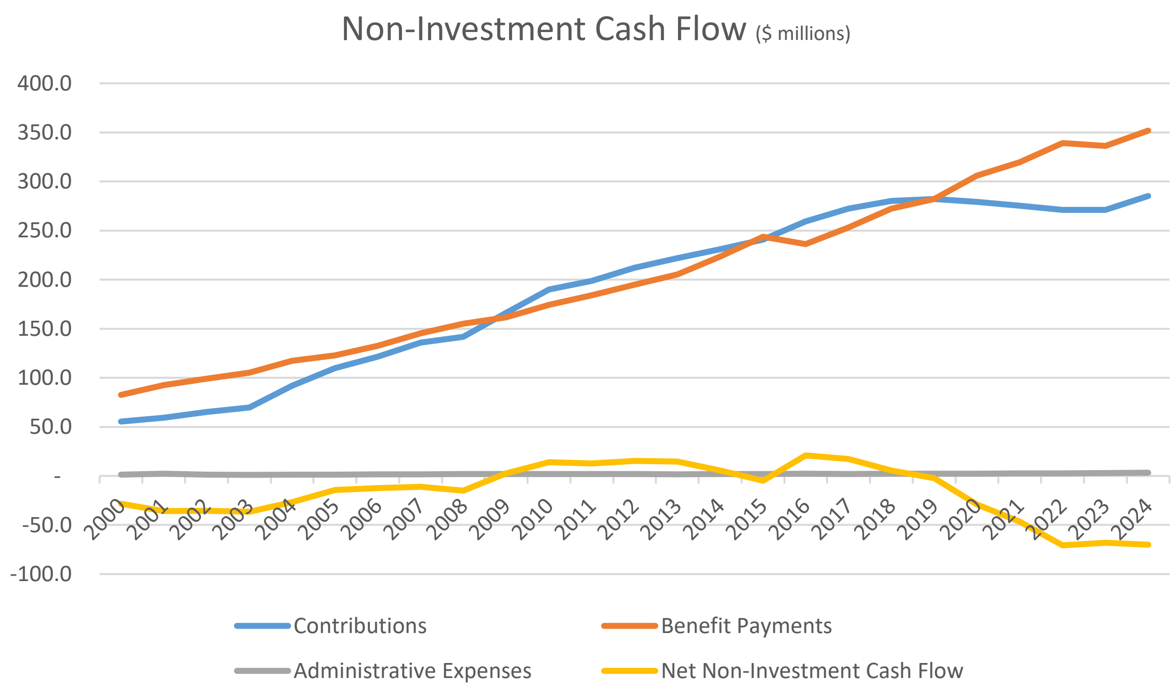
MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position of the Plan

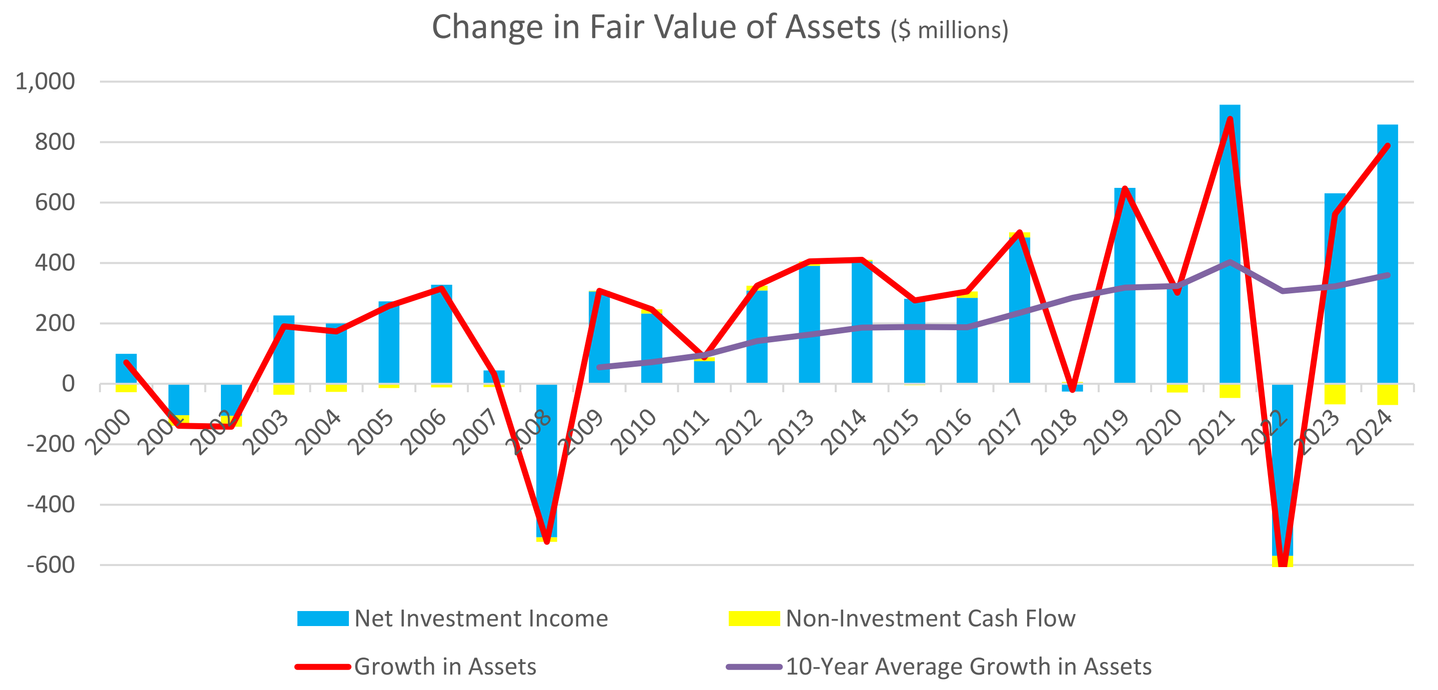
The Plan's Assets

The market value of the Plan's assets grew to $7,364.2 million at December 31, 2024, increasing from the Fund value of $6,576.2 million at the same time in 2023. Investment returns during the year of 13.4 per cent, which followed a Fund return of 10.5 per cent in 2023, have put the Plan's assets at their highest level ever. In the last actuarial valuation, the assumed rate of return was 5.62 per cent per annum, so investment performance has significantly outperformed over the past two years. Growth in the Plan's assets is entirely due to investment returns.

Contribution rates increased slightly as of July 1, 2024, but total contributions received ($285.2 million) during the year were still significantly less than benefit payments ($351.8 million). For the past six years now, UAPP has been in a net negative cash flow situation.



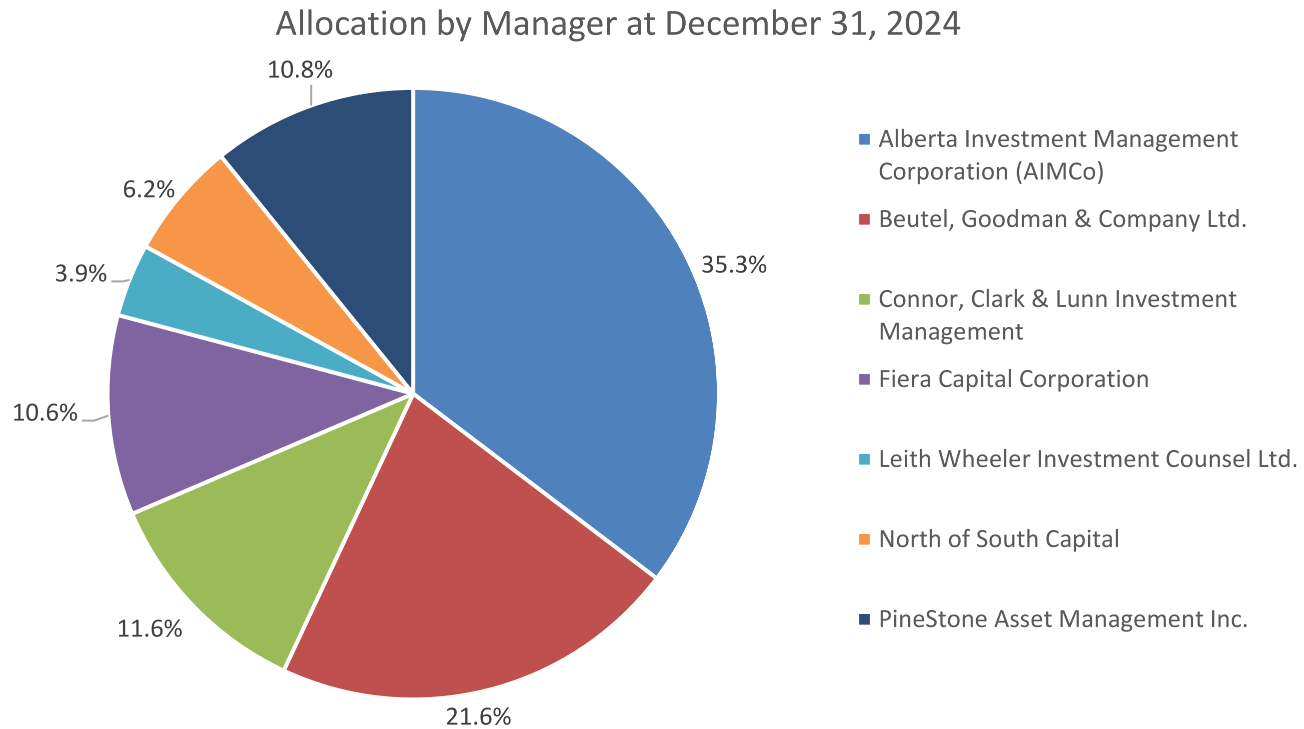
Except for the significant investment losses in 2022 and a small loss in 2018, the value of assets has grown consistently each year since the Global Financial Crisis of 2008. In the past ten years, the Fund has increased in size by an average of $359.7 million per year. In 20 of the past 25 years, net investment income has been positive, providing annual average growth of $224.5 million in that time. With the Plan continuing to be in a situation with net negative cash flow, investment returns provide crucial growth in the assets to help ensure future pensions remain secure.



Over the course of 2024, UAPP transitioned $2,859.9 million in assets from passive management of the public equity portfolio by State Street Global Advisors to the five new active managers hired following an extensive search process. This transition involved splitting the funds into three global equity mandates and one mandate for each of Canadian equities and emerging markets equities.

The new global equity managers are Beutel, Goodman & Company Ltd., Connor, Clark & Lunn Investment Management, and PineStone Asset Management Inc. Beutel has been one of UAPP's fixed income managers since 2013 and now manages 21.6 per cent of the total portfolio at the end of 2024. Each of these global equity managers received $721.0 million between March and May 2024.

The new Canadian equity manager is Leith Wheeler Investment Counsel Ltd. who received $255.9 million in March 2024. The new emerging markets manager is North of South Capital who received $441.0 million in October 2024.



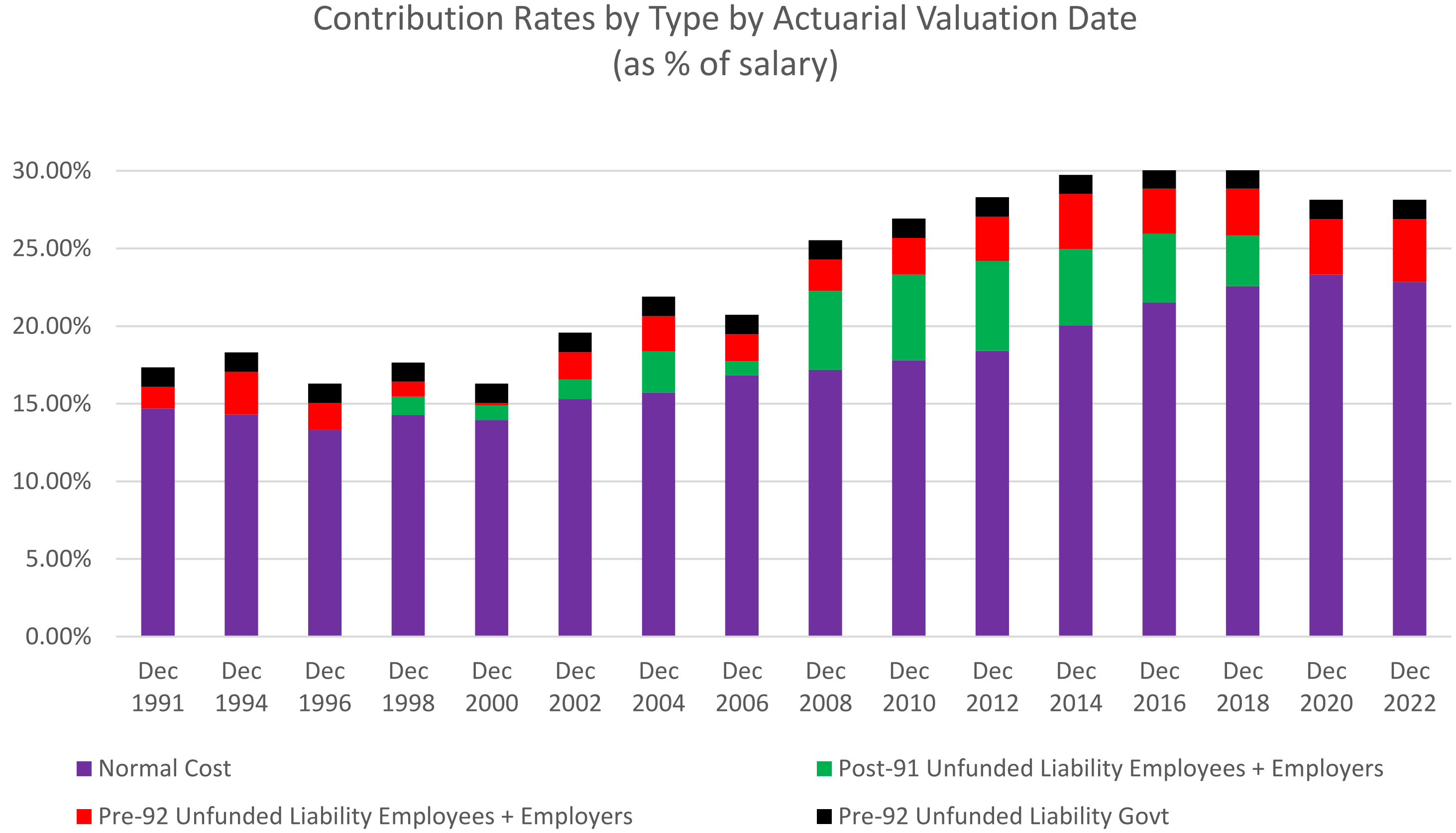
These transfers complete a process that began in 2021 and UAPP is cautiously optimistic for the Fund to return to active management in all asset classes.

The Plan's Liabilities

The total liability in the Plan as at December 31, 2024 is calculated to be $7,393.1 million as compared to $7,106.5 million at the end of 2023, representing an increase of 4.0 per cent year over year. The liability in both this and last year's financial statements are based on extrapolations of the liability calculated in the most recent actuarial valuation as at December 31, 2022. An actuarial valuation using data as of December 31, 2024 will be completed in 2025 and will be available for use in the 2025 financial statements.

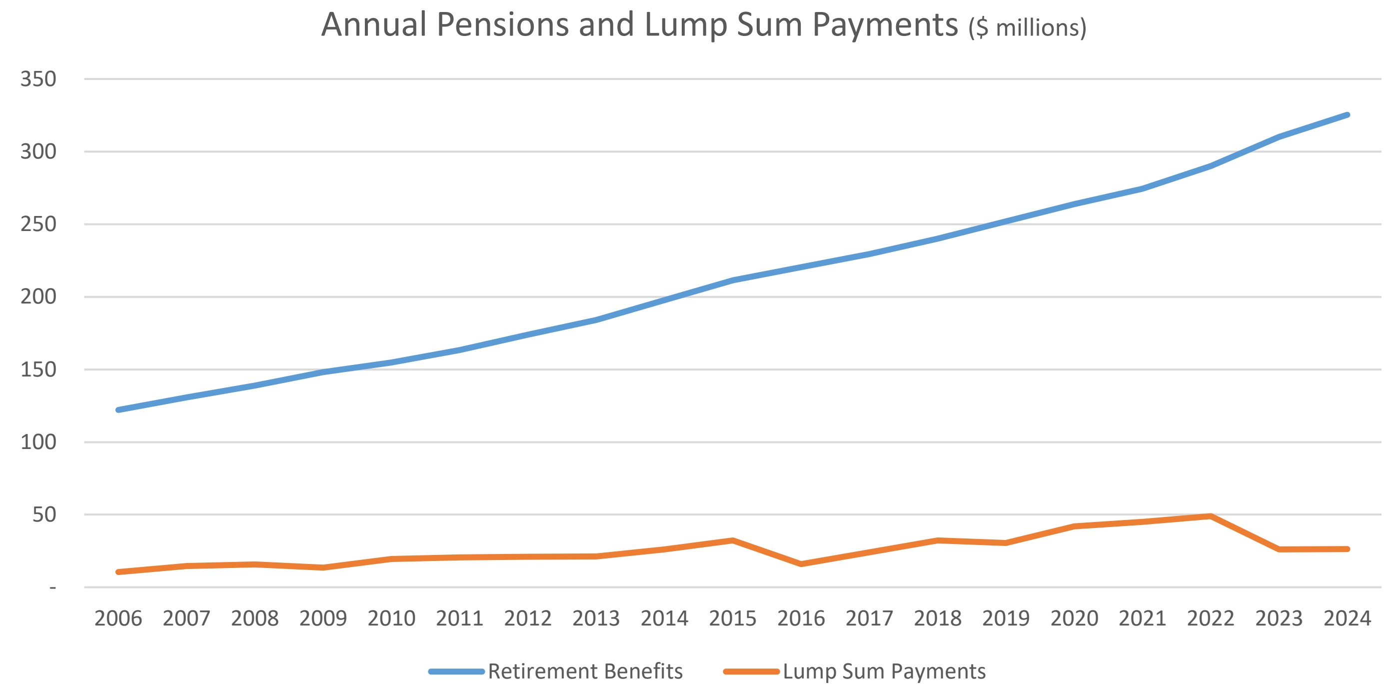
As part of the upcoming actuarial valuation, the Board will evaluate the entire assumption set adopted for the Plan. To prepare for this important work, the actuary will be conducting a study on the mortality experience of the Plan members. This study will provide valuable insights for the development of an appropriate assumption for the life expectancies of members, a key component in the process of accurately valuing the lifetime pensions provided to members and their beneficiaries. UAPP has historically acted promptly to adjust this assumption as new information becomes available. Actuarial research shows that excess mortality directly and indirectly due to COVID-19 is a multi-year phenomenon and, with the start of the pandemic now five years ago, some of that experience will be included in the forthcoming study.

In addition to mortality, one of the other more influential assumptions is the discount rate. During each valuation, the Board spends a considerable amount of time reviewing the discount rate and evaluating the implications of setting it at various levels. The discount rate reflects the long-term expected rate of return on investments with a margin for adverse deviation. The Board will apply its funding objectives in setting this rate, keeping in mind the goal of ensuring the provision of the pension benefits to members and their beneficiaries and the secondary objective of stable contribution rates. Based on the results of the last valuation, the total contribution rate commencing on July 1, 2024 remained unchanged from the previous valuation though the split rates rose very slightly.



The total contribution rate from the last valuation at December 31, 2022 (28.13 per cent) is the lowest rate since the December 31, 2010 actuarial valuation (26.93 per cent).

As summarized in the Administration Report, the number of members receiving a pension from the Plan continues to increase. Combined with the annual Cost-of-Living Adjustment (COLA), this growth means that the total amount of pensions paid increases each year. Given the assumptions made during the actuarial valuation, particularly with respect to mortality and inflation rates (which directly impacts the COLA), this rise in total annual pensions paid is anticipated and accounted for in the contribution rates recommended by the actuary.



While the sum of all monthly pensions paid continues to rise gradually year over year, the total lump sum payments comprises a small part of the Plan's benefit payments and fluctuates on an annual basis. Pensions are generally more stable since these payments remain ongoing for the lifetimes of retired members. Lump sum payments, on the other hand, vary with the number of members terminating employment and withdrawing their funds in any given year. Further, lump sums are determined based on interest rates prevailing at the time of the payout, meaning greater variability in the present value of these payments as interest rates change.

The Plan's Funded Ratio

The ratio of the Plan's actuarial value of assets to its liabilities (the funded ratio) decreased slightly from 94.4 per cent at the end of 2023 to 93.8 per cent at December 31, 2024.

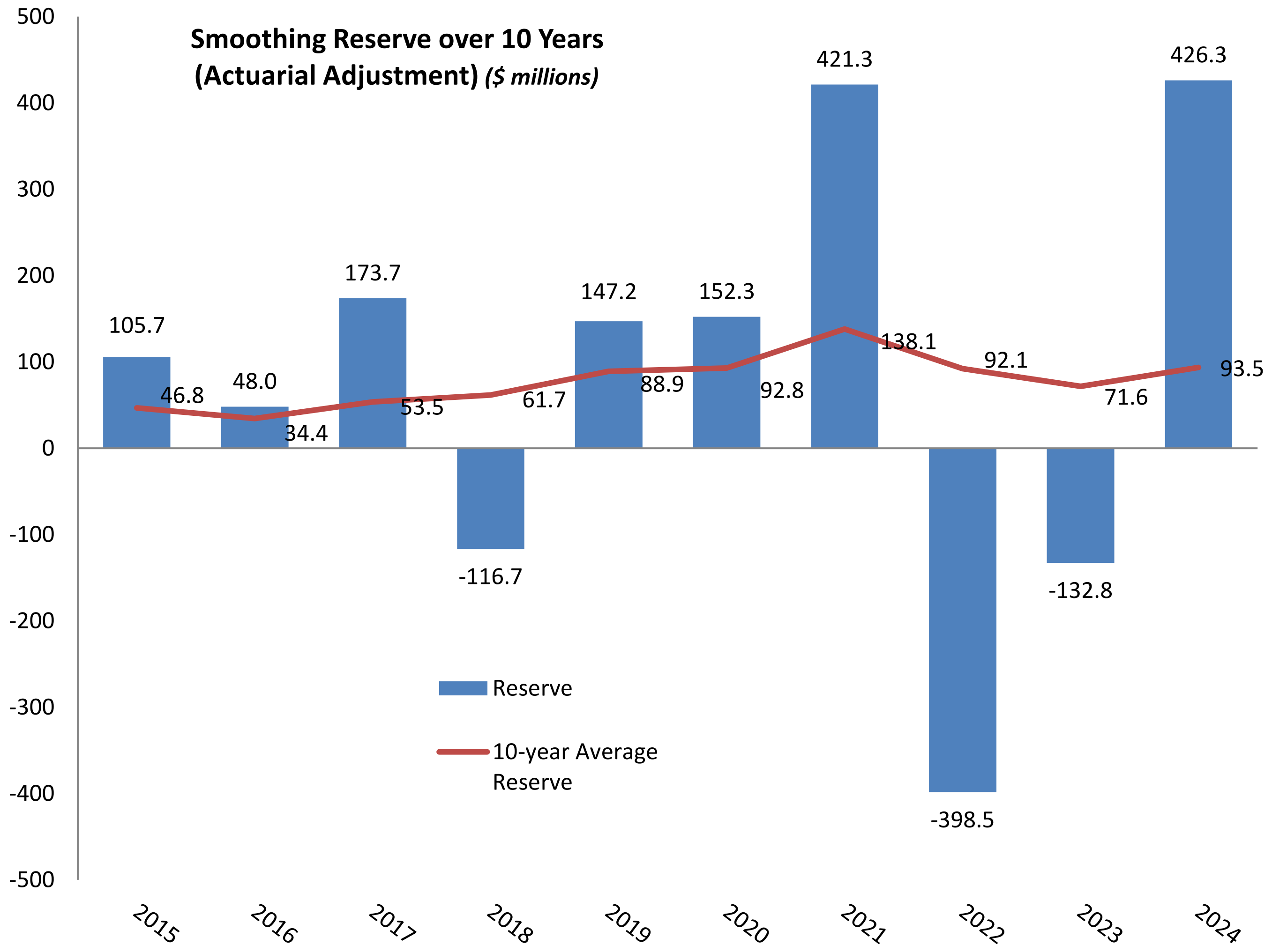
	December 31, 2024			December 31, 2023		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Fair Value of Net Assets	403.3	6,960.9	7,364.2	427.2	6,149.0	6,576.2
Actuarial Adjustment	(28.8)	(397.5)	(426.3)	11.6	121.2	132.8
Actuarial Value of Net Assets	374.5	6,563.4	6,937.9	438.8	6,270.2	6,709.0
Accrued Pension Liability	1,288.8	6,104.3	7,393.1	1,342.3	5,764.2	7,106.5
Actuarial (Deficiency) Surplus	(914.3)	459.1	(455.2)	(903.5)	506.0	(397.5)
Actuarial Funded Ratio	29.1%	107.5%	93.8%	32.7%	108.8%	94.4%

(all figures in $millions)

MANAGEMENT DISCUSSION AND ANALYSIS

Despite outstanding investment performance over the past two years, the slight deterioration in the funded ratio was entirely expected due to the smoothing method applied to the actuarial value of assets. At the December 31, 2022 valuation, the smoothing method generated an overstatement of the assets wherein the actuarial value exceeded the market value. This negative reserve has been reversed through the excellent Fund performance during 2023 and 2024. At December 31, 2024, a positive reserve is experienced as the smoothed value of assets is now below market value. The positive reserve will provide some protection for the Fund should it experience poor investment returns in 2025 and 2026.

The actuarial value of the Fund increased from $6,709.0 million at December 31, 2023 to $6,937.9 million at the end of 2024. At December 31, 2024, the actuarial value is $426.3 million less than the market value, representing a growth of $559.1 million in the reserve. The positive reserve in 2024 provides the largest buffer experienced by UAPP, slightly exceeding the previous largest reserve of $421.3 million at the end of 2021.

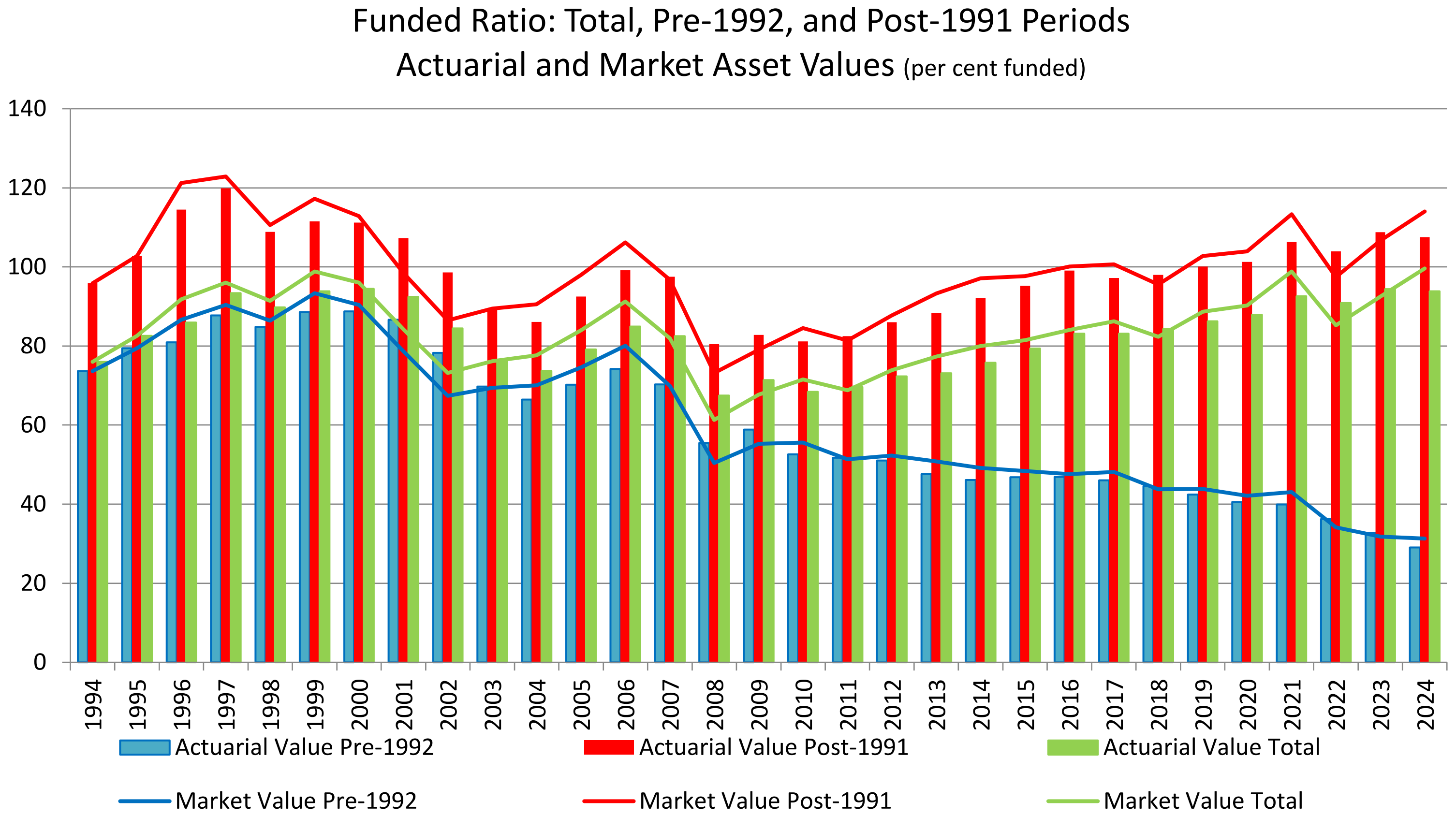


Going into the last actuarial valuation at December 31, 2022, the Plan's financial position had deteriorated due to the poor -8.6 per cent rate of return earned by the Fund in 2022 which resulted in a significant negative reserve where the actuarial value of assets was overstated compared to the market value. However, since that valuation, the Fund has earned two years of excellent returns with 13.4 per cent in 2024 and 10.5 per cent in 2023, leading nicely into the December 31, 2024 actuarial valuation. As noted earlier, the Plan now experiences a large positive reserve wherein the actuarial value of assets is understated compared to the market value, building a robust margin should future performance deteriorate. On a market-value basis, the financial position of the Plan has improved from 92.5 per cent at the end of 2023 to a very healthy 99.6 per cent at December 31, 2024. This market value financial position is the highest ever experienced by the Plan.

The upcoming actuarial valuation will provide an update on the status of the unfunded liability originally established in the Plan as at December 31, 1991. That deficit was amortized to 2043 and continues to require special funding. The Government of Alberta shares in that deficit funding by contributing 1.25 per cent of total salaries of all active members in the Plan. The employer and member contribution rates required to fully fund this deficit are determined each valuation.

The funded ratio of the pre-1992 epoch is 31.3 per cent on a market value basis (2023: 31.8 per cent), and the funded ratio on an actuarial value basis is 29.1 per cent (2023: 32.7 per cent). Because this segment of the Plan relates to service accrued prior to 1992, the members with pensions accrued in this period are significantly older than the rest of the Plan's membership. As such, the mortality assumption is particularly impactful for this group and a review of the Plan's mortality experience will help ensure these liabilities are appropriately valued.

As for pensions accrued after December 31, 1991, the financial position remains very healthy and benefits more directly from the outstanding investment performance. The funded ratio for this period is 114.0 per cent on a market value basis (2023: 106.7 per cent) and 107.5 per cent on an actuarial value basis (2023: 108.8 per cent). The large increase on the market value basis is due to the excellent Fund returns while the actuarial value basis deteriorates due to the smoothing method described earlier.



With funding ratios for the total Plan approaching 100 per cent in the last few years, members and beneficiaries can be assured that the Board will continue to work hard to attain the long-term goal of ensuring the provision of the promised pension benefits.

Investment Report

Investment Beliefs and Approach

The development of UAPP's strategic, long-term investment policy is based on several key beliefs.

1. There is a relationship between risk and return. Achieving higher returns generally requires exposure to higher risks. The relationships between risk and return are more predictable over the longer term. Growth investments such as Equities, Real Estate, and Infrastructure are expected to, in the long term, provide greater returns than fixed income investments although with greater short-term volatility. The long-term strategic asset allocation decision is the most important factor in determining investment risk and return.

2. In establishing the asset mix policy of the Fund, the liabilities of the Plan should be taken into consideration. Allocations to certain asset classes, such as longer-term bonds, can positively impact the relationship between assets and liabilities, reducing contribution and funded status volatility. Inflation has a direct impact on the UAPP's liabilities. Investments in inflation-sensitive assets like Real Return Bonds, Real Estate, and Infrastructure assist in managing the inflation risk.

3. Less liquid asset classes should provide greater risk-adjusted returns, additional diversification opportunities, and may assist in hedging inflation.

4. Diversification within and across asset classes and by investment styles that are not perfectly correlated, can reduce risk over the long term without compromising expected returns and is a prerequisite to prudent fund management.

   The Board believes that exposure to foreign currencies as a result of moderate levels of foreign investments can provide diversification benefits. Currency hedging should only be undertaken to mitigate risk.

5. Responsible investing involves incorporating financially material environmental, social, and governance ("ESG") considerations into investment decisions. The Board believes that organizations that identify and appropriately manage ESG risks and opportunities are more likely to represent good long-term investments. The types of ESG factors that may have material effects on investment returns include, but are not limited to the following:

   - Environmental factors: pollution, resource depletion, climate change, deforestation, and land use.
   - Social factors: labour standards, workplace health and safety, diversity, and consumer protection.
   - Governance factors: shareholder rights, conflicts of interest, board structure and diversity, corruption, executive compensation, and tax strategy.

6. The Board utilizes pooled funds offered by Investment Managers and recognizes that there is limited ability to directly influence the selection of specific investments or the degree to which ESG factors are considered by the Investment Managers. However, the Board shall only select Investment Managers with robust responsible investing approaches that appropriately consider ESG factors in their investment decisions.

7. Specific investments should not be excluded solely based on ESG factors. The Board encourages its Investment Managers to actively engage with investee companies on the full range of ESG considerations.

8. Active management is expected to serve the Plan better than passive management in most asset classes. Markets are efficient to varying degrees, and short-term deviations from long-term fundamentals can occur. Therefore, there is an expectation for skilled managers to add value and/or reduce risk relative to passive exposure to the market. The opportunity for value added and/or reduced risk from active management should be weighed against the incremental cost relative to passive market exposure.

9. A specialist manager structure offers a number of benefits over a balanced manager structure including the potential to hire the best manager for each asset class, greater flexibility to replace underperforming funds, and the ability to make use of passive investment funds for appropriate asset classes.

10. With respect to foreign equities, global mandates are preferred over combinations of U.S. and International equity mandates because global mandates allow managers more flexibility and greater opportunities to add value.

11. Market timing is not seen as an effective strategy for generating consistent returns. Therefore, a rebalancing protocol around the strategic asset mix is seen as the most effective way of ensuring that portfolio risk does not drift materially above or below the intended risk level.

12. Investment Managers should be monitored regularly for changes in ownership, investment process and philosophy, key investment personnel, approach to responsible investing and for investment returns against relevant peer groups and indices. Managers may be terminated on the basis of qualitative issues even if investment returns are acceptable.

13. Investment returns should be evaluated over at least a 4-year period. Emphasis should be placed, not only on the level of returns, but also on the amount of risk taken to achieve those returns. Tracking error should be assessed in terms of the impact on volatility of the Plan’s required contributions and funded status.

These beliefs require an investment approach that seeks to obtain higher long-term returns while containing volatility in short-term results. This goal underlies the UAPP’s investment policy and risk management measures.

Investment Policy

UAPP's investment policies are based on the investment beliefs and expectations of the Board and are set out in the Statement of Investment Policies & Goals (SIP&G). The asset mix policy, or the Fund's long-term allocation to the different asset classes, is a key component of the SIP&G. It is through the asset allocation decision that the Board diversifies its investments across asset classes and attempts a balance between the objective of higher long-term returns and the desire to reduce shorter term volatility in those returns.

The Board, through its Investment Committee, monitors on an ongoing basis the performance of the Fund, the funded status of the Plan, capital markets and economic developments and expectations. Based on this monitoring, the Board may adjust the asset mix and take other appropriate measures to control risk or improve returns. The Board reviews the SIP&G at least once a year. A new SIP&G became effective January 1, 2025, a copy of which is available on the UAPP website www.uapp.ca under Publications.

The following table compares the Board's current Long-term Policy Asset Mix benchmark and ranges to the actual asset mix of investments for 2024 and 2023.

Long-term Policy Asset Mix
(percentage of Fund)

	2024				2023			
Asset Class	**Target**	**Min**	**Max**	**Actual**	**Target**	**Min**	**Max**	**Actual**
Fixed Income								
Cash & short term	0.0	0.0	1.0	1.2	0.0	0.0	1.0	0.8
Universe bonds	11.5	9.5	13.5	10.7	11.5	9.5	13.5	11.4
Private mortgages	5.0	3.0	7.0	4.2	5.0	3.0	7.0	4.4
Long duration bonds	11.5	9.5	13.5	10.4	11.5	9.5	13.5	11.5
Real return bonds	7.0	5.0	9.0	5.2	7.0	5.0	9.0	5.5
	35.0	**31.0**	**39.0**	**31.6**	**35.0**	**31.0**	**39.0**	**33.6**
Equities								
Canadian public equities	5.0	3.0	7.0	3.9	5.0	3.0	7.0	3.7
Foreign public equities								
Global	33.0	28.0	38.0	33.1	33.0	28.0	38.0	30.7
Emerging markets	7.0	5.0	9.0	6.2	7.0	5.0	9.0	5.7
Private equities	5.0	3.0	7.0	10.5	5.0	3.0	7.0	10.7
	50.0	**45.0**	**55.0**	**53.6**	**50.0**	**45.0**	**55.0**	**50.8**
Alternative investments								
Real estate	8.0	6.0	10.0	7.2	8.0	6.0	10.0	7.8
Infrastructure	7.0	5.0	9.0	6.9	7.0	5.0	9.0	6.9
Timberland	0.0	0.0	1.0	0.6	0.0	0.0	1.0	0.7
	15.0	**11.0**	**19.0**	**14.7**	**15.0**	**11.0**	**19.0**	**15.4**
Strategic opportunities and currency	-	-	-	0.2	-	-	-	0.2
Total	**100.0**			**100.0**	**100.0**			**100.0**

Note: the values in the "Actual" columns may not add up precisely due to rounding.

INVESTMENT REPORT

The Plan maintains a diversified investment portfolio encompassing fixed income securities, Canadian and global public equities, private equities, and alternative investments. In 2024, similar to 2023, the private equity segment of the portfolio surpassed the upper limit set by the SIP&G due to increased market values from past returns. Given the illiquidity of this asset class, no new private equity investments will occur until allocations return to permissible levels through strategic divestments, contingent on market conditions. This overweight in private equity has resulted in a fixed income allocation below target but still within the acceptable range. Year-end cash levels slightly exceeded the maximum, primarily due to distributions from alternative investments; this excess was brought back within the range post-year-end by allocating proceeds equally between universe bonds and long duration bonds.

The Plan's money market and fixed income portfolio is exposed to credit risk and interest rate risk through bond and mortgage holdings and derivative products. Based on the view that currencies are a zero-sum game in the long-run, currency exposure to foreign equity markets is largely unhedged. To protect the Fund from a drop in the value of foreign currencies, the investment managers may hedge the Fund's foreign currency exposure back into Canadian dollars. Therefore, unless currency exposure is hedged, the returns from foreign markets will be impacted by changes in the exchange rate of the Canadian dollar.

Investment Management

During 2024, UAPP relied on eight investment managers to oversee its portfolio:

- Alberta Investment Management Corporation (AIMCo) is managing 35.3% of the Fund. AIMCo's portfolio includes private equity, alternative investments, private mortgages, and real return bonds. Established in 2008 as an Alberta provincial corporation, AIMCo reports to the President of Treasury Board and Minister of Finance, overseeing $170 billion in assets for public sector pension plans and the Alberta government.
- Beutel, Goodman & Company Ltd. is responsible for about half of the Canadian long bond and universe bond portfolios as well as about one-third of UAPP's global equity strategy added in March 2024, with total assets across three strategies representing 21.6% of the Fund. Founded in 1967, this privately-owned Canadian firm manages around $52 billion in assets.
- Connor, Clark & Lunn Financial Group (CC&L) is managing a global equity strategy since March 2024, comprising 11.6% of the Fund. Founded in 1982, CC&L is one of Canada's largest independent investment management firms with $139 billion in assets.
- Fiera Capital Corporation is overseeing the remaining Canadian long bond and universe bond portfolios, accounting for 10.6% of total Fund as of December 31, 2024. Founded in 2003, the company is active across public and private markets, with approximately $165 billion in assets.
- Leith Wheeler Investment Counsel is managing a Canadian equity strategy since March 2024, representing 3.9% of the Fund. Established in 1982, Leith Wheeler is an independent investment firm based in Vancouver, British Columbia.
- North of South Capital LLP is overseeing an emerging markets strategy since October 2024, representing 6.2% of the Fund. Founded in 2004, North of South is a London, UK-based investment management firm specializing in emerging market equities.
- PineStone Asset Management Inc. is managing a global equity strategy since March 2024, accounting for 10.8% of the Fund. Based in Montreal, PineStone was established in 2021 following a separation from a large independent asset manager. The firm is 100% employee-owned, focusing exclusively on investing in high-quality companies worldwide, with approximately $78.9 billion in assets under management.

- State Street Global Advisors managed the public equity asset class on a passive basis for parts of 2024 before the transition to active managers.

To mitigate risks associated with implementation of investment policy, UAPP has established clear benchmarks, guidelines, standards, and controls at both the total Fund and individual asset class levels. Investment managers are granted flexibility within prescribed limits to enhance value beyond policy expectations. Compliance with the SIP&G and performance relative to specified benchmarks are formally monitored on a quarterly basis. The Board relies on its Investment Committee, its internal investment team, and Aon as an independent asset consultant to manage relationships and regularly evaluate investment managers.

Proxy Voting

Proxy voting is an important tool in corporate governance. The Board delegates responsibility for proxy voting to investment managers. Pension funds are to be managed in the best interests of beneficiaries. This principle governs the voting of proxies. The UAPP Board considers proxy voting to be a key element of responsible investing and that thoughtful voting is a contributor to optimizing the long-term value of investments.

Risk Management

The Board recognizes that to meet the return objectives of the Plan, UAPP must take on risk inherent in the assets in which the Plan invests. As such, UAPP invests in a diverse set of asset types to help improve the likelihood of achieving its desired results for a given level of risk.

Investment risk management is a key focus for the Board and the investment managers, who seek to measure and monitor both historic and possible future risks, allocating risk as a scarce resource to the most promising investment opportunities.

UAPP monitors the risk of the Plan's liabilities in relation to its invested assets.

Evaluating Investment Performance

A key actuarial assumption in calculating the Plan's pension obligation is the discount rate, to which the obligation is highly sensitive. According to the 2024 audited financial statements, a 1% decrease in the nominal discount rate and commuted value settlement discount rate would result in an increase to actuarial liabilities and plan deficit of $1,071.6 million.

The discount rate in 2024 remained at 5.62%, based on a long-term real return assumption of 3.37% and an inflation assumption of 2.25%. This reflects the Plan's long-term investment return objective for funding purposes.

Investment performance is also evaluated by assessing whether managers generate returns above their respective benchmarks. The Plan's overall performance is measured against a policy benchmark, which reflects the weighted market index returns of the Plan's strategic asset allocation.

While peer comparisons can provide context, they are only meaningful when funds have similar investment objectives, risk profiles, and constraints.

INVESTMENT REPORT

2024 Investment Performance

Ending Total Assets*: $7,345.0 million
2023: $6,554.6 million

Rate of Return: 13.4%
2023: 10.5%

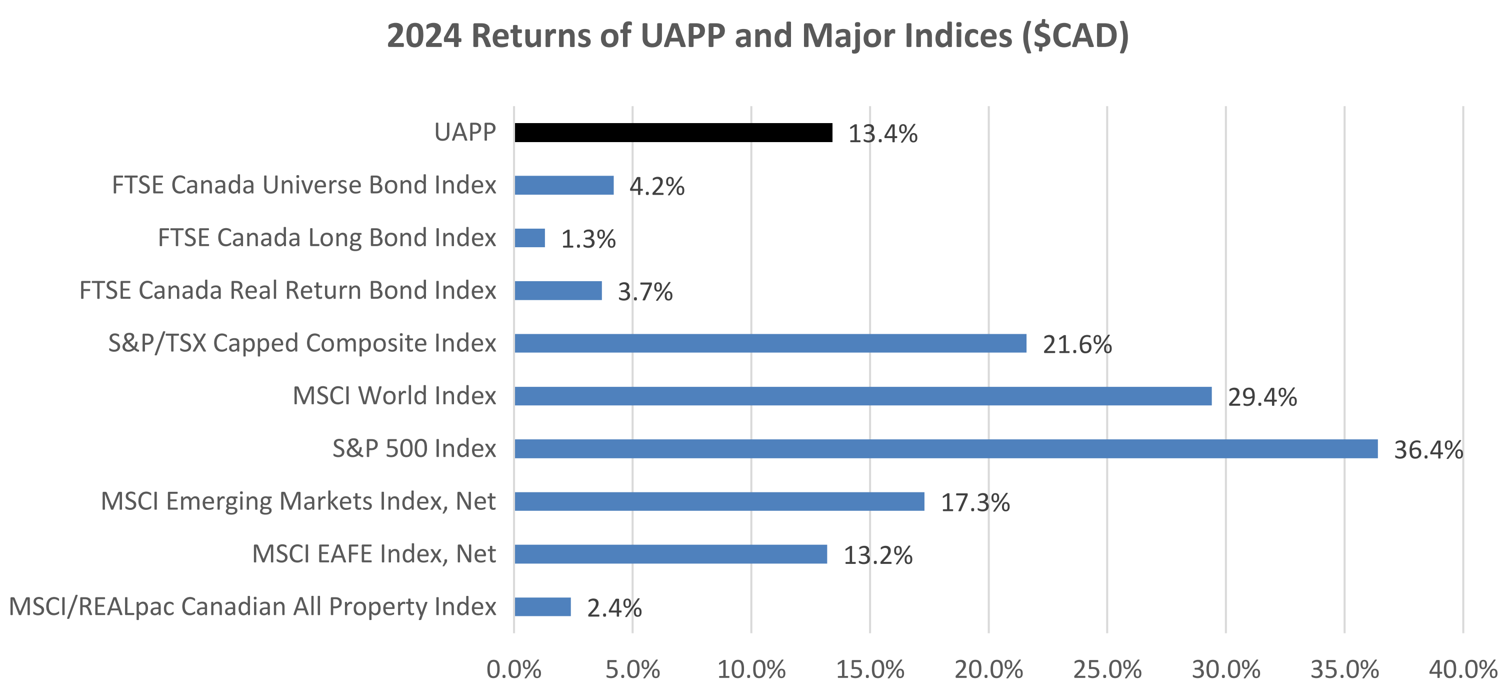
Gain/(Loss): $890.6 million
2023: $655.8 million

Expenses: $33.0 million
2023: $25.7 million

*includes cash and invested assets

UAPP experienced positive absolute returns on its investments in every quarter of 2024. UAPP returned 3.6% in Q1, led by Public Equities, but underperformed the benchmark by 0.6% due to underperformance of Private Equity and Infrastructure returns versus benchmarks. In Q2, UAPP returned 2.4% driven by gains in Global Equities, Emerging Markets, Private Equity and Infrastructure, exceeding the benchmark by 0.1%. Q3 performance was 4.4%, underperforming the benchmark by 0.1%, with broad asset class gains except in Real Estate. In Q4, UAPP returned 2.4%, outperforming the benchmark by 0.2%, with gains in Emerging Markets, Private Equity, and Infrastructure offset by Global Equities underperformance.

The following chart summarizes the market returns in Canadian dollars from various indices around the world and the overall return of UAPP for 2024.



2024 continued to be a year of strong performance. Central banks entered an easing phase with Bank of Canada leading with a 1.75% total rate cut in 2024, ending the year at 3.25%. Canada’s rate cuts responded to weak per capita GDP growth amid rapid population expansion. The US Federal Reserve was more cautious, balancing inflation control with full employment, reducing rates by 1% due to persistent inflation.

INVESTMENT REPORT

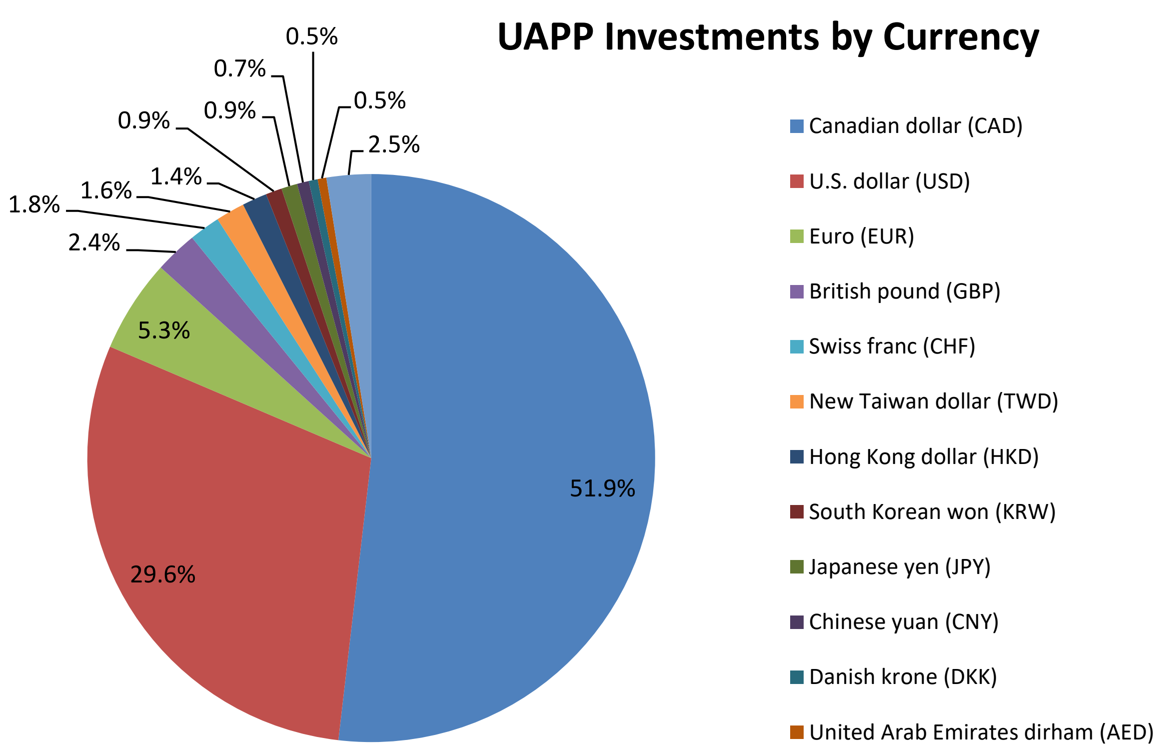
The US markets were driven by the "Magnificent Seven" theme (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, Tesla). Nvidia was a standout, fueled by AI demand, contributing more than 6% to S&P 500 returns. Microsoft and Alphabet also benefited from AI-driven growth. The market capitalization of the Magnificent Seven has significantly grown, with their representation in the S&P 500 Index more than tripling from a decade ago and representing over 33% of the S&P 500. The strength of US equities increased their weight in global indices like the MSCI World Index, reinforcing US dominance in global portfolios.

Global equities lagged the US, with UK and European underperformance offset by strong gains in Japan. Emerging markets returned 17.3%, with China equities standing out, rising over 30% - a significant driver of EM performance.

Canadian equity gains were broad-based, with financials and energy leading. Wars and rate cuts by the US Federal Reserve drove strong demand for gold, returning 27% for the year. Canada, with a higher equity market exposure to gold, benefited from the rally. The Canadian dollar depreciated by almost 8% against the USD, boosting unhedged returns for Canadian investors in US equities.

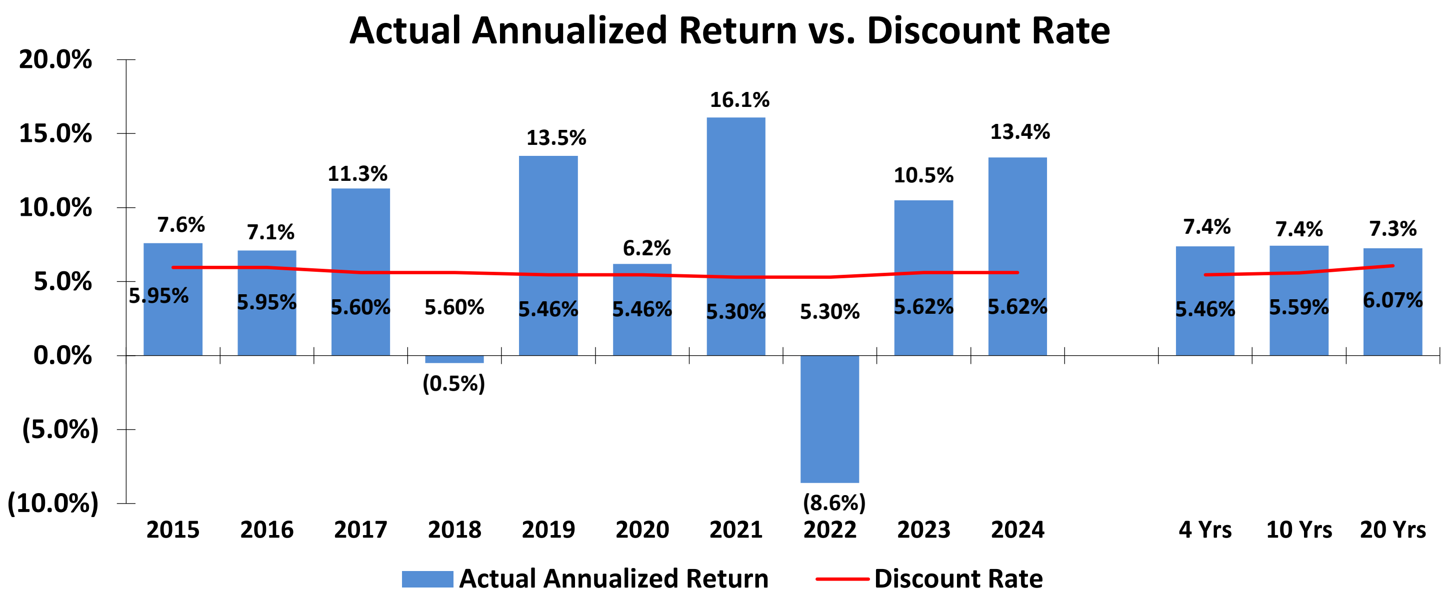
Fixed income markets were driven by central banks' responses to inflation. Longer-duration bonds faced headwinds as markets priced in the expectation that inflation may remain elevated over the longer term, keeping upward pressure on long-term yields. Cash-equivalent instruments performed well, with the FTSE Canada 91-Day T-Bill Index up 4.9%. The FTSE Canada Universe Bond Index returned 4.2%.

Approximately 51.9% of the Plan's investments are denominated in Canadian dollars, 29.6% denominated in United States dollars, with the remaining 18.5% in several other currencies. The weaker Canadian dollar in relation to the U.S. dollar had a positive impact on the value of USD-denominated investments held by the Plan as CAD dropped from $1.32 at the beginning of the year to $1.42 in December 2024.



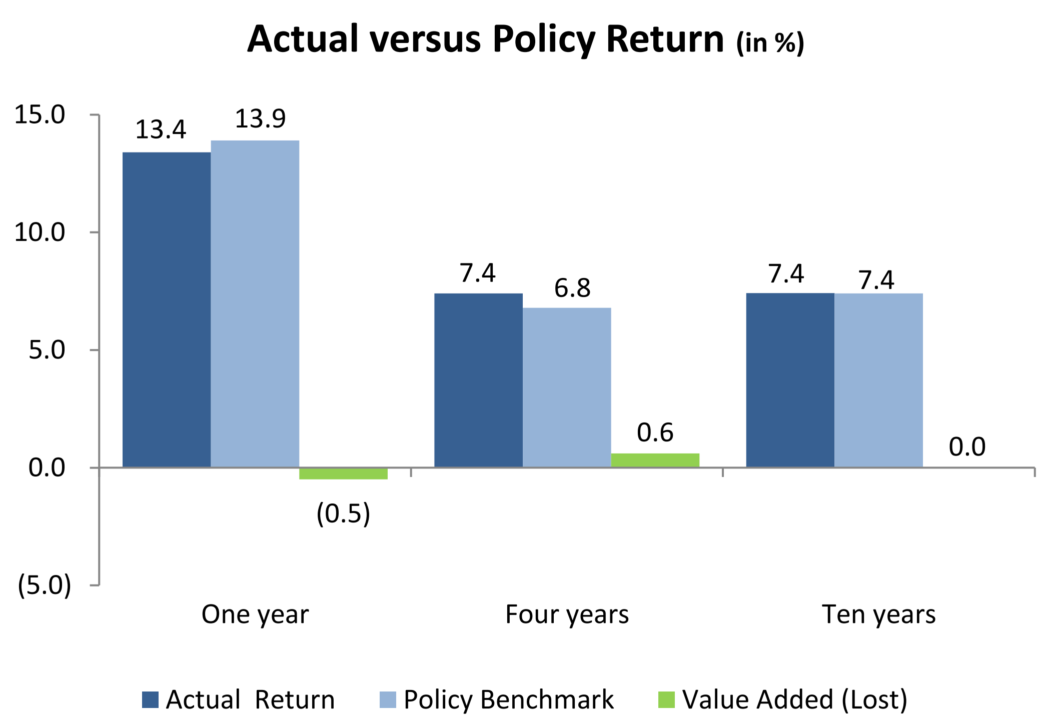
INVESTMENT REPORT

The following chart compares the Plan's actual return over one year and annualized returns over four, ten, and twenty years against the Plan's actuarial discount rate for funding purposes. The Plan's actual investment return exceeded the long-term return objective for funding purposes.



Actual versus Policy Return

According to the Plan's SIP&G, the Board has set a performance goal based on the expectation that investment management will add 0.5% per annum over a four-year period beyond the passively managed market-based policy benchmark. Over a four-year period, the UAPP Fund has returned 7.4% annually, exceeding the benchmark by 0.6%, largely due to the outstanding performance of Private Equity and Infrastructure.



INVESTMENT REPORT

PERFORMANCE BY ASSET CLASS

Fixed Income

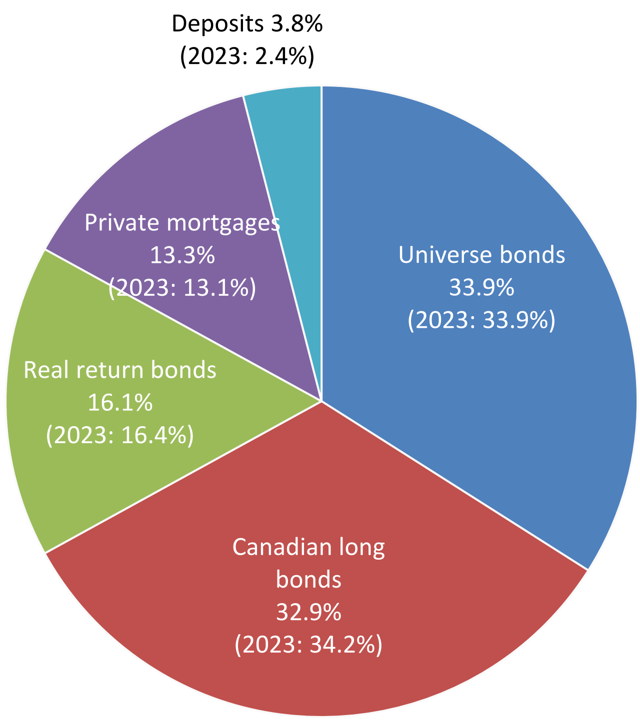
At December 31, 2024, fixed income holdings comprise 31.6% of the Plan's total investments or $2,320 million. The Canadian long bond portfolio and universe bond portfolio are managed by Beutel, Goodman & Company Ltd. and Fiera Capital Corporation. AIMCo manages private mortgages and real return bonds.

In 2024, the Plan's total fixed income securities gained 3.8%, outperforming against the combined benchmark by 0.4%. Over the past four years, the Plan's total fixed income securities outperformed against the combined benchmark by 0.2%.

Total Fixed Income	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added %
One year	3.8	3.4	0.4
Four year	(1.7)	(1.9)	0.2

* The combined benchmark includes the FTSE Canada Long Bond Index, FTSE Canada Real Return Bond Index, FTSE Canada Universe Bond Index, and FTSE Canada 91-Day T-Bill Index.

Summary of Fixed Income Holdings (by pooled investment fund)



Universe Bonds

In 2024, the universe bond portfolio gained 4.9%, outperforming against the benchmark by 0.7%. Over the past four years, the Plan's universe bond portfolio detracted by 0.8% on an annualized basis, but outperformed the benchmark return of -1.1%.

Universe Bonds	Actual Return %	Benchmark Index *FTSE Universe Bond Index* %	Net Value Added (Lost) %
One year	4.9	4.2	0.7
Four year	(0.8)	(1.1)	0.3

Private Mortgages

In 2024, the private mortgage portfolio gained 6.3%, outperforming the benchmark by 0.3%. Over the past four years, the private mortgage portfolio gained 1.6% on an annualized basis, outperforming the benchmark by 0.3%.

Mortgages	Actual Return %	Benchmark Index *FTSE 60%S-T/40%M-T Bond Index plus 0.75%* %	Net Value Added %
One year	6.3	6.0	0.3
Four year	1.6	1.3	0.3

Long Bonds

In 2024, the long bond portfolio gained 1.8%, outperforming the benchmark by 0.5%. Over the past four years, the long bond portfolio lost 4.3% on an annualized basis, outperforming the benchmark loss of 4.6%.

Long Bonds	Actual Return %	Benchmark Index *FTSE Long Bond Index* %	Net Value Added %
One year	1.8	1.3	0.5
Four year	(4.3)	(4.6)	0.3

Real Return Bonds

In 2024, the Plan's real return bond portfolio gained 3.8%, outperforming the benchmark by 0.1%. Over the past four years, the Plan's real return bond portfolio lost 1.9% on an annualized basis, outperforming the benchmark by 0.1%.

Real Return Bonds	Actual Return %	Benchmark Index *FTSE Real Return Bond Index* %	Net Value Added %
One year	3.8	3.7	0.1
Four year	(1.9)	(2.0)	0.1

Equities

As of December 31, 2024, equity holdings comprise 53.6% of the Plan's total investments or $3,935.5 million. The public equity portfolios are managed by Leith Wheeler (Canadian), Beutel Goodman, Connor, Clark & Lunn, and PineStone Asset Management (global), and North of South Capital (emerging markets). AIMCo manages the private equity portfolio.

Canadian Public Equities

At December 31, 2024, Canadian public equities represented 3.9% of the Plan's total investments or $283.7 million. UAPP's Canadian equity portfolio was invested in State Street Global Advisors' WindWise S&P/TSX Composite pooled index fund at the beginning of the year prior to implementing an active strategy managed by Leith Wheeler at the end of Q1 2024.

In 2024, the Canadian public equity portfolio gained 9.9%, falling short of the index performance by 11.7%. Over the past four years, the Canadian public equity portfolio gained 10.3% on an annualized basis, underperforming the benchmark by 2.2%. These returns include periods when the portfolio was passively managed.

Canadian Public Equities	Actual Return %	Benchmark Index S&P/TSX Composite %	Net Value (Lost) %
One year	**9.9**	**21.6**	**(11.7)**
Four year	**10.3**	**12.5**	**(2.2)**

Canadian Public Equities Sector Exposure Relative to Benchmark December 31, 2024	Canadian Public Equities	Over (Under) Benchmark
Sector	**%**	**%**
Communication Services	3.7	0.6
Consumer Discretionary	1.7	(1.8)
Consumer Staples	5.9	1.7
Energy	11.7	(5.9)
Financials	33.3	2.0
Health Care	0.0	(0.3)
Industrials	18.1	4.5
Information Technology	12.6	3.9
Materials	4.0	(7.7)
Real Estate	2.0	(0.2)
Utilities	6.3	2.5
Cash	0.6	0.6
	100.0	

INVESTMENT REPORT

Foreign Public Equities

As of December 31, 2024, foreign public equities accounted for 39.3% of UAPP's total investments or $2,883.5 million. UAPP's foreign public equity portfolio consists of global equities strategies actively managed by Beutel Goodman (27% of foreign public equities allocation), Connor, Clark & Lunn (29%), PineStone (28%), and an emerging markets equity strategy managed by North of South (16%). State Street managed this portfolio on a passive basis at the start of the year with funds transitioned to these four managers between March and October 2024.

In 2024, the foreign public equity portfolio gained 19.6% versus 27.5% benchmark gain. Over the past four years, the Plan's foreign public equity portfolio gained 10.5% on an annualized basis, underperforming the benchmark by 0.9%. These returns include periods when the portfolio was passively managed.

Total Foreign Public Equities	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added (Lost) %
One year	19.6	27.5	(7.9)
Four year	10.5	11.4	(0.9)

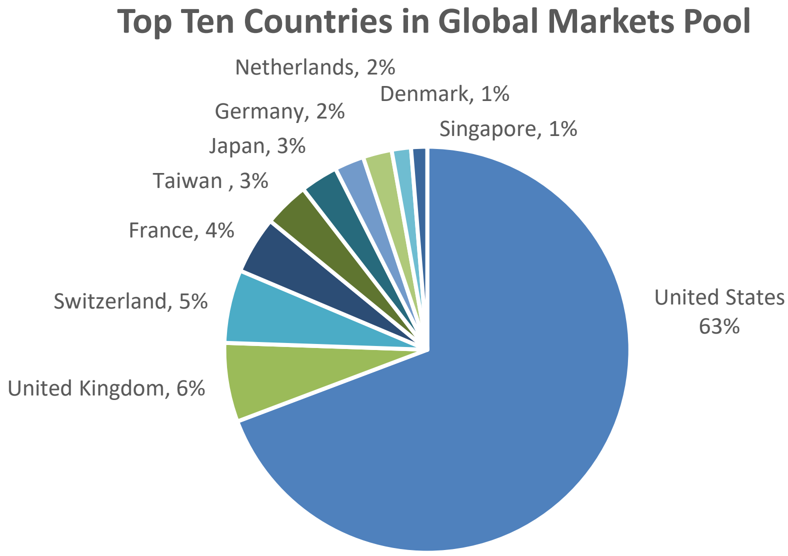
* Combined benchmark incudes the MSCI World and MSCI Emerging Markets indices.

Global Public Equities

The Plan's global public equity portfolio is invested across three actively managed funds which represent 84% of the total foreign public equities portfolio.

In 2024, UAPP's public equity portfolio gained 18.9%, which was 10.5% lower than the benchmark. Over the past four years, the Plan's global public equity portfolio gained 12.1% on an annualized basis, underperforming the benchmark by 1.3%.

Global Public Equities	Actual Return %	Benchmark Index MSCI World Index %	Net Value Added (Lost) %
One year	18.9	29.4	(10.5)
Four year	12.1	13.4	(1.3)



Global Public Equities Sector Exposure Relative to Benchmark December 31, 2024	Global Public Equities*	Over (Under) Benchmark
Sector	%	%
Communication Services	9.4	1.8
Consumer Discretionary	13.7	3.3
Consumer Staples	8.1	1.6
Energy	1.0	(3.2)
Financials	18.5	3.1
Health Care	11.6	(0.2)
Industrials	10.3	(0.7)
Information Technology	22.0	(2.7)
Materials	2.8	(1.0)
Real Estate	0.4	(1.8)
Utilities	0.9	(1.6)
Cash and Equivalents	1.4	1.4
	100.0	
* may not add to 100% due to rounding		

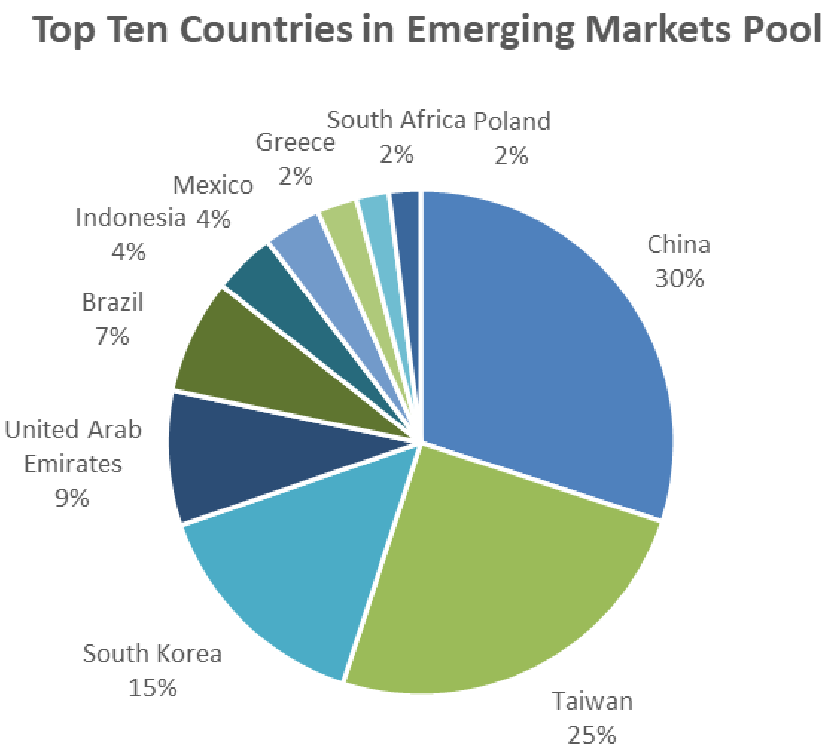
Emerging Markets Public Equities

The Plan's emerging markets public equity portfolio is invested in units of a pooled fund actively managed by North of South. Approximately 16% of UAPP's overall foreign public equity portfolio is invested in this fund. North of South was added in Q4, 2024 and prior to that, the strategy was a passive allocation with State Street Global Advisors' MSCI Emerging Markets Index pooled fund.

In 2024, the Plan's emerging markets public equities portfolio gained 23.5%, exceeding the benchmark by 6.2%. Over the past four years, the Plan's emerging markets public equity portfolio gained 2.4% on an annualized basis, outperforming the benchmark by 1.5%.

Emerging Markets Public Equities	Actual Return %	Benchmark Index MSCI Emerging Markets Index %	Net Value Added (Lost) %
One year	23.5	17.3	6.2
Four year	2.4	0.9	1.5

Emerging Markets Equities Sector Exposure Relative to Benchmark December 31, 2024	Emerging Markets Equities*	Over (Under) Benchmark
Sector	%	%
Communication Services	5.5	(6.4)
Consumer Discretionary	23.5	12.5
Consumer Staples	2.7	(2.4)
Energy	4.6	0.0
Financials	18.7	(4.8)
Health Care	0.0	(3.5)
Industrials	10.0	4.5
Materials	6.9	(0.3)
Real Estate	3.9	2.3
Technology	24.3	0.9
Utilities	0.0	(2.8)
	100.0	
* may not add to 100% due to rounding		



Private Equities

The private equity portfolio includes investments in institutionally sponsored international private equity pools managed by experienced external investment advisors with proven track records and co-investments with private equity managers. As of December 31, 2024, private equity represented 10.5% of the portfolio or $768 million. In 2024, private equity delivered 13.1%, outperforming the benchmark by 4.7%. Over the past four years, private equity returned 19.9% annualized, outperforming the benchmark by 9.3%.

Private Equities	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 6.5% %	Net Value Added (Lost) %
One year	13.1	8.4	4.7
Four year	19.9	10.6	9.3

Alternative Investments

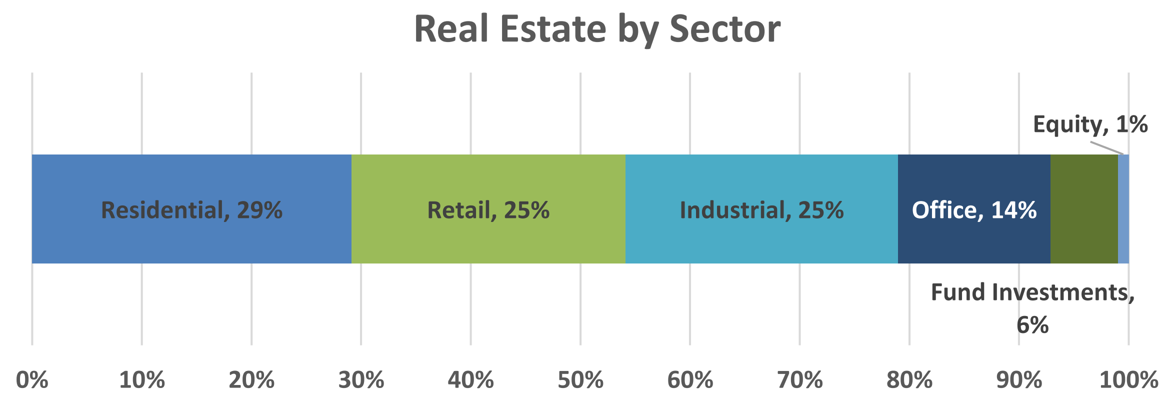
Alternative investments include real estate, infrastructure, and timberland investments, all managed by AIMCo. As of December 31, 2024, alternative investments accounted for 14.7% of the portfolio or $1,076 million. In 2024, alternatives delivered 7.1%, outperforming the benchmark by 2.0%. Over the past four years, alternative investments returned 14.7% annualized, exceeding the benchmark by 8.3%.

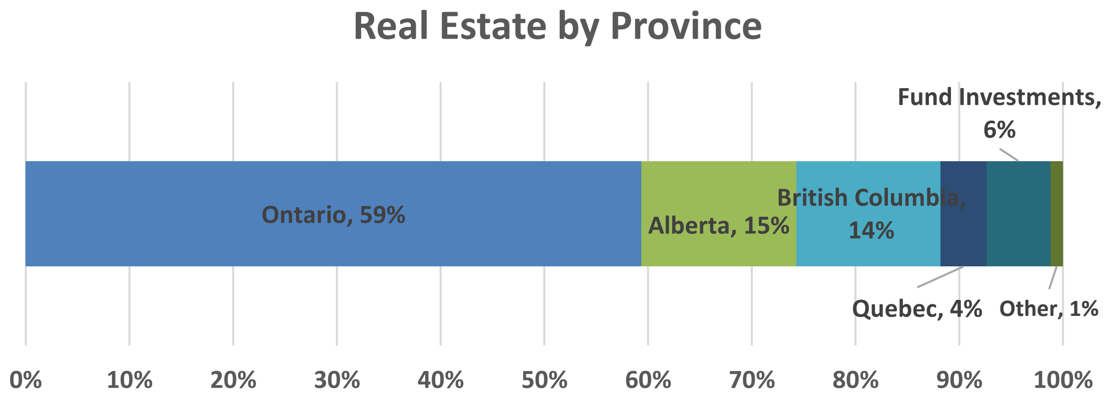
Total Alternative Investments	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added (Lost) %
One year	7.1	5.1	2.0
Four year	14.7	6.4	8.3

* Combined benchmark incudes MSCI/REALpac Canadian All Property Index, CPI + 6% and CPI + 4%

Real Estate

As of December 31, 2024, real estate investments accounted for 7.2% of the Plan's total investments or $529 million compared to 7.8% or $511 million the previous year. UAPP invests in AIMCo's Private Real Estate Pool which includes a mix of industrial, retail, residential, and office properties located in Ontario, Alberta, British Columbia, and Quebec.





In 2024, the Plan's real estate portfolio returned 0.1%, underperforming the benchmark by 2.3%. Over the past four years, the Plan's real estate portfolio gained 4.0% on an annualized basis, outperforming the benchmark by 1.4%.

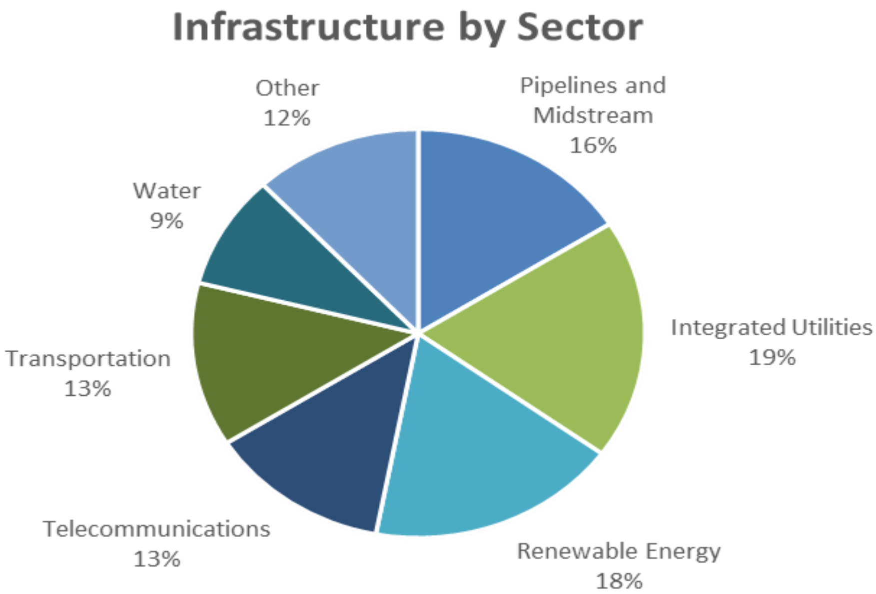
Real Estate	Actual Return %	Benchmark Index MSCI/REALpac All Property Index %	Net Value Added (Lost) %
One year	0.1	2.4	(2.3)
Four year	4.0	2.6	1.4

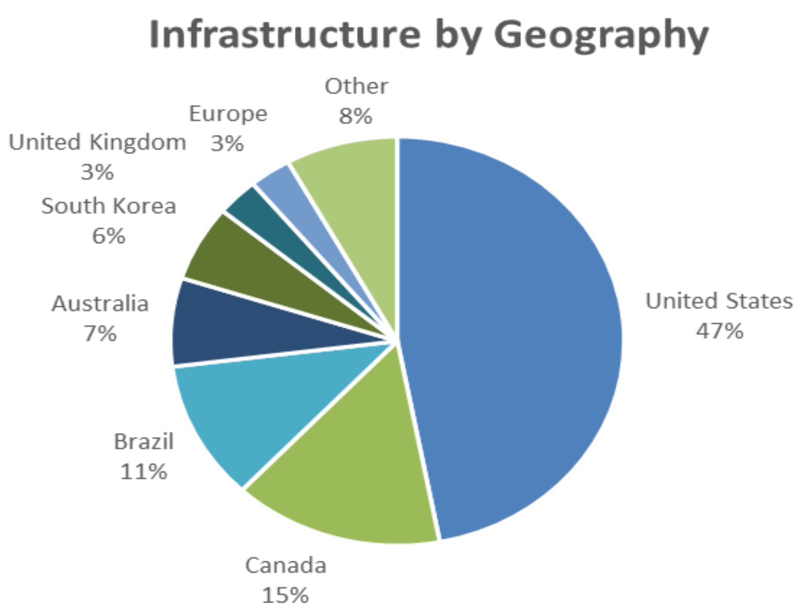
Private Infrastructure

As of December 31, 2024, infrastructure investments represented 6.8% of total Plan investments or $503 million. Investments include investments across various sectors such as pipelines and midstream, renewable energy, utilities, transportation, telecom, water and other.

In 2024, the infrastructure return was 14.7%, outperforming the benchmark by 6.8%. Over the past four years, the Plan's infrastructure portfolio gained 15.4% on an annualized basis, outperforming the benchmark by 5.3%.

Infrastructure	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 6% %	Net Value Added %
One year	14.7	7.9	6.8
Four year	15.4	10.1	5.3





Timberland

As of December 31, 2024, UAPP's investment in AIMCo's Timberland Pool comprised 0.6% of total Plan investments or $45 million compared to 0.7% or $45 million at the end of the previous year. The portfolio consists of timberland investments in Australia, New Zealand, and Latin America.

In 2024, the portfolio gained 3.2%, underperforming against the benchmark by 2.7%. Over the past four years, the timberland portfolio gained 13.9% on an annualized basis, outperforming the benchmark by 5.8%.

Timberland	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 4% %	Net Value Added (Lost) %
One year	3.2	5.9	(2.7)
Four year	13.9	8.1	5.8

Strategic Opportunities Pool

On December 31, 2024, the Strategic Opportunities Pool managed by AIMCo comprised 0.2% of total Plan portfolio, or $13 million compared to 0.2% or $15 million at the end of the previous year. AIMCo's Strategic Opportunities Pool consists of fund investments in Brazil and Colombia. In 2024, the Strategic Opportunities Pool had a gain of 1.7%. Over the past four years, the Strategic Opportunities Pool lost 2.8% on an annualized basis.

Table of Investment Returns

	December 31, 2024		Annual Returns				
	Investments (in millions)	Asset Mix (%)	2024 %	2023 %	2022 %	2021 %	Annualized 4 yr %
Total Fund	**$ 7,345.0**	**100.0%**	**13.4**	**10.5**	**(8.6)**	**16.1**	**7.4**
Policy Return			*13.9*	*11.1*	*(7.5)*	*11.1*	**6.8**
Value Added (Lost) from Active Management			*(0.5)*	*(0.6)*	*(1.1)*	*5.0*	***0.6***
Consumer Price Index			*1.9*	*3.1*	*6.8*	*4.7*	***4.1***
Total Fixed Income	**$ 2,320.4**	**31.6%**	**3.8**	**6.9**	**(14.5)**	**(1.6)**	**(1.7)**
Combined Benchmarks			*3.4*	*6.8*	*(14.6)*	*(2.0)*	***(1.9)***
Short-term Fixed Income	85.5	1.2%	**5.4**	**4.9**	**1.9**	**0.7**	**3.2**
FTSE Canada 91-Day T-Bill Index			*4.9*	*4.7*	*1.8*	*0.2*	***2.9***
Universe Bonds	783.1	10.7%	**4.9**	**7.2**	**(11.8)**	**(2.2)**	**(0.8)**
FTSE Canada Universe Bond Index			*4.2*	*6.7*	*(11.7)*	*(2.5)*	***(1.1)***
Private Mortgages	307.2	4.2%	**6.3**	**4.5**	**(5.0)**	**1.1**	**1.6**
FTSE Canada 60% Short-Term/40% Mid-Term plus 0.75%			*6.0*	*6.3*	*(5.8)*	*(0.9)*	***1.3***
Long Duration Bonds	766.3	10.4%	**1.8**	**10.0**	**(21.8)**	**(4.2)**	**(4.3)**
FTSE Canada Long-Term Overall Bond Index			*1.3*	*9.5*	*(21.8)*	*(4.5)*	***(4.6)***
Real Return Bonds	378.3	5.1%	**3.8**	**2.4**	**(14.2)**	**1.6**	**(1.9)**
FTSE Canada Real Return Bond Index			*3.7*	*2.0*	*(14.3)*	*1.8*	***(2.0)***
Total Equities	**$ 3,935.5**	**53.6%**	**17.6**	**16.5**	**(10.3)**	**22.1**	**10.7**
Combined Benchmark			*21.7*	*14.0*	*(9.3)*	*18.8*	***10.6***
Total Canadian Public Equities	283.7	3.9%	**9.9**	**11.7**	**(5.9)**	**28.0**	**10.3**
S&P/TSX Composite Capped Index			*21.6*	*11.8*	*(5.8)*	*25.1*	***12.5***
Foreign Public Equities			**19.6**	**18.7**	**(12.3)**	**19.8**	**10.5**
MSCI World Index and MSCI Emerging Markets Index			*27.5*	*18.4*	*(12.5)*	*16.4*	***11.4***
Global Equities	2,431.1	33.1%	**18.9**	**20.9**	**(11.9)**	**24.8**	**12.1**
MSCI World Index			*29.4*	*20.5*	*(12.2)*	*20.8*	***13.4***
Emerging Markets	452.5	6.2%	**23.5**	**6.7**	**(14.3)**	**(2.6)**	**2.4**
MSCI Emerging Markets Index			*17.3*	*6.9*	*(14.3)*	*(3.4)*	***0.9***
Private Equities*	768.2	10.5%	**13.1**	**10.9**	**(5.4)**	**74.0**	**19.9**
CPI plus 6.5%			*8.4*	*9.6*	*13.3*	*11.2*	***10.6***
Alternative Investments	**$ 1,076.4**	**14.7%**	**7.1**	**(0.2)**	**12.6**	**43.7**	**14.7**
Combined Benchmark			*5.1*	*4.4*	*6.5*	*9.7*	***6.4***
Real Estate	528.7	7.2%	**0.1**	**(4.7)**	**7.3**	**14.1**	**4.0**
MSCI/REALpac Canadian All Property Index			*2.4*	*0.0*	*1.2*	*6.9*	***2.6***
Infrastructure	502.8	6.8%	**14.7**	**5.0**	**16.5**	**26.3**	**15.4**
CPI plus 6%			*7.9*	*9.1*	*12.8*	*10.7*	***10.1***
Timberland	44.9	0.6%	**3.2**	**(1.7)**	**37.3**	**20.8**	**13.9**
CPI plus 4%			*5.9*	*7.1*	*10.8*	*8.7*	***8.1***
Strategic Opportunities	**$ 12.7**	**0.2%**	**1.7**	**15.1**	**(21.5)**	**(2.7)**	**(2.8)**

** Prior to 2022, private equities were categorized with Alternative Investments*

Administration Report

The Board of Trustees for the Universities Academic Pension Plan is responsible for the ongoing operation and administration of the pension plan, including the collection of relevant member data and contributions, the calculation and payment of pension benefits, and the communication of pension information to plan members and employers. The 2024 results in these areas are as follows:

Membership

There are three types of members currently in the UAPP:

- Active members are those currently employed by a participating employer in a UAPP-eligible position.
- Deferred members are those who have terminated employment and have accrued benefits remaining in the plan but have not yet withdrawn their entitlement nor commenced receiving a monthly pension.
- Pensioners are those who have commenced receiving a monthly pension, including surviving spouses.

Participation	2024	2023
Active members	8,392	8,179
Deferred members	2,959	2,819
Pensioners	7,144	6,886
TOTAL	**18,495**	**17,884**

Active membership in the UAPP increased 2.6% during the year to 8,392 at December 31, 2024 from 8,179 members at December 31, 2023.

Membership Participation Annual Growth Rates

Member Type	Active Members	Deferred Members	Pensioners
2015	2.0%	7.5%	4.5%
2016	2.7%	6.9%	3.6%
2017	2.0%	6.9%	4.7%
2018	0.2%	7.5%	4.1%
2019	-0.3%	3.5%	4.4%
2020	-3.9%	4.8%	5.2%
2021	-0.3%	3.5%	4.3%
2022	0.7%	3.1%	4.6%
2023	4.0%	7.1%	2.5%
2024	2.6%	5.0%	3.7%

New Pensioner Retirement Type

Retirement Type	2024	2023
Retirements at Age 65 or Later	141	142
Retirements Before Age 65	219	179
Pensions to Surviving Spouses	11	11
TOTAL	**371**	**332**

The number of retired members and surviving spouses of pensioners receiving a pension from the UAPP increased to 7,144 at December 31, 2024, from 6,886 at the end of 2023, representing an increase of 3.7% during the year. The retired membership total has grown by 44% over the past ten years. The most popular pension choice among new retirees with a spouse continues to be a Joint Life pension.

New Pensioner Retirement Choices

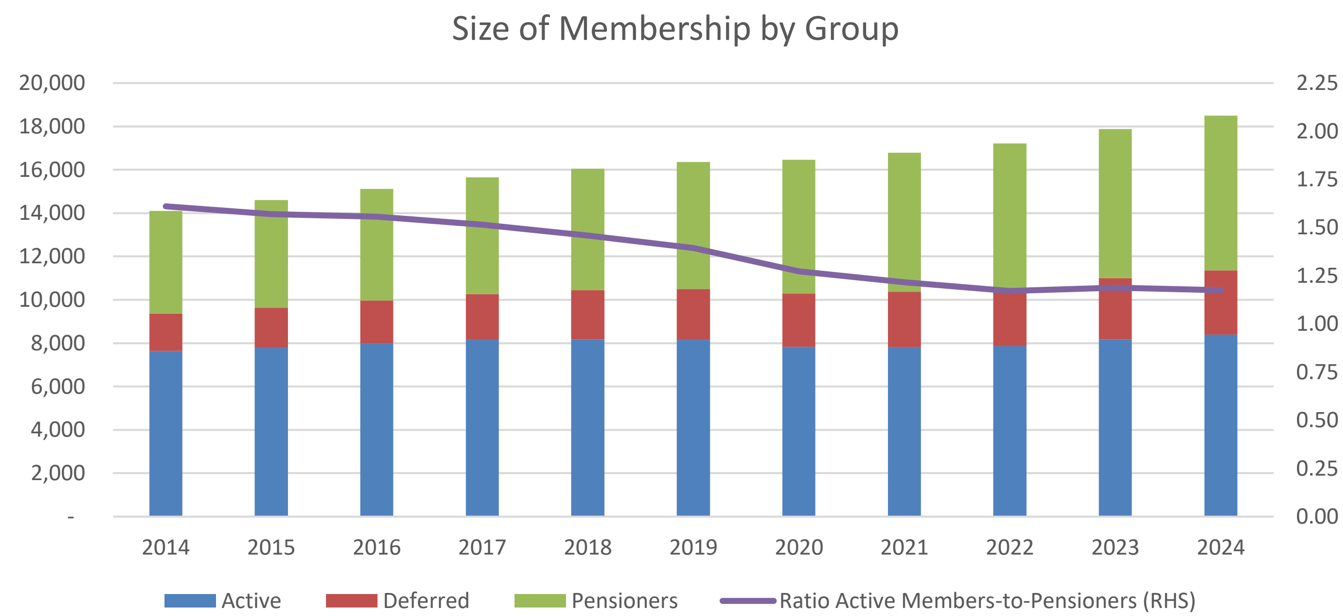
Percentage Electing Option	2024	2023
Single life – with or without guarantee	28%	23%
Joint life – 2/3 spouse, no guarantee	10%	11%
Joint life – 2/3 spouse, 10-year guarantee	16%	18%
Joint life – 100% spouse, no guarantee	17%	17%
Joint life – 100% spouse, 10-year guarantee	29%	31%
TOTAL	**100%**	**100%**

ADMINISTRATION REPORT

Monthly Payment Distribution As At December 31, 2024

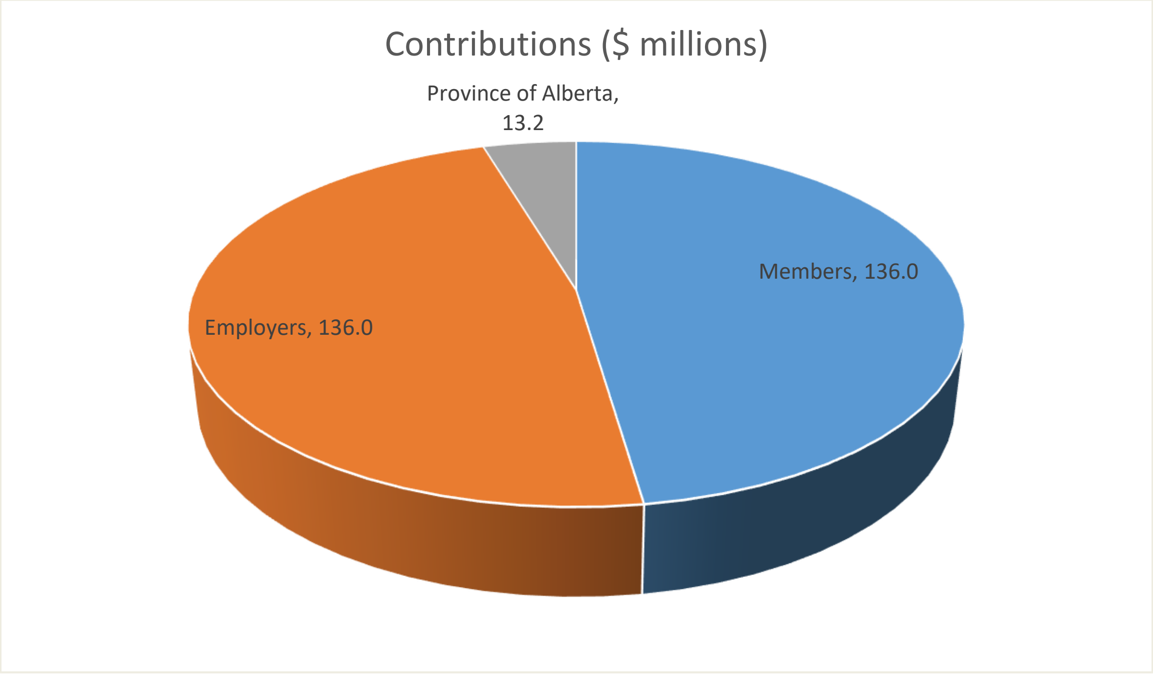
Dollar Value ($) Per Month	Member Pensions	Spouse Pensions	Total
1 to 999	1,315	41	1,356
1,000 to 1,999	920	40	960
2,000 to 2,999	811	28	839
3,000 to 3,999	791	31	822
4,000 to 4,999	785	26	811
5,000 to 5,999	670	9	679
6,000 to 6,999	593	4	597
7,000 to 7,999	428	6	434
8,000 and over	640	6	646
TOTAL	**6,953**	**191**	**7,144**

The number of deferred members who continue to have funds in the Plan increased from 2,819 at December 31, 2023 to 2,959 at December 31, 2024. Over the past decade, this group has been the fastest growing member type as it has increased by 60.0%.

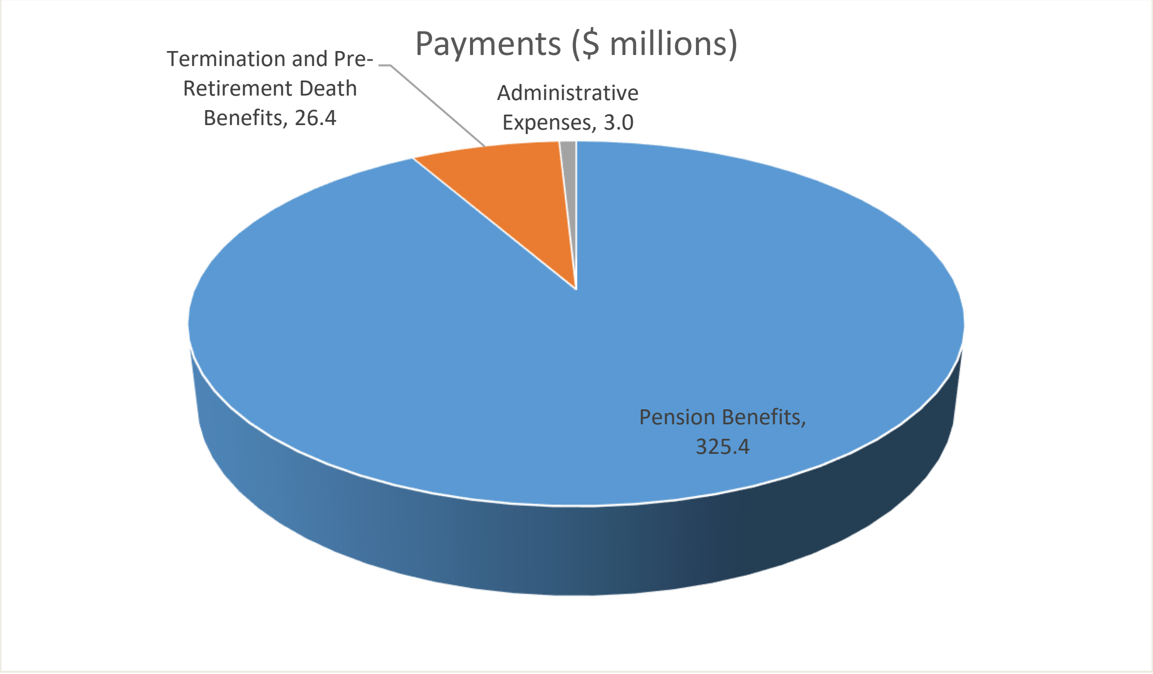


Cash Flow

Contributions received from employers, members, and the Province of Alberta increased by 5.2% from 2023 ($271.2 million) to 2024 ($285.2 million). In 2024, the plan experienced the highest year-over-year contribution growth since 2016 due primarily to an increase in the number of contributing members.



Total pension payments rose by 4.9% during 2024 to $325.4 million from $310.1 million in 2023. Pensioners received a cost-of-living increase of 2.34% effective January 1, 2024. Lump sum payments for terminations and pre-retirement death benefits to or on behalf of former UAPP members were $26.4 million for 2024 (2023: $26.1 million), a slight 1.2% increase year-over-year. The plan administrative expenses were $3.0 million during 2024 ($163 per member), a small decrease from 2023 ($3.0 million, $173 per member).



ADMINISTRATION REPORT

Ten-Year Financial and Membership Review

Financial Position ($ millions)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fair Value of Net Assets	$7,364.2	$6,576.2	$6,014.1	$6,655.1	$5,778.3	$5,477.3	$4,830.9	$4,851.1	$4,349.3	$4,043.7
Actuarial Adjustment	($426.3)	$132.8	$398.5	($421.3)	($152.3)	($147.2)	$116.7	($173.7)	($48.0)	($105.7)
Actuarial Value of Assets	**$6,937.9**	**$6,709.0**	**$6,412.6**	**$6,233.8**	**$5,626.0**	**$5,330.1**	**$4,947.6**	**$4,677.4**	**$4,301.3**	**$3,938.0**
Accrued Pension Liability	$7,393.1	$7,106.5	$7,056.7	$6,733.8	$6,402.7	$6,178.6	$5,868.3	$5,626.8	$5,174.1	$4,961.0
Actuarial Surplus (Deficit)	**($455.2)**	**($397.5)**	**($644.1)**	**($500.0)**	**($776.7)**	**($848.5)**	**($920.7)**	**($949.4)**	**($872.8)**	**($1,023.0)**
Funded Ratio	93.8%	94.4%	90.9%	92.6%	87.9%	86.3%	84.3%	83.1%	83.1%	79.4%
Pre-1992 Period Only										
Fair Value of Net Assets	$403.3	$427.2	$464.3	$597.6	$596.5	$647.8	$655.8	$744.8	$750.4	$787.6
Actuarial Adjustment	($28.8)	$11.6	$28.8	($43.2)	($22.3)	($20.6)	$11.8	($31.9)	($11.1)	($25.5)
Actuarial Value of Assets	**$374.5**	**$438.8**	**$493.1**	**$554.4**	**$574.2**	**$627.2**	**$667.6**	**$712.9**	**$739.3**	**$762.1**
Accrued Pension Liability	$1,288.8	$1,342.3	$1,359.2	$1,389.1	$1,415.3	$1,478.8	$1,498.7	$1,547.5	$1,577.7	$1,627.0
Actuarial Surplus (Deficit)	**($914.3)**	**($903.5)**	**($866.1)**	**($834.7)**	**($841.1)**	**($851.6)**	**($831.1)**	**($834.6)**	**($838.4)**	**($864.9)**
Funded Ratio	29.1%	32.7%	36.3%	39.9%	40.6%	42.4%	44.5%	46.1%	46.9%	46.8%
Post-1991 Period Only										
Fair Value of Net Assets	$6,960.9	$6,149.0	$5,549.8	$6,057.5	$5,181.8	$4,829.5	$4,175.1	$4,106.3	$3,598.9	$3,256.1
Actuarial Adjustment	($397.5)	$121.2	$369.7	($378.1)	($130.0)	($126.6)	$104.9	($141.8)	($36.9)	($80.2)
Actuarial Value of Assets	**$6,563.4**	**$6,270.2**	**$5,919.5**	**$5,679.4**	**$5,051.8**	**$4,702.9**	**$4,280.0**	**$3,964.5**	**$3,562.0**	**$3,175.9**
Accrued Pension Liability	$6,104.3	$5,764.2	$5,697.5	$5,344.7	$4,987.4	$4,699.8	$4,369.6	$4,079.3	$3,596.4	$3,334.0
Actuarial Surplus (Deficit)	**$459.1**	**$506.0**	**$222.0**	**$334.7**	**$64.4**	**$3.1**	**($89.6)**	**($114.8)**	**($34.4)**	**($158.1)**
Funded Ratio	107.5%	108.8%	103.9%	106.3%	101.3%	100.1%	97.9%	97.2%	99.0%	95.3%
Contributions	$285.2	$271.2	$270.9	$275.5	$279.1	$282.3	$280.2	$272.5	$259.4	$240.9
Benefit Payments	$351.8	$336.2	$339.0	$319.6	$305.8	$282.3	$272.3	$253.1	$236.3	$243.6
Administrative Expenses	$3.0	$3.0	$2.6	$2.5	$2.3	$2.2	$2.2	$2.1	$2.2	$2.1
Investment Expenses	$33.0	$25.7	$19.7	$22.3	$28.1	$29.9	$23.5	$21.0	$10.7	$13.8
Total Return on Investments	13.4%	10.5%	(8.6%)	16.1%	6.2%	13.5%	(0.5%)	11.3%	7.1%	7.6%
Discount Rate	5.62%	5.62%	5.30%	5.30%	5.46%	5.46%	5.60%	5.60%	5.95%	5.95%
January 1 Cost-of-Living Adjustment	2.34%	3.72%	1.56%	0.78%	1.02%	1.50%	0.78%	0.78%	0.72%	1.56%
Plan Members										
Active	8,392	8,179	7,868	7,814	7,837	8,151	8,172	8,153	7,997	7,790
Deferred	2,959	2,819	2,631	2,551	2,465	2,352	2,273	2,114	1,977	1,849
Pensioners	7,144	6,886	6,720	6,424	6,158	5,851	5,602	5,380	5,138	4,960
Total	**18,495**	**17,884**	**17,219**	**16,789**	**16,460**	**16,354**	**16,047**	**15,647**	**15,112**	**14,599**
Average Age (Active)	49.0	49.1	49.3	49.4	49.4	49.1	48.9	48.8	48.8	48.7
Average Service (Active)	10.0	10.2	10.7	10.4	10.0	9.8	9.7	9.6	9.6	9.6
Average Capped Salary	$129,550	$122,932	$121,624	$120,128	$118,728	$117,186	$116,839	$115,241	$114,079	$111,971
Average Age (Pensioners)	75.2	75.0	74.6	74.5	74.3	74.2	74.0	73.8	73.5	72.2
Average Annual Pension	$46,125	$45,587	$45,143	$44,430	$44,823	$44,763	$44,426	$44,465	$44,782	$44,469

ADMINISTRATION REPORT

Service to Members

Management seeks to ensure UAPP members receive high quality pension services in a timely manner. Service standards have been established with providers and the delivery of services against those standards is closely monitored in an effort to assess and promote quality service. Starting in 2023, management initiated extensive discussions with the Plan's administrator Gallagher (formerly known as Buck) regarding the degradation in service that deteriorated further in 2024. During its September 2024 meeting, the Board approved the recommendation to terminate Gallagher's services and initiate the Request for Proposal (RFP) process to engage a new service provider for pension administration. Work on this project began in 2024 and will extend into 2026.

Service standards of direct interest to members are as follows:

Responsibilities	Service Level Standards	2024 Results
Time to answer calls	80% of calls answered within 20 seconds with a call abandonment rate below 5%	96.6% of calls answered within 20 seconds with a call abandonment rate of 1.4%
Escalated calls and voice mails	Answered within 1 business day	97.8% of calls answered within 1 business day
Emails	Answered within 2 business days	67.8% of emails answered within 2 business days
Written enquiries	Answered within 5 business days	100.0% of written enquiries answered within 5 business days
Statement of options on termination	5 business days from receipt of all required information	1.7% of options on termination issued within 5 business days from receipt of all required information
Statement of options on retirement	5 business days from receipt of all required information	45.4% of options on retirement issued within 5 business days from receipt of all required information
Statement of options on death	5 business days from receipt of all required information	41.9% of options on death issued within 5 business days from receipt of all required information
FPO* estimate requests	5 business days from receipt of all required information	0.0% of FPO estimates issued within 5 business days from receipt of all required information
FPO* final calculations	10 business days from receipt of all required information	0.0% of FPO final calculations issued within 10 business days from receipt of all required information
FPO* payment authorization	3 business days from receipt of all required information	12.5% of all FPO payment authorizations issued within 3 business days from receipt of all required information

*Family Property Order

Plan Communications

The 2024 Member Handbook was prepared and posted to our website in February 2024, and the quarterly Communiqué was posted throughout the year to update members and employers on subjects related to UAPP and pensions. The Handbook includes examples of pension calculations updated annually for changes in the maximum pensionable salary and YMPE. Annual member statements, highlighting individual pension entitlements as at December 31, 2023, were posted to the Retirement Planner for active members in April and mailed to retired members in March. The annual statements for deferred members were mailed in July. The Trustees' Office presented several virtual pension seminars for groups of current active members as well as one-on-one information sessions promoting member understanding of the pension plan.

The UAPP website received approximately 71,600 hits during the year, representing an increase of 8.0% from 2023. Besides the homepage, the rest of the top ten sections of the website include Contact Us, Frequently Asked Questions, Forms, Member Handbook, News, Links, Information Sheets, Annual Report, and Communiqués.

Plan members accessed the Retirement Planner over 13,800 times during 2024, representing a 29.1% increase from 2023. The UAPP Administration Centre helpline received almost 4,700 calls during the year, a significant increase of 56.7% from 2023, attributed mainly to members following up on their calculation and payout requests.

Other Developments in 2024

- Pensioner status confirmation conducted throughout the year, reaching out to almost 1,700 members in the process.
- Virtual member information sessions were offered during the year, allowing hundreds of members to attend.
- The Pension Benefits Administration User Group continued to meet regularly to discuss common issues.
- Completion of the RFP process for pension administration services.
- Completion of evaluation of pension administration service delivery model.

The Year Ahead

Key plans for 2025 include:

- Execution and implementation of approved pension administration solution.
- Improvements to online portal for active members and availability of online portal for retirees and deferred members.
- Continue to offer member information seminars, either virtually or in person, and one-on-one member sessions.
- Work with employers to review potential improvements to processes.
- Review final CAPSA Guideline for Risk Management for Plan Administrators and assess implications for plan administration.
- Implement Trustees’ Office staffing changes for new pension administration solution.
- Develop UAPP’s branding standards.

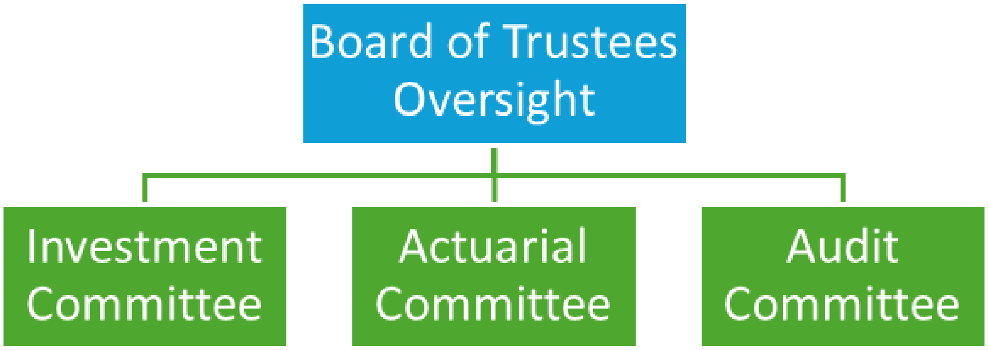
Risk Management Report

Managing Risk Through Governance & Oversight

Enterprise Risk Management

The primary goal of risk management is to align risk-taking activities with UAPP's strategic objectives and risk appetite, ensuring a well-balanced approach that protects plan assets while delivering value to our members.

UAPP's enterprise risk management governance model begins with oversight by the Board of Trustees, either directly or through its committees, as shown below:



The Chief Executive Officer is responsible and accountable for risk management. Day-to-day monitoring, reporting and ownership of key risks is delegated to the Chief Operating Officer, Chief Investment Officer, and Chief Financial Officer.

UAPP proactively elevates material risk issues to senior management and the Board. This helps us to find a better balance between loss prevention, risk mitigation efforts, and strategic decision-making.

A risk-forward looking organization

Risk Governance & Oversight

We are committed to strong risk governance, ensuring that risks are identified, assessed, and managed in alignment with our fiduciary responsibilities. Oversight is led by the Board, with the Trustees' Office developing and implementing risk controls.

Evolving our Risk Management Approach

We recognize that effective risk management is an ongoing journey, not a one-time achievement. We are continuously evolving and adapting our strategies in response to emerging challenges and opportunities. Our approach focuses on embedding risk awareness into decision-making. This dynamic approach ensures that we remain proactive in identifying risks and implementing appropriate measures to address them.

RISK MANAGEMENT REPORT

Fostering a Risk-Aware Culture

A strong risk culture is key to long-term success. We encourage open discussions about risk, empowering employees to integrate risk considerations into their roles. By enhancing internal controls, compliance measures, and operational risk management, we are building a more resilient and future-ready UAPP.

Internal Controls

A critical element of our risk management approach is the strengthening of internal controls. These controls are essential for ensuring the integrity, accuracy, and efficiency of our operations. By implementing robust internal controls, we aim to minimize errors, prevent fraud, and enhance the transparency of our financial and operational processes.

Our Approach to Risk Management

We are committed to enhancing our risk management practices by integrating leading standards and best practices. Our approach follows widely recognized frameworks and guidelines, including the “COSO Enterprise Risk Management Framework” and “CAPSA (Canadian Association of Pension Supervisory Authorities) Guidelines”. These standards guide our ongoing efforts to strengthen governance, risk assessments, and internal controls.

Our approach is centered around integrating risk awareness into daily decision-making, fostering a robust risk culture, and continuously enhancing our processes. By leveraging these frameworks, we are laying the groundwork for UAPP's long-term sustainability and proactively managing risks in a systematic and organized way.

Our approach focuses on:

By aligning with these core pillars, we are enhancing our ability to proactively manage risks while safeguarding the long-term sustainability of the plan.

UAPP's Risk Categories

Investment risk
The risk that the Plan's investments will not achieve the expected returns, which could result in the Plan being underfunded or unable to meets its future obligation to members.

Valuation risk
The risk that the value of the Plan's assets or liabilities are not accurately measured, which can lead to incorrect financial reporting, poor decision-making, and inadequate funding of the pension plan.

Administration risk
The risk that the pension service provider fails to deliver critical services such as pension calculations and timely payments to members. Any disruption, miscalculation, or failure in service could lead to financial inaccuracies, compliance issues, and loss of confidence among Plan members.

Operational risk
The risk of suffering a significant loss or other damage resulting from inadequate or failed internal processes, people, systems, or uncontrollable external events.

Strategic risk
The risk of governance-related decisions, leadership effectiveness, and oversight structures on UAPP's ability to achieve its long-term objectives.

Information Technology risk
The risk of potential disruptions, security breaches, or failures in our technology systems that could impact pension administration, financial reporting, and member services.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the 2024 Annual Report are the responsibility of management and have been approved by the Board of Trustees.

The financial statements have been prepared in conformity with Canadian accounting standards for pension plans and, of necessity, include some amounts that are based on estimates and judgments. Financial information presented in the 2024 Annual Report that relates to the operations and financial position of the Universities Academic Pension Plan is consistent with that in the financial statements.

Alberta Investment Management Corporation, Beutel, Goodman & Company Ltd., Connor, Clark & Lunn Investment Management, Fiera Capital Corporation, Leith Wheeler Investment Counsel Ltd., North of South Capital, and PineStone Asset Management Inc., acting as investment managers, and Gallagher (formerly known as Buck) and CIBC Mellon, acting as pension administrators, maintain systems of internal control, including written policies, standards, and procedures and formal authorization structures. These systems are designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Audit Committee assists the Board of Trustees in discharging its responsibility to approve the annual financial statements. The Committee meets regularly with both management and external auditors to review the scope and timing of the audit as well as to review any internal control or financial issues and their resolution. The Committee reviews the annual financial statements and recommends them to the Board of Trustees for approval.

KPMG LLP (KPMG), the Plan's external auditor, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures that allow them to report on the fairness of the financial statements in accordance with Canadian accounting standards for pension plans. KPMG has full and unrestricted access to discuss the audit and related findings regarding the integrity of financial reporting and the adequacy of internal controls.

Chris Schafer
Chief Executive Officer

Paola Matallana
Chief Financial Officer

UNIVERSITIES ACADEMIC PENSION PLAN

Financial Statements
And Independent Auditor's Report thereon

Year Ended December 31, 2024

KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Canada
Telephone 780-429-7300
Fax 780-429-7379

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Universities Academic Pension Plan

Opinion

We have audited the financial statements of Universities Academic Pension Plan (the Plan), which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024, its changes in net assets available for benefits and its changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

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

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

Other Information

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

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

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

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.

We obtained the information, other than the financial statements and the auditor’s report thereon, included in the Annual Report as at the date of this auditor’s report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada
April 24, 2025

Statement of Financial Position

As at December 31, 2024

	($ thousands) 2024	2023
Net assets available for benefits		
Assets		
Cash (Note 3)	$ 33,656	$ 36,099
Investments (Note 4)	7,311,344	6,518,506
Contributions receivable		
Employers	11,101	10,793
Employees	11,074	10,839
Province of Alberta	1,255	954
Accounts receivable	991	433
Total assets	7,369,421	6,577,624
Liabilities		
Accounts payable and accrued liabilities	5,178	1,468
Total liabilities	5,178	1,468
Net assets available for benefits	$ 7,364,243	$ 6,576,156
Pension obligation and deficit		
Pension obligation (Note 6)	$ 7,393,100	$ 7,106,500
Deficit (Note 7)	(28,857)	(530,344)
Pension obligation and deficit	$ 7,364,243	$ 6,576,156

The accompanying notes are part of these financial statements.

Statement of Changes In Net Assets Available For Benefits

For the year ended December 31, 2024

	2024 ($ thousands)	2023 ($ thousands)
Increase		
Contributions (Note 8)	$ 285,202	$ 271,191
Investment income (Note 9)	261,853	147,083
Change in fair value (Note 9)		
Net realized gain on sale of investments	752,691	22,251
Change in net unrealized gains	-	486,452
	1,299,746	926,977
Decrease		
Benefit payments (Note 11)	351,764	336,221
Change in fair value (Note 9)		
Change in net unrealized losses	123,985	-
Investment expenses (Note 12)	32,952	25,696
Administrative expenses (Note 13)	2,958	3,017
	511,659	364,934
Increase in net assets available for benefits	788,087	562,043
Net assets available for benefits at beginning of year	6,576,156	6,014,113
Net assets available for benefits at end of year	$ 7,364,243	$ 6,576,156

The accompanying notes are part of these financial statements.

Statement of Changes In Pension Obligation

For the year ended December 31, 2024

($ thousands)

	2024			2023		
	Pre-1992	**Post-1991**	**Total**	**Pre-1992**	**Post-1991**	**Total**
Increase in pension obligation						
Interest accrued on pension obligation	$ 75,400	$ 336,500	$ 411,900	$ 72,000	$ 314,100	$ 386,100
Benefits earned	-	222,900	222,900	-	229,500	229,500
Actuarial assumption changes (Note 6a)	-	-	-	14,800	53,300	68,100
Net experience losses	-	-	-	38,600	-	38,600
Expected experience losses	5,000	12,000	17,000	12,900	27,900	40,800
	80,400	571,400	651,800	138,300	624,800	763,100
Decrease in pension obligation						
Benefits paid, including interest	133,900	227,700	361,600	134,300	210,800	345,100
Actuarial assumption changes (Note 6a)	-	-	-	20,900	332,300	353,200
Net experience gains	-	-	-	-	14,700	14,700
Expected experience gains	-	3,600	3,600	-	300	300
	133,900	231,300	365,200	155,200	558,100	713,300
Net (decrease) increase in pension obligation	(53,500)	340,100	286,600	(16,900)	66,700	49,800
Pension obligation at beginning of year	1,342,300	5,764,200	7,106,500	1,359,200	5,697,500	7,056,700
Pension obligation at end of year	$1,288,800	$6,104,300	$7,393,100	$1,342,300	$5,764,200	$7,106,500

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2024
(*all $ figures in thousands except Note 14*)

NOTE 1 SUMMARY DESCRIPTION OF THE PLAN

Effective January 1, 2001, the Universities Academic Pension Plan (the "Plan") became a non-statutory pension plan subject to and registered under the *Employment Pension Plans Act* of Alberta. The Plan is also registered under the *Income Tax Act.* The Plan's registration number is 0339572. The Plan operates under a Sponsorship and Trust Agreement signed by the Plan Sponsors. A complete description of the Plan can be found in the Sponsorship and Trust Agreement. The Board of Trustees appointed by Plan Sponsors is responsible for administration of the Plan. The summary description of the Plan described below applies to members who contribute to the Plan on or after January 1, 2001.

a) GENERAL

The Plan is a contributory defined benefit pension plan for academic staff members and other eligible employees of the Universities of Alberta, Calgary, and Lethbridge, Athabasca University, and Banff Centre.

In addition, employees of the Board of Trustees and the professional staff of the University of Calgary Faculty Association, the Association of Academic Staff University of Alberta, and the Athabasca University Faculty Association participate in the Plan.

b) FUNDING POLICY

Contributions and investment earnings are expected to fund all benefits payable under the Plan. Employees and employers are responsible for fully funding service after 1991.

The unfunded liability for service prior to January 1, 1992 is financed by additional contributions from the Province of Alberta, employers and employees. These contribution rates are set on the basis that the additional contributions will eliminate the pre-1992 service unfunded liability on or before December 31, 2043. The Province pays 1.250% of salary, and the balance of the required contributions is equally split between employees and employers.

Under the Province of Alberta *Employment Pension Plans Regulation* 154/2014, the Plan is exempt from funding solvency deficiencies in respect of all service.

The Board of Trustees, in consultation with the Plan's actuary, reviews the contribution rates at least once every three years.

Effective July 1, 2024, contribution rates for employees of the Universities of Alberta, Calgary, and Lethbridge, employees of the Board of Trustees, and the professional staff of the University of Calgary Faculty Association and the Association of Academic Staff University of Alberta changed to 11.490% (11.380% prior to July 1, 2024) of pensionable salary up to the Year's Maximum Pensionable Earnings (YMPE), 15.550% (15.490% prior to July 1, 2024) on pensionable salary above the YMPE and up to the pensionable salary cap, and 2.015% (1.785% prior to July 1, 2024) on earnings above the pensionable salary cap. Employers contribute at the same rate as employees.

Also effective July 1, 2024, contribution rates for employees of Athabasca University, Banff Centre, and the professional staff of the Athabasca University Faculty Association changed to 10.990% (10.880% prior to July 1, 2024) of pensionable salary up to the YMPE and 15.050% (14.990% prior to July 1, 2024) on pensionable salary above the YMPE and up to the pensionable salary cap. Employers contribute at a rate 1.000% higher than employees. In addition, employees and employers provide equal matching contributions of 2.015% (1.785% prior to July 1, 2024) on earnings above the pensionable salary cap.

Note 1 (continued)

c) RETIREMENT BENEFITS

The Plan provides for a pension based upon the average pensionable salary of the highest five consecutive years. For service before 1994, the pension is 2.0% for each year of pensionable service. From January 1, 1994, the Plan's benefits and contributions were integrated with the Canada Pension Plan. As a result, pensions for service after 1993 are reduced at age 65. The reduction is 0.6% of the average YMPE for the same five years as used in calculating the average pensionable salary of the highest five consecutive years. The maximum service allowable under the Plan is 35 years.

Members are entitled to an unreduced pension for service before 1994 if they have attained age 55.

Members are entitled to an unreduced pension for service after 1993 if they have either attained age 60 or have attained age 55 and the sum of their age and years of membership equals at least 80. Members are entitled to a reduced pension for service after 1993 if they have attained age 55.

Members who become disabled and are not in receipt of benefits from an approved disability plan are eligible to apply for a disability pension.

d) DEATH BENEFITS

Death benefits are payable on the death of a member. A surviving spouse may choose to receive a pension based on total service or a lump sum payment. For a beneficiary other than a spouse, a lump sum payment must be paid.

e) TERMINATION BENEFITS

Members who terminate and are not immediately entitled to a pension may elect to receive a deferred pension or a lump sum refund.

Refunds on service performed before 1994 equal employee and employer contributions plus interest, or the commuted value of the member's earned pension, whichever is greater.

Refunds on service performed after 1993 equal 1.75 times employee contributions plus interest, or the commuted value of the member's earned pension, whichever is greater.

Refunds are subject to the Plan's lock-in provisions and excess contribution rules.

f) DISABILITY BENEFITS

Members who become disabled and are in receipt of benefits from an approved disability plan continue to earn pensionable service credits under the Plan.

g) OPTIONAL SERVICE

Leaves of absence which are purchased before April 30th following a return to work are costed based on the contributions which would have been paid during the leave period plus interest. All other optional service purchases are costed on an actuarial reserve basis and are cost neutral to the Plan. Funds related to the transfer of service to other plans are based on the regular termination benefits.

Note 1 (continued)

h) COST-OF-LIVING ADJUSTMENTS

Pensions payable are increased each year on January 1st by an amount equal to 60% of the increase in the Alberta Consumer Price Index. The increase is based on the increase during the twelve-month period ending on October 31st in the previous year.

NOTE 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES AND REPORTING PRACTICES

a) BASIS OF PRESENTATION

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans. The Plan has elected to apply IFRS Accounting Standards as issued by the International Accounting Standards Board for accounting policies that do not relate to its investment portfolio or pension obligation. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year.

b) VALUATION OF INVESTMENTS

Investments are recorded at fair value. As disclosed in Note 4, the Plan's investments consist primarily of direct ownership in units of pooled investment funds ("the pools").

Contracts to buy and sell financial instruments in the pools are between the investment managers and the third parties to the contracts. Participants in the pools are not party to the contracts and have no control over the management of the pool and the selection of securities in the pool. The investment managers control the creation of the pools and the management and administration of the pools including security selection. Accordingly, the Plan does not report the financial instruments of the pools on its statement of financial position.

The Plan becomes exposed to the financial risks and rewards associated with the underlying financial instruments in a pool when it purchases units issued by the pools and loses its exposure to those financial risks and rewards when it sells its units. The Plan reports its financial risks in Note 5.

The fair value of units held by the Plan is derived from the fair value of the underlying financial instruments held by the pools using the fair value hierarchy (see Note 4a) as determined by the investment managers (see Note 4b). Investments in units are recorded in the Plan's accounts. The pools have a market-based unit value that is used to distribute income to the pool participants and to value purchases and sales of the pool units. The pools include various financial instruments such as bonds, equities, real estate, infrastructure, timberland, mortgages, cash, short-term securities, and strategic and currency investments.

Investments in units are recorded in the Plan's accounts on a trade date basis. All purchases and sales of the pool units are in Canadian dollars. Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Note 2 (continued)

c) INVESTMENT INCOME AND CHANGE IN FAIR VALUE

(a) Investment income and change in fair value are recorded on an accrual basis.
(b) Investment income and change in fair value are reported in the statement of changes in net assets available for benefits and in Note 9 and include interest income, dividend income, and the following items recorded in the Plan's accounts:
  i. Income distributions from the pools, based on the Plan's pro-rata share of total units issued by the pools; and
  ii. Changes in fair value including realized gains and losses on disposal of investments and unrealized gains and losses on investments determined on an average cost basis.

d) INVESTMENT EXPENSES

Investment expenses include all amounts incurred by the Plan to earn investment income (see Note 12). Investment expenses are recorded on an accrual basis. Transaction costs are expensed as they are incurred.

e) CONTRIBUTIONS, BENEFIT PAYMENTS AND ADMINISTRATIVE EXPENSES

Contributions, benefit payments, administrative expenses and related accounts receivable and payable are recorded on an accrual basis.

f) VALUATION OF PENSION OBLIGATION

The value of the pension obligation and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. A valuation must be performed at least every three years, and results from the most recent valuation are extrapolated, on an annual basis, to year end. The valuation uses the projected benefit method pro-rated on service and management's best estimate, as at the valuation and extrapolation dates, of various economic and non-economic assumptions.

g) USE OF ESTIMATES AND JUDGMENTS

In preparing these financial statements, estimates, judgments, and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty exists in the valuation of the Plan's pension obligation and Level 3 investments. Uncertainty arises because:

i) the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation and extrapolation of the Plan's pension obligation; and

ii) the estimated fair values of the Plan's Level 3 investments may differ significantly from the values that would have been used had a ready market existed for these investments (see Note 4).

While best estimates have been used in the valuation of the Plan's pension obligation and Level 3 investments, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations in the Plan's pension obligation are disclosed as assumption or other changes and net experience gains or losses in the statements of changes in pension obligation in the year when actual results are known.

Note 2 (continued)

Differences between the estimated fair values and the amount ultimately realized for investments are included in change in fair value on the statement of changes in net assets available for benefits in the year when the ultimate realizable values are known.

h) INCOME TAXES

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

NOTE 3 CASH

Cash primarily consists of deposits in the pension plan's administration bank account which is a standalone interest-bearing account. The funds in this account are used for operational and pension benefit disbursement. This bank account is managed by the Plan.

NOTE 4 INVESTMENTS

The Plan's investments are managed at the asset class level for purposes of evaluating the Plan's risk exposure and investment performance against approved benchmarks based on fair value. The Plan's assets are managed in accordance with the Statement of Investment Policies and Goals (SIP&G) approved by the Plan's Board of Trustees. The fair value of the pool units is based on the Plan's share of the net asset value of the pooled fund. The pools have a market-based unit value that is used to allocate income to participants of the pool and to value purchases and sales of the pool units. The investment managers are delegated authorities to independently purchase and sell securities in the pools and Plan, and units of the pools, within the ranges approved for each asset class (see Note 5).

($ thousands)

	Fair value hierarchy [a]		2024	2023		
Asset class	Level 2	Level 3	**Fair value**	Level 2	Level 3	**Fair value**
Fixed income						
Cash and short-term securities	$ 51,785	$ -	$ 51,785	$ 14,573	$ -	$ 14,573
Bonds and mortgages	1,549,570	307,179	1,856,749	1,499,245	288,032	1,787,277
Real return bonds	378,283	-	378,283	364,157	-	364,157
	1,979,638	307,179	2,286,817	1,877,975	288,032	2,166,007
Equities						
Canadian	283,706	-	283,706	243,121	-	243,121
Global	2,431,091	-	2,431,091	2,012,012	-	2,012,012
Emerging markets	452,456	-	452,456	374,355	-	374,355
Private equity	-	768,202	768,202	-	702,039	702,039
	3,167,253	768,202	3,935,455	2,629,488	702,039	3,331,527
Alternatives						
Real estate	-	528,659	528,659	-	510,683	510,683
Infrastructure	-	502,825	502,825	-	449,971	449,971
Timberland	-	44,882	44,882	-	45,029	45,029
	-	1,076,366	1,076,366	-	1,005,683	1,005,683
Strategic and currency investments*	-	12,706	12,706	-	15,289	15,289
Total investments	$ 5,146,891	$ 2,164,453	$ 7,311,344	$ 4,507,463	$ 2,011,043	$ 6,518,506

* This asset class is not listed separately in the SIP&G as it relates to legacy strategic investments and currency overlays to hedge foreign currency exposure.

Note 4 (continued)

a) Fair Value Hierarchy

The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with Level 1 being the highest quality and reliability.

- ***Level 1:*** fair value is based on quoted prices in an active market. Although the pools may ultimately hold publicly traded listed equity investments, the pool units themselves are not listed in an active market and therefore cannot be classified as Level 1 for fair value hierarchy purposes. Pool units classified by the Plan as Level 2 may contain investments that might otherwise be classified as Level 1.
- ***Level 2:*** fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes pool units that hold public equities, debt securities and derivative contracts.
- ***Level 3:*** fair value is estimated using inputs based on non-observable market data. This level includes pool units that hold private mortgages, private equities and all alternative investments.

Reconciliation of Level 3 Fair Value Measurements:

	($ thousands) 2024							($ thousands) 2023						
Asset class	Beginning of year	Investment Income	Net Realized Gain (loss)	Change in Net Unrealized Gain (loss)	Purchases	Sales	End of year	Beginning of year	Investment Income	Net Realized Gain (loss)	Change in Net Unrealized Gain (loss)	Purchases	Sales	End of year
Fixed Income														
Bonds and mortgages	288,032	11,612	(1,362)	8,126	44,855	(44,084)	307,179	250,061	9,438	(1,133)	3,591	50,982	(24,907)	288,032
	288,032	11,612	(1,362)	8,126	44,855	(44,084)	307,179	250,061	9,438	(1,133)	3,591	50,982	(24,907)	288,032
Equities														
Private equity	702,039	32,832	13,571	44,730	16,129	(41,099)	768,202	648,392	36,313	9,091	24,450	15,973	(32,180)	702,039
	702,039	32,832	13,571	44,730	16,129	(41,099)	768,202	648,392	36,313	9,091	24,450	15,973	(32,180)	702,039
Alternatives														
Real estate	510,683	15,048	-	(14,281)	17,209	-	528,659	517,977	10,254	-	(35,070)	17,522	-	510,683
Infrastructure	449,971	65,641	3,151	(2,446)	135,023	(148,515)	502,825	399,606	(14,035)	1,818	33,793	39,735	(10,946)	449,971
Timberland	45,029	634	776	18	748	(2,323)	44,882	48,659	3,108	2,094	(5,838)	2,122	(5,116)	45,029
	1,005,683	81,323	3,927	(16,709)	152,980	(150,838)	1,076,366	966,242	(673)	3,912	(7,115)	59,379	(16,062)	1,005,683
Strategic and currency investments	15,289	2,469	(706)	(1,334)	-	(3,012)	12,706	14,567	(1,616)	(531)	4,323	199	(1,653)	15,289
Total investments	$ 2,011,043	$ 128,236	$ 15,430	$ 34,813	$ 213,964	$ (239,033)	$ 2,164,453	$ 1,879,262	$ 43,462	$ 11,339	$ 25,249	$ 126,533	$ (74,802)	$ 2,011,043

b) Valuation of Financial Instruments in the Pools

The methods used to determine the fair value of investments recorded in the pools are explained in the following paragraphs:

- ***Fixed income:*** Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows. Cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Real return bonds are valued similar to public interest-bearing securities.
- ***Equities:*** Public equities are valued each business day at fair value, defined as the price the fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of private equities is estimated by managers or general partners of private equity funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis.

Note 4 (continued)

- ***Alternatives:*** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and the discounted cash flows. Infrastructure investments are valued similar to private equity investments. The fair value of timberland investments is appraised annually by independent third-party evaluators.

- ***Strategic and currency investments:*** The estimated fair value of infrastructure investments held in emerging market countries are valued similar to private equities. Currency investments consist of directly held currency forward and spot contracts.

- ***Foreign currency:*** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rates.

- ***Derivative contracts:*** The carrying values of derivative contracts in favourable and unfavourable positions are recorded at fair value and are included in the fair value of pooled investment funds (see Note 5f). The estimated fair values of equity and bond index swaps are based on changes in the appropriate market-based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts are valued based on discounted cash flows using current market yields and current forward exchange rates. Futures contracts are valued based on quoted market prices. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure changes in the underlying swap. Warrants and rights are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

c) Liability Exposure

The Plan is indirectly exposed to liabilities held within the pools, the carrying value of which is a component in the determination of net fair value of investments within the pools. These liabilities are used primarily for general liquidity, risk management and active management purposes and include but are not limited to mortgages, lines of credit, derivative counterparty liabilities and repurchase agreements.

Repurchase agreements are short-term agreements to sell securities held in the fund in order to buy them back at a slightly higher price at a later time. The proceeds from the sale may be used to purchase other fixed income securities. The party selling the repurchase agreement is effectively borrowing, and the other party is lending. The lender is credited the implicit interest in the yield and price difference between the securities sold to be repurchased and the securities acquired from the sale proceeds. The securities sold under repurchase agreements are accounted for as collateralized form of borrowing. The Plan's exposure to repurchase agreement liabilities at December 31, 2024, was approximately $86,735 (2023: $83,768). All repurchase agreements are fully collateralized by the borrowers.

The Plan adopted a new SIP&G that is effective as of January 1, 2025.

NOTE 5 INVESTMENT RISK MANAGEMENT

The Plan is exposed to financial risks associated with the underlying securities held in the pooled investment funds. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of foreign currency risk, interest rate risk and price risk. Liquidity risk is the risk the Plan will not be able to meet its obligations as they fall due.

The investment policies and procedures of the Plan are clearly outlined in the SIP&G approved by the Board of Trustees. The purpose of the SIP&G is to ensure the Plan assets are invested and managed in a prudent manner in accordance with current, accepted governance practices incorporating an appropriate level of risk. The Board of Trustees manages the Plan's return-risk trade-off through asset class diversification, target ranges on each asset class, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 5b).

The Plan's pension obligation is impacted by the long-term real rate of return expected to be earned on investments. In order to earn the best possible return at an acceptable level of risk, the Board of Trustees has established the following asset mix policy ranges:

			Actual asset mix			
Asset class	**Target asset policy mix**	**Long-term policy**	**2024**		**2023**	
			($ thousands)	*%*	*($ thousands)*	*%*
Fixed income	31.0 - 39.0%	35.0%	$ 2,286,817	31.3	$ 2,166,007	33.2
Equities	45.0 - 55.0%	50.0%	3,935,455	53.8	3,331,527	51.1
Alternatives	11.0 - 19.0%	15.0%	1,076,366	14.7	1,005,683	15.5
Strategic and currency investments	(a)		12,706	0.2	15,289	0.2
		100.0%	$ 7,311,344	100.0	$ 6,518,506	100.0

(a) An investment manager may, at its discretion, use currency overlays only to hedge foreign currency exposure.

a) Credit Risk

i) Debt Securities

The Plan is indirectly exposed to credit risk associated with the underlying debt securities held in the pools. Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. The credit rating of a debt security may be impacted by the overall credit rating of the counterparty, the seniority of the debt issue, bond covenants, maturity distribution and other factors. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments reported in Note 4 is directly or indirectly impacted by credit risk to some degree. The majority of investments in debt securities have credit ratings considered to be investment grade. Unrated debt securities consist primarily of mortgages and private debt placements.

Note 5 (continued)

The table below summarizes the Plan's investments in debt securities by credit rating at December 31, 2024:

Credit rating	2024	2023
Investment grade (AAA to BBB-)	78.0%	79.1%
Unrated	22.0%	20.9%
	100.0%	100.0%

ii) Counterparty Default Risk - Derivative Contracts

The Plan is exposed to counterparty credit risk associated with the derivative contracts held in the pools. The maximum credit risk in respect of derivative financial instruments is the fair value of all contracts with counterparties in a favourable position (see Note 5f). The investment manager is responsible for selecting and monitoring derivative counterparties on behalf of the Plan. The investment manager monitors counterparty risk exposures and actively seeks to mitigate counterparty risk by requiring that counterparties collateralize mark-to-market gains for the Plan. Provisions are in place to allow for termination of the contract should there be a material downgrade in a counterparty's credit rating. The exposure to credit risk on derivatives is reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that any unfavourable contracts with the counterparty are not settled, they reduce the Plan's net exposure in respect of favourable contracts with the same counterparty.

iii) Security Lending Risk

To generate additional income, the Plan participates in a securities-lending program. Under this program, the Plan may lend investments held in the pools to eligible third parties for short periods. At December 31, 2024, the Plan's share of securities loaned under this program was $194,347 (2023: $146,299) and collateral held totaled $209,455 (2023: $160,201). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or a bank-issued letter of credit. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign Currency Risk

The Plan is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments.

If the value of the Canadian dollar increased by 10.0% against all other currencies, and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 4.4% of total investments (2023: 3.3%).

Note 5 (continued)

The following table summarizes the Plan's exposure to investments denominated in foreign currencies held in pooled investment funds:

($ thousands)

2024		2023	
Currency	**Fair value**	**Currency**	**Fair value**
US dollar	$ 2,171,378	US dollar	$ 2,400,530
Euro	387,225		
British pound	177,770		
Swiss franc	129,127		
New Taiwan dollar	120,555		
Hong Kong dollar	103,546		
South Korean won	67,543		
Japanese yen	66,719		
Chinese yuan	49,386		
Danish krone	36,911		
United Arab Emirates dirham	36,490		
Other foreign currencies (<1%)	184,991	Other foreign currencies (<1%)	2,055
Total foreign currencies	$ 3,531,641	**Total foreign currencies**	$ 2,402,585

c) Interest Rate Risk

The Plan is exposed to interest rate risk associated with the underlying interest-bearing securities held in pooled investment funds. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates.

In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer-term interest-bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1.0% and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 2.8% (2023: 3.2%) of the Plan's total investments.

d) Price Risk

Price risk relates to the possibility that the value of an instrument will change due to future fluctuations in market prices caused by factors specific to an individual investment or other factors affecting all instruments traded in the market. The Plan is exposed to price risk associated with the underlying investments held in the pools. If market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10.0%, and all other variables were held constant, the potential loss in fair value to the Plan would be approximately 5.9% (2023: 5.3%) of total investments. Changes in fair value of investments are recognized in the statement of changes in net assets available for benefits.

Note 5 (continued)

e) Liquidity Risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with its financial liabilities under both normal and stressed conditions. Liquidity requirements of the Plan are met through income generated from investments, employee and employer contributions, and by investing in pools that hold publicly traded liquid assets traded in active markets that are easily sold and converted to cash. Units in pools that hold private investments like real estate, timberland, infrastructure and private equities are less easily converted to cash since the underlying securities are illiquid because they take more time to sell. These sources of cash are used to pay pension benefits and operating expenses, purchase new investments, settle derivative transactions with counterparties and settle margin calls on futures contracts. The Plan's future liabilities include the pension obligation and exposure to net payables to counterparties (Note 5f).

f) Use of Derivative Financial Instruments in Pooled Investment Funds

The Plan has indirect exposure to derivative financial instruments through its investment in units of the pools. Derivative financial instruments are used to gain access to equity markets in the pools, manage asset exposure within the pools, enhance pool returns and manage interest rate risk, foreign currency risk and credit risk in the pools.

	Number of counterparties		Plan's indirect share *($ thousands)*	
By counterparty	**2024**	**2023**	**2024**	**2023**
Contracts in net favourable position (current credit exposure)	4	14	$ 10,523	$ 15,409
Contracts in net unfavourable position	15	3	(64,801)	(619)
Net fair value of derivative contracts	19	17	$ (54,278)	$ 14,790

i) Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a net favourable position totaling $10,523 (2023: $15,409) were to default at once.

ii) Cash settlements: Receivables or payables with counterparties are usually settled in cash every three months.

iii) Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in pooled funds are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 4. Accordingly, they are not recognized in the statement of financial position.

	Plan's indirect share *($ thousands)*	
Types of derivatives used in pools	**2024**	**2023**
Equity-based derivatives	$ 253	$ 394
Foreign currency derivatives	(50,969)	14,301
Interest rate derivatives	(3,562)	95
Net fair value of derivative contracts	$ (54,278)	$ 14,790

i) Equity derivatives are structured to receive income from counterparties based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount in exchange for floating rate interest paid to the counterparty. Floating rate notes are held in equity pools to provide floating rate interest to support the pay leg of the equity derivatives. Rights, warrants, futures and options are also included as structured equity replication derivatives.

ii) Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed-upon exchange rate and on an agreed settlement date in the future.

Note 5 (continued)

iii) Interest rate derivatives exchange interest rate cash flows (fixed to floating or floating to fixed) based on a notional amount. Interest rate derivatives primarily include interest rate swaps and cross currency interest rate swaps, futures contracts and options.

iv) At December 31, 2024, deposits in futures contracts margin accounts totaled $235 (2023: $61). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totaled $47,530 (2023: $6,026) and $nil (2023: $nil).

NOTE 6 PENSION OBLIGATION

a) ACTUARIAL VALUATION AND EXTRAPOLATION

An actuarial valuation of the Plan was carried out as at December 31, 2022 by the Plan's actuarial consultants, Aon. The December 31, 2022 valuation results were extrapolated to December 31, 2024.

The pension obligation has been determined using the projected benefit method prorated on service. The assumptions used in the valuation extrapolation were developed as the best estimate of expected short-term and long-term market conditions and other future events. After consultation with the Plan's actuary, the Board of Trustees adopted this best estimate.

The major assumptions used are:

	2022 valuation and 2024 extrapolation	**2022 valuation and 2023 extrapolation**
	%	%
Asset real rate of return		
For 2 years after valuation	3.37	3.37
Thereafter	3.37	3.37
Inflation rate		
For 2 years after valuation	2.25	2.25
Thereafter	2.25	2.25
Discount rate	5.62	5.62
Salary escalation rate *		
For 2 years after valuation	1.30	1.30
Thereafter	2.75	2.75
Mortality table	80% for males, 95% for females of 2014 Public Sector Canadian Pensioner table with generational projection (Scale MI-2017)	80% for males, 95% for females of 2014 Public Sector Canadian Pensioner table with generational projection (Scale MI-2017)

** In addition to merit and promotion*

The next actuarial valuation of the Plan must be carried out no later than December 31, 2025. Any differences between the actuarial valuation results and extrapolation results as reported in these financial statements that affect the financial position of the Plan will be accounted for as gains or losses in the following year.

Note 6 (continued)

b) SENSITIVITY OF CHANGES IN MAJOR ASSUMPTIONS

The Plan's future experience will inevitably differ, perhaps significantly, from these assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and may materially affect the financial position of the Plan.

	Changes in assumptions (%)	Increase in Plan's actuarial deficiency ($ thousands)	Increase in current service cost as a % of pensionable earnings *
Inflation rate increase holding discount rate and salary escalation assumptions constant	1.0	457,500	1.28
Salary escalation rate increase holding inflation rate and discount rate assumptions constant	1.0	154,100	1.32
Discount rate decrease holding inflation rate and salary escalation assumptions constant	(1.0)	1,071,600	5.12

* The current service cost as a % of pensionable earnings as determined by the December 31, 2022 valuation is 22.85%.

NOTE 7 DEFICIT

($ thousands)

	2024			2023		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Deficit (surplus), beginning of year	$ 915,100	$ (384,756)	$ 530,344	$ 894,900	$ 147,687	$ 1,042,587
Decrease (increase) in net assets available for benefits	23,900	(811,987)	(788,087)	37,100	(599,143)	(562,043)
Net (decrease) increase in accrued pension liability	(53,500)	340,100	$ 286,600	(16,900)	66,700	49,800
Deficit (surplus), end of year	$ 885,500	$ (856,643)	$ 28,857	$ 915,100	$ (384,756)	$ 530,344

In accordance with the requirements of the Province of Alberta *Public Sector Pension Plans Act*, separate accounting is required of the pension deficit with respect to service that was recognized as pensionable as at December 31, 1991.

The following table summarizes the net assets available for benefits, pension obligation, and the resulting deficit as at December 31, 2024 allocated between the pre-1992 and post-1991 periods:

($ thousands)

	2024			2023		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Net assets available for benefits	$ 403,300	$ 6,960,943	$ 7,364,243	$ 427,200	$ 6,148,956	$ 6,576,156
Pension obligation	1,288,800	6,104,300	7,393,100	1,342,300	5,764,200	7,106,500
Deficit (surplus)	$ 885,500	$ (856,643)	$ 28,857	$ 915,100	$ (384,756)	$ 530,344

The deficit for accounting purposes may differ from that for funding purposes (see Note 15).

NOTE 8 CONTRIBUTIONS

	($ thousands) 2024	2023
Current service		
Employers	$ 115,968	$ 111,632
Employees	114,593	110,438
Contributions to meet post-1991 unfunded liability and optional service		
Employers	-	-
Employees	1,300	1,744
Contributions to meet pre-1992 unfunded liability		
Employers	20,069	17,545
Employees	20,069	17,545
Province of Alberta	13,203	12,287
	$ 285,202	$ 271,191

NOTE 9 INVESTMENT INCOME AND CHANGE IN FAIR VALUE

The following is a summary of the Plan's investment income (loss) and change in fair value by asset class:

($ thousands)

	Investment income	Change in fair value	2024 total	Investment income	Change in fair value	2023 total
Fixed income	$ 91,915	$ (3,914)	$ 88,001	$ 72,332	$ 71,331	$ 143,663
Equities						
Canadian	7,578	33,007	40,585	19,319	9,316	28,635
Foreign	26,402	556,134	582,536	1	393,926	393,927
Private equity	46,213	58,301	104,514	48,837	33,541	82,378
	80,193	647,442	727,635	68,157	436,783	504,940
Alternatives						
Real estate	18,401	(14,281)	4,120	16,164	(35,070)	(18,906)
Infrastructure	68,089	705	68,794	(11,234)	35,611	24,377
Timberland	786	794	1,580	3,280	(3,744)	(464)
	87,276	(12,782)	74,494	8,210	(3,203)	5,007
Strategic and currency investments	2,469	(2,040)	429	(1,616)	3,792	2,176
	$ 261,853	$ 628,706	$ 890,559	$ 147,083	$ 508,703	$ 655,786

The change in fair value includes realized and unrealized gains and losses on pool units. Net realized gains on pool units totaled $752,691 (2023: $22,251). Net unrealized losses on pool units totaled $123,985 (2023: net unrealized gains of $486,452).

Income earned in pooled investment funds is distributed to the Plan daily based on the Plan's pro-rata share of units issued by the pool. Income earned by the pools is determined on an accrual basis and includes interest, dividends, security lending income, realized gains and losses on sale of securities determined on an average cost basis, and income and expense on derivative contracts.

NOTE 10 INVESTMENT RETURNS, CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS, AND PENSION OBLIGATION

The following is a summary of investment returns (losses), the annual change in net assets, the annual change in the pension obligation and the percentage of the pension obligation supported by net assets.

	(percentage)				
	2024	2023	2022	2021	2020
Increase (decrease) in net assets attributed to:					
Investment income					
Policy benchmark return (PBR) on investments	13.9	11.1	(7.5)	11.1	10.1
Value (lost) added by investment managers	(0.5)	(0.6)	(1.1)	5.0	(3.9)
Time weighted rate of return, at fair value [(a)]	**13.4**	**10.5**	**(8.6)**	**16.1**	**6.2**
Other sources [(b)]	(1.4)	(1.2)	(1.0)	(0.9)	(0.7)
Percent change in net assets [(c)]	**12.0**	**9.3**	**(9.6)**	**15.2**	**5.5**
Percent change in pension obligation [(c)]	**4.0**	**0.7**	**4.8**	**5.2**	**3.6**
Percent of pension obligation supported by net assets	**99.6**	**92.5**	**85.2**	**98.8**	**90.2**

a) The annualized total return and policy benchmark return (PBR) on investments over five years is 7.1% (PBR: 7.4%), ten years is 7.4% (PBR: 7.4%), and twenty years is 7.3% (PBR: 7.1%). The Plan's actuary estimates the long-term net investment return on assets for funding purposes to be 5.62% (2023: 5.62%).

b) Other sources include employee and employer contributions and transfers from other plans, net of benefit payments, transfers to other plans and administration expenses.

c) The percent change in net assets and pension obligation are based on the amounts reported on the statement of changes in net assets available for benefits and the statement of changes in pension obligation, respectively.

NOTE 11 BENEFIT PAYMENTS

	($ thousands)	
	2024	**2023**
Retirement benefits	$ 325,367	$ 310,149
Termination benefits	22,783	25,187
Death benefits	3,614	885
	$ 351,764	$ 336,221

NOTE 12 INVESTMENT EXPENSES

	($ thousands) 2024	2023
Amount charged:		
Management fees [a]	$ 32,898	$ 25,642
Alberta Treasury Board and Finance [b]	54	54
Total investment expenses	$ 32,952	$ 25,696
Increase in expenses	28.2%	30.2%
Increase (decrease) in average investments under management	10.6%	(0.9%)
(Decrease) in value of investments attributed to active management [c]	(0.5%)	(0.6%)
Investment expenses as a percent of dollar invested	0.5%	0.4%

a) For investment management services, including non-recoverable GST of $1,082 (2023: $758).
b) For investment accounting and Plan reporting services.
c) By the end of 2024, active management is applied across all asset classes. At the start of the year and in the prior year, it was applied to the fixed income, private equity and alternative asset classes.

NOTE 13 ADMINISTRATIVE EXPENSES

	($ thousands) 2024	2023
General administration costs	$ 2,710	$ 2,886
Board costs	64	46
Actuarial fees	100	13
Audit fees	84	72
	$ 2,958	$ 3,017

General Plan costs, including the costs for benefit administration and delivery, amounted to $163 per member (2023: $173 per member).

NOTE 14 REMUNERATION OF BOARD OF TRUSTEES MEMBERS

The Plan defines its key management personnel as the Board of Trustees and other members of the senior executives responsible for planning, controlling, and directing the activities of the Plan.

	Chair	Trustee
Remuneration rates effective April 1, 2009		
Up to 4 hours	$ 219	$ 164
4 to 8 hours	383	290
Over 8 hours	601	427

	2024	2023
The following amounts were paid:		
Remuneration		
Chair	$ 4,343	$ 2,746
Trustees (8)	18,893	20,652
Travel expenses		
Chair	433	1,299
Trustees (8)	10,440	6,654

Trustees are paid for attending and preparing for Board of Trustees and Committee meetings and for time spent on specified Plan business upon the approval of the Board of Trustees. Preparation time for a meeting is remunerated at no more than 4 hours.

NOTE 15 CAPITAL

The Plan defines its capital as the funded position. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years. The objective is to ensure that the Plan is fully funded over the long term.

The Plan's surplus or deficit is determined on the fair value basis for accounting purposes. However, for funding valuation purposes, asset values are adjusted for fluctuations in fair values to moderate the effect of market volatility on the Plan's funded status. Under this method, asset values are calculated based on what the asset value would be at the valuation date had the assets earned precisely the rate of return assumed in the actuarial valuation. This calculation is carried out independently at each of two starting points, namely the market value as at each of the two calendar year-ends preceding the valuation date. These two calculated values, together with the market value as at the valuation date, are averaged to determine the actuarial value of assets with a constraint limiting the actuarial value not to exceed 110% or fall below 90% of net assets available for benefits.

Note 15 (continued)

The following table summarizes on the funding basis, the accrued pension liability, net assets available for benefits, and the resulting deficit as at December 31, 2024 allocated between the pre-1992 and post-1991 periods:

($ thousands)

	2024			2023		
	Pre-1992	**Post-1991**	**Total**	**Pre-1992**	**Post-1991**	**Total**
Net assets available for benefits	$ 403,300	$ 6,960,943	$ 7,364,243	$ 427,200	$ 6,148,956	$ 6,576,156
Actuarial adjustment for fluctuation in fair value of net assets	(28,800)	(397,500)	(426,300)	11,600	121,200	132,800
Actuarial value of net assets available for benefits	374,500	6,563,443	6,937,943	438,800	6,270,156	6,708,956
Pension obligation	1,288,800	6,104,300	7,393,100	1,342,300	5,764,200	7,106,500
Actuarial deficit (surplus)	$ 914,300	$ (459,143)	$ 455,157	$ 903,500	$ (505,956)	$ 397,544

The Plan's unfunded liability for service prior to January 1, 1992 is being financed by additional contributions of 1.25% of salaries by the Province of Alberta with employers and employees equally sharing the balance of the contributions of 4.03% (3.57% prior to July 1, 2024) of salaries as required to eliminate the unfunded liability on or before December 31, 2043. The actuarial valuation shows the present value of the Province of Alberta's obligation for future additional contributions was $213,000 at December 31, 2022.

The additional contributions and special payments have been included in the rates shown in Note 1b.

NOTE 16 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Trustees of the Plan on April 15, 2025.

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ANNUAL REPORT

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