

**Pension Investment Committee
Province of Newfoundland and Labrador
Pooled Pension Fund**

2024 Annual Report

Table of Contents

1.0	OVERVIEW	4
2.0	KEY STATISTICS	4
3.0	HIGHLIGHTS AND PARTNERSHIPS	6
3.1	Discount Rate	6
3.2	Asset Mix	6
3.3	Annual Rates of Return	7
3.4	2024 Performance.....	7
4.0	2024 OBJECTIVE AND RESULTS	8
5.0	2025 OBJECTIVE AND INDICATORS	9
6.0	OPPORTUNITIES AND CHALLENGES.....	10
7.0	CONTACT INFORMATION.....	10
8.0	AUDITED FINANCIAL STATEMENTS	11

PENSION INVESTMENT COMMITTEE
PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED
PENSION FUND

JUN 17 2025

Honourable Siobhan Coady
President of Treasury Board
Government of Newfoundland and Labrador
Confederation Building
St. John's, NL A1B 4J6

Dear Minister Coady:

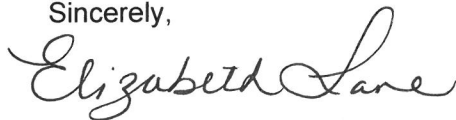
In accordance with the **Transparency and Accountability Act**, the Pension Investment Committee (PIC) is a category three government entity and is required to prepare an annual activity report to present information on its activities during the preceding year. This report was prepared under the direction of the committee, which is accountable for the results contained herein. This report covers the second year of the committee's 2023 - 2025 Activity Plan.

Since its establishment in 1981, the PIC has managed the Province of Newfoundland and Labrador Pooled Pension Fund. Over the years, the fund's strong performance has helped mitigate the growth of unfunded liabilities in the government-sponsored participating pension plans.

In 2024, both Canadian and global equity markets performed strongly. The fund achieved an overall return of 19.9 percent, exceeding its benchmark rate of return and reinforcing the PIC's long-term investment objectives.

As the Chair of the committee, I submit the 2024 Annual Report for the PIC.

Sincerely,

A handwritten signature in black ink, reading "Elizabeth Lane". The signature is written in a cursive, flowing style.

Elizabeth Lane
Chair

1.0 OVERVIEW

Established under Section 14 of the **Pensions Funding Act**, the PIC advises the President of Treasury Board, who serves as Trustee, on the management and investment of the Province of Newfoundland and Labrador Pooled Pension Fund. The fund currently includes assets from the Uniformed Services Pension Plan (USPP), the Members of the House of Assembly Pension Plan (MHAPP), and the Provincial Court Judges' Pension Plan (PCJPP).

The PIC is responsible for reviewing all financial activities of the fund, developing, evaluating, and implementing its objectives and investment strategies, and recommending the appointment of investment consultants, a custodian, and investment managers as needed.

Pension Investment Committee (As of December 31, 2024)	
Government Representatives:	
Elizabeth Lane, Chair	Secretary to the Treasury Board, Treasury Board Secretariat
Michelle Jewer	Deputy Minister, Department of Finance
Lisa Curran	Assistant Deputy Minister, Treasury Board Secretariat
Employee Representatives:	
Bert Blundon	Newfoundland and Labrador Association of Public and Private Employees
Wanda Lee Mercer	House of Assembly
Scott Harris	Royal Newfoundland Constabulary Association

2.0 KEY STATISTICS

As of December 31, 2024, total fund assets were \$208.3 million, and the total unfunded liability was \$384.5 million. This compares to assets of \$196.6 million and an unfunded liability of \$389.7 million as of December 31, 2023.

As detailed in the following table, fund participation was 1,845 members as of December 31, 2024.

Fund Participation as of December 31, 2024				
	Uniformed Services Pension Plan	Members of the House of Assembly Pension Plan	Provincial Court Judges' Pension Plan	Total
Active Members	691	40	20	751
Deferred Members	51	5	0	56
Pensioners	962	66	10	1,038
Total	1,704	111	30	1,845

The following table illustrates contributions to and payments from the fund for the year ended December 31, 2024.

2024 Contributions and Payments				
	Uniformed Services Pension Plan (000s)	Members of the House of Assembly Pension Plan (000s)	Provincial Court Judges' Pension Plan (000s)	Total
Contributions:				
Contributions from Active Members	\$6,087	\$421	\$426	\$6,934
Regular Employer Contributions	\$5,523	\$418	\$0	\$5,941
Total Contributions:	\$11,610	\$839	\$426	\$12,875
Payments:				
Pension Benefit Payments	\$32,528	\$1,822	\$439	\$34,789
Refunds to Members	\$1,308	\$762	\$0	\$2,070
Administrative Expenses	\$709	\$270	\$123	\$1,102
Total Payments:	\$34,545	\$2,854	\$562	\$37,961

3.0 HIGHLIGHTS AND PARTNERSHIPS

The fund was established as a vehicle to invest employee and employer pension plan contributions in the capital markets with a long-term goal to achieve investment returns on those contributions sufficient to meet the pension obligations' cost as they become due. As the participating pension plans' obligations are not all fully funded, any excess returns achieved in the portfolio will slow the growth in the unfunded portion.

3.1 Discount Rate

As of December 31, 2024, the Province's actuary assessed its long-term pension obligations using discount rates between 5.75 percent and 5.85 percent per year. These rates are based on the expected real rate of return on the fund's assets, considering the current asset mix and an assumed long-term inflation rate. When estimating the cash flow requirements over the valuation period, the actuary assumes that asset returns will align with these projections. The PIC is responsible for developing and executing an investment strategy focused on ensuring the promised pension benefits while maintaining a sustainable cost for both the Government and employees. The current long-term target rate of return is 4.25 percent plus the Consumer Price Index (CPI).

3.2 Asset Mix

The PIC has established an asset mix policy and engaged an investment manager to achieve annual returns that outperform relevant capital market indices. This approach aims to generate long-term returns exceeding the actuarial discount rate.

In early 2024, the committee worked with Russell Investments to assess the appropriateness of the Newfoundland and Labrador Pooled Pension Fund's asset allocation. Based on the results of this review, the committee approved adjustments to the fund's asset mix, increasing the fixed income allocation from 20 percent in 2023 to 30 percent in 2024. Additionally, a new 10 percent allocation to Global Infrastructure was introduced, accompanied by reductions in Canadian and Global Equity holdings.

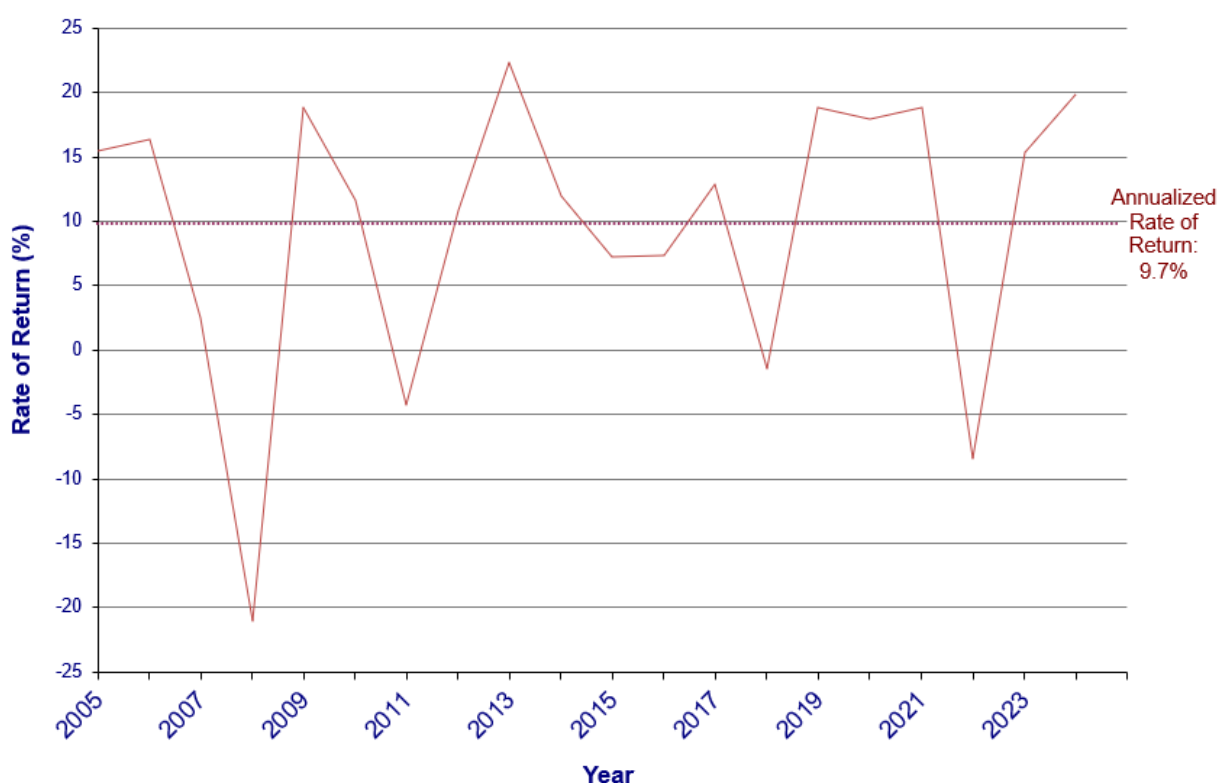
The table below outlines the asset mix as of December 31, 2024.

Asset Mix	Actual (%)		Policy (%)	
	2024	2023	Target	Range
Canadian Equities	18	25	18	13-23
Global Equities	42	56	42	37-47
Canadian Bonds	30	19	30	25-35
Global Infrastructure	10	0	10	5-15

3.3 Annual Rates of Return

The asset mix strategy as of December 31, 2024, of 60 percent equities, 30 percent fixed income and 10 percent infrastructure was adopted based on the plans' going concern and solvency funded ratios and the need to manage the growth of the unfunded liabilities. While returns above the discount rate will not be achievable every year, the fund's annualized rate of return over the past 20 years is 9.7 percent. This is higher than the discount rate range of 5.75 percent to 5.85 percent used in the most recent actuarial valuations. The fund's annualized return over 10 years is 10.9 percent versus the policy benchmark of 9.4 percent, and over five years the fund returned 12.7 percent versus the policy benchmark return of 10.4 percent. The following graph illustrates the variability in annual rates of return over the past 20 years.

Annual Rates of Return (2005 – 2024)



3.4 2024 Performance

Strong returns in the global equity markets, as well as favourable returns in the Canadian equity and bond markets, resulted in a strong overall rate of return for the fund. The fund's total return in 2024 was 19.9 percent, which underperformed the benchmark return of 20.7 percent by 0.8 percent. The fund's underperformance of the benchmark policy was due mainly to the impact of the selection of securities by the investment manager selected by the PIC.

The Canadian equity returns were also strong, posting a return of 21.8 percent, slightly outperforming the benchmark by 0.1 percent. Global equity returns were also strong, posting a return of 25.9 percent for the year, though its performance underperformed the benchmark return

of 29.4 percent. Canadian bonds saw a 4.8 percent return for the year, exceeding its benchmark index by 0.6 percent. The newly added Global Infrastructure asset allocation posted a three-month return of 2.1 percent, which underperformed the benchmark by 1.4 percent. The fund's annual investment results for the five years ending December 31, 2020, to 2024 are presented in the following table:

Investment Performance	Annual Returns (%)				
	2024	2023	2022	2021	2020
Total Fund	19.9	15.2	-8.4	18.9	17.9
Policy Benchmark Return*	20.7	14.7	-9.9	15.7	11.1
Canadian Equities	21.8	9.9	-4.1	27.3	3.0
S&P/TSX Composite Index	21.7	11.8	-5.8	25.1	5.6
Global Equities	25.9	20.7	-9.5	23.3	26.7
MSCI All Country World Index	29.4	20.5	-12.0	18.0	14.8
Canadian Bonds	4.8	7.0	-11.5	-2.0	11.0
FTSE Canada Bond Universe Index	4.2	6.7	-11.7	-2.5	8.7
Global Infrastructure Pool**	2.1	N/A	N/A	N/A	N/A
S&P Global Infrastructure Index**	3.5	N/A	N/A	N/A	N/A

* Policy Benchmark Return is defined as the rate of return which would have been earned had the fund been invested in securities identical to the various indices.

**Three-month result only, due to timing of adding this asset allocation.

4.0 2024 OBJECTIVE AND RESULTS

The Pooled Pension Fund was created to invest employee and employer pension contributions that are not immediately needed for benefit payments, aiming to generate long-term returns sufficient to meet pension obligations. Since the fund's assets do not fully cover its obligations, the investment strategy prioritizes achieving excess returns while managing risk appropriately. Any excess returns will help slow the growth of the unfunded liability.

As part of its mandate, the PIC is responsible for formulating an active investment strategy designed to achieve long-term returns that exceed those of passive or index-based investments across multiple financial market sectors. To execute this strategy, the committee selected an investment manager with strategies aimed at delivering returns above the relevant market indices over a four-year period.

In its 2023-2025 activity plan, the PIC developed an annual objective focused on the long-term goal of slowing the growth in the plan's unfunded liability. The following objective and indicators have been identified as the annual priority commitment of the PIC:

Objective:

By December 31, 2024, the PIC will have prudently managed the Newfoundland and Labrador Pooled Pension Fund.

Indicators:

- **Developed, reviewed, and/or implemented fund objectives and investment strategies to earn annual returns above the market index.**

The fund's objectives are long-term and undergo continuous review. Throughout the year, the secretariat engaged in discussions with Russell Investments to assess market conditions, investment strategy, and performance. Following this review, the committee approved adjustments to the fund's asset mix, effective March 2024.

- **Reviewed the financial activities of the fund and advised the responsible Minister as appropriate.**

The financial activities of the fund were reviewed by the PIC in 2024; this resulted in a reduction in the equity exposure of the fund, with a corresponding increase in fixed income and global infrastructure holdings.

- **Recommended appointments of investment consultants, a custodian, and investment managers, as required.**

No new appointments to professional service providers were required in 2024.

The Pension Investment Committee membership was amended to reflect a change in the Government of Newfoundland and Labrador's organizational structure. The Assistant Deputy Minister, Treasury Management and Budgeting, Department of Finance was replaced with the Assistant Deputy Minister, Human Resources, Treasury Board Secretariat.

5.0 2025 OBJECTIVE AND INDICATORS

Objective:

In 2025, the PIC will engage with stakeholders to address the ongoing funding challenges with the USPP. Reform options will be generated aimed at improving the financial sustainability of the USPP. As of December 31, 2024, the USPP's funded ratio stood at 25.2 percent, reflecting a continued decline in recent years. This trend underscores the need for the PIC to pursue measures to strengthen the Plan's financial position. Any pension reform options will require substantial legal, actuarial and stakeholder engagement, and as such, will be completed beyond fiscal year 2025/26.

By December 31, 2025, the PIC will have prudently managed the Newfoundland and Labrador Pooled Pension Fund.

Indicators:

- Developed, reviewed, and/or implemented fund objectives and investment strategies to earn annual returns above the market index.
- Reviewed the financial activities of the fund and advised the responsible Minister as appropriate.
- Recommended appointments of investment consultants, a custodian, and investment managers, as required.

- Advanced the USPP reform discussions with stakeholders.
- Reviewed and assessed plan administration, governance and investment management strategies based on joint deliberation with the USPP stakeholders. Considerations will reflect all pension plans currently in the Pooled Pension Fund.
- Developed a sound plan with timelines to complete the USPP reform process by an established transition date.

6.0 OPPORTUNITIES AND CHALLENGES

Current geopolitical tensions and economic uncertainty may impact future investment performance. The committee will continue to monitor investment performance, as well as economic issues such as inflationary pressures, and potential changes to the investment strategy and asset mix should it be determined that investment risk level of the fund needs to be addressed further as deemed appropriate.

As USPP reform options are evaluated, the potential impact to operations and administration of the two other pension plans (MHAPP and PCJPP) will be considered throughout the reform process. The PIC will monitor reform option activities and make recommendations to the Trustee, as required.

7.0 CONTACT INFORMATION

Pension Investment Committee

c/o Treasury Board Secretariat
Executive Council
Main Floor, East Block
Confederation Building
P.O. Box 8700
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A1B 4J6

Telephone: 1 (709) 729-3931

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Pensions Inquiries Email: pensions@gov.nl.ca

Websites: <https://www.gov.nl.ca/exec/tbs/>
<https://www.gov.nl.ca/exec/tbs/pensions/>

8.0 AUDITED FINANCIAL STATEMENTS

**PROVINCE OF NEWFOUNDLAND AND
LABRADOR POOLED PENSION FUND**

**FINANCIAL
STATEMENTS**

DECEMBER 31, 2024



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 these financial statements.

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

Independent Auditor's Report (cont.)

- 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 my 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 Fund'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 Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund 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.

I 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 I identify during my audit.



DENISE HANRAHAN, CPA, MBA, ICD.D
Auditor General

June 2, 2025
St. John's, Newfoundland and Labrador

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
STATEMENT OF FINANCIAL POSITION

As at December 31

2024

(000's)

2023

(000's)

ASSETS

Investments (Note 2)

Short-term notes and deposits	\$ 1,737	\$ 2,414
Bonds and debentures	62,655	37,605
Equities - Canadian	37,876	48,503
- Foreign	106,361	108,700

208,629 197,222

Receivables

Employee contributions	273	199
Employer contributions	273	199
Accrued investment income	2,408	881
Accounts receivable	107	101

3,061 1,380

Cash 2,563 1,740

214,253 200,342

LIABILITIES

Accounts payable and accrued liabilities	206	172
Due to the Province of Newfoundland and Labrador	2,921	2,330
Due to other Pension Plans	2,854	1,270

5,981 3,772

NET ASSETS AVAILABLE FOR BENEFITS \$ 208,272 \$ 196,570


ACCRUED BENEFITS OBLIGATION AND DEFICIT

Accrued benefits obligation	\$ 592,808	\$ 586,236
Deficit	(384,536)	(389,666)

ACCRUED BENEFITS OBLIGATION AND DEFICIT \$ 208,272 \$ 196,570

See accompanying notes

Signed on behalf of the Fund:


 President of the Treasury Board
 Trustee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
STATEMENT OF CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended December 31

2024

2023

	Uniformed Services Pension Plan	Members of the House of Assembly Pension Plan	Provincial Court Judges' Pension Plan	Total	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Increase in net assets from:					
Investments (Note 3)					
Investment income	\$ 6,488	\$ 2,639	\$ 1,227	\$ 10,354	\$ 7,430
Gain on sale of investments	9,396	3,821	1,778	14,995	2,543
Current period change in market value of investments	7,168	2,915	1,356	11,439	17,921
	23,052	9,375	4,361	36,788	27,894
Contributions (Note 12)					
Employee	6,087	421	426	6,934	6,230
Employer (Note 9)	5,523	418	-	5,941	5,630
	34,662	10,214	4,787	49,663	39,754
Other changes in net assets					
Pension payments	(32,528)	(1,822)	(439)	(34,789)	(34,468)
Refund of contributions with interest	(1,308)	(762)	-	(2,070)	(800)
Administrative costs (Note 6)	(709)	(270)	(123)	(1,102)	(1,023)
	(34,545)	(2,854)	(562)	(37,961)	(36,291)
Total increase in net assets	117	7,360	4,225	11,702	3,463
Net assets available for benefits, beginning of period	135,966	42,121	18,483	196,570	193,107
Net assets available for benefits, end of period	\$ 136,083	\$ 49,481	\$ 22,708	\$ 208,272	\$ 196,570

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
STATEMENT OF CHANGE IN PENSION OBLIGATIONS

For the Year Ended December 31

2024

2023

	Uniformed Services Pension Plan	Members of the House of Assembly Pension Plan	Provincial Court Judges' Pension Plan	Total	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Accrued benefits obligation, beginning of period	\$ 538,266	\$ 34,448	\$ 13,522	\$ 586,236	\$ 546,924
Increase (decrease) in accrued benefits obligation					
Interest on accrued benefits	31,118	1,949	796	33,863	33,674
Benefits accrued	12,139	901	855	13,895	11,792
Impact of changes in actuarial assumptions	3,436	192	87	3,715	28,610
Impact of experience gains and losses	(7,920)	-	(122)	(8,042)	504
Benefits paid	(33,836)	(2,584)	(439)	(36,859)	(35,268)
Total increase in accrued benefits obligation	4,937	458	1,177	6,572	39,312
Accrued benefits obligation, end of period	\$ 543,203	\$ 34,906	\$ 14,699	\$ 592,808	\$ 586,236

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created July 1, 1980, under the authority of the Pensions Funding Act (the Act) for the purpose of providing for the funding of pension plans sponsored solely by the Province. The affairs of the Fund are managed by the Minister Responsible for Treasury Board, as Trustee of the Fund. Section 9 of the Act states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

The following pension plans participate in the Fund: Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the Income Tax Act (Canada), and a Supplementary Plan, which provides benefits in excess of the Income Tax Act (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Employee contributions

Employee contributions are equal to 9.95% of the Canada Pension Plan (CPP) basic exemption, plus 8.15% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 9.95% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after April 1, 1967.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description (cont.)

(a) Uniformed Services Pension Plan (cont.)

(iii) Accrued service pensions (cont.)

Employees may retire with an unreduced pension with 25 years of pensionable service.

Vested employees who have reached age 55 may retire with an actuarially reduced pension.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, who died before January 1, 1997, the survivor pension is 55% of the member's accrued service pension.

(vi) Pre-retirement death benefits

Where an employee with at least five years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

Where an employee with at least five years pensionable service dies before receiving a pension and there is no surviving principal beneficiary the commuted value of the employee's pension entitlement is paid to the employee's estate.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description (cont.)

(b) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan for Members of the House of Assembly (MHAs). Members may elect not to participate in the Plan for their first term.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the Income Tax Act (Canada), and a Supplementary Plan, which provides benefits in excess of the Income Tax Act (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Member contributions

Members are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the Income Tax Act (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Member contributions cease after seventeen years of service if elected before or during the 43rd General Assembly and after twenty years of service if elected since that time.

On December 22, 2009, the Province amended the Members of the House of Assembly Retiring Allowances Act. This amendment provided that for Members elected prior to January 1, 2010, their pensionable salary effective July 1, 2007, would be equal to 81.2% of the salary authorized to be paid to a MHA under section 11(1) of the House of Assembly Accountability, Integrity and Administration Act. The pensionable salary for Members elected after December 31, 2009, would be the salary authorized under subsection 11(1) of the House of Assembly Accountability, Integrity and Administration Act.

(iii) Calculation of allowances on retirement

A vested Member who is no longer a MHA or a minister may, on application and subject to eligibility criteria, receive an allowance as follows:

For Members elected for the first time before or during the 43rd General Assembly, the percentage is calculated at 5% for each of the first ten years, 4% for each of the next five years, 2.5% for each of the next two years and 2% for each year of other service. Ministers receive an additional allowance calculated similarly and based on service and salary as a Minister (excluding Member's salary).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description (cont.)

(b) Members of the House of Assembly Pension Plan (cont.)

(iii) Calculation of allowances on retirement (cont.)

For Members elected for the first time after the 43rd General Assembly and prior to January 1, 2010, the percentage is 5% for each of the first ten years, 2.5% for each of the next ten years, and 2% for each year of other service.

On December 22, 2009, the Province amended the Members of the House of Assembly Retiring Allowances Act. These amendments provided for a new benefit accrual rate and new eligibility criteria for Members first elected to the House of Assembly after December 31, 2009 (and before November 30, 2015). The annual accrual benefit rate for the new Member would be 3.5% to a maximum of 20 years of service. The new Member would have to reach age 55 before being eligible for an unreduced pension. A new Member who retires between the ages of 50 and 54 would be eligible for a pension that would be reduced by 6% for each year that the Member is under the age of 55.

On December 7, 2017, the Province amended the Members of the House of Assembly Retiring Allowances Act. These amendments provided for a new benefit accrual rate and new eligibility criteria for Members first elected to the House of Assembly on or after November 30, 2015. The annual accrual benefit rate for the new Member would be 2.5% to a maximum of 20 years of service. The new Member would have to reach age 60 before being eligible for an unreduced pension.

These allowances are paid as follows:

Under the Registered Plan the allowance is the product of 2% of MHA's and minister's salary for the best three calendar years. When a Member reaches age 65, the amount of the registered allowance is reduced by 0.6% of the Member's average YMPE times years of service between January 1, 1998, and December 31, 2004. The amount of the registered allowance shall not exceed the maximum allowable benefit as determined under the Income Tax Act (Canada).

Where the calculated allowance does exceed the maximum allowable benefit as determined under the Income Tax Act (Canada), a vested Member who is no longer a MHA or a minister can receive an allowance from the Supplementary Plan. The Member's supplementary allowance is reduced by the amount of his or her registered allowance. The annual allowance is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. When a Member reaches age 65, the amount of the supplementary allowance is reduced by 0.6% of the Member's average YMPE times years of service after April 1, 1967 (service between January 1, 1998 and December 31, 2004 excluded).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description (cont.)

(b) Members of the House of Assembly Pension Plan (cont.)

(iv) Disability allowance

A disability allowance equal to the amount of the registered allowance the Member would have been eligible to receive at 65 years of age is available if a Member becomes permanently disabled. Additional supplementary benefits are also available on disability.

(v) Survivor benefits

A survivor benefit equal to 60% of the Member's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(vi) Pre-retirement death benefits

If a Member dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the Member's entitlement. Where a survivor pension is not payable, the commuted value of the pension entitlement is paid to the deceased plan Member's estate.

(vii) Termination benefits

A Member who is no longer a MHA or a minister and who has been elected to only one general assembly or who has less than five years of service may elect to receive a refund of his or her contributions with interest.

A vested Member who is no longer a MHA or a minister may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, or receive a deferred registered allowance. Also, the Member may receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred supplementary allowance.

(viii) Purchase of Service and Reciprocal Transfers

On December 7, 2017, the Province amended the Members of the House of Assembly Retiring Allowances Act. For members first elected on or after November 30, 2015, these amendments included the elimination of a member's ability to purchase pensionable service within the Members of the House of Assembly Pension Plan (MHAPP); or to transfer service to the MHAPP from any of the pension plans identified within the Act.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description (cont.)

(c) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after April 1, 2002, and to a judge who elected on or before April 1, 2002, to join the Plan.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the Income Tax Act (Canada), and a Supplementary Plan, which provides benefits in excess of the Income Tax Act (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Consolidated Revenue Fund.

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the Income Tax Act (Canada). The Employer is also required to pay into the Registered Plan an amount based on the recommendations of the Plans' actuary required to meet the cost benefits accruing to members, and allowable under the Income Tax Act (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid to a vested judge on normal retirement is the product of 3.33% of his or her annual salary immediately prior to ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years.

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary immediately prior to ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the Income Tax Act (Canada). The remaining allowance is paid from the Supplementary Plan.

Normal retirement date is the first day of the month following the judge's 65th birthday.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Authority and description (cont.)

(c) Provincial Court Judges' Pension Plan (cont.)

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary.

(v) Pre-retirement death benefits

If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement. Where a survivor pension is not payable, the commuted value of the entitlement is paid to the deceased judge's estate.

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

(vii) Indexing

Effective October 1, 2002, and each October 1 thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual allowance or survivor benefit.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of significant accounting policies

Outlined below are the significant accounting policies followed.

(a) Basis of Presentation

The Fund's management prepares financial statements in accordance with the requirements of the Chartered Professional Accountants Canada (CPA Canada) Handbook Section 4600 - Pension Plans. This standard is the basis for Canadian accounting standards for pension plans. The recognition and measurement of the Fund's assets and liabilities are consistent with the requirement of CPA Canada Handbook Section 4600.

CPA Canada Handbook Section 4600 requires that in selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, a pension plan shall comply on a consistent basis with either IFRS Accounting Standards in Part I of the CPA Canada Handbook, or Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook, to the extent that those standards do not conflict with the requirements of Section 4600. The Fund has chosen to comply, on a consistent basis, with the Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook, hereafter referred to as "ASPEs".

(b) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Fund's functional currency.

(c) Measurement uncertainty

The preparation of the financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and items reported on the statement of financial position and the statement of changes in net assets available for benefits at the date of the financial statements. The major estimates used by management in preparing the financial statements relate to the assumptions used in the calculation of pension obligations. Actual results could differ from these estimates, and the impact of any such differences will be recorded in future periods.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of significant accounting policies (cont.)

(d) Investments

The Fund's investments are held in pooled funds and consist of the following major assets classes: public equities, interest bearing investments such as treasury bills, bonds and mortgages.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of underlying net assets at fair values determined using closing market prices.

Investments are classified as held-for-trading. All investment transactions are recorded at the point upon which the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments are recorded as of the trade date and are stated at fair value as at year-end. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Short-term notes and deposits are valued at book value which approximates market value.

Bonds and debentures are valued at the mean or the average price at the valuation date.

Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on the valuation date, the price of the last board lot traded price is quoted.

(e) Investment income

Investment income is allocated proportionately to the pension plans under the Fund based on the asset value held in the pension plan account.

Investment income (loss) is reflected in investment activities and includes the following:

- (i) Dividend income which is recognized as of the date of record for North American equities, and as of the date of receipt for non-North American equities.
- (ii) Bank interest and interest on bonds and debentures, short-term notes and deposits.
- (iii) Foreign exchange gains and losses.
- (iv) Gains and losses that have been realized on disposal of investments.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of significant accounting policies (cont.)

(e) Investment income (cont.)

- (v) Unrealized gains and losses which reflect the change in fair value of investments held at the end of the year.

(f) Accrued pension benefits and accrued benefits obligation

The value of accrued pension benefits is based on a projected accrued benefits method actuarial valuation prepared triennially by an independent firm of actuaries. This accrued benefits obligation is measured in accordance with accepted actuarial methods, using actuarial assumptions and methods adopted by the Province for the purpose of establishing the long-term funding requirements. The actuarial valuation included in the financial statements is consistent with the valuation for funding purposes. In between valuations, the value of accrued benefits is extrapolated annually from these valuations.

(g) Foreign currency translation

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

Foreign currency differences arising on retranslation are recognized in the statement of changes in net assets available for benefits as a change in market value of the investment.

(h) Surplus/deficit

For financial statement reporting, the surplus/deficit of the Plans are based on the difference between the fair value of the Plans' net assets available for benefits and the Plans' accrued benefits obligation. For funding purposes, the Plans' surplus/deficit is based on the difference between the Plans' value of net assets and the actuarial value of the Plans' accrued benefits obligation.

(i) Contributions

Contributions from employers and members due to the Plans at the end of the year are recorded on an accrual basis. A receivable for service purchases that include, but are not limited to leaves of absence, periods of reduced accrual and transfer from other pension plans has been accrued based on an analysis of outstanding requests for service purchases on hand at year end. The value of these unprocessed requests has been estimated by the Fund's actuary based on the history of similar requests.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of significant accounting policies (cont.)

(j) Benefits

Benefit payments to retired members are recorded as they are due and paid, twice monthly. Commuted value payments and transfers to other pension plans are recorded when paid. Accrued benefits from members are recorded as part of the accrued pension obligation.

(k) Administrative Expenses

Administrative expenses are incurred for direct pension administration and external investment management and are recorded on an accrual basis. Direct pension administration expenses represent expenses to provide direct services to plan members and employers and include actuarial consulting and disability pension adjudication. External investment management expenses represent payments to the investment manager. These are allocated between the plans on a pro rata basis, based on the balance of the assets in the individual plans as a percentage of the total value of the combined plans.

(l) Cash

Cash includes cash on hand and balances with banks and investment manager.

2. Investments

(a) Investment portfolio

The fair value of investments relative to the cost is summarized in the following table:

	As at December 31, 2024			As at December 31, 2023		
	Assets	%	Cost	Assets	%	Cost
	(000's)		(000's)	(000's)		(000's)
Money Market	\$ 1,737	0.8	\$ 1,734	\$ 2,414	1.2	\$ 2,414
Fixed Income						
Canadian	62,655	30.0	67,963	37,605	19.0	44,064
Equities						
Canadian	37,876	18.2	28,763	48,503	24.6	40,785
US	71,403	34.2	51,952	74,851	38.0	61,809
Global	34,958	16.8	26,580	33,849	17.2	27,952
Total	\$ 208,629	100.0	\$ 176,992	\$ 197,222	100.0	\$ 177,024

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

2. Investments (cont.)

(b) Fair value measurement

Financial instruments are classified according to the following fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1: Fair value is based on inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 primarily includes publicly listed investments.
- Level 2: Fair value is based on valuation methods that make use of inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 primarily includes fixed income securities not actively traded on a public exchange, public equities not traded in an active market and investments in pooled funds.
- Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 primarily includes private market investments such as real estate, value based on discounted future cash flow models which reflect assumptions that a market participant would use when valuing such an asset or liability.

Investments based on the valuation level within the fair value hierarchy are as follows:

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	(000's)	(000's)	(000's)	(000's)
Money Market				
Canadian	\$ -	\$ 1,707	\$ -	\$ 1,707
US	-	30	-	30
Fixed Income				
Canadian	-	62,655	-	62,655
Equities				
Canadian	-	37,876	-	37,876
US	-	71,403	-	71,403
Global	-	34,958	-	34,958
Total	\$ -	\$ 208,629	\$ -	\$ 208,629

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

2. Investments (cont.)

(b) Fair value measurement (cont.)

As at December 31, 2023	Level 1	Level 2	Level 3	Total
	(000's)	(000's)	(000's)	(000's)
Money Market				
Canadian	\$ -	\$ 2,388	\$ -	\$ 2,388
US	-	26	-	26
Fixed Income				
Canadian	-	37,605	-	37,605
Equities				
Canadian	-	48,503	-	48,503
US	-	74,851	-	74,851
Global	-	33,849	-	33,849
Total	\$ -	\$ 197,222	\$ -	\$ 197,222

During the year, there have been no transfers of amounts between Level 1, Level 2, and Level 3.

The following table shows the changes in the fair value measurement in Level 3 of the fair value hierarchy:

	(000's)
Fair value, December 31, 2023	\$ -
Transfers	-
Acquisitions	-
Dispositions	-
Realized gain/loss	-
Net change in unrealized gain/loss	-
Fair value, December 31, 2024	\$ -

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Investment income

(a) Investment income for the year ended December 31 is as follows:

	2024	2023
	(000's)	(000's)
Interest income	\$ 2,598	\$ 1,362
Dividend income	7,756	6,068
	10,354	7,430
Gain on sale of investments	14,995	2,543
Current period change in market value of investments	11,439	17,921
Investment income	\$36,788	\$ 27,894

(b) Investment income by asset mix, for the year ended December 31 is as follows:

	Investment income	Gain (loss) on sale of investments	Current period change in market value of investments	2024 Total	2023 Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Canadian equities	\$ 2,273	\$ 4,434	\$ 1,241	\$ 7,948	\$ 4,833
Foreign equities	5,484	11,253	9,045	25,782	20,419
Bonds and debentures	2,435	(692)	1,151	2,894	2,551
Short term notes and deposits	162	-	2	164	91
Total	\$ 10,354	\$ 14,995	\$ 11,439	\$ 36,788	\$ 27,894

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Investment income (cont.)

(c) Investment returns

The Fund's investment returns gross of fees are shown by asset class in the table below.

	2024	2023
	(%)	(%)
Total portfolio return	19.88	15.17
Canadian equity	21.79	9.91
Global equity	25.86	20.67
Fixed income	4.76	7.05

The Fund's net return after all investment management costs for the year ended December 31, 2024, was 19.59% (2023 – 14.88%).

4. Investment risk management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. The use of financial instruments exposes the Fund to credit and liquidity risks, interest rate volatility, and market risks including foreign exchange and market price fluctuations and volatility. The Fund has policies and operating procedures that establish an asset mix among equity and fixed income and require diversification of investments within categories, and set limits on the size of exposure to individual investment and counterparties. Trustee oversight, procedures and compliance functions are incorporated into Fund processes to achieve consistent controls and mitigate operational risk.

(a) Interest rate risk

Interest rate risk refers to the fact that the Fund's financial position will change with market interest rate changes, as fixed income securities are sensitive to changes in nominal interest rates. Interest rate risk is inherent in the management of a pension plan due to prolonged timing differences between cash flows related to the Fund's assets and cash flows related to the Fund's liabilities. The fixed income portfolio has guidelines on concentration, duration and distribution which are designed to partially mitigate the risks of interest rate volatility.

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

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Investment risk management (cont.)

(a) Interest rate risk (cont.)

The term to maturity classifications of interest bearing investments, based upon the contractual maturity of these securities, as at December 31 are as follows:

	2024	2023
	(%)	(%)
Within 1 year	3.4	4.3
Short (1 - 5 years)	25.0	32.3
Medium (5 - 10 years)	34.8	29.6
Long (10+ years)	36.8	33.8
Total	100.0	100.0

Assuming a parallel change in the long and short-term yields, a 1% increase in interest rates would have the effect of decreasing the fair value of the Fund's fixed income investments by approximately \$4.50 million or 7.14% (2023 - \$2.84 million or 7.54%).

(b) Market price risk

Market price risk is the risk of fluctuation in market values of investments from influences specific to a particular investment or from influences on the market as a whole. All changes in market conditions will directly result in an increase (decrease) in net assets available for benefits. Market price risk is managed by the Fund through the construction of a diversified portfolio of instruments traded on various markets and across various industries. If equity market indices (S&P/TSX and MSCI ACWI and their sectors) declined by 10% and all other variables are held constant, the potential loss to the Fund would be approximately \$14.4 million, or 6.91% (2023 - \$15.7 million or 7.97%).

(c) Credit risk

Credit risk is the risk that the issuer of a debt security or counterparty to a contract is unable to fulfill its financial obligation and causes the other party to incur a loss.

Fixed income portfolio

Credit risk in the fixed income portfolio is monitored by evaluating the Fund's exposure in two ways: by sector (government versus corporate) and by credit quality.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Investment risk management (cont.)

(c) Credit risk (cont.)

The Fund is exposed to credit risk from the following interest earning investments, classified by sector as at December 31:

	2024	2023
	(%)	(%)
Corporate	43.5	38.6
Provincial government	36.1	38.7
Federal government	19.0	19.1
Other	1.4	3.6
Total	100.0	100.0

The Fund's concentration risk by credit rating as at December 31 is as follows:

	2024	2023
	(%)	(%)
AAA to A-	84.8	83.9
BBB to BBB-	14.4	15.7
BB+ and below	0.2	0.3
Not rated	0.6	0.1
Total	100.0	100.0

(d) Foreign currency risk

Foreign currency exposure arises through holdings of securities and units in pooled funds in non-Canadian assets. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. The Fund does not take an active approach, such as currency hedging to managing this risk, but rather the currency risk is managed through the diversified nature of the overall portfolio. In addition, the investment manager of the Fund is given flexibility through their mandate to periodically hedge currency for opportunistic or defensive purposes.

The Fund's unhedged currency exposure from net investment assets as at December 31 is summarized in the following table:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Investment risk management (cont.)

(d) Foreign currency risk (cont.)

	2024	2023
	(%)	(%)
Canadian dollar	48.5	45.6
US dollar	33.9	37.8
Euro	5.2	5.2
Japanese yen	3.3	4.2
Other Asia/Pacific currencies	4.0	3.3
British Pound	2.0	2.1
Other European currencies	3.1	1.8
Total	100.0	100.0

A 10% increase in the value of the Canadian dollar in relation to all other foreign currencies, with all other variables held constant, would result in an unrealized investment loss of \$10.9 million, or 5.15% (2023 - \$10.8 million, or 5.44%).

(e) Liquidity risk

Liquidity risk corresponds to the Fund's ability to meet its financial obligations as they come due with sufficient and readily available cash resources. Cash obligations are fulfilled from contributions to the Fund, cash income of the Fund and planned dispositions of Fund assets as required. Cash requirements of the Fund are reviewed on an ongoing basis to provide for the orderly availability of resources to meet the financial obligations. In general, the Fund's investments in cash and cash equivalents, debt and public equities are expected to be highly liquid and are invested in securities that are actively traded.

5. Capital management

The capital of the Fund is defined as the net assets available for benefits. The Fund was established as a vehicle to invest employee and employer pension plan contributions in the capital markets with a long-term goal to achieve investment returns. The main objective of the Fund is to secure promised pension obligations as they come due, and the secondary objective is to minimize employer long-term contributions and manage the variability of employer contributions.

5. Capital management (cont.)

The Fund is sponsored by the Government of Newfoundland and Labrador, represented by the Minister Responsible for Treasury Board who is Trustee of the Fund. The Trustee has appointed the Pension Investment Committee (PIC) to review, monitor, administer and supervise all investment activities of the Fund.

Portfolio Management

The Fund utilizes an external investment management firm to invest the assets of the Fund. The investment manager is selected through a disciplined process to ensure a good fit with the investment structure and objectives of the Fund. As at December 31, 2024, Russell Investments Canada Limited was the external investment fund manager.

In addition, CIBC Mellon Global Securities Services provides all custodial and administrative services for the Fund, and Russell Investments Canada Limited provides investment counseling services to the Fund.

The long-term asset mix policy of the Fund is as follows:

Canadian equity	18.0%
Global equity	42.0%
Global infrastructure	10.0%
Fixed income	30.0%

The asset mix policy was adopted after evaluating the potential impact of alternative policies on benefit security and employer contributions. Factors evaluated included the Plans' going concern and solvency funded ratios, demographics, cash flow requirements, actuarial assumptions, benefit levels, and liquidity requirements. The expected real return of the Fund's investment policy is 4.25% annualized over the long term.

6. Administrative costs

Administrative costs are direct costs of the Treasury Board Secretariat, Pensions Division and are allocated to the various pension plans based on the previous month's equity balance related to the total Fund. Any direct costs related to a specific plan are charged accordingly. Administrative costs for the year ended December 31 were comprised as follows:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

6. Administrative costs (cont.)

	2024	2023
	(000's)	(000's)
Investment management fees	\$ 606	\$ 575
Custodian fees	23	8
Investment consulting fees	5	6
Actuarial consulting fees	46	52
	680	641
Salaries and benefits	374	333
Other expenses	48	49
	\$ 1,102	\$ 1,023

7. Accrued benefits obligation

Actuarial assumptions

The actuarial assumptions used in determining the value of the accrued benefits obligation of \$592.8 million reflect management's best estimate of future economic events and involve both economic and non-economic assumptions. The primary economic assumptions include the discount rate, salary escalation and the inflation rate. The discount rate is based on the target asset mix and expected real returns for each asset class. The inflation rate is derived from the Bank of Canada's long term investment range. The salary escalation rate incorporates the inflation rate assumption and long term expectation of growth in real wages. A summary of the primary economic assumptions as at December 31 is as follows:

	USPP		MHAPP		PCJPP	
	2024	2023	2024	2023	2024	2023
Discount Rate	5.85%	5.90%	5.75%	5.80%	5.75%	5.80%
Salary Escalation	2.50-13.50% ¹	2.50-13.50% ¹	0-2.50% ²	0-2.50%	2.50%	2.50%
Inflation Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

¹ Salary escalation for the RNC is 2.50% per annum plus merit and promotion of 13.50% in the first four years of service, then 0.75% up to the 24th year of service, then 1.00% thereafter.

Salary escalation for Correctional Officers includes a 10% increase on April 1, 2024, 2.50% per annum thereafter, plus merit and promotion of 9.50% for the first three years of service, then 0.50% thereafter.

² Salary escalation for the MHAPP is 0% through 2024 and 2.50% per annum thereafter.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

7. Accrued benefits obligation (cont.)

The non-economic assumptions include considerations such as mortality as well as termination and retirement rates. The mortality rate is based on the Canadian pensioners' mortality CPM2014 Public Table which is published by the Canadian Institute of Actuaries displaying the probability of death for individuals of different ages based on the separate experience exhibited by public sector plans included within a subset of Canadian registered pension plans. The termination rate is the rate at which individuals leave a pension plan before reaching retirement, either through resignation, dismissal, or other reasons. The retirement rate projects how many members will reach retirement age and receive benefits, impacting plan costs. A summary of the primary non-economic assumptions as at December 31, 2024 is as follows:

	USPP	MHAPP	PCJPP
Mortality Rate ¹	110% of CPM2014 Public Table with generational projection using improvement scale CPM-B	CPM2014 Public Table with 90% adjustment for males and 95% adjustment for females with generational projection using improvement scale CPM-B	CPM2014 Public Table with 75.0% adjustment for males and 92.6% adjustment for females with generational projection using improvement scale CPM-B
Termination Rate ¹	None	8% per year from 5 years of service (vesting) to eligibility for an unreduced pension	None
Retirement Rate ¹	<p>RNC - 25% at 25 years of service and the remainder at 30 years of service</p> <p>Correctional Officers - 50% at 25 years of service and the remainder at 30 years of service. No active members are assumed to work beyond age 60</p> <p>Firefighters - 20% at 25 years of service, 50% of the remainder at 30 years of service. No active members are assumed to work beyond age 60</p> <p>The earliest a member is assumed to retire is 1 year after the valuation date</p>	Upon reaching unreduced retirement eligibility, 8% per year for members under 60, 60% per year for members between 60 and 64, 100% upon reaching age 65	Age 65

¹ Rates unchanged from 2023.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

8. Actuarial valuations

Triennial actuarial valuations are performed by the actuarial consulting firm of Eckler Ltd. Relevant reporting dates for the various plans are summarized below.

Pension Plan	Effective date of valuation used to determine pension obligation	Date of next required valuation
Members of the House of Assembly	December 31, 2021	December 31, 2024
Uniformed Services	December 31, 2023	December 31, 2026
Provincial Court Judges'	December 31, 2022	December 31, 2025

9. Funding policy

In accordance with legislation, the Province's funding requirement is to match the employee contributions for current service. Matching of contributions may also occur for certain other types of prior service, which may be purchased under contract.

Also, the Province is requested to pay into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

10. Related party transactions

Related party transactions of the Fund include administrative support costs of \$1.1 million for 2024 (2023 - \$1.0 million) with the Treasury Board Secretariat, Pensions Division. Details about the nature of these related party transactions are outlined in Note 6.

The Fund is a Crown entity of the Province with its affairs managed by the Trustee of the Fund, the Minister Responsible for Treasury Board. While the Province has significant influence over the Fund, the Fund's investment transactions with the Province were conducted in the normal course of business and at arms' length. As such, the Fund's investment transactions with the Province were not influenced by their relationship.

The following related party investments were held by the Fund as at December 31, 2024:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

10. Related party transactions (cont.)

Description	Cost (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures		
- Series maturing October 17, 2030	\$ 39	\$ 45
Province of Newfoundland and Labrador Debentures		
- Series maturing June 2, 2031	40	36
Province of Newfoundland and Labrador Debentures		
- Series maturing October 17, 2033	86	97
Province of Newfoundland and Labrador Debentures		
- Series maturing December 2, 2034	102	101
Province of Newfoundland and Labrador Debentures		
- Series maturing October 17, 2035	28	32
	\$ 295	\$ 311

11. Pensioner and refund payroll

All plans, with the exception of the Provincial Court Judges' Pension Plan, provide for disability pensions payable in the event the plan member is certified to be totally and permanently disabled. As well, should an employee die in service, there is provision for the payment of the employee's entitlement to the estate. The following tables summarize disability pension payments and the payments to employees' estates upon pre-retirement death.

Disability Pensions (\$000's)

Plan	Uniformed Services	Members of the House of Assembly	Provincial Court Judges
2024	1,363	*	-
2023	1,307	*	-

Payments on Pre-Retirement Death (\$000's)

Plan	Uniformed Services	Members of the House of Assembly	Provincial Court Judges
2024	20	*	-
2023	178	-	-

* Figure not shown to protect confidentiality

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

12. Contributions

	Uniformed Services	Members of the House of Assembly	Provincial Court Judges'	Total
December 2024 (\$000's)				
Employee				
Current	5,473	421	426	6,320
Past Service	145	-	-	145
Reciprocal Transfer	469	-	-	469
	6,087	421	426	6,934
Employer				
Current Service	5,470	418	-	5,888
Past Service	53	-	-	53
	5,523	418	-	5,941

	Uniformed Services	Members of the House of Assembly	Provincial Court Judges'	Total
December 2023 (\$000's)				
Employee				
Current	5,179	417	426	6,022
Past Service	208	-	-	208
Reciprocal Transfer	-	-	-	-
	5,387	417	426	6,230
Employer				
Current Service	5,178	417	-	5,595
Past Service	35	-	-	35
	5,213	417	-	5,630