

**Newfoundland and Labrador Future Fund**

**Annual Report**

**For the Period April 1, 2024 to March 31, 2025**

## Newfoundland and Labrador Future Fund

TREASURY MANAGEMENT DIVISION  
DEPARTMENT OF FINANCE  
CONFEDERATION BUILDING  
P.O. BOX 8700  
ST. JOHN'S, NL A1B 4J6

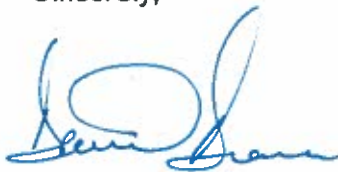
Honourable Craig Pardy  
Minister of Finance  
Government of Newfoundland and Labrador  
Confederation Building  
St. John's, NL  
A1B 4J6

Dear Minister Pardy:

As the Chair of the Board of Trustees responsible for the Newfoundland and Labrador Future Fund (NLFF), I am pleased to submit the 2024-25 Annual Report. The NLFF is a category 3 government entity, and in accordance with the **Transparency and Accountability Act** is required to prepare an annual activity report to present information on its activities of the preceding year. As such, the Board of Trustees is accountable for the preparation of this report and for the results reported therein.

The mandate of the Board of Trustees for the NLFF is to administer the fund established by the Government of Newfoundland and Labrador to strengthen finances, pay down debt and lower the cost of borrowing. During the 2024-25 fiscal year, the NLFF earned a net income of approximately \$16.2 million and an additional \$2.4 million in unrealized gains. This represents a 5.65 per cent annualized return on the fund equity. The NLFF ended the year with a value of \$391.7 million.

Sincerely,



David Drover, CPA, CA  
Chair of the Board

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## Overview

The Newfoundland and Labrador Future Fund (NLFF) was created pursuant to the **Future Fund Act** with the objective of strengthening the province's finances, reducing debt, and lowering borrowing costs. The Province has created the NLFF to allocate a portion of revenues from one-time sources, non-renewable resources, and net proceeds from the sale of tangible and intangible assets valued over \$5 million. These funds are intended to benefit future generations and to ensure the province's capability to adapt and support sustainable economic growth. The annual contributions to the NLFF are invested by the Board of Trustees. The NLFF operates with a March 31 fiscal year end and the results of its activities are fully consolidated in the Provincial Government's annual financial statements.

## Mandate

The mandate of the Board of Trustees is to manage and control the operational activities of the NLFF. These activities include establishing investment policy, investment of funds and the monitoring of such. These funds are invested in accordance with the **Future Fund Act**, primarily in equities, bonds, debentures, or other securities issued or guaranteed by the Government of Canada, the government of a province of Canada, the government of a municipality of Canada, a corporation, or a chartered bank, with the goal of earning the maximum return from investment of the portfolio while ensuring security of the funds.

## Board Representation and Accountability

The Board of Trustees is comprised of six members: three representatives from the Department of Finance; the Comptroller General; and two members

appointed by the Lieutenant Governor in Council - one senior public service official with expertise in environmental matters and one public representative appointed upon the recommendation of the Public Service Commission. As of March 31, 2025 the members of the Board and their positions are as follows:

Ms. Michelle Jewer  
Deputy Minister  
Department of Finance

Mr. Brendan Hanlon  
Comptroller General  
Treasury Board Secretariat

Dr. Susan Squires  
ADM, Climate Change  
Department of Environment and  
Climate Change

Mr. David Drover  
ADM, Treasury Management and  
Budgeting  
Department of Finance

Mr. Thomas Nemec  
Director, Treasury Management  
Department of Finance

Mr. Kenneth Martin  
Public Representative

### **Sources of Funding**

The **Future Fund Act** requires Government contribute to the fund a portion of the non-renewable resource royalties received in a fiscal year as well as the net proceeds from a sale of assets exceeding \$5 million. Further details are provided in the **Future Fund Regulations**. Treasury Board is also authorized to direct additional contributions as deemed appropriate. Contributions are invested and the earnings (i.e. interest, dividends, etc.), less an amount to cover administrative costs, are reinvested.

In 2024-25, statutory fund contributions amounted to \$72,613,650 bringing the total balance of contributions to the fund to \$359,072,450 at March 31, 2025.

The NLFF's day-to-day activities are managed by employees of the Department of Finance and the NLFF is invoiced by the Province for reimbursement of these expenses on a cost-recovery basis.

## Operational Information

The NLFF earned a net income of approximately \$16.2 million during 2024-25. These earnings, plus unrealized gains, represent an annualized return of 5.65 per cent. Special purpose financial statements for the year ending March 31, 2025, are included in this report.

Contact information is as follows:

### Mailing Address

Newfoundland and Labrador  
Government Future Fund  
c/o Department of Finance  
Confederation Building  
East Block, Main Floor  
P. O. Box 8700  
St. John's, NL A1B 4J6

### Office Location

Treasury Management Division  
Department of Finance  
Confederation Building  
East Block, Main Floor  
Telephone: (709) 729-3931  
Fax: (709) 729-6790

## Report on Performance

In accordance with the Board's mandate, the following objective was identified for the 2024-25 fiscal year, which focuses on the primary activities of establishing investment policy; and the investment and monitoring of funds.

### Objective

By March 31, 2025, Board of Trustees will have ensured the prudent investment of the assets of the Newfoundland and Labrador Future Fund.

### Indicator

The assets of the Newfoundland and Labrador Future Fund are prudently invested in accordance with the **Future Fund Act**, as evidenced by the completion of periodic reviews of reports to the Board of Trustees.

## **Results for 2024-25**

The Board completed its review of an annual report which, in addition to financial results of the fund, highlighted the investing activity of the NLFF. This review ensured that the assets were prudently invested in accordance with the **Future Fund Act** and with the Board's mandate. With the new investment policy implemented, the transition to the target asset allocation has been substantively achieved, with all asset classes within five per cent of target allocation.

## **Planned for 2025-26**

As stated in the 2023-2026 Activity Plan, the NLFF will report on the same objective and performance indicators for the 2025-26 fiscal year.

## **Opportunities and Challenges**

The unpredictable nature of the investment market will continue to challenge the Board of Trustees to ensure that its investment strategy maximizes the rate of return earned on its investment portfolio, while at the same time protecting the security of fund. An inflationary economic recovery prompted hikes in policy rates that have improved fixed income yields, enhancing the income potential of the investment portfolio. While inflation has since subsided to levels within the target range established by the Bank of Canada, fixed income yields remain elevated due to the impact of tariff threats on expected long-term inflation. The economic environment will be closely monitored, and adjustments will be made accordingly to ensure sustainable returns on the investments. Additionally, the rollout of investment into the equity asset class has facilitated greater portfolio diversification. The further diversification in the sub-asset allocation within fixed income has enhanced the portfolio's return and overall performance.

## **Financial Statements**

Please see the attached special purpose financial statements for the year ended March 31, 2025. These financial statements of the NLFF are the responsibility of management and have been prepared in accordance with the summary of significant accounting policies set out in note 1 to the financial statements to meet the information needs of the NLFF and the Government of Newfoundland and Labrador.

The Office of the Auditor General of Newfoundland and Labrador performed an audit on the financial statements in accordance with Canadian generally accepted auditing standards. The Auditor's Report attached to the financial statements outlines the scope of the examination and contains the Auditor General's opinion on the NLFF's financial statements.



**NEWFOUNDLAND AND LABRADOR  
FUTURE FUND**

**FINANCIAL STATEMENTS  
31-Mar-25**



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Newfoundland and Labrador Future Fund  
St. John's, Newfoundland and Labrador

### **Opinion**

I have audited the financial statements of the Newfoundland and Labrador Future Fund (the Fund), which comprise the statement of financial position as at March 31, 2025, the statements of revenues and expenses, contributions, retained earnings, cash flows, remeasurement gains and losses, and the schedule of investments 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 March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 of the financial statements.

### **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.

### **Emphasis of Matter - Basis of Accounting and Restriction on Use**

Without modifying my opinion, I draw attention to Note 1 to the financial statements, which describes the basis of accounting. These financial statements are prepared solely for the information of the Fund's board and the Government of Newfoundland and Labrador. As a result, the financial statements may not be suitable for another purpose. My report is intended solely for the use of the board and the Government of Newfoundland and Labrador and should not be used by anyone other than the specified users.

## **Independent Auditor's Report (cont.)**

### **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.

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 the accounting policies described in Note 1 of these financial statements, 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

## **Independent Auditor's Report (cont.)**

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:

- 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 Future 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.

## **Independent Auditor's Report (cont.)**

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.

A handwritten signature in black ink, appearing to read "Sandra Russell".

**SANDRA RUSSELL, CPA**  
**Deputy Auditor General**

September 25, 2025  
St. John's, Newfoundland and Labrador


**Newfoundland and Labrador Future Fund  
Statement of Financial Position  
As at March 31**

	2025 \$	2024 \$
<b>Assets</b>		
Cash	32,147,293	87,200,549
Interest receivable	3,021,486	2,241,764
Term Deposit	20,000,000	-
	<u>55,168,779</u>	<u>89,442,313</u>
 Investments at amortized cost (Schedule)		
Cost	266,003,878	181,514,086
Accumulated amortization of discounts and premiums	960,740	337,102
	<u>266,964,618</u>	<u>181,851,188</u>
 Investments at market value:		
Canadian Equities	51,944,523	29,259,646
US Equities	17,692,395	-
	<u>69,636,918</u>	<u>29,259,646</u>
 <b>Total Assets</b>	<u><u>391,770,315</u></u>	<u><u>300,553,147</u></u>
 <b>Liabilities</b>		
Accounts payable	<u>28,975</u>	<u>61,762</u>
 <b>Total Liabilities</b>	<u><u>28,975</u></u>	<u><u>61,762</u></u>
 <b>Future Fund Equity</b>		
Contributions from the Province of Newfoundland and Labrador	359,072,450	286,458,800
Unrealized gains	5,057,883	2,617,096
Retained earnings	27,611,007	11,415,489
	<u>391,741,340</u>	<u>300,491,385</u>
 <b>Total Future Fund Equity</b>	<u><u>391,741,340</u></u>	<u><u>300,491,385</u></u>
 <b>Total Liabilities and Future Fund Equity</b>	<u><u>391,770,315</u></u>	<u><u>300,553,147</u></u>

See accompanying notes

Signed on behalf of the Board:

  
Chairperson and Trustee

  
Trustee

**Newfoundland and Labrador Future Fund**  
**Statement of Revenues and Expenses**  
**For the Year Ended March 31, 2025**

	2025	2024
	\$	\$
<b>Revenue</b>		
Bond interest	9,177,143	2,820,785
Bank interest	3,598,018	7,912,462
Dividends	1,773,958	426,542
Gain on redemption and sale of securities	779,209	-
Bond premiums and discounts amortization	754,315	337,102
Term deposit interest	231,140	-
	<u>16,313,783</u>	<u>11,496,891</u>
<b>Expenses</b>		
Salaries	87,191	60,416
Safekeeping charges	18,125	5,871
Trading commissions	12,688	14,801
Bank charges	261	314
	<u>118,265</u>	<u>81,402</u>
<b>Net Income</b>	<u><u>16,195,518</u></u>	<u><u>11,415,489</u></u>

See accompanying notes

**Newfoundland and Labrador Future Fund  
Statement of Contributions  
For the Year Ended March 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Balance: Beginning of Year</b>	286,458,800	-
Contributions from the Province of Newfoundland and Labrador		
Statutory Contributions	72,613,650	236,458,800
Special Contributions	-	50,000,000
	<u>72,613,650</u>	<u>286,458,800</u>
<b>Balance: End of Year</b>	<u><u>359,072,450</u></u>	<u><u>286,458,800</u></u>

See accompanying notes



**Newfoundland and Labrador Future Fund  
Statement of Retained Earnings  
For the Year Ended March 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Balance: Beginning of Period</b>	11,415,489	
Net Income for the period	<u>16,195,518</u>	<u>11,415,489</u>
<b>Balance: End of Period</b>	<u><u>27,611,007</u></u>	<u><u>11,415,489</u></u>

See accompanying notes

**Newfoundland and Labrador Future Fund**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net income	16,195,518	11,415,489
Unrealized foreign exchange translation gain	85,162	133
Amortization of bond discounts and premiums	(754,315)	(337,102)
Gain on redemption and sale of securities	(779,209)	-
Change in non-cash working capital	<u>(812,509)</u>	<u>(2,180,002)</u>
Cash provided by operating activities	<u><u>13,934,647</u></u>	<u><u>8,898,518</u></u>
<b>Cash flows from investing activities</b>		
Purchase of Fixed Income Investments	(110,985,024)	(181,514,086)
Purchase of Equity Investments	(38,021,647)	(26,642,683)
Purchase of Term Deposit	(20,000,000)	-
Proceeds from Sale of Investments	15,405,118	-
Proceeds from Redemption of Investments	<u>12,000,000</u>	<u>-</u>
Cash used in investing activities	<u><u>(141,601,553)</u></u>	<u><u>(208,156,769)</u></u>
<b>Cash flows from financing activities</b>		
Contributions from the Province of Newfoundland and Labrador	<u>72,613,650</u>	<u>286,458,800</u>
Cash provided by financing activities	<u><u>72,613,650</u></u>	<u><u>286,458,800</u></u>
(Decrease) increase in cash	(55,053,256)	87,200,549
Cash beginning of period	<u>87,200,549</u>	<u>-</u>
Cash end of period	<u><u>32,147,293</u></u>	<u><u>87,200,549</u></u>

See accompanying notes

**Newfoundland and Labrador Future Fund  
Statement of Remeasurement Gains and Losses  
For the Year Ended March 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Accumulated remeasurement gains, beginning of year</b>	2,617,096	-
<b>Increase in market value of equity investments</b>	2,355,625	2,616,963
<b>Unrealized foreign exchange translation gain</b>	<u>85,162</u>	<u>133</u>
	5,057,883	2,617,096
<b>Amount recorded in net income for the year</b>	-	-
<b>Accumulated remeasurement gains, end of year</b>	<u><u>5,057,883</u></u>	<u><u>2,617,096</u></u>

See accompanying notes

Newfoundland and Labrador Future Fund  
Schedule of Investments  
As at March 31

Investments measured at amortized cost:

<u>Description</u>	<u>2025</u>		<u>2024</u>	
	<u>Face Value</u>	<u>Amortized</u>	<u>Face Value</u>	<u>Amortized</u>
	<u>or Per</u> \$	<u>Cost</u> \$	<u>or Per</u> \$	<u>Cost</u> \$
<u>Canadian</u>				
Federal Bonds	38,000,000	38,081,340	28,000,000	28,016,053
Provincial Bonds	116,250,000	115,629,305	72,300,000	71,386,657
Municipal Bonds	32,187,000	32,302,631	21,300,000	21,410,778
Corporate Bonds	81,500,000	80,951,342	62,000,000	61,037,700
	<u>267,937,000</u>	<u>266,964,618</u>	<u>183,600,000</u>	<u>181,851,188</u>

Investments measured at fair value:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair</u>	<u>Cost</u>	<u>Fair</u>
	\$	<u>Value</u> \$	\$	<u>Value</u> \$
Canadian Equities	47,301,244	51,944,523	26,642,684	29,259,646
US Equities	17,363,087	17,692,395	-	-
	<u>64,664,331</u>	<u>69,636,918</u>	<u>26,642,684</u>	<u>29,259,646</u>

See accompanying notes

# NEWFOUNDLAND AND LABRADOR FUTURE FUND

## NOTES TO FINANCIAL STATEMENTS

March 31, 2025

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### Authority

The Province of Newfoundland and Labrador maintains a Future Fund into which proceeds from the following three sources are deposited: (1) net proceeds from the sale of any Crown asset or group of Crown assets with gross proceeds in excess of \$5,000,000, (2) the portion of non-renewable resource royalties received by the province in the previous fiscal year as determined in accordance with the Future Fund Regulations, and (3) any other contributions made at the discretion of Treasury Board. This is an unincorporated body formed under the Future Fund Act. All members of the Board, with the exception of one external member, are full-time employees of the Province. Two members of the Board are appointed by the Lieutenant-Governor in Council, while the other four are appointed based on their position held in accordance with the Future Fund Act.

The Fund is not subject to Provincial or Federal income taxes.

### 1. Basis of accounting

These special purpose financial statements have been prepared by the Fund in accordance with the summary of significant accounting policies set out below to meet the information needs of the Fund and the Government of Newfoundland and Labrador under the Future Fund Act.

#### Summary of significant accounting policies

These financial statements have been prepared on the accrual basis of accounting. Outlined below are the significant policies followed.

##### (a) Cash and cash equivalents

Cash and cash equivalents include balances with banks, and term deposits and short-term investments with original maturities of three months or less.

Term deposits and short-term investments are recorded at cost which approximates market value because of the short-term nature of the securities.

##### (b) Fixed Income Investment transactions

- (i) Purchases: Investments are initially recorded at cost.
- (ii) Amortization: Discounts and premiums are amortized using the effective interest method.
- (iii) Sales: Sales of investments are at a negotiated selling price. Sales are recorded at the proceeds less the investment's average amortized cost, with any resulting gain or loss also recorded.
- (iv) Redemptions: On occasion investments held in the Fund will be called for redemption by the issuer. In such instances, a gain or loss is recorded equal to the redemption proceeds less the investment's average amortized cost.

**1. Basis of accounting (cont.)**

**Summary of significant accounting policies (cont.)**

**(c) Equity Investment Transactions**

Equity Investments are initially recorded at cost and are subsequently measured at fair value at the period end date. Unrealized gains or losses are recorded on the statement of remeasurement gains and losses. When investments are disposed of, the realized gains or losses are recorded on the statement of revenues and expenses and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

**(d) Interest income**

Interest income is recorded on an accrual basis. Income from investments is recorded when earned.

**(e) Foreign currency translation**

Assets, liabilities, revenues, and expenses denominated in U.S. currency are translated as follows:

- (i) assets and liabilities are translated at the rate of exchange in effect at the period end date; and**
- (ii) revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.**

Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of revenues and expenses, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

**NEWFOUNDLAND AND LABRADOR FUTURE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

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**2. Effect of foreign currency translation**

At March 31, 2025, the Fund held \$32,147,293 (2024 - \$87,200,549) in cash. This includes \$651,447 (2024 - \$27,062) denominated in U.S. currency.

The Fund assets and liabilities denominated in U.S. currency are translated at the rate of exchange in effect at the period end date. The Fund's revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

In 2025, the translation of assets denominated in U.S. currency at year end resulted in a net foreign exchange gain due to an increase in the value of the U.S. dollar.

**3. Financial instruments**

The Fund's short-term financial instruments recognized on the statement of financial position consist of cash, short-term investments, interest receivable, and accounts payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. The Fund's long-term fixed income investments are recorded at amortized cost, while the Fund's long-term equity investments are recorded at fair value.

**4. Comparative figures**

The first year of operations, as presented in these financial statements, reflects the period from March 30, 2023 to March 31, 2024.

**5. Related party transactions**

The Newfoundland and Labrador Future Fund is administered by employees of the Department of Finance. The salary costs of \$ 87,191 (2024 - \$60,416) for these employees are paid by the Department of Finance, reimbursed by the Newfoundland and Labrador Future Fund, and are reflected in these financial statements. The Province of Newfoundland and Labrador has contributed \$359 million to the Newfoundland and Labrador Future Fund since it was established.