



Municipal Employees' Pension Plan

2023 Annual Report



Your Pension | Your Future



The Municipal Employees' Pension Plan (MEPP, the Plan) provides retirement benefits to the employees of school divisions, urban and rural municipalities, regional colleges, regional public libraries and other local authorities within the province of Saskatchewan.

Purpose



Mission



Vision

Provide retirement income and pension services to members.

Provide secure and predictable retirement income to plan members.

Sustain the value of the Plan and the retirement income it provides.

Cover image: Lori Elliott, Creighton Lodge, MEPP Member

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Letters of Transmittal



Donna Harpauer
Minister of Finance

His Honour the Honourable Russ Mirasty, S.O.M., M.S.M.,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Municipal Employees' Pension Plan for the year ending December 31, 2023.

A handwritten signature in black ink that reads "Donna Harpauer". The signature is written in a cursive, flowing style.

Donna Harpauer
Deputy Premier and Minister of Finance



The Honourable Donna Harpauer
Deputy Premier and Minister of Finance

Madam:

On behalf of the Municipal Employees' Pension Commission, I have the honour of submitting the Annual Report of the Municipal Employees' Pension Plan for the year ending December 31, 2023.

A handwritten signature in black ink that reads "Rod Quintin". The signature is written in a cursive, flowing style.

Rod Quintin
Chair

Message from the Chair



Rod Quintin
Chair

We remain committed to MEPP's long-term sustainability, and our top priority is always to ensure members receive excellent service and security for their retirement income.

I am honoured to chair the Municipal Employees' Pension Commission (Commission). On behalf of the Commission, it is my pleasure to highlight MEPP's achievements in 2023.

A year of historical change

2023 was an exciting year for the Commission as it continued supporting the Public Employees Benefits Agency's (PEBA's) transition to a not-for-profit corporation. As of January 1, 2024, MEPP's plan administrator officially became Plannera Pensions and Benefits (Plannera).

Plannera will be operating at arm's length from the Government of Saskatchewan, and the Commission believes Plannera will be empowered to:

- provide clearer accountability to MEPP members;
- offer more flexibility for recruiting and retaining talent in key areas to ensure sound fund management;

- seek opportunities to lower investment management costs; and
- explore innovative and flexible financial products and services to members.

I would also like to welcome the 11 members of Plannera's new Corporate Board. This Board is committed to sustainable growth while safeguarding the interests of all of its stakeholders. The Board will be responsible for overseeing Plannera's operations, strategy, and risk management.

In terms of governance, the Corporate Board will report to the Members of Plannera (the Commission and the PEPP Board). To learn more about the Board, visit the About section on Plannera's website: www.plannera.ca.

Strengthening MEPP's investment approach

Despite gloomy market expectations for 2023, MEPP finished the year strong with double-digit investment returns and \$3.6 billion in assets.

The Commission credits the Plan's strong performance over the last four years to its private markets strategy. This is even more evident when MEPP's performance is compared to peers and industry averages of other defined benefit plans.

In 2023, the Commission continued to diversify MEPP's assets. First, the Commission approved a new asset mix and then added two new asset classes to the private markets program. It also introduced a co-investment program to its private equity and infrastructure programs.

The Commission's diversified and strategic approach to managing the Plan's investments continues to ensure the Plan's long-term sustainability. With a growing funded ratio, the Commission approved a one-time ad hoc increase of 5.6 per cent, effective

January 1, 2024 – a direct financial impact in the lives of MEPP's retirees.

Connecting with our members

One of the Commission's continuing top priorities is its focus on providing excellent service to its members. In 2023, the Plan prioritized member engagement by creating a new online community and again, assessing membership satisfaction.

MEPPConnects is designed to provide a supportive and engaging platform where members can connect, collaborate, and share feedback with other Plan members. **MEPPConnects** had 139 members at launch and continues to grow.

In November 2023, MEPP ran its annual member survey and received 1,041 responses. Members were asked about their:

- awareness of, and satisfaction with, MEPP services;
- awareness of PEBA's transition to Plannera;
- current and preferred methods for Plan communications; and
- interest in digital services.

Member satisfaction ratings remain strong, and the findings will guide service and communications to members in 2024.

Once again, I am honored to recognize the accomplishments of the Plan for 2023 and on behalf of the Commission, I present the Annual Report for the year ending December 31, 2023.

2023 Financial and Plan highlights (as at December 31, 2023)

Plan Assets

\$3.6
billion

Plan contributions

\$128.1
million

Going concern funded ratio*

126.4
per cent

Total pension payroll

\$104.2
million

Total number of new retirement pensions

411

The strong funded position, in addition to other factors, led to the Commission's decision in September 2023 to provide an ad-hoc increase to pensions-in-pay effective January 1, 2024.

*According to the Actuarial Valuation as at December 31, 2022. The going concern funded ratio includes explicit margins to protect the Plan against adverse deviations.

Total **Investment and administration** costs

\$40.1
million

Total **Fund return**
(return net of fees)(1-year return)

10.8
percent

Total Transfers, refunds and termination payments

\$30.7
million

Chris Exner
Town of Lumsden
MEPP Member

28,272

Plan members

16,825 Active

4,038 Inactive

7,409 Pensioners

47

Average age of active members

74

Average age of pensioners

107.9

Age of eldest pensioner

Membership Distribution by Age Band



Member Satisfaction*

90% Satisfied with quality of customer service.

Satisfied with materials and communication received. **84%**

79% Satisfied with MEPP's plan administration.

* The Member Survey was conducted in November/December 2023.

94.6%

Average of service standards that met or exceeded targets

755

Participating Employers

A portrait of Aimee Bryck, a woman with dark, wavy hair, smiling. She is wearing a dark blue blazer over a floral patterned blouse and pearl earrings. The background is a blurred office setting.

Aimee Bryck

Town of Lumsden
MEPP Member

PLAN profile

Municipal Employees' Pension Plan

MEPP is a defined benefit pension plan providing retirement benefits to municipal employees in Saskatchewan, unless they participate in another pension plan.

Plan membership includes the employees of:

- urban and rural municipalities;
- school divisions (other than teachers);
- le Conseil des écoles fransaskoises;
- regional libraries and colleges; and
- any other groups or organizations that may be designated by regulation of the Lieutenant Governor in Council.

Pensions are based on a formula that provides pension, disability, death and termination benefits for all eligible members.

The formula is based on highest average salary, pensionable service and the accrual rate in effect during the years of service.

Members contribute a fixed percentage of salary. Employers match these contributions.

The amount of pension a member will receive is not directly related to investment returns.

An adequate level of contributions and positive investment returns are necessary to secure the Plan's ability to pay benefits.

Under normal retirement rules, members may retire and receive a pension with no reduction if they are 65 years of age or if their age and eligibility service equal at least 80 years.

Members may retire and receive a reduced pension if they have reached age 55 and have at least 15 years of eligibility service.

Designated firefighters and police officers may receive an unreduced pension if their age and eligibility service equal at least 75 years, they are 55 years of age or they have at least 25 years of eligibility service.

These members may retire and receive a reduced pension if they have reached age 45 and their age and eligibility service equal at least 70.

MEPP's history began in the 1940s. Initially, the Rural Municipal Secretary Treasurers' Superannuation Plan was established in 1941. In 1949, the Urban Employees' Superannuation Plan was established. In 1959, these two plans joined to form the Municipal Employees' Superannuation Plan, which became a defined benefit plan in 1973.

MEPP is registered under the *Income Tax Act* (Canada) and *The Pension Benefits Act, 1992*. It is governed by *The Municipal Employees' Pension Act* (the Act) and regulated regulations.

MEPP provides retirement benefits to the employees of school divisions, urban and rural municipalities, regional colleges, regional public libraries and other local authorities within the province of Saskatchewan.

Municipal Employees' Pension Commission (as at December 31, 2023)

The Commission has 12 members, six appointed by participating employers and six by organizations that represent employee groups. The full term of office for Commission members is four years. A member may be appointed for two terms.

Every two years, the Commission members elect a Chair and a Vice-Chair. The Commission selected the Chair and Vice-Chair for 2023 and 2024 in November 2023.

The Commission has the fiduciary responsibility for administering MEPP and managing the investment activities in the best interests of all MEPP members.



**Rod Quintin,
Chair**

The Saskatchewan Association of
School Business Officials



Mark Fedak

Saskatchewan School
Boards Association



Glenda Lemcke

The Urban Municipal
Administrators Association of
Saskatchewan



**Ashley Stradeski,
Vice-Chair**

Employers that employ
designated members



Wendy Gowda

The Rural Municipal Administrators'
Association of Saskatchewan



Bob Moulding

The Saskatchewan Association of
Rural Municipalities



Richard Beck

Saskatchewan Urban
Municipalities Association



Evan Handley

Associations representing
designated firefighters and
police officers



Marney Robinson

Trade unions other than
CUPE, police and fire



Joe Couture

Saskatchewan School Boards
Association



Beverley Lawreniuk

Regional colleges/
Regional libraries



Janice Wolfmuller,

Canadian Union of Public
Employees (CUPE)

Goals • Mission • Vision • Values

Guiding all we do for you.

GOALS

Customer Service Excellence

The Commission is determined to identify, assess, and implement opportunities where appropriate that add value to the communication and service provided to Plan members.

Plan Integrity

The Commission is committed to achieving the needs of Plan members and employers through affordable, sustainable Plan benefits and services.

Governance Leadership

The Commission strives to demonstrate leading practices in pension plan governance.

Transparent Accountability

The Commission informs the Plan's members and stakeholders about its strategy, operations and values, as well as how Plan performance is measured, managed and reported.

MISSION

Provide secure and predictable retirement income to plan members.

VISION

Sustain the value of the plan and the retirement income it provides.

VALUES

Accountability

We are accountable to the members and stakeholders of the Municipal Employees' Pension Plan for our administration of the Plan. We operate in a transparent manner.

Professionalism

We strive for excellence in the administration of the Municipal Employees' Pension Plan by being diligent and making informed decisions.

Integrity

As trustees of the Municipal Employees' Pension Fund (the Fund), we hold ourselves to the highest standards of integrity. We strive to act always with honesty and in a manner worthy of the trust our members have placed in us.

Fairness

We administer the Municipal Employees' Pension Plan in the best interests of all members of the Plan. We strive to ensure that our decisions are equitable for all Plan members by adhering to decision making that is fair and open-minded. Our actions are courteous, considerate and responsive.

Contracted Services

The Commission is ultimately responsible for the Plan's administration, communication and investment activities. To discharge these responsibilities, the Commission uses the services of various organizations.

The Commission contracts with Planner^a (formerly PEBA) to provide executive management and administrative services for the Plan. Planner administers a wide range of pension and benefit plans.

Under contract with the Commission, Planner:

- maintains all member and accounting records;
- collects and deposits contributions to the Fund;
- transfers contributions to the custodian of the Fund for investment;

- monitors, administers and assists in the execution of the Plan's investment program in accordance with the investment policy;
- calculates and pays all pension benefits;
- communicates with members and participating employers;
- recommends an actuary as an advisor to Planner and the Commission, and retains an actuary selected on behalf of the Commission;
- recommends policy regarding calculating rates of interest and implements and calculates the rates of return for the Plan; and
- prepares the annual report.

Planner is responsible for ensuring that all transactions are made in accordance with the Act, *The Pension Benefits Act, 1992*, and their related regulations.

The Commission retains CIBC Mellon Trust Company as the Plan custodian, KPMG as Plan auditor, TELUS Health as Plan actuary, Aon as strategic investment consultant, Hamilton Lane Advisors L.L.P as private markets investment consultant and Mintz as legal consultant.

The Commission also retains the investment managers listed in Table 1.8 on page 23 of this report.

* Effective January 1, 2024, the Province of Saskatchewan authorized PEBA to delegate the administration of the Plan to Planner as per Order in Council #627-2023.

Commission Education

The Commission has an education program in place for members which they are required to attend. The purpose of the program is to ensure Commission members possess a sound knowledge and understanding of pension funding, investments, and governance related information.

Within one year, members must attend education sessions on basic investment and actuarial principles, as well as a basic or introductory level course on board governance, trust management, administration and/or fund investment provided by a recognized school or industry expert.

Within two years of being appointed to the Commission, members are to complete a more advanced course on board governance, trust management and administration, and/or fund investment provided by a recognized school or an industry expert.

Commission members who have completed the formal education program are required to attend one educational event annually that is facilitated by an industry-recognized pension and benefits organization.

As part of their ongoing education, conferences and other events attended by Commission members provide them with information on the current governance, investment and legal environment affecting pension plans. These also provide opportunities for Commission members to meet with pension experts and trustees from other plans to discuss common issues.

As part of a comprehensive education program, sessions delivered by industry professionals were provided throughout the year as agenda items during Commission meetings.

During meetings in 2023, Commission members were provided education on:

- farmland;
- transitioning to a not-for-profit corporation; and;
- segregation of responsibilities between a board of directors and a board of trustees.

Table 1.3 lists education events attended by Commission members in 2023.

To understand governance issues

Upon appointment, new Commission members receive the following:

- information outlining the documents that come before the Commission;
- MEPP member booklet;
- current annual report;
- information on the budget;
- funding policy;
- Statement of Investment Policies and Procedures (SIP&P);
- Strategic Business Plan;
- Risk Management Plan and review of the previous year's Risk Management Plan; and
- meeting minutes for the past year.

Within three months of appointment, members will receive an orientation provided by Plannera.

To understand pension investment

The purpose of this program is to ensure Commission members possess sound knowledge and understanding of pension, investment and governance issues. The Commission budgets \$5,000 per year for each Commission member for educational registration fees.

Meeting Attendance and Remuneration

Members of the Commission receive no compensation for the performance of their roles as Commission members. They are remunerated for expenses incurred while on Commission business and for education costs. Commission members are also remunerated for the time necessary to prepare for and conduct Commission business.

Remuneration is made according to Table 1.1.

	Chair	Member
Per Diem - meetings	\$450	\$250
Preparation for meeting attendance	\$450	\$250
Per Diem - education	\$250	\$250
Preparation for and attendance at sub-committee meetings	Sub-committee Chair, \$225	\$125
Travel time	\$0.30/km	\$0.30/km
Course registrations - maximum/year	\$5,000	\$5,000
Expenses	reimbursement as incurred	reimbursement as incurred
Preparation for education attended, if required	\$250	\$250
Education - Exam	\$125	\$125

Table 1.1

The Commission had nine regular meetings in 2023. Table 1.2 shows the number of meetings each Board member attended.

Name	Meetings Attended	Meeting Honorariums, Fees and Expenses (\$)
Rod Quintin, Chair	9	\$ 16,354.09
Ashley Stradeski, Vice Chair	8	10,547.11
Richard Beck	9	12,726.26
Joe Couture	9	5,375.00
Mark Fedak	9	8,089.07
Wendy Gowda	9	12,542.16
Evan Handley	8	8,168.27
Beverley Lawreniuk	9	12,824.63
Glenda Lemcke	9	13,550.65
Bob Moulding	7	5,457.20
Marney Robinson	9	8,815.26
Janice Wolfmueller	9	7,207.69
Total		\$121,657.39

Table 1.2

Total Commission
Remuneration in 2023

\$162,598.75

Seminars, Courses and Other Events Attended in 2023

Name	Education Events Attended	Total Expenses Registrations, Honorariums and Travel Time (\$)
Rod Quintin, Chair	<ul style="list-style-type: none"> Pension Governance Education Program 	\$11,294.88
Richard Beck	<ul style="list-style-type: none"> Professional Director Certification Program - Module 1 	\$1,104.45
Joe Couture	<ul style="list-style-type: none"> Actuarial 101, Advanced Trust Management Standards Session A 	\$1,890.00
Mark Fedak	<ul style="list-style-type: none"> Canadian Pension and Benefits Institute Saskatchewan Regional Conference 	\$457.00
Wendy Gowda	<ul style="list-style-type: none"> Pension Governance Education Program 	\$12,968.38
Evan Handley	<ul style="list-style-type: none"> Advanced Trust Management Standards Session A 	\$1,890.00
Beverley Lawreniuk	<ul style="list-style-type: none"> Advanced Trust Management Standards Session A 	\$2,771.86
Glenda Lemcke	<ul style="list-style-type: none"> Advanced Trust Management Standards Session A 	\$1,890.00
Bob Moulding	<ul style="list-style-type: none"> Actuarial 101 	\$175.00
Marney Robinson	<ul style="list-style-type: none"> Association of Canadian Pension Management National Conference 	\$1,800.00
Janice Wolfmueller	<ul style="list-style-type: none"> Association of Canadian Pension Management National Conference 	\$4,699.79
Total Expenditures		\$40,941.36

Note: In addition to the ongoing education events listed above, comprehensive education sessions on private debt; global real estate; environmental, social and governance integration; guiding principles for sustainable investing; and co-investment were offered within the Commission meetings during 2023.

Table 1.3



Amanda Reid
SUMA
MEPP Member

Administration

The Commission has contracted Plannera to carry out the day-to-day administration of MEPP and management of its assets. The cost for this is charged to the Plan.

Plannera provides all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan.

To administer the Plan, Plannera:

- maintains all member and accounting records;
- collects and deposits contributions to the Fund (member accounts);
- transfers contributions to the custodian of the Fund for investment;
- handles all questions regarding plan provisions and methods of providing or arranging for the provision of pension benefits;
- calculates and pays all pension benefits;
- communicates with members and participating employers; and
- prepares the annual report.

Plannera also provides senior executive officer services and executive secretary services to the Commission.

The Commission and Plannera engage other service providers as required.

Income Allocation

In 2023, the Commission allocated interest to members' accounts at the rate of three per cent for the year.

Pension Payments

	2023	2022
Normal Retirement	49	65
Early Retirement	189	236
Postponed Retirement	172	203
Survivor Pensioner	1	-
Total	411	504

Table 1.4

Operating Expenses (for the year ended December 31, 2023)

	Total Cost (\$ thousands)	(%)
Administration costs	10,855	26.44
Custodial fees	655	1.59
Investment management fees		
TD Asset Management Inc.	849	2.07
BlackRock Asset Management Canada Ltd.	167	0.41
Insight Investment Management Ltd	95	0.23
Foyston, Gordon & Payne Inc.	434	1.06
Snyder Capital Management, LP	685	1.67
Oberweis Asset Management, Inc.	640	1.56
Morgan Stanley Investment Management	1,119	2.72
Pzena Institutional Management	1,058	2.58
Robeco Institutional Asset Management	567	1.38
Neuberger Berman Investment Advisers LLC	2,122	5.17
Fidelity Investments Canada ULC	381	0.93
Infrastructure*	3,900	9.50
Canso Investment Council Ltd.	698	1.70
PIMCO Canada Corp.	717	1.75
Vontobel Asset Management Inc.	1,756	4.28
Private Credit*	140	0.34
Private Equity*	2,646	6.44
Performance fees		
Infrastructure*	2,071	5.04
Private Credit*	138	0.34
Private Equity*	5,799	14.12
BlackRock Asset Management Canada Ltd.	13	0.03
Other Investment fees	3,552	8.65
Total	41,057	100.00

Table 1.5

*Infrastructure, Private Credit, and Private Equity have multiple managers. Please see complete list on page 23.

Administration Service Standards

Plannera reports performance measurement against standards to the Commission quarterly. Table 1.6 provides measurement results for the 2023 year.

Service Standards (January 1, 2023 to December 31, 2023)

Task	Completed	Met or Exceeded Standard		Standard Business Days and %Target	
		Number	%	Days	Target %
Statement on Termination (Option Letter)	2,194	2,128	97.0	20	75
Statement on Death (Active/Deferred) (Option Letter)	23	20	87.0	10	80
Statement on Death (Pensioners) (Option Letter)	216	195	90.3	10	80
Payments (includes on termination and death)	1,820	1,718	94.4	10	80
Payment of New Retirements	397	362	91.2	15	80
Pension Estimates (Retirement Option Letter)	550	499	90.7	10	90
Marriage Breakdown Calculations	31	25	80.6	10	75
Purchase of Service	49	48	98.0	20	80
Portability Transfer Values	22	22	100.0	30	80
Total	5,302	5,017	94.6		

Table 1.6

Employers

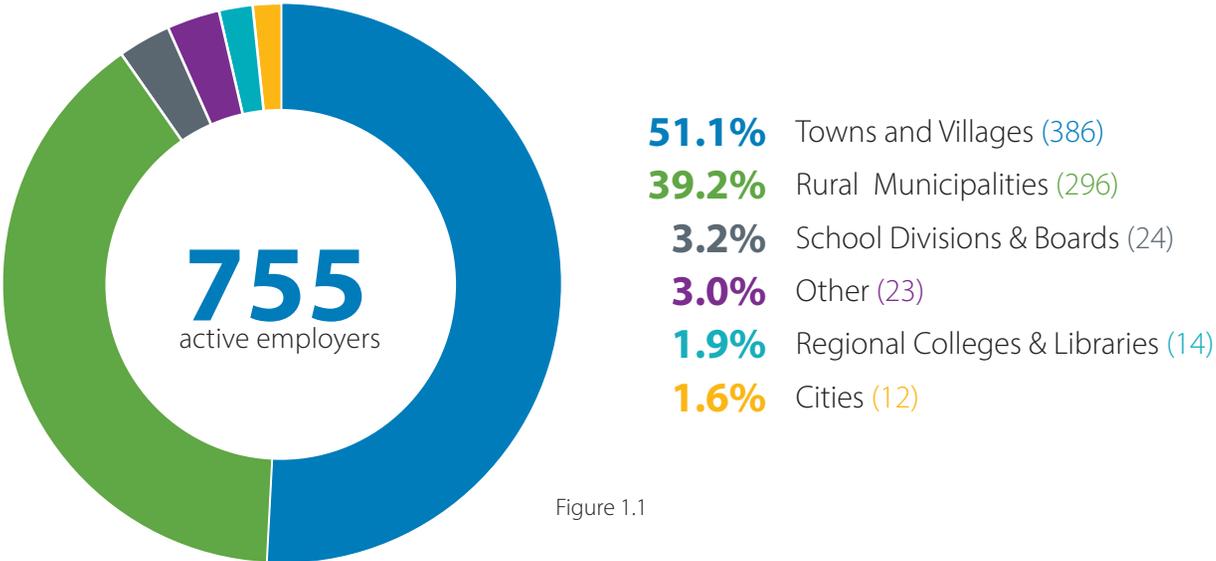


Figure 1.1

Members by Employers

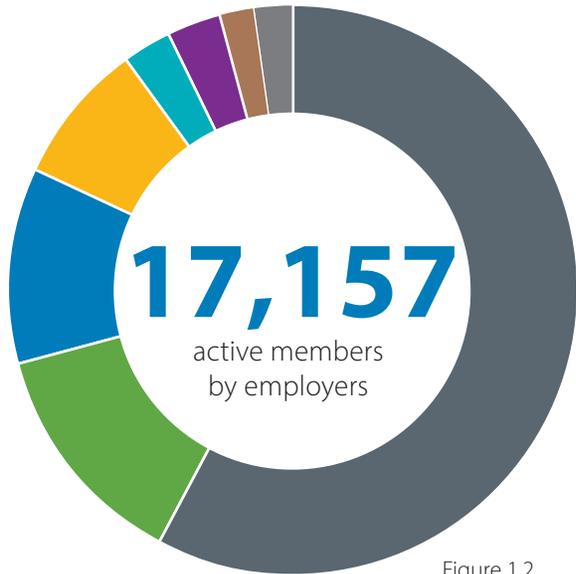


Figure 1.2

- 58.0%** Schools (9,859)
- 13.0%** Rural Municipalities (2,264)
- 11.0%** Cities (1,856)
- 8.0%** Towns (1,384)
- 3.0%** Villages (582)
- 3.0%** Regional Colleges (571)
- 2.0%** Regional Libraries (389)
- 2.0%** Other (252)

The above includes the number of active members working for each employer. Some members work for more than one MEPP employer (i.e., a rural municipality and a village), and as a result are counted more than once.

4,698

active members use PLANet

235

active members receive statements and newsletters electronically

3,386

active members have registered to the online MORE calculator

1,416

attendees at 49 virtual and in-person workshops

307

meetings were held with MEPP employers

15,796

email and phone inquiries were answered by MEPP staff

711

members met 1:1 with MEPP's retirement information consultants

448/171

members follow us on Facebook/Twitter



Mark Worrall
Town of Balgonie
MEPP Member

Investments

Investment Consultant

The Plan's Strategic Investment Consultant (SIC) is Aon. As the Commission's SIC, AON provides advice and guidance on strategic asset allocation based on periodic strategic reviews. In 2023, Aon provided strategic investment guidance and education to the Commission.

Mercer, as the General Investment Consultant (GIC), provides advice on a broad range of investment options with a focus on strategies resulting from market trends. In 2023, Mercer collaborated with PEBA and provided regular investment consulting services on the Plan's equity and fixed income managers, including performance monitoring, as outlined in Table 1.8.

The Plan's Private Markets Consultant is Hamilton Lane. In 2023, Hamilton Lane and PEBA worked together to continue to build out the Plan's private markets program by making commitments to new private equity, private credit, farmland and infrastructure funds. Hamilton Lane also assisted PEBA in providing regular investment consulting services on the Plan's private equity, private credit, farmland, and infrastructure managers, as outlined in Table 1.8.

Investment Managers

The Commission delegates responsibility for investing the Fund assets to professional investment managers. Each manager invests within a specific mandate, as outlined in Table 1.8.

Investment Policy

The investment policy is set out in the Statement of Investment Policies & Procedures (SIP&P), which the Commission reviews annually.

The SIP&P contains guidelines for the investment of Plan assets, and includes:

- investment and risk philosophy;
- asset mix and diversification policy, including portfolio return expectations;
- benchmarks for each investment manager and for the Fund;
- permitted investments and quality guidelines;
- monitoring and control responsibilities, including performance targets;
- compliance reporting and monitoring requirements; and
- conflict of interest guidelines.

Trustees

As trustees, the Commission is responsible for prudently investing the Fund's assets.

Custodian

The Commission retains CIBC Mellon as the custodian of the Plan. The custodian is responsible for:

- safekeeping of assets;
- collection of income;
- settlement of investment transactions; and
- recording and verifying investment transactions.

CIBC Mellon received \$655,000 in custodial fees in 2023. (Table 1.5)

Fees for
Investment Management
\$26,799,000

Investment Managers	\$17,974,000
Investment Management Performance	\$8,021,000
Investment Consultant	\$804,000

Table 1.7

Investment Managers

The use of different managers allows for diversification of the investments. The use of different investment managers allows the Plan to employ different investment styles that can focus on different regions or sectors for investment, reducing the risk that any one region, sector or style may suffer during any economic cycle or event.

Private Equity	Avista Healthcare Partners, LP Clarion Investors, LP ECI Partners, LLP FSN Capital Partners AS General Catalyst Partners Genstar Capital Partners LLC Great Hill Partners Harvest Partners, LP H.I.G. Advantage Advisors, LLC	Insight Venture Management, LLC K1 Investment Management, LLC L Catterton, LP Latour Capital Management Lexington Partners L.P. Lovell Minnick Equity Partners L.P. Neuberger Berman Group LLC New Mountain Capital LLC Silver Lake Management LLC	SKCP Catalyst Fund, LP Stirling Square Capital Partners LLP The Jordan Company Partners LLC Technology Crossover Ventures Thompson Street Capital Manager LLC Torquest Partners, LP Vista Equity Partners
Infrastructure	3i Investments, PLC Antin Infrastructure Partners Arroyo Energy Group CIM Group, Inc. DIF Infrastructure Coöperatief U.A Global Infrastructure Partners Fund	IFM Global Infrastructure, LP ISQ Global Infrastructure Fund III, L.P. KKR Global Infrastructure Investors L.P. Macquarie Asia Infrastructure Management Limited Northleaf Capital Partners	Novacap Digital Infrastructure, LP Q-energy, S.A. Starwood Energy Group Stonepeak Associates, LLC Tiger Infrastructure Partners, LP
Global Equity	Morgan Stanley Investment Management Pzena Institutional Management Robeco Institutional Asset Management Vontobel Asset Management, Inc.	Private Credit	BC Partners Falcon Investment Advisors, LLC North Haven Credit Partners IV L.P. Plexus Capital

Investment Managers (continued)

Canadian Equity

Foyston, Gordon & Payne Ltd.
Fidelity Investments Canada ULC

Farmland

PGIM
Tiverton

Single Mandates

BlackRock Asset Management Canada Ltd.	Long Bonds Plus
Canso Investment Council Ltd.	Corporate Bonds
PIMCO Canada Corp.	Core Plus Bonds
BlackRock Asset Management Canada Ltd.	U.S. Equities
Oberweis Asset Management	EAFE Small Cap Equities
Neuberger Berman Investment Advisors LLC	Emerging Markets Equities
Snyder Capital Management, LP	U.S. Small Cap Equities
Insight Investment Management Ltd.	Currency
TD Asset Management Inc.	Canadian Real Estate

Investment Objectives

The Fund's primary objective is to grow at a rate which exceeds the growth of the Plan's liabilities.

To achieve its goal, the Commission has established:

- a long-term strategic asset mix that is reflected by the Plan's benchmark (a standard against which performance is measured);
- an investment management structure consisting of one or more investment managers in each major asset class; and
- a liability benchmark to approximate the growth of the Plan's going-concern pension liabilities.

Assets by Investment Managers

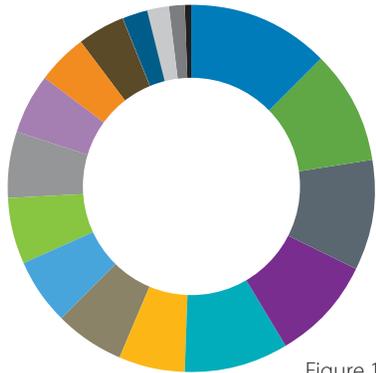


Figure 1.3

12.5%	Infrastructure (Various)	5.8%	Morgan Stanley Investment Management
10.0%	Canso Investment Council Ltd.	5.5%	TD Asset Management Inc.
9.9%	Private Equity (Various)	4.4%	Fidelity Investments Canada ULC
9.2%	BlackRock Asset Management Canada Ltd.	4.1%	Foyston, Gordon & Payne Ltd.
9.0%	PIMCO Canada Corp.	2.2%	Snyder Capital Management, LP
6.0%	Vontobel Asset Management Inc.	2.0%	Oberweis Asset Management, Inc.
5.9%	Pzena Institutional Management	1.3%	Cash & Misc.
5.9%	Robeco Institutional Asset Management	0.5%	Private Credit (Various)
5.8%	Neuberger Berman Investment Advisors LLC		

MEPP Asset Mix

29.4%	Fixed Income and Cash
23.7%	Global Equities
12.5%	Infrastructure
9.9%	Private Equity
8.5%	Canadian Equities
5.8%	Emerging Markets Equities
5.5%	Real Estate
4.2%	Foreign Small Cap Equities
0.5%	Private Credit

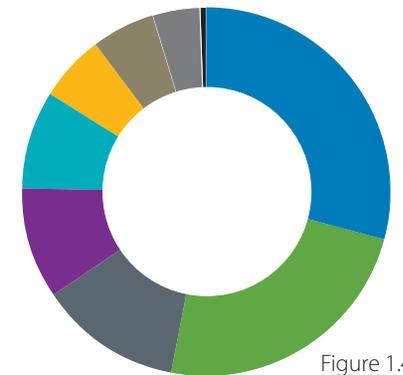


Figure 1.4

Performance by Asset Class

Asset Class	One-year Return Net as at December 31, 2023	One-year Benchmark
Fixed Income	8.9%	8.2%
Canadian Equities	11.1%	11.7%
Foreign Large Cap Equities	21.3%	20.3%
Foreign Small Cap Equities	6.6%	12.1%
Emerging Market Equities	2.5%	7.3%
Real Estate	-0.2%	0.7%
Infrastructure	7.9%	8.8%
Private Equity	7.1%	23.6%
Total	10.8%	12.2%

Table 1.8

Foreign Currency Investment Manager

In 2023, this strategy had an impact of one per cent on foreign equities exposure, consistent with its benchmark.

Overall, the fund outperformed the benchmark on a four-year basis.

The total one-year return underperformed the benchmark by 1.4 per cent.

The total four-year return outperformed the benchmark by 1.6 per cent.

Asset Class	Four-year Return Net as at December 31, 2023	Four-year Benchmark
Fixed Income	0.8%	-0.3%
Canadian Equities	10.1%	8.6%
Foreign Large Cap Equities	9.9%	10.0%
Foreign Small Cap Equities	6.8%	5.5%
Emerging Market Equities	n/a	n/a
Real Estate	4.5%	3.8%
Infrastructure	12.5%	8.9%
Private Equity	21.7%	13.6%
Total	7.1%	5.5%

Table 1.9

A man wearing a grey and black baseball cap and a black hoodie is sitting at a desk in an office. He is looking towards the camera with a slight smile. The background shows a wooden wall and a desk with various office equipment like a printer and a scanner.

Dean Karcha

RM of Estevan
MEPP Member

Governance

Key Performance Indicators

Critical Success Factors

The Plan needs to measure its performance in areas that are critical for success if it is to deliver the services that members expect. The Plan measures these critical success factors in four categories:

Customer measures track the performance of key customer-related tasks and how well members tell the Plan it is doing in terms of the information and services it provides members.

Financial measures track the Plan's performance in the areas of administration costs and investment performance.

Innovation and Learning measures track the Commission's performance of educational activities supporting its oversight of the Plan's administration and investment activities.

Internal measures track the Plan's performance in the area of internal administration and governance processes.

Establishing targets ensures that the Commission is able to:

- review the Plan's performance of key administrative tasks against a standard of practice;
- track any changes in performance over time; and
- be aware of the areas of strength and weakness in the Plan's administration.

The Commission reviews these key performance indicators semi-annually. A review of the Plan's performance in 2023 is provided on the following pages.

Summary

The Plan met all 13 key performance indicators in 2023. All measures in the Customer, Internal and Innovation and Learning quadrants met or exceeded targets.

Member transactions met the service standard targets set for Plan administration.

Member satisfaction with the quality of customer service and communications met targets as measured by the annual member survey.

Within the financial category, administrative costs are projected to fall within the budget, and the fund rate of return exceeded the benchmark.

All of the Commission's key service providers were evaluated during the year and rated as "satisfactory".

The Plan demonstrated 100 per cent compliance with the best practice governance principles set out by the Canadian Association of Pension Supervisory Authorities.

Within its 2023 meetings, the Commission received education on farmland, transitioning to a not-for-profit corporation, and segregation of duties between a board of trustees and a board of directors.

Customer

Critical Success Factor	Measure	Target	Result
Provide service within service standard	Member transactions within service standards	More than 80 per cent of transactions meet the service standard.	Met
Effective communication (Member)	Member satisfaction with information sessions	More than 90 per cent of member survey responses indicate satisfaction with information sessions.	Met
Quality of customer service (Member)	Member satisfaction with quality of customer service	More than 80 per cent of member survey responses indicate satisfaction with customer service.	Met
Effective communication (Member)	Member satisfaction with quality of communication materials	More than 80 per cent of member survey responses indicate satisfaction with Plan materials.	Met
Quality of customer service (Employer)	Employer satisfaction with quality of customer service	More than 90 per cent of employer survey responses indicate satisfaction with customer service.	Met

Financial

Critical Success Factor	Measure	Target	Result
Returns greater than benchmarks	Measure of the value-add in relation to the benchmark for the Fund	Rolling four-year rate of return is greater than the Fund benchmark.	Met
Plan sustainability	Management valuation target funding ratio	Management valuation target funding ratio ensures sufficient assets to pay for future benefits.	Met
Performance to budget	Administration costs are less than budgeted	Administration costs are within budgeted amount.	Met ¹

¹The Commission's budget cycle is April 1, 2023 to March 31, 2024. At December 31, 2023, Plan expenses were anticipated to be within the approved budget.

Innovation and Learning

Critical Success Factor	Measure	Target	Result
Commission leadership	Commission engages in ongoing education	At least 80 per cent the Commission undertakes a course.	Met

Internal

Critical Success Factor	Measure	Target	Result
Governance Excellence	Compliance with CAPSA Guidelines	Plan demonstrates 100 per cent compliance with CAPSA ¹ guidelines.	Met
PEBA Leadership	Satisfactory rating for executive management services	Commission's evaluation of its administrator shows satisfaction with the executive management services provided.	Met
Supplier management	Investment manager compliance reporting, annually	All required compliance reports are submitted.	Met
Supplier management	Service provider performance is satisfactory	Performance of all service providers is satisfactory.	Met

¹CAPSA - Canadian Association of Pension Supervisory Authorities.



Shelly Veroba
Creighton Lodge
MEPP Member

Customer Service Excellence

The Commission is determined to identify, assess, and implement opportunities that add value to the communication and service provided to Plan members.

Transparent Accountability

The Commission informs the Plan's members and stakeholders about its strategy, operations and values, as well as how Plan performance is measured, managed and reported.

Governance Leadership

The Commission strives to demonstrate leading practices in pension plan governance.

Plan Integrity

The Commission is committed to achieving the needs of Plan members and employers through affordable, sustainable Plan benefits and services.

Strategic Initiatives

The Commission conducts periodic strategic planning sessions and reviews the strategic plan at least annually. On April 13, 2023, the Commission held a strategic business planning session and developed a strategic business plan for 2023-2024.

The strategic business plan is developed as part of the Commission's comprehensive

governance process, and includes regular strategic business planning and risk management planning. It is developed within the context of the Plan's purpose, mission, vision and goals, and the Commission's values of accountability, professionalism, integrity and fairness.

The updated strategic business plan considers a number of internal and external factors. A summary of the strategic business plan for 2023-2024 is available on the Plan website.

Customer Service Excellence

The Commission is determined to identify, assess, and implement opportunities that add value to the communication and service provided to Plan members.

Objectives

- provide members with information about the Plan, including individual member benefits and responsibilities, that is easy to understand, relevant, accurate, and timely;
- support participating employers in their responsibilities; and
- maintain an up-to-date suite of services that meet evolving member needs.

Activities accomplished in 2023

- PEBA's retirement information consultants offered in-person Your Path to Retirement workshops across the province, including virtual and employer-driven options.
- Through virtual and in-person workshops and one-on-one meetings, PEBA helps MEPP members prepare for a successful retirement.
- The Commission updated its strategy for engagement with members and stakeholders designed to improve members' awareness through education and the resources available to them.
- PEBA engaged with members and employers to determine their needs through regular research, including surveys.

Transparent Accountability

The Commission informs the Plan's members and stakeholders about its strategy, operations and values, as well as how Plan performance is measured, managed and reported.

Objectives

- members, employees and other stakeholders receive relevant and timely reporting on the performance of the Plan, the Commission and service providers; and
- members, employers and other stakeholders are informed about how the Commission's strategy, operations and values impact the operation of the Plan.

Activities accomplished in 2023

- Information about Key Performance Indicators is available within this annual report.
- Activity reports to stakeholders are made available on the Plan website after each regular Commission meeting.
- The Commission's governance manual, a summary of its strategic business plan, and the Governance Self-Assessment Questionnaire are made available on the Plan website.
- The annual report is published on the Plan website.

Governance Leadership

The Commission strives to demonstrate leading practices in pension plan governance.

Objectives

- the Plan's business model, including roles and responsibilities of both the Commission and the contracted service providers, is consistent with the Plan's strategy and operations;
- continuous improvement in the Commission's oversight of the Plan; and
- organizations that appoint people to the Commission understand the Commission's needs when making their appointments.

Activities accomplished in 2023

- The Commission evaluated the performance of all its service providers.
- The Commission approved amendments to its governance policies in September, October and November 2023.
- The Commission made decisions to support PEBA in its transition to a not-for-profit corporation.
- The PEBA Joint Governance Committee, including representatives from the Commission, met on January 24, 2023, June 19, 2023 and November 21, 2023.

Plan Integrity

The Commission is committed to achieving the needs of Plan members and employers through affordable, sustainable Plan benefits and services.

Objectives

- assess, manage, and monitor risk in the context of the interdependence that exists between the Plan's assets and liabilities;
- preserve the accrued benefits for active and retired members and their beneficiaries; and
- provide sustainable benefits that are supported by the contributions required to meet the funding needs of the Plan.

Activities accomplished in 2023

- The Commission completed a review of its funding policy.
- The Commission granted a one-time ad-hoc pension increase of 5.61 per cent to Plan members in accordance with its funding policy.
- The Commission approved 22 private market investments in Private Equity, Infrastructure, Private Credit and Farmland funds.
- The Commission completed a strategic review of Plan investments, incorporating best practices from the institutional investment industry.
- The Commission developed a new strategic business plan for 2023-2024.

Risk Management

Risk Management Philosophy

Annually, the Commission will conduct a risk management review. This review is designed to identify potential events and trends that may positively or negatively affect the Commission's ability to achieve its strategic goals or maintain its operations. These events and trends are defined as risks.

The risk management process and review ensures that the Commission identifies and evaluates risks, ensures appropriate strategies are

in place to manage these risks, and reviews the performance of the risk management strategies for the previous year.

The Risk Management Plan and its annual review ensure that a regular, documented process is in place for the management of the Plan's foreseeable risks. Documenting the rationale for arriving at decisions strengthens accountability and demonstrates due diligence.

The Commission is committed to creating and maintaining value for the stakeholders of the Plan. The Plan faces risks as the Commission fulfills this commitment. Therefore, the Commission is responsible for managing all foreseeable risks that could affect the operation of the Plan and its stakeholders. Through its risk management process, the Commission identifies, measures, monitors and manages these risks in a manner that is consistent with the Commission's governance model.

Broad-based Risks

Broad-based Risks	Definition of Risk	Key Risks
Strategic Risk	Encompasses the potential risks as they relate to communication and service delivery, plan design suitability, plan reputation, plan governance and accountability.	Communications Governance Plan structure
Financial Risk	Relates to the investment, funding, and benefit policies, plan design costs, and demographic considerations.	Investment structure Employers withdrawing from the Plan Risk of losses
Regulatory Risk	Is associated to non-compliance with legislation, fiduciary obligations and the legal requirements of pension plan management.	Non-compliance
Operational Risk	Includes operational emergencies and non-compliance with governance policies.	Performance by investment managers PEBA as service provider Other service providers Adverse deviations

Table 1.10

The Commission developed and implemented these strategies and business practices to manage the identified risks:

- The Commission consults with stakeholders periodically. A stakeholder consultation process provides employers and Plan members with the opportunity to consider the affordability of the benefits provided and the contributions needed to fund these benefits.
- The Commission regularly reviews plan design. A formal funding policy as part of the design enables the Commission to be proactive in managing the financial status of the Plan.
- The Commission is committed to communication that informs members and employers on the Plan.
- The Commission's administrator provides retirement information seminars and individual information to Plan members.
- Information tools include: member and employer seminars, employer bulletins and guides, written materials, focus groups and online resources such as the Plan website, social media, videos, webinars, surveys, PLANet, and the MORE retirement calculator.
- The Commission receives regular reports on administrative activities, including service standards and key performance indicators.
- The Periodic Checklist is a list of major items identified by the Commission that are necessary for the administration of a pension plan. The checklist allows verification that an activity has been carried out. The completed Periodic Checklist is provided to the Commission on a semi-annual basis.
- The Commission strives to demonstrate leading practices in pension plan governance. This includes regular review of its Governance Manual to ensure it is comprehensive and effective.
- The Commission formally reviews its Strategic Business Plan annually.
- The Commission has an Acquisition and Retention of Services policy that details how the Commission is to retain and evaluate service providers. The Commission retains service providers who are experts in the responsibilities to which they are assigned with respect to the Plan.
- The Commission evaluates the performance of the executive management services provided by its administrator, strategic investment consultant, private markets consultant, actuary, investment managers, custodian, legal service provider, and auditor at least annually unless the Commission is transitioning to a new service provider or the current service provider has provided an insufficient length of service to evaluate.
- The Commission has a SIP&P that outlines the Commission's investment beliefs and provides for risk management through diversification of asset classes, capital markets and investment managers.
- The SIP&P defines the benchmark to which investment performance is measured. The Commission annually reviews the SIP&P and monitors investment performance.
- The Commission ensures initiatives and Plan-related activities are adequately funded through its budgeting process.
- The Commission's administrator has internal controls in place, which are reported on annually by the external auditors.
- Commission members are required to review and sign the Commission's Code of Conduct and Conflict of Interest Procedures annually.
- The Commission requires that service providers confirm that they maintain business continuity plans and adhere to a code of conduct.
- In order to identify and mitigate risks that affect the Plan, the Commission undertakes an annual risk management process.
- The Commission consults with legal counsel and other expert advisors regarding issues on which it is deliberating.
- Periodically, the Commission reviews existing products, services and practices the Plan offers to its members.

Activities Completed in 2023

The following risk management activities were completed in 2023:

- Members were surveyed via follow-up email to collect feedback regarding satisfaction with the service provided by Plan staff.
- The Commission communicated with members using a variety of tactics, including print, in-person and via the website. The wording of the communication materials was carefully constructed and contains appropriate disclaimers that the information provided does not constitute advice from the Plan.
- The Commission evaluated all its service providers against established performance standards.
- The Commission completed an Asset Liability Study that reviewed the alignment of the Plan's assets and investment risk with its underlying liabilities. The study concluded with approval of a new asset mix in February 2023 and implementation decisions at subsequent meetings.
- The Commission periodically reviewed the Plan design and administrative practices in an effort to efficiently improve services to members.
- The Commission approved an education plan for September 2023 to June 2024 based on the special competencies required to effectively govern the Plan as identified in the Commission's Governance Manual.
- The Commission reviewed a report benchmarking the Plan's investment performance as compared to other similar pension plans.
- The Commission reviewed the activities undertaken as part of its 2022 Risk Management Plan, and approved its Risk Management Plan for 2023.
- The Commission reviewed and amended its Governance Manual, including amendments to its Funding Policy.
- Within regular meetings, the Commission received education on farmland, transitioning to a not-for-profit corporation and segregation of duties between a board of trustees and a board of directors.

Looking Back

2022

\$3.2 billion in assets

Total contributions
\$123.2 million

Pension payroll
\$98.9 million

Transfers, refunds & termination payments
\$63.0 million

Investment and administration costs
\$37.7 million

Fund benchmark
-9.3 per cent

Fund return
-7.2 per cent

2021

\$3.5 billion in assets

Total contributions
\$120.6 million

Pension payroll
\$92.1 million

Transfers, refunds & termination payments
\$38.1 million

Investment and administration costs
\$51.7 million

Fund benchmark
9.4 per cent

Fund return
11.7 per cent

2020

\$3.2 billion in assets

Total contributions
\$115.6 million

Pension payroll
\$87.2 million

Transfers, refunds & termination payments
\$37.9 million

Investment and administration costs
\$34.7 million

Fund benchmark
11.0 per cent

Fund return
14.3 per cent

2019

\$2.8 billion in assets

Total contributions
\$114.2 million

Pension payroll
\$82.3 million

Transfers, refunds & termination payments
\$49.5 million

Investment and administration costs
\$34.9 million

Fund benchmark
15.1 per cent

Fund return
13.4 per cent

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of MEPP is presently assigned to Planner Pensions and Benefits. Management is responsible for financial administration, administration of funds and managing of assets.

The financial statements which follow have been prepared by management in conformity with Canadian accounting standards for pension plans. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

The Commission reviews and approves the financial statements. In doing so, the Commission has had the opportunity to discuss the statements with management throughout the year.

The provision for annuity benefits and the accrued pension benefits are determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events and require approval by management.

The financial statements have been audited by KPMG whose report follows.



A handwritten signature in black ink, appearing to read 'J Phillips', with a long horizontal flourish extending to the right.

Jeremy Phillips
President and Chief Executive Officer
Planner Pensions and Benefits

Regina, Saskatchewan
March 22, 2024

Actuarial Opinion

This opinion is given with respect to the Municipal Employees' Pension Plan (the "Plan").

We performed a valuation based on the Plan provisions and assumptions as at December 31, 2023. The membership data was determined as at December 31, 2022. The valuation was prepared to provide the 2023 year-end information to be disclosed in the Plan's financial statements and the actuarial opinion required by the auditor in accordance with Section 4600 of the Chartered Professional Accountants Canada Handbook – Accounting ("CPA 4600").

In my opinion, for the purposes of this actuarial valuation:

- The membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation.
- The assumptions are appropriate for the purposes of the valuation.
- The calculations have been made in accordance with our understanding of the requirements of CPA 4600.

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

Actuarial valuation results are only estimates. Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses. These gains or losses will be revealed in future actuarial valuations.



Douglas Stafford
Fellow, Canadian Institute of Actuaries

TELUS Health
411 Dunsmuir Street, Suite 400
Vancouver, BC V6B 1X4

February 15, 2024



Keri Lukye, Amanda Dudka, Kerri Abraham, and Michelle Dickie - RM of Estevan - MEPP Members

Financial Statements



KPMG LLP

Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina, SK S4P 4K9
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Telephone 306-791-1200
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

Opinion

We have audited the financial statements of the Municipal Employees' Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations and provision for annuity obligations for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2023, and its changes in net assets available for benefits and its changes in pension obligations and provision for annuity obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

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

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

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KPMG Canada provides services to KPMG LLP.



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Other Information

Management is responsible for the other information. Other information comprises:

- the 2023 Annual Report

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2023 Annual Report document as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

We also:

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

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

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

Chartered Professional Accountants

Regina, Canada
March 22, 2024

**Municipal Employees' Pension Plan
Statement of Financial Position**

Statement 1

(in thousands)

As at December 31	Defined Benefit	2023 Retirement Annuities	Total	2022 Total
ASSETS				
Investments (Note 4)	\$ 3,349,563	\$ 13,143	\$ 3,362,706	\$ 3,056,292
Investments under securities lending program (Note 4)	139,210	546	139,756	119,599
	3,488,773	13,689	3,502,462	3,175,891
Accounts receivable				
Employees' contributions	3,520	-	3,520	3,261
Employers' contributions	3,520	-	3,520	3,261
Accrued investment income	9,767	38	9,805	8,182
Investment receivables	2,289	9	2,298	175
Other receivables	221	1	222	216
	19,317	48	19,365	15,095
Due from General Revenue Fund (Note 6)	8,900	35	8,935	8,204
Cash	71,778	282	72,060	76,305
Total assets	3,588,768	14,054	3,602,822	3,275,495
LIABILITIES				
Accounts payable	7,782	30	7,812	9,441
Investment payables	3,852	15	3,867	475
Derivative liability (Note 5)	-	-	-	13,568
Provision for annuity obligations (Statement 3, Note 9)	-	7,541	7,541	8,443
Total liabilities	11,634	7,586	19,220	31,927
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	3,577,134	6,468	3,583,602	3,243,568
Pension Obligations (Statement 3, Note 10)	2,422,265	-	2,422,265	2,222,267
SURPLUS	\$ 1,154,869	\$ 6,468	\$ 1,161,337	\$ 1,021,301

(See accompanying notes to financial statements)

Municipal Employees' Pension Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

(in thousands)

Year Ended December 31	2023			2022
	Defined Benefit	Retirement Annuities	Total	Total
INCREASE IN ASSETS				
Investment income (Note 4)	\$ 85,093	\$ 349	\$ 85,442	\$ 76,364
Security lending income	145	1	146	162
	85,238	350	85,588	76,526
Change in fair value of investments	299,346	1,228	300,574	-
Contributions				
Employee contributions	63,774	-	63,774	61,248
Employer contributions	63,736	-	63,736	61,179
Reciprocal transfers in	519	-	519	775
Arrears contributions and interest	27	-	27	22
Inter-fund transfer	(3)	3	-	-
	128,053	3	128,056	123,224
Net decrease in provision for annuity benefits (Statement 3, Note 9)	-	902	902	1,656
Total increase in assets	512,637	2,483	515,120	201,406
DECREASE IN ASSETS				
Transfers and refunds (Note 8)	25,216	-	25,216	56,310
Benefit payments (Note 8)	5,527	-	5,527	6,691
Pension obligation payments	102,861	-	102,861	97,463
Annuities	-	1,366	1,366	1,518
Investment transaction costs	989	4	993	820
Administrative expenses (Note 12)	38,963	160	39,123	36,832
Change in fair value of investments	-	-	-	302,094
Total decrease in assets	173,556	1,530	175,086	501,728
INCREASE (DECREASE) IN NET ASSETS	339,081	953	340,034	(300,322)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	3,238,053	5,515	3,243,568	3,543,890
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	\$ 3,577,134	\$ 6,468	\$ 3,583,602	\$ 3,243,568

(See accompanying notes to financial statements)

Municipal Employees' Pension Plan
Statement of Changes in Pension Obligations and Provision for Annuity Obligations

Statement 3

	(in thousands)	
Year Ended December 31	2023	2022
PENSION OBLIGATIONS, BEGINNING OF YEAR	\$ 2,222,267	\$ 2,399,504
Increase in pension obligations		
Interest on pension obligations	143,349	135,410
Pension obligations accrued	99,296	111,900
Transfers-in	519	775
Change in assumptions	47,998	-
Ad-hoc pension increase (Note 1)	62,721	-
	<u>353,883</u>	<u>248,085</u>
Decrease in pension obligations		
Transfers, refunds and defined pension obligations paid	133,604	160,464
Experience gain	20,281	20,000
Change in assumptions	-	244,858
	<u>153,885</u>	<u>425,322</u>
PENSION OBLIGATIONS, END OF YEAR (Note 10)	<u>\$ 2,422,265</u>	<u>\$ 2,222,267</u>
PROVISION FOR ANNUITY OBLIGATIONS, BEGINNING OF YEAR	\$ 8,443	\$ 10,099
Increase in provision for annuity obligations		
Interest on annuity obligations	504	532
Change in assumptions	75	-
	<u>579</u>	<u>532</u>
Decrease in provision for annuity obligations		
Annuities paid	1,366	1,518
Experience gain	115	316
Change in assumptions	-	354
	<u>1,481</u>	<u>2,188</u>
PROVISION FOR ANNUITY OBLIGATIONS, END OF YEAR (Note 9)	<u>\$ 7,541</u>	<u>\$ 8,443</u>

(See accompanying notes to financial statements)

Municipal Employees' Pension Plan

Notes to the Financial Statements

December 31, 2023

1. Description of the Municipal Employees' Pension Plan

General

The Municipal Employees' Pension Plan (the Plan) which is domiciled in Regina, Saskatchewan, is comprised of three components: defined benefit, defined contribution benefit and retirement annuities. The following description of the Plan is a summary only. For more complete information, reference should be made to *The Municipal Employees' Pension Act* (the Act).

The Act provides authority for the Plan. The Act directs that all allowances, payments and refunds under the Act shall be payable out of the Plan in the manner provided in the Act together with all benefits granted under a former Act. The Municipal Employees' Pension Commission (the Commission) is responsible for holding in trust and investing the monies of the Plan. The Commission's composition and authority to administer the Plan are provided in Section 7 of the Act.

The Plan is registered under *The Pension Benefits Act, 1992* and is required to provide valuations every three years as to whether the Plan has sufficient assets to meet its pension obligations on an on-going basis as well as on a hypothetical wind-up basis. These valuations are filed with the Financial and Consumer Affairs Authority (FCAA). If the Plan has insufficient assets, the Act outlines the steps to address the shortfall of assets. The Commission filed its December 31, 2022 valuation with the FCAA. The Plan is required to file the next actuarial valuation no later than September 30, 2026.

Defined Benefit Component

The Defined Benefit Component became effective July 1, 1973. This Defined Benefit Component is mandatory for permanent employees and optional for some non-permanent employees.

A. Funding

Employee contributions were nine per cent of salary for general members and 12.50 per cent for emergency members (2022 - nine per cent and 12.50 per cent, respectively). Employee contributions are matched by the employer. There are some employee contributions that are not matched by employers, these contributions consist of transfers from other plans and purchase of prior services.

1. Description of the Municipal Employees' Pension Plan (continued)

B. Pensions

Employees receive a pension at age 65 for general members and at age 60 for police officers and firefighters, for each year and fractional year of contributory service in the Plan prior to retirement that is determined as:

For members who commenced employment prior to January 1, 1993:

For service earned before 1990 and service earned after 2000 but before 2006, the number of years of contributory service during these periods times the greater of:

- a) 1.8 per cent times the average salary for the highest three annualized years of the member's total pensionable service in the Plan (two per cent for police officers and firefighters); or
- b)
 - i) 1.3 per cent of that portion of the member's average salary not exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan; and
 - ii) two per cent of that portion of the member's average salary exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan.

For all other service, the number of years of contributory service for the period times the greater of:

- a) 1.5 per cent times the average salary for the highest three annualized years of the member's total pensionable service in the Plan (1.7 per cent for police officers and firefighters); or
- b)
 - i) 1.3 per cent of that portion of the member's average salary not exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan; and
 - ii) two per cent of that portion of the member's average salary exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan.

For members who commenced employment on or after January 1, 1993:

For service earned after 2000 but before 2006, the number of years of contributory service during this period times 1.8 per cent times the average salary for the highest three annualized years of the member's total pensionable service in the Plan (2.0 per cent for police officers and firefighters).

For all other service, the number of years of contributory service for the period times 1.5 per cent times the average salary for the highest three annualized years of the member's total pensionable service in the Plan (1.7 per cent for police officers and firefighters).

1. Description of the Municipal Employees' Pension Plan (continued)

C. Retirement

Normal retirement is at age 65 for general members and age 60 for police officers and firefighters. Members may retire earlier under certain conditions. In the event a member dies prior to retiring and does not have a spouse, the Plan provides a death benefit to any beneficiaries equal to the commuted value of a pension had it become payable on the date of death. If the member has a spouse, the spouse can receive the commuted value, transfer it to RRSPs or start an immediate pension. If a member dies after retirement, the benefit depends on the option chosen at the time of retirement.

The Plan also provides benefits in the event of termination of employment, death or disability.

D. Surplus

Any surpluses arising in the Plan can be utilized at the discretion of the Commission.

E. Transfers

Subject to lock in provisions of the Plan, transfer of a member's commuted value is payable when a member ceases to be employed as long as they are not eligible to retire.

As of the December 31, 2021 actuarial valuation filing, the Plan is fully solvent and therefore commuted value payouts are no longer subject to a transfer deficiency holdback.

Defined Contribution Component

The Defined Contribution Component consists of members who made contributions to the Defined Contribution Component in effect prior to July 1, 1973. Members may retire and purchase an annuity at age 65. Members may retire earlier under certain conditions. Upon retirement a member can purchase an annuity from a private insurer based on employee and employer contributions together with the interest thereon. In the event of death prior to retirement, the member's spouse may receive a life annuity or elect to receive a lump-sum payment of employee and employer contributions plus interest. If the member's beneficiary is other than the spouse, a lump-sum payment of employee and employer contributions plus interest is made.

Retirement Annuities Component

The present value of these annuities are reflected as a liability of the Plan.

1. Description of the Municipal Employees' Pension Plan (continued)

Supplementary Benefits

In accordance with the Act, the Commission may grant supplementary benefits to those members receiving pensions and annuities to compensate them for lost purchasing power. The Commission may grant the supplementary benefits as long as the solvency of the entire Plan is not impaired. In September 2023, the Commission approved providing an increase to pensions in pay of 5.61 per cent effective January 1, 2024 based on the 12-month average CPI ending in July 2023.

Income Taxes

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

2. Basis of Preparation

a. Statement of Compliance

The financial statements for the year ended December 31, 2023 have been prepared in accordance with Canadian accounting standards for pension plans as defined in the CPA Canada Handbook section 4600, *Pension Plans*. For matters not addressed in Section 4600, IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) has been followed.

b. Functional and Presentation Currency

These financial statements are presented in Canadian Dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise noted.

c. Basis of Measurement

These financial statements have been prepared using the historical cost basis except for the following:

- investments, which are measured at fair value; and
- pension obligations and provision for annuity obligations, which are measured at the present value of their respective accrued benefit obligations.

The fair values of investments are considered to be market value with all gains and losses being recognized through change in fair value. The calculation of fair value is detailed in Note 4.

3. Material Accounting Policies

The material accounting policies are as follows:

a. Basis of Presentation

The Plan has disclosed financial results for its Defined Benefit and Retirement Annuities components separately. The Plan maintains a single investment portfolio and assets were allocated to the retirement annuities component at January 1, 2002 based upon the provision for annuity obligations as at that date. Investment income is split so that it matches the rate of return and operating expenses and the change in fair value have been allocated relative to the assets. These financial statements were authorized and issued by the Commission on March 22, 2024.

b. Investments

Investments are stated at their fair value in the Statement of Financial Position. The change in the fair value of investments at the beginning and end of each year is reflected in the Statement of Changes in Net Assets Available for Benefits.

Fair value of investments is determined as follows:

Short-term investments are valued at cost which, together with accrued investment income, approximates fair value given the short-term nature of these investments.

Bonds are valued at year-end quoted market prices in an active market when available. When quoted market prices are not available, the fair value is based on a valuation technique, being the present value of the principal and interest receivable discounted at the appropriate market interest rates.

Equities are valued at year-end quoted market prices from accredited stock exchanges on which the security is principally traded.

3. Material Accounting Policies (continued)

Private equity investments are valued at market values supplied by the private equity investment manager. These market values are based on the latest available private equity manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Private credit investments are valued at market values supplied by the private credit investment manager. These market values are based on the latest available private credit manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Infrastructure investments are valued at market values supplied by the infrastructure investment manager. These market values are based on the latest available infrastructure manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Farmland and farmland-related investments are valued at market values supplied by the farmland investment manager. These market values are based on the latest available farmland manager capital account statements and are adjusted for subsequent cash flows and changes in exchange rates for investments outside Canada.

Pooled-fund investments are valued at the year-end unit value supplied by the pooled-fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing bid prices. Real estate pooled-fund underlying assets are valued by third-party appraisals.

Investments in derivative financial instruments, including forwards are valued at year-end quoted market prices where available. Where quoted market prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the position.

Investment transactions are recorded on the trade date.

c. Other Financial Instruments

Accounts receivable, due from General Revenue Fund, cash, accounts payable, and investment payables are classified and measured at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximates their fair value.

d. Investment Income and Transaction Costs

Investment income, which is recorded on the accrual basis, includes interest income, dividends, pooled-fund income, infrastructure income, private equity income, private credit income, and security lending income.

Brokers' commissions and other transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits in the period incurred.

3. Material Accounting Policies (continued)

e. Foreign Currency Translation

The fair values of foreign currency denominated investments included in the Statement of Financial Position are translated into Canadian dollars at year-end rates of exchange. Gains and losses from translations are included in the change in fair value of investments.

Foreign currency-denominated transactions are translated into Canadian dollars at the rates of exchange on the trade dates of the related transactions. Realized gains and losses on the sale of investments are included in the change in fair value of investments.

f. Provision for Annuity Obligations

Provision for annuity obligations represents the present value of the retirement annuities underwritten by the Plan and is determined pursuant to an actuarial valuation or extrapolation. Any change in the liability pursuant to the valuation or extrapolation is recognized as an increase or decrease in that year's Statement of Changes in Pension Obligations and Provision for Annuity Obligations.

g. Pension Obligations

Pension obligations represents the present value of the obligations for the Defined Benefit Component of the Plan. The pension obligation is determined pursuant to an actuarial valuation or extrapolation. Any change in the liability pursuant to the valuation or extrapolation is recognized as an increase or decrease in that year's Statement of Changes in Pension Obligations and Provision for Annuity Obligations.

h. Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments, and the provision for annuity obligations and pension obligations. Actual results could differ from these estimates.

i. Adoption of New and Revised Accounting Standards

Effective January 1, 2023, the Plan adopted the amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements. These amendments provide useful accounting policy disclosures which include:

- i. Disclosure of material accounting policies rather than significant accounting policies;
- ii. Clarifying accounting policies related to immaterial transactions, other events or conditions are themselves immaterial therefore, need not be disclosed; and
- iii. Clarifying that not all accounting policies related to material transactions, other events or conditions are themselves material to a Plan's financial statements.

The nature of these amendments did not have a material impact on the financial statements.

3. Material Accounting Policies (continued)

Also adopted on January 1, 2023, were amendments to IAS 8 Definition of Accounting Estimates. The amendments introduce a new definition for accounting estimates, clarifying that there are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the Plan develops an accounting estimate to achieve the objective set out by an accounting policy. The nature of these amendments did not have a material impact on the financial statements.

4. Investments

Details of significant terms and conditions, exposure to interest rate and credit risks of investments are as follows:

Investments

The carrying values of the Plan's investments are as follows:

	(in thousands)					
	2023			2022		
	Defined Benefit	Retirement Annuities	Total	Defined Benefit	Retirement Annuities	Total
Investments						
Short-term	\$ 16,340	\$ 64	\$ 16,404	\$ 6,411	\$ 28	\$ 6,439
Bonds	288,287	1,131	289,418	288,333	1,245	289,578
Equities	1,373,806	5,391	1,379,197	1,259,458	5,439	1,264,897
Private equity	347,160	1,362	348,522	337,097	1,456	338,553
Private credit	16,961	67	17,028	-	-	-
Infrastructure	448,804	1,761	450,565	307,154	1,327	308,481
Pooled funds	858,205	3,367	861,572	844,695	3,649	848,344
	<u>3,349,563</u>	<u>13,143</u>	<u>3,362,706</u>	<u>3,043,148</u>	<u>13,144</u>	<u>3,056,292</u>
Investments under securities lending program						
Short-term	1,411	6	1,417	-	-	-
Bonds	61,764	242	62,006	34,935	151	35,086
Equities	76,035	298	76,333	84,149	364	84,513
	<u>139,210</u>	<u>546</u>	<u>139,756</u>	<u>119,084</u>	<u>515</u>	<u>119,599</u>
	<u>\$ 3,488,773</u>	<u>\$ 13,689</u>	<u>\$ 3,502,462</u>	<u>\$ 3,162,232</u>	<u>\$ 13,659</u>	<u>\$ 3,175,891</u>

4. Investments (continued)

The Plan's investment income is comprised of the following:

	(in thousands)					
	2023			2022		
	Defined Benefit	Retirement Annuities	Total	Defined Benefit	Retirement Annuities	Total
Investment Income (Loss)						
Interest	\$ 15,597	\$ 64	\$ 15,661	\$ 11,320	\$ 51	\$ 11,371
Pooled funds	25,713	105	25,818	20,022	90	20,112
Dividends	28,918	119	29,037	29,467	133	29,600
Infrastructure	9,745	40	9,785	12,258	55	12,313
Private equity	(1,268)	(5)	(1,273)	945	4	949
Private credit	1,532	6	1,538	-	-	-
Other	4,856	20	4,876	2,010	9	2,019
	\$ 85,093	\$ 349	\$ 85,442	\$ 76,022	\$ 342	\$ 76,364

Security Lending Program

Through its custodian, the Plan participates in an investment security lending program for the purpose of generating fee income. Non-cash collateral of at least 105 per cent of the market value of the loaned securities is retained by the Plan until the loaned securities have been returned (see Securities lending in Note 11). The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

Short-Term Investments

Short-term investments are comprised of treasury bills. The cash equivalent component of short-term investments held as of December 31, 2023 had an effective interest rate from 5.0 per cent to 8.0 per cent (2022 – 4.2 per cent to 4.3 per cent) and an average term to maturity of 158 days (2022 – 61 days). The Plan's investment policy states that investments must meet a minimum investment standard of "A2/P2" or equivalent rating as rated by a recognized bond rating service which the Plan is in compliance with. At December 31, 2023, 100 per cent of the Plan's short-term investments were held with the Government of Canada (2022 – 100 per cent).

Forward contracts are included in short-term investments when they are in a net gain position and included in derivative liability when they are in a net loss position. The foreign exchange forward contracts are discussed further in Note 5.

4. Investments (continued)

Bonds

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized bond rating service unless otherwise permitted within a specific investment manager mandate. In addition, not more than 10 per cent of its total bond market value may be invested in lower than BBB rated bonds. In 2022 and 2023, there were no segregated bonds lower than BBB Bonds.

The market value, coupon rates and effective interest rate to maturity are shown in the following chart by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

2023 (in thousands)

Years to Maturity	Federal	Foreign Government	Municipal	Corporate	Total Market Value	Coupon Rate	Effective Interest Rate
Under 5	\$ 21,705	\$ 3,826	\$ -	\$ 129,954	\$ 155,485	0.00% - 8.85%	3.19%
5 to 10	20,304	-	1,331	60,240	81,875	0.00% - 6.85%	2.77%
Over 10	3,616	-	-	110,448	114,064	0.00% - 7.85%	5.02%
Market Value	\$ 45,625	\$ 3,826	\$ 1,331	\$ 300,642	\$ 351,424		

2022 (in thousands)

Years to Maturity	Federal	Foreign Government	Municipal	Corporate	Total Market Value	Coupon Rate	Effective Interest Rate
Under 5	\$ 6,110	\$ 3,785	\$ -	\$ 106,947	\$ 116,842	0.00% - 8.85%	3.36%
5 to 10	34,537	-	828	74,364	109,729	0.00% - 6.85%	2.40%
Over 10	7,221	-	-	90,872	98,093	0.00% - 7.13%	5.21%
Market Value	\$ 47,868	\$ 3,785	\$ 828	\$ 272,183	\$ 324,664		

All foreign bonds are reported in Canadian dollars.

4. Investments (continued)

Equities

The Plan's investment policy states that an investment in a single corporation shall not exceed 10 per cent of the total market value of the Plan assets at time of purchase.

In addition, the investment policy allows between 15 per cent and 52 per cent of the Plan to be invested in foreign public equities, including those held in pooled funds. As at December 31, 2023 the Plan held 32.11 per cent (2022 – 32.78 per cent) of the Plan's total investments in segregated foreign equities and 0.46 per cent (2022 – 2.58 per cent) of the Plan's total investments in pooled foreign equity funds. Segregated foreign equities are comprised of 56.22 per cent (2022 – 54.04 per cent) in U.S. equities and 43.78 per cent (2022 – 45.96 per cent) in Non-North American equities.

The Plan's equities have no fixed maturity date and are not exposed directly to interest rate risk. The average effective dividend rate is 2.07 per cent (2022 – 2.00 per cent).

Private Equities

Private equity investments are made through limited partnership arrangements. The investments represent partial equity ownership in entities that are not traded and priced in stock exchanges. Future commitments are due on demand and are based on the needs of the various partnerships the Plan has entered into. Liquidity requirements of meeting the future commitments are met through income generated from investments, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Private equity managers form limited partnerships to facilitate investments in private companies in various markets across the globe. As at December 31, 2023 the Plan was committed to further investment in private equity limited partnerships up to \$159.2 million in Canadian funds (2022 - \$155.4 million).

The Plan's investment policy limits private equity investments from a minimum of one per cent to a maximum of 10 per cent of the Plan's assets. As of December 31, 2023, the Plan's private equity investments were 9.95 per cent (2022 – 10.66 per cent) of the Plan investments. In 2022, total private equity investments were exceeding the 10 per cent maximum threshold as result of the market performance of the Plan's total investment portfolio. The total percentage of private equities held corrected itself in 2023 as the Plan experienced market improvements within other investment mandates.

4. Investments (continued)

Private equity managers utilize an internal valuation policy to establish a market value for the underlying assets within their portfolios. This policy outlines that any marketable assets within the portfolio will be valued at the price on the relevant securities exchange. Non-marketable securities will be subject to professional judgment and may take into account several factors such as:

- market conditions;
- purchase price;
- estimated liquidation value;
- third-party transactions in the private market;
- present value of expected future cash flows; and/or
- present value of anticipated sale or flotation when asset is soon to be divested.

The above factors involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Infrastructure Investments

Infrastructure investments are made through limited partnership arrangements. Advances are made to the limited partnerships, some of which are used to select and provide management support to the invested companies. The investments represent ownership in entities that invest in infrastructure assets. Future commitments are due on demand and are based on the needs of the various partnerships the Plan has entered into. Liquidity requirements of meeting the future commitments are met through income generated from investments, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Infrastructure managers form limited partnerships to facilitate investments in infrastructure projects in various markets across the globe. As at December 31, 2023 the Plan was committed to further investment in infrastructure limited partnerships up to \$276.3 million in Canadian funds (2022 - \$362.8 million).

The Plan's investment policy limits infrastructure investments from a minimum of five per cent to a maximum of 20 per cent of the Plan's assets. As of December 31, 2023, the Plan's infrastructure investments were 12.86 per cent (2022 – 9.71 per cent) of the Plan investments.

4. Investments (continued)

Infrastructure managers utilize an internal valuation policy to establish a market value for the underlying assets within their portfolios. This policy outlines that any marketable assets within the portfolio will be valued at the price on the relevant securities exchange. Non-marketable securities will be subject to professional judgment and may take into account several factors such as:

- market conditions;
- purchase price;
- estimated liquidation value;
- third-party transactions in the private market;
- present value of expected future cash flows; and/or
- present value of anticipated sale or flotation when asset is soon to be divested.

The above factors involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

Private Credit

Private credit investments are made through limited partnership arrangements. These investments represent a loan to a borrower, who agrees to pay back the loan in full along with fees and interest, which are set out in the terms of the loan. Risk levels will vary between borrowers and returns are based on the risk level of the individual loans and borrowers, as well as any security backing the loans.

Private credit managers form limited partnerships to facilitate investments in private credit companies in various markets across the globe. As at December 31, 2023 the Plan was committed to further investment in private credit limited partnerships up to \$25.9 million in Canadian funds (2022 - nil).

The Plan's investment policy limits private credit investments from nil to a maximum of 10 per cent of the Plan's assets. As of December 31, 2023, the Plan's private credit investments were 0.49 per cent (2022 – nil) of the Plan investments.

Private credit managers use a variety of techniques to establish market values for the underlying investments. Factors taken into account for the valuation of private credit investments may include:

- Current interest rates and market yields;
- Changes in the credit worthiness of the borrower;
- Changes in the value of any underlying secured assets;
- Current market conditions; and/or
- Prices of similar debt instruments.

The above factors involve various assumptions. Changes in these underlying assumptions will have an impact on the market value of private credit investments.

4. Investments (continued)

Farmland

Farmland and farmland-related investments are made primarily through limited partnership arrangements. The investments represent partial equity ownership in entities that are not traded and priced in stock exchanges. Future commitments are due on demand and are based on the capital requirements of the various partnerships the Plan has entered into. Liquidity requirements for meeting any future commitments are met through income generated from investments, holdings in pooled funds and investments in liquid assets traded on an active market which can be easily sold and converted into cash.

Farmland managers form limited partnerships to facilitate investments in agriculture-producing land, agri-business and related value-add businesses in multiple markets across the globe. As at December 31, 2023 the Plan was committed to investment in farmland limited partnerships of up to \$17.2 million in Canadian funds (2022 - nil).

The Plan's investment policy limits farmland investments from nil to a maximum of 8 per cent of the Plan's assets. As of December 31, 2023 and 2022, the Plan did not hold any farmland investments.

Farmland managers utilize an internal valuation policy to establish a market value for the underlying assets within their portfolios. This policy outlines how assets will be valued by the manager, as well as specify how external valuations and auditing of the assets will occur. Valuation of farmland and related assets will be subject to professional judgment and may take into account several factors such as:

- Current market conditions;
- Purchase price;
- Current and future prospective production;
- External valuation of assets;
- Estimated liquidation value;
- Third-party transactions in the private market;
- Present value of expected future cash flows; and/or
- Present value of anticipated sale or flotation when asset is soon to be divested.

The above factors involve various assumptions. Changes in the underlying assumptions will have an impact on the market value of the investments.

4. Investments (continued)

Pooled Funds

The Plan's investment policy limits pooled fund holdings to not more than 10 per cent of the market value of the individual pooled fund. Exceptions to the 10 per cent limit are allowed if provision has been made to transfer securities in kind when units of the pooled fund are sold with the exception of real estate. At December 31, 2023, there were provisions in place for all the Plan's pooled funds.

The Plan's pooled funds are comprised of:

Pooled Fund	Market Value (in thousands)	
	2023	2022
U.S. Equity Fund	\$ 1,695	\$ 73,334
Non-North American Equity	14,477	8,605
Bonds	649,174	569,995
Real Estate	196,226	196,410
	<u>\$ 861,572</u>	<u>\$ 848,344</u>

4. Investments (continued)

Fair Value

The Plan has classified its investments using a hierarchy that reflects the significance of the inputs used in determining their fair value.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments values using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the Plan's required financial instruments within a fair value hierarchy:

2023					
(in thousands)					
	Level 1	Level 2	Level 3	Total	
Bonds	\$ 3,826	\$ 347,598	\$ -	\$	351,424
Pooled funds	-	665,346	196,226		861,572
Short-term	-	17,821	-		17,821
Equities	1,455,530	-	-		1,455,530
Private equity	-	-	348,522		348,522
Private credit	-	-	17,028		17,028
Infrastructure	-	-	450,565		450,565
Total	\$ 1,459,356	\$ 1,030,765	\$ 1,012,341	\$	\$ 3,502,462
Derivative Liability (Note 5)	\$ -	\$ -	\$ -	\$	-

No investments were transferred between levels during the year.

2022					
(in thousands)					
	Level 1	Level 2	Level 3	Total	
Bonds	\$ 3,785	\$ 320,879	\$ -	\$	324,664
Pooled funds	-	651,934	196,410		848,344
Short-term	-	6,439	-		6,439
Equities	1,349,410	-	-		1,349,410
Private equity	-	-	338,553		338,553
Infrastructure	-	-	308,481		308,481
Total	\$ 1,353,195	\$ 979,252	\$ 843,444	\$	\$ 3,175,891
Derivative Liability (Note 5)	\$ -	\$ 13,568	\$ -	\$	13,568

4. Investments (continued)

	Fair Value measurements using level 3 inputs					2022
	2023					
	Infrastructure	Real Estate Pooled Fund	Private Equities	Private Credit	Total	Total
Balance at December 31, 2022	\$ 308,481	\$ 196,410	\$ 338,553	\$ -	\$ 843,444	\$ 708,612
Purchases	163,517	-	49,828	19,651	232,996	141,199
Sales/return of capital	(48,329)	-	(74,240)	(848)	(123,417)	(110,569)
Gains (Losses)						
Realized	3,117	-	28,505	(194)	31,428	59,536
Unrealized	23,779	(184)	5,876	(1,581)	27,890	44,666
Balance at December 31, 2023	\$ 450,565	\$ 196,226	\$ 348,522	\$ 17,028	\$ 1,012,341	\$ 843,444

5. Derivatives

Derivative financial instruments are financial contracts whose values are derived from changes in underlying assets, interest or currency exchange rates.

At December 31, 2023 the Plan held the following derivatives:

Forward Contracts

The Plan has entered into foreign exchange forward contracts to hedge some of its foreign currency exposure in its foreign equities and bonds. Foreign exchange forward contracts are obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement on a predetermined date in the future.

5. Derivatives (continued)

The Plan uses a passive hedging strategy with an applied hedge ratio of 50 per cent of the underlying portfolio. The objective of the passive currency hedge is to provide partial protection of the base currency value of foreign equities and bonds against a decline in value of the applicable non-base currencies. The following summarizes the Plan's use of foreign currency forward exchange contracts within the passive currency hedging strategy:

FOREIGN EXCHANGE FORWARD CURRENCY CONTRACTS

(in thousands)

Currency	2023			2022		
	Notional Value*	Gain (Loss)	Net Exposure	Notional Value*	Gain (Loss)	Net Exposure
AUD	\$ 5,579	\$ (75)	50.0%	\$ 7,487	\$ (244)	50.1%
CHF	16,016	(265)	50.0%	13,608	(705)	50.0%
DKK	4,453	60	50.0%	7,259	(374)	50.0%
EUR	66,293	831	50.0%	66,418	(3,145)	50.0%
GBP	29,522	147	50.0%	26,506	(863)	50.0%
HKD	5,649	265	50.0%	12,354	(195)	50.1%
JPY	24,406	(366)	49.9%	25,423	(1,681)	50.0%
MXN	2,566	7	50.1%	2,225	(48)	50.7%
NOK	2,405	(129)	49.6%	3,771	(80)	50.1%
NZD	499	(12)	51.3%	492	(33)	50.6%
SEK	2,083	(50)	50.0%	2,821	(32)	50.0%
SGD	1,118	20	50.9%	1,002	(48)	50.1%
USD	299,266	12,245	50.0%	300,241	(6,120)	50.1%
	\$	12,678		\$	(13,568)	

*Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange rate of cash flows, and is therefore not recorded on the financial statements.

Based on the rates of exchange as of December 31, 2023, the forward contracts are in a net gain position of \$12.7 million (2022 – loss of \$13.6 million). The foreign currency forward exchange contracts are short-term in duration and all current contracts as of December 31, 2023 have a maturity date of less than one year. Forward contracts are included in short-term investments when they are in a net gain position and included in derivative liability when they are in a net loss position.

6. Due from General Revenue Fund

The Plan's bank account was included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan until December 15, 2023, and remained under the Government of Saskatchewan's Financial Services Agreement until December 31, 2023.

The General Revenue Fund calculates interest earned and owing on a quarterly basis using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2023 was 4.75 per cent (2022 – 1.86 per cent).

Effective January 1, 2024, the Public Pension and Benefits Administration Corporation, operating as Planera Pensions and Benefits (Planera), began administering the Plan. The Plan's bank account was transitioned to the Planera's Master Client Agreement.

7. Earnings Allocation to Members

Interest is allocated annually to the individual member's account balances in accordance with the provisions of the governing legislation. The 2023 interest rate of 3.00 per cent (2022 – 2.50 per cent) was applied.

8. Transfers, Refunds and Benefit Payments

(in thousands)

	<u>2023</u>	<u>2022</u>
Transfers to other retirement plans	\$ -	\$ (14)*
Transfer to other retirement vehicles	19,433	49,867
Withdrawals with interest	5,783	6,457
Total Transfers and Refunds	<u>\$ 25,216</u>	<u>\$ 56,310</u>
Lump sum payments to estates	1,995	2,993
Payments in lieu of annuities	3,532	3,698
Total Benefit Payments	<u>5,527</u>	<u>6,691</u>
Total Transfers, Refunds and Benefit Payments	<u>\$ 30,743</u>	<u>\$ 63,001</u>

*Included in the Transfers to other retirement plans is a negative balance of \$18,000 due to 2021 cancelled payments exceeding 2022 payments issued. Total Transfers to other retirement plans in 2022, excluding the negative balance is \$4,000.

9. Provision for Annuity Obligations

The actuarial present value of the provision for annuity obligations was determined using management's best estimate of future investment performance and future pension indexing.

TELUS Health performed an actuarial valuation for management purposes as at December 31, 2022 and have extrapolated the results of that valuation to December 31, 2023 with interest and actual benefit payments. Actuarial valuations for management purposes are performed annually.

An actuarial valuation for filing purposes was performed as at December 31, 2022 and filed with the regulatory authorities. The next valuation to be filed will be required effective December 31, 2025.

9. Provision for Annuity Obligations (continued)

The actuarial valuation was based on a number of assumptions about future events including discount rates, pension indexing (for members who elected indexed annuities), and mortality as follows:

	2023	2022
Discount rate	6.30%	6.50%
Indexation of pensions	2.00%	2.00%
Mortality	CPM 2014Priv at 105% for males and 90% for females combined with CPM-B improvement scale	CPM 2014Priv at 105% for males and 90% for females combined with CPM-B improvement scale

The actual rates may vary significantly from the assumptions used. The following illustrates the effect of changing certain assumptions. The changes in assumptions are independent of one another.

	Effect on Provision for Annuity Obligations			
	Discount Rate		Pension Indexing	
Increase (Decrease) in rate	1.00%	(1.00%)	1.00%	(1.00%)
(Decrease) Increase in annuity obligation	(4.90%)	5.40%	0.80%	(0.70%)

The cash outflow to pay the required annuity obligation is calculated using the above assumptions. The estimated cash outflows in the next five years would be \$5.1 million, in the next 10 years \$8.0 million and in the next 30 years \$11.0 million.

10. Pension Obligations

The actuarial present value of the pension obligation for the Defined Benefit Component of the Plan was determined using the projected benefit method prorated on service and management's best estimate assumptions of future investment performance, salary escalation, inflation, and future pension indexing.

TELUS Health performed an actuarial valuation for management purposes as at December 31, 2022 and have extrapolated the results of that valuation to December 31, 2023 with interest, estimated service accruals, estimated impact of ad-hoc pension increase, and actual benefit payments. Actuarial valuations for management purposes are performed annually.

An actuarial valuation for filing purposes was performed as at December 31, 2022 and filed with the regulatory authorities. The next valuation to be filed will be required effective December 31, 2025.

10. Pension Obligations (continued)

The pension obligation is based on a number of assumptions about future events including discount rates, rate of salary increases, inflation, mortality, retirement rates and termination rates. The major assumptions used in determining the actuarial present value of the pension obligation for the Defined Benefit Component of the Plan are:

	2023	2022
Discount rate	6.30%	6.50%
Salary escalation	2.70%	2.70%
Inflation	2.00%	2.00%
Indexation of pensions	None assumed	None assumed
Mortality	CPM 2014Priv at 105% for males and 90% for females combined with CPM-B improvement scale	CPM 2014Priv at 105% for males and 90% for females combined with CPM-B improvement scale

The actual rates may vary significantly from the assumptions used. The following illustrates the effect of changing certain assumptions. The changes in assumptions are independent of one another.

	Effect on Pension Obligation Liability					
	Discount Rate		Salary Escalation		Pension Indexing	
Increase (Decrease) in rate	1.00%	(1.00%)	1.00%	(1.00%)	1.00%	1.00%
(Decrease) Increase in pension obligation	(9.90%)	12.10%	2.00%	(1.80%)	9.60%	9.60%

Because the Plan previously had a solvency deficiency, there was a requirement for a solvency deficiency holdback to be withheld from payouts of commuted values for a period of five years. As the latest actuarial valuation for filing purposes confirmed that the Plan still does not have a solvency deficiency, these solvency deficiency holdbacks are being paid out from the Plan. Remaining solvency deficiency holdbacks owing as of December 31, 2023 total \$11,100 (2022 - \$47,900).

11. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having an investment policy, which is approved annually by the Commission. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Derivatives are allowed within the Plan to hedge against losses and substitute for direct investment. The Public Employees Benefits Agency (PEBA) monitored compliance and reports on exceptions to the Commission through the quarterly Investment Monitoring Report until December 31, 2023. Subsequent to December 31, 2023, Plannera will monitor compliance and provide reporting to the Commission.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from cash, accounts receivable and certain investments. The maximum credit risk to which it is exposed at December 31, 2023 is limited to the carrying value of the financial assets summarized as follows:

	(in thousands)	
	2023	2022
Cash	\$ 72,060	\$ 76,305
Accounts receivable	19,365	15,095
Fixed income investments ¹	369,245	331,103
Due from the General Revenue Fund	8,935	8,204
Private Credit	17,028	-
Equities under security lending	76,333	84,513

¹Includes short-term investments and bonds, including those under security lending, and derivatives.

Credit risk related to cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies.

Accounts receivable are made up of employee and employer contributions receivable, accrued investment income, investment receivables, and other receivables. Employee and employer contributions receivable are generally received in less than 30 days. Accrued investment income is received on the next scheduled payment date, generally either annually or semi-annually. Proceeds from the sale of an investment will normally be received two days after the trade date.

11. Financial Risk Management (continued)

Credit risk within investments is primarily related to short-term investments, segregated bonds and private credit. It is managed through the investment policy that limits fixed term investments to those of high credit quality (minimum rating for bonds, BBB unless otherwise permitted within specific investment manager mandate, and for short-term investments is A2/P2) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Credit ratings for bonds are as follows:

Credit Rating	(In thousands)			
	2023		2022	
	Fair Value	Makeup of Portfolio (%)	Fair Value	Makeup of Portfolio (%)
AAA	\$ 63,635	18.11	\$ 91,881	28.30
AA	48,528	13.81	42,340	13.04
A	111,315	31.67	83,427	25.70
BBB	127,946	36.41	107,016	32.96
Total	\$ 351,424	100.00	\$ 324,664	100.00

Within bond investments, there are no holdings from any one issuer other than the Government of Canada over 8.00 per cent (2022 – 9.12 per cent) of the market value of the combined bond and short-term investment portfolios.

The Plan is also subject to credit risk through its use of derivative contracts. Credit risk is limited to the positive replacement cost (fair value) of the instruments as this represents the cost to replace these contracts at prevailing market rates if a default occurred. The contracts are entered into between the Plan and approved counterparties. Derivative instruments, other than those regularly traded on public exchanges, must be arranged with counterparties that have a minimum credit rating of two of the following ratings: A(low) from Moody's or A(low) from Standard & Poor's or A(low) from Fitch or A(low) from DBRS Morningstar.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The Plan is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds and fixed income pooled funds. Duration is a measure used to estimate the extent market values of fixed-income instruments change with changes in interest rates. Using this measure, it is estimated that a 100-basis point increase in interest rates would decrease net assets available for benefits and surplus by \$93 million at December 31, 2023 (2022 - \$79 million); representing 9.26 per cent of the \$1 billion fair value of fixed-income investments. Conversely, a decrease in interest rates of 100 basis points would increase net assets available for benefits and surplus by \$93 million at December 31, 2023 (2022 - \$79 million); representing 9.26 per cent of the \$1 billion fair value of fixed income investments.

11. Financial Risk Management (continued)

Foreign exchange

The Plan is exposed to changes in the U.S. /Canadian dollar exchange rate through its U.S. denominated investments and investment in private markets (includes private equity and infrastructure). Also, the Plan is exposed to non-North American currencies through its investment in non-North American equity pooled funds and investment in private markets.

The exposure to both U.S. public equities and non-North American public equities, including the pooled equity funds, is limited from a minimum of 15 per cent to a maximum of 52 per cent of the market value of the total investment portfolio. At December 31, 2023, the Plan's exposure to U. S. equities was 18.29 per cent (2022 – 19.52 per cent) and its exposure to Non-North American equities was 13.58 per cent (2022 – 18.28 per cent).

In addition, at December 31, 2023 the Plan's exposure to private markets was 22.93 per cent (2022 – 23.30 per cent).

At December 31, 2023, a 10 per cent change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a \$164.7 million (2022 - \$141.9 million) change in the net assets available for benefits. A 10 per cent change in the Canadian dollar versus the Non- North American currencies would result in approximately a \$78.9 million (2022 - \$31.3 million) change in net assets available for benefits.

The Plan's exposure to exchange rate risk resulting from the purchase of goods and services is not considered material to the operations of the Plan. The Plan has mitigated its exposure to foreign exchange through the use of derivatives as explained in Note 5. As at December 31, 2023, the Plan's exposure net of derivatives is \$1.98 billion (2022 – \$1.68 billion). A 10 per cent change in the exchange rate would equate to a net change of \$198 million (2022 – \$168 million).

Equity prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and non-North American markets. Equities comprise 41.19 per cent (2022 – 51.55 per cent) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee represents greater than 10 per cent of the market value of the Plan. As well, no one holding represents more than 30 per cent of the outstanding share issue of any corporation.

11. Financial Risk Management (continued)

The following table indicates the approximate change that could be anticipated for both the increase and decrease in net assets available for benefits based on changes in the Plan's benchmark indices at December 31, 2023:

	(in thousands)	
	10% increase	10% decrease
Canadian Equities	\$33,256	\$(33,256)
U.S. Equities	65,284	(65,284)
Other Foreign Equities	48,496	(48,496)

Securities lending risk

At December 31, 2023, no Plan assets have been deposited or pledged as collateral as part of the securities lending strategy. As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At December 31, 2023, the total amount of collateral pledged to the Plan amounted to \$150 million (2022 – \$129 million). Security lending obtains collateral of at least 105 per cent of the market value of the securities lent. Such loans must be secured by readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks (See Note 4).

Private equity, infrastructure, private credit, and real estate risk

Private equity, infrastructure, private credit, and real estate assets are valued at estimated fair values supplied by the investment manager using appropriate valuation techniques. An independent auditor performs an annual audit of these investment managers and their valuation techniques to ensure the assets are fairly stated in all material aspects. Risk in private equity, infrastructure, and private credit is managed through diversification across sectors and geographic regions. Adverse impacts in any one sector of the market or geographic location are minimized by having holdings diversified across sectors, geographic location and investment size. Risk in real estate investments is managed through diversification across geographic locations within Canada and property type. Adverse impacts in any one geographic location are minimized by having holdings in other locations and property types.

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable are due within one year.

The Plan's future obligations include the Plan's accrued pension obligation and other contracts the Plan may enter that give rise to commitments of future outflows of cash. Liquidity requirements of the Plan are met through income generated from investments, employee and employer contributions and by investing in liquid assets that are easily sold and converted into cash.

12. Administrative Expenses

The annual operating expenditures associated with the Plan's administration are paid to PEBA Revolving Fund except for bank fees, certain consulting fees, custodial fees, investment base fees, performance fees and other investment fees, which are paid directly. Administrative costs incurred after December 31, 2023, that were previously paid through the PEBA Revolving Fund will be paid by Planner.

	(in thousands)	
	2023	2022
Audit fees	\$ 84	\$ 64
Actuarial fees	293	196
Administration costs	10,478	8,680
Custodial fees	655	606
Investment base fees	17,974	16,020
Performance fees	6,087	7,423
Other investment fees	3,552	3,843
	<u>\$ 39,123</u>	<u>\$ 36,832</u>

13. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan are collectively referred to as "related parties". Costs charged by the PEBA Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan has an accounts payable balance as at December 31, 2023 of \$1.7 million (2022 – \$0.9 million) due to the PEBA Revolving Fund.

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the Statement of Financial Position and are settled at agreed upon exchange rates.

14. Capital Management

The Plan receives new capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including equities, fixed-income, infrastructure, private equity and short-term investments. The Commission has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.

15. Investment Performance

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Commission. The Commission reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over four-year rolling periods. The Plan's primary objective is to grow at a rate which exceeds the growth of the Plan's liabilities.

The following is a summary of the Plan's investment performance:

	2023	
	Annual Return	Rolling Four Year Average
Plan's actual rate of return after deducting investment and administration expenses	10.8%	7.1%
Benchmark	12.2%	5.5%

16. Contingencies

A union representing participating employees has applied by Notice of Motion, which also names several participating employers, for an order quashing purported decisions of the Commission relating to the application of actuarial surplus in the fund, as well as other relief. It is not possible to estimate the potential effect of the claim at this stage in the proceedings.



Publications

MEPP Member Booklet

MEPP Matters - newsletter for plan members

MEPP Messenger - newsletter for retirees

MEPP In-Depth - provides detail about specific Plan aspects

MEPP In Review

Annual Report

Publications and other information about MEPP, are available online at mepp.plannera.ca

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