2024 Annual Report

Supporting plan members every step of the way

College Pension Plan

Table of contents

Photo courtesy of North Island College, retrieved from North Island News *website.*

North Island College

Land acknowledgement

The College Pension Board of Trustees acknowledges that its administrative offices are located on the traditional territory of the lək̓ʷəŋən (Lekwungen) People, known today as the Songhees and Esquimalt Nations. Plan members learn, teach and live on the traditional territories of many First Nations throughout BC.

The board, its agents and its service providers honour the lək̓ʷəŋən People and their ongoing connection to the land and respect their diverse teachings, traditions and practices within this territory.

Find out which territories you're on at **native-land.ca**.

Our story

The College Pension Plan provides secure and reliable retirement income for approximately 38,000 plan members across BC. Established in 1968 with six post-secondary institutions, the plan has grown to serve members and employers at 24 institutions throughout BC. Plan members include instructors, continuing education experts, librarians and senior administrative staff.

British Columbia Institute of Technology

Joint trusteeship

Where innovation and collaboration meet

The College Pension Plan was the first of BC's public sector pension plans to enter into a Joint Trust Agreement (JTA), on April 1, 2000. The four plan partners—the British Columbia General Employees' Union, the Federation of Post-Secondary Educators of BC, the Post-Secondary Employers' Association and the Province of British Columbia—signed the JTA and empowered the College Pension Board of Trustees to administer the plan, subject to limitations set out in the JTA and applicable laws.

The JTA provides a framework where plan members and employers share the responsibility of plan governance and the risks and rewards of plan sponsorship. The plan partners appoint trustees to the board, which meets throughout the year to govern the plan.

In 2021, Simon Fraser University (SFU) became the latest post-secondary institution to join the plan. SFU is the second-largest post-secondary institution in the province, and its decision to enrol is a testament to the plan's reputation for reliability, sustainability and good governance.

We invite you to read the *2024 Annual Report* and take away a strong understanding of the plan's investment beliefs, our membership demographics and, most important of all, our shared commitment to ensuring our province's instructors, researchers and education professionals are provided with the strong, safe and reliable retirement income they deserve.

Members and employers share the responsibility of plan governance and the risks and rewards of plan sponsorship.

Meet the board trustees

See page 63 of this report to learn about the people who govern the plan.

Join the plan

Contact us at CPBT@pensionsbc.ca.

2024 at a glance

As at August 31, 2024[1]

103.2%

FUNDED, WITH A $0.2 BILLION SURPLUS[2]

10.7%

ANNUAL RATE OF RETURN

$7.9

BILLION IN NET ASSETS, UP FROM $7.15 BILLION IN 2023

$294.1

MILLION IN PAID BENEFITS

4.4%

COST-OF-LIVING ADJUSTMENT TO PENSIONS[3]

MEMBERSHIP GROWTH

37,790 members

18,008 active

↑ 4% FROM 2023

11,234 retired

↑ 5% FROM 2023

8,548 inactive

↑ 4% FROM 2023

1.6:1

RATIO OF ACTIVE TO RETIRED MEMBERS

2,083

NEW MEMBERS TO THE PLAN

FUND GROWTH

- Our long-term investment strategy served us well in 2024, with assets increasing by **$791.3 million** as at August 31, 2024.
- The plan **exceeded** its annual return objective over the 1-, 5- and 10-year periods, meaning the plan continues to be in a strong financial position.

1. All figures are as at August 31, 2024, unless otherwise noted. All funds are expressed in Canadian dollars.
2. As at August 31, 2021.
3. Effective January 1, 2024.

Messages

Langara College

Photo courtesy of Langara College, retrieved from the Langara Global *web page.*

Message from our board chair

A year of growth and sustainability

The College Pension Plan is one of British Columbia's four multi-employer public sector pension plans, and it has developed a reputation as an innovator and trendsetter in the sector. It is a privilege to chair the College Pension Board of Trustees, and I am proud of the work the board has accomplished over the past year. By ensuring we have a long-term investment strategy, members can have peace of mind that the plan remains strong, as we look ahead to continued resilience and growth. I am happy to report that the plan remains fully funded.

Throughout 2024, the board continued with its reputation of innovation, creating an environment where the plan continues to thrive and remain healthy, both now and into the future. It was another year of growth, as we added new members and grew the plan's assets to $7.9 billion.

The board's report card

A lot has been accomplished in 2024, as we focused on the growth and sustainability of the plan. The board approved a new long-term investment strategy to ensure the plan continues to meet the pension promise now and into the future. We welcomed the Simon Fraser University Teaching Support Staff Union as a new membership group of the plan, and we amended the member eligibility rules to make it easier for new participating employers to have all their employees, regardless of class of employment, join the plan, should the employer wish to do so.

Cameron McRobb, board chair

We provided retired members with a cost-of-living increase to their pensions of 4.4 per cent, corresponding to the full rate of inflation. We surveyed retired members on the current post-retirement extended health care plan and asked what changes they would like to see. After a successful consultation with retired members and the Association of BC College Pension Plan Retirees (CPPR), the board is working to make changes to make the current extended health care plan more relevant to our retired members.

Last, the board created and approved new investment beliefs that reflect the core beliefs of the board with respect to the plan's investments. These investment beliefs guide the plan's investment agent, BCI, and the board when making investment decisions for the plan.

*Read our investment beliefs at **college.pensionsbc.ca/investment-beliefs**.*

Board composition

As trustees of the board, what unites us is that we are a layperson board, and we come from different areas of the post-secondary education sector, including faculty, senior administrators and participating employers. Collectively, we bring a wide variety of experience and skill.

Despite our diverse backgrounds, we know the sector well and are in tune with the needs of our plan members. We come together with one purpose in mind: to serve plan members and beneficiaries to the best of our abilities.

The plan is constantly evolving to keep pace with the needs of our plan members, and so is the board. Most recently, we welcomed four new trustees: Chris Burnley, Diane Lianga, Adam Molineux and Curtis Morcom. With these new trustees comes a wealth of experience and knowledge in the areas of finance and accounting, teaching, law and governance.

*Learn about our trustees on **page 63**.*

It's important to have a variety of experience across the board. A mixture of ingrained institutional knowledge and fresh perspectives can generate better and more diverse ways of thinking.

Last, we thank outgoing trustees Alison Woods, Marnie Wright and Carl Fischer for their years of dedicated service.

Looking ahead

The board has a fiduciary duty to plan members and is accountable to members and employers for its decisions. Good governance means that members can rely on the board to guide the plan in the right direction. That is why the board has established goals and priorities it wants to accomplish and focus on in the coming year.

The board is committed to implementing a new post-retirement extended health plan, one that reflects the feedback we received from retired members and the CPPR. We will also turn our focus to increasing opportunities for plan members to increase their pension by importing funds from predecessor pension plans and other registered savings plans.

The 2024 valuation of the plan will be available in June 2025. Valuations are conducted at least once every three years and report on the financial health of the plan and the level of funding required. Stay tuned for more information once the valuation report is published.

The board will also develop and publish a responsible investing policy, which will guide the board's decision making around responsible investing. Finally, the board is in the process of developing a three-year strategic plan to map out the priorities that will continue to strengthen and grow the plan.

In closing, on behalf of the board, I wish to thank our staff, agents and service providers for their partnership. To our plan members and participating employers, we see and recognize your dedication to advancing post-secondary education in BC. We will strive to deliver on the trust you have placed in us.

Message from our executive strategy officer

It is my privilege to be part of the community that serves the College Pension Plan. The participants of this community play myriad roles, but we are all united by one common goal: ensuring that the members of the plan have a secure and predictable income in retirement.

As an actuary, I know what it takes to deliver secure and predictable pensions over the long haul, but only in theoretical terms. Give me a set of assumptions, and I will crunch the numbers for you.

In real life, theory works well only when everything goes according to plan. Since nothing ever goes according to plan, delivering secure and predictable pensions is easier said than done.

Among many other tasks, the participants in my community are constantly juggling the known with the unknown to reach the balance needed to deliver benefits security. Let's meet some of them.

Bita Jenab, executive strategy officer

Our board

The College Pension Board of Trustees is the governing body of the plan and has ultimate responsibility for its operation and management. Other than the plan partners, who appoint the trustees, everyone else in the ecosystem, including me, is accountable to the board. The board makes sure all the checks and balances are in place. More importantly, the board looks for emerging risks and puts a plan in place to mitigate them. The skill it does this with is attributable to the plan's governance structure.

In discharging its duties, the board is assisted by agents, service providers, advisors and the staff of the Secretariat. Let's briefly talk about each of them, in order of their physical proximity to our office in Victoria, BC.

Our Secretariat

The Secretariat staff are the ecosystem's "governance gurus." My brilliant and dedicated colleagues at the Secretariat are responsible for supporting the board by organizing, summarizing and supplementing research-based, factual information so the board can make informed decisions. They also make sure the board, agents and other participants in the ecosystem fulfil their duties within the boundaries and in accordance with the governance structure laid out.

Our agents

BC Pension Corporation is the administrative agent. Its duties are laid out in legislation. Pension Corporation plays a critical role in the ecosystem, as it administers plan members' benefits, pays out pensions and ensures the plan complies with all regulatory requirements.

Pension Corporation's role also goes beyond this, as it is also the board's trusted advisor. The trustees rely on Pension Corporation to assess the impact on the plan of new trends or changes to the sector so members can be better served. Currently, the board is working with Pension Corporation to identify opportunities for plan members to increase their pension by purchasing past service. As the plan grows and more employers and members in the province's post-secondary education sector join the plan, the board will rely more heavily on Pension Corporation for its innovation and service excellence.

BCI is the plan's investment agent. Similar to Pension Corporation, BCI's duties are laid out in legislation. While as a professional investment manager, BCI is responsible for investing the plan's assets, the board has retained three key responsibilities when it comes to investments:

- Establish the investment framework, as documented in the Statement of Investment Policies and Procedures.
- Set the asset allocation.
- Oversee investment performance.

BCI has been recognized as one of the industry leaders in incorporating responsible investing in its investment management process. The board works closely with BCI on BCI's responsible investing mandate and receives regular reporting on BCI's activities.

Read the plan's Statement of Investment Policies and Procedures at ***college.pensionsbc.ca/portfolio-performance****.*

Our advisors

The plan actuary, Eckler, is responsible for assessing the financial position of the plan, determining the level of contributions required to fund the benefits and providing advice to the board on matters related to the benefits provided by the plan.

Also among the board's trusted advisors is Lawson Lundell LLP, which played a key role in implementing the plan's joint governance structure in 2000. Today, the firm continues to provide professional legal advice to the board.

Our retired community

On the topic of retired members, I must also recognize the contributions of the Association of BC College Pension Plan Retirees (CPPR). This vibrant group of retirees is the community's sounding board. We tap into the wealth of wisdom and experience that rest with our retired members in several ways. For example, the board relies on CPPR for consultation on major initiatives, such as funding and plan design. I check in with the members of CPPR on a regular basis to know how we are doing on the ground and what I need to do next. The experience and wisdom that rests with our retired members today help us build a better pension plan for future generations.

Our peers

I would be remiss if I did not mention our sister plans: the Municipal, Public Service and Teachers' pension plans. The four BC public sector pension plans stand united, and it is through this collaboration that we are able to pool our resources to tackle new challenges and emerge better and stronger. We are each stronger because of this unity and support that exist between us.

So, as you see, it takes a community to get our members' pensions in their hands. The *2024 Annual Report* illustrates how we did it over the most recent fiscal year.

In closing, I thank the board and all the other participants in this wonderful community for the work they do and for giving me the opportunity to play my small part.

College Pension Plan mission statement

"To provide a reliable source of retirement income by keeping the pension promise established by the four plan partners."

Simon Fraser University

Plan funding

The plan is funded by employer and member contributions and the investment returns earned on these contributions. At least once every three years, the plan actuary performs an actuarial valuation, comparing the assets of the plan (member and employer contributions plus investment returns) with liabilities (the cost of current and future pensions). Plan sustainability requires a balance between assets and liabilities, which can change with economic and demographic conditions. The funded status is a key indicator of this balance as at the valuation measurement date. Triennial valuations are filed with the regulators showing the plan's funded status and contribution requirements.

In determining the plan's funded status and contribution requirements, the plan actuary uses a set of economic and demographic assumptions. These assumptions are reviewed by the board. For the purposes of the valuation, assets are measured on an actuarial value basis, which is the fair market value of assets with investment gains and losses spread over five years to smooth out market fluctuations.

The last three valuations (2015, 2018 and 2021) determined that the plan is fully funded on a smoothed basis, and there are sufficient assets to meet the plan's obligations with respect to basic benefits. The graph to right shows the plan's funded status as at the last three funding valuations.

In addition to the funding valuation, the plan actuary conducts a sustainable indexing valuation to determine the level of pension increases that can be sustained in the long term, taking into account the assets of the plan and the long-term funding commitment to the plan.

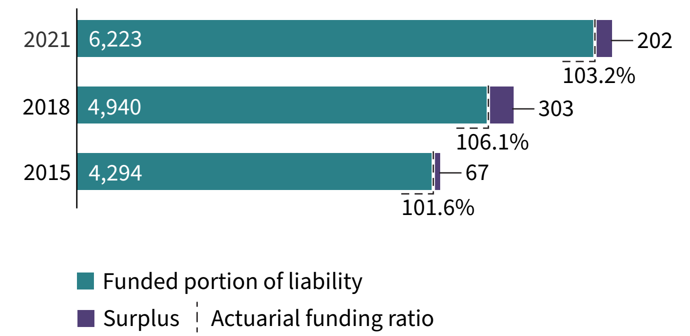
Indexing refers to adjustments to pensions paid to retired members to account for increases in the cost of living. Indexing is not guaranteed and is conditional on the financial health of the Inflation Adjustment Account (IAA). Since the 2018 valuation, the IAA has been sustainable, and indexing may be provided at the full rate of inflation.

The next actuarial valuation (as at August 31, 2024) is in progress, and the results will be published on **college.pensionsbc.ca** when they become available.

Read the plan's latest valuation report at college.pensionsbc.ca/valuation-report.

FUNDING OF THE TOTAL BASIC ACTUARIAL LIABILITY ($ MILLIONS)

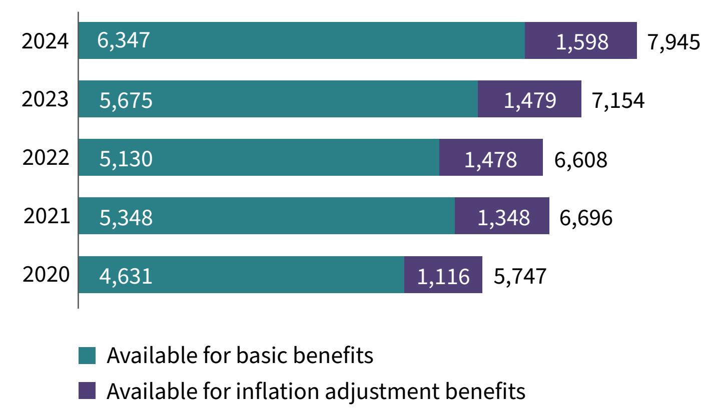
as at August 31



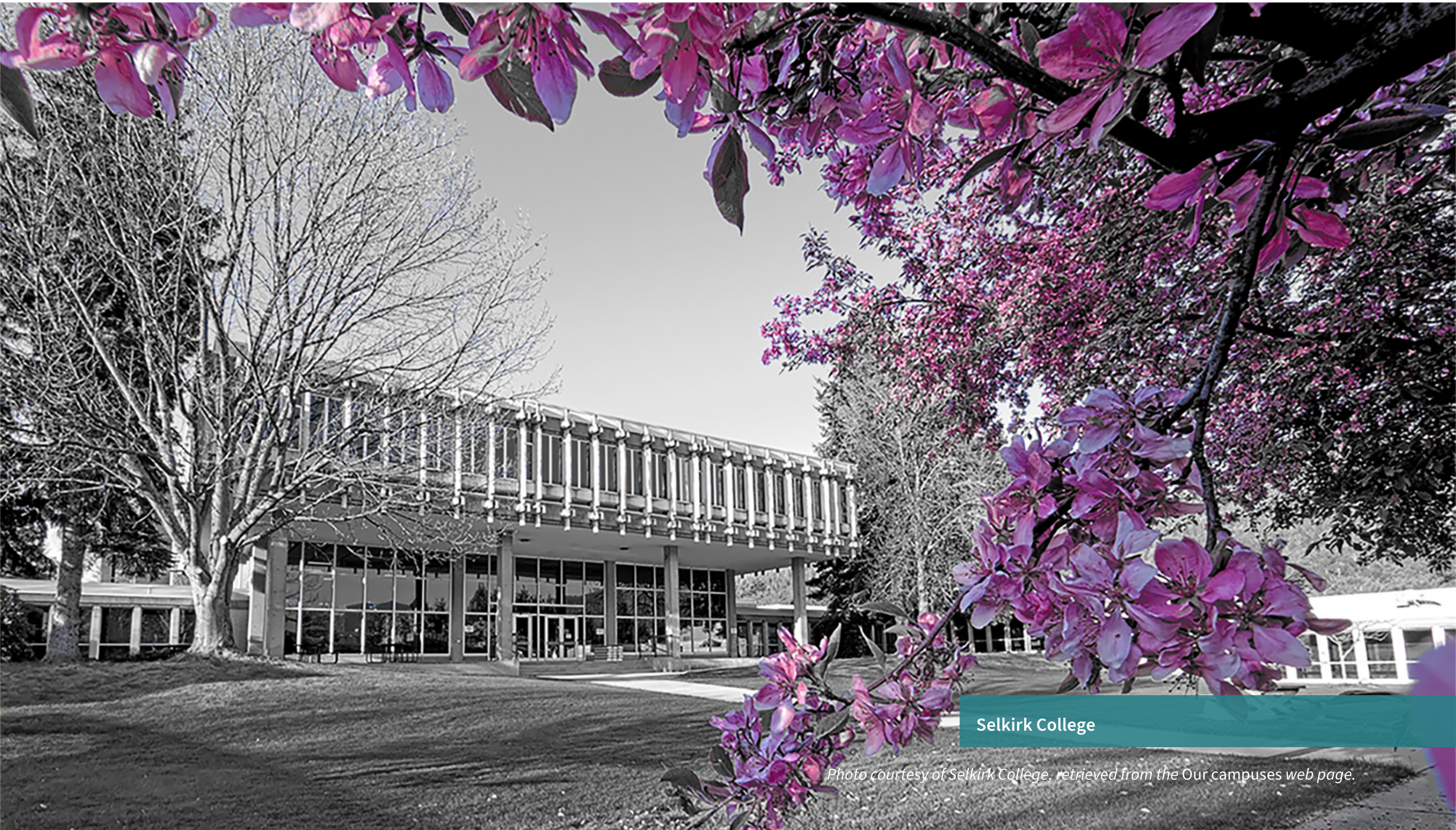
NET ASSETS AVAILABLE FOR BENEFITS ($ MILLIONS)

as at August 31

The benefits provided by the plan are funded mainly through two accounts. The Basic Account holds assets in respect of basic non-indexed benefits. The Inflation Adjustment Account (IAA) holds assets in respect of inflation adjustment supplements.
The following chart shows a breakdown of assets between the Basic Account and the IAA. The assets shown are based on fair market value.



Plan performance



Selkirk College

Photo courtesy of Selkirk College, retrieved from the Our campuses *web page.*

Investments

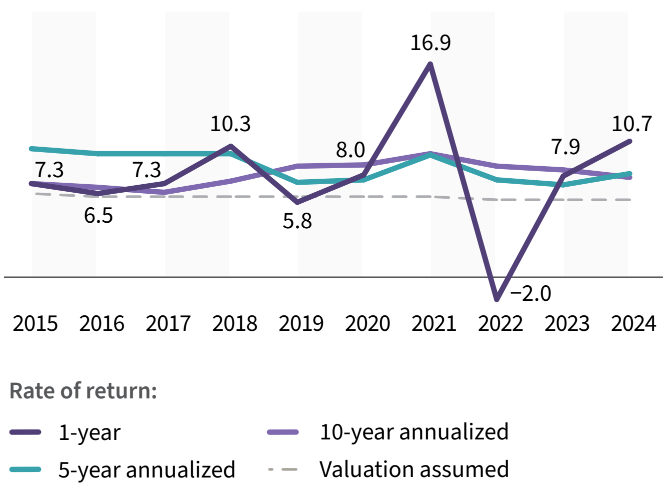
Over the fiscal year, the plan earned a return of 10.7 per cent, compared with a benchmark return of 14.6 per cent and a return objective of 6.0 per cent. The benchmark return is a standard set by the board to measure BCI's performance relative to the market. The return objective is the expected rate of return assumed by the plan actuary in the actuarial valuation of the plan.

Although the one-year return of 10.7 per cent lags behind the benchmark return of 14.6 per cent, it is above the return objective of 6.0 per cent. While the plan may or may not outperform its benchmark in a given year, it is performance over a longer period that matters. The good news is that over longer periods, such as 5 and 10 years, the average return earned by the plan has been above both the benchmark and the return objective. On a 5- and 10-year basis, the plan had annualized returns of 8.1 per cent and 7.8 per cent, respectively, meeting the benchmarks of 8.1 per cent and 7.4 per cent, respectively.

In the graphs below, all returns are stated as at August 31.

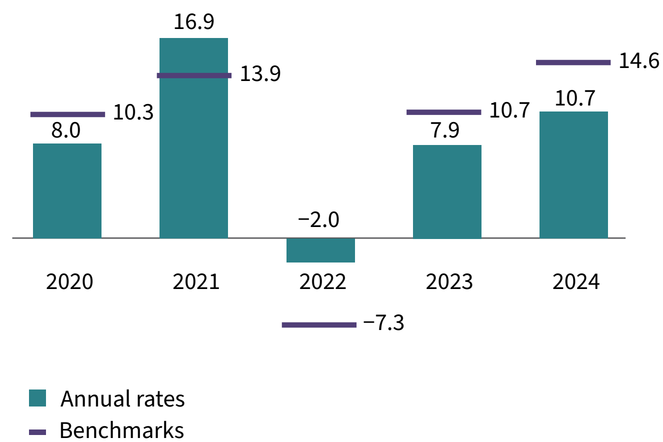
INVESTMENT RETURNS (%)

10-year history

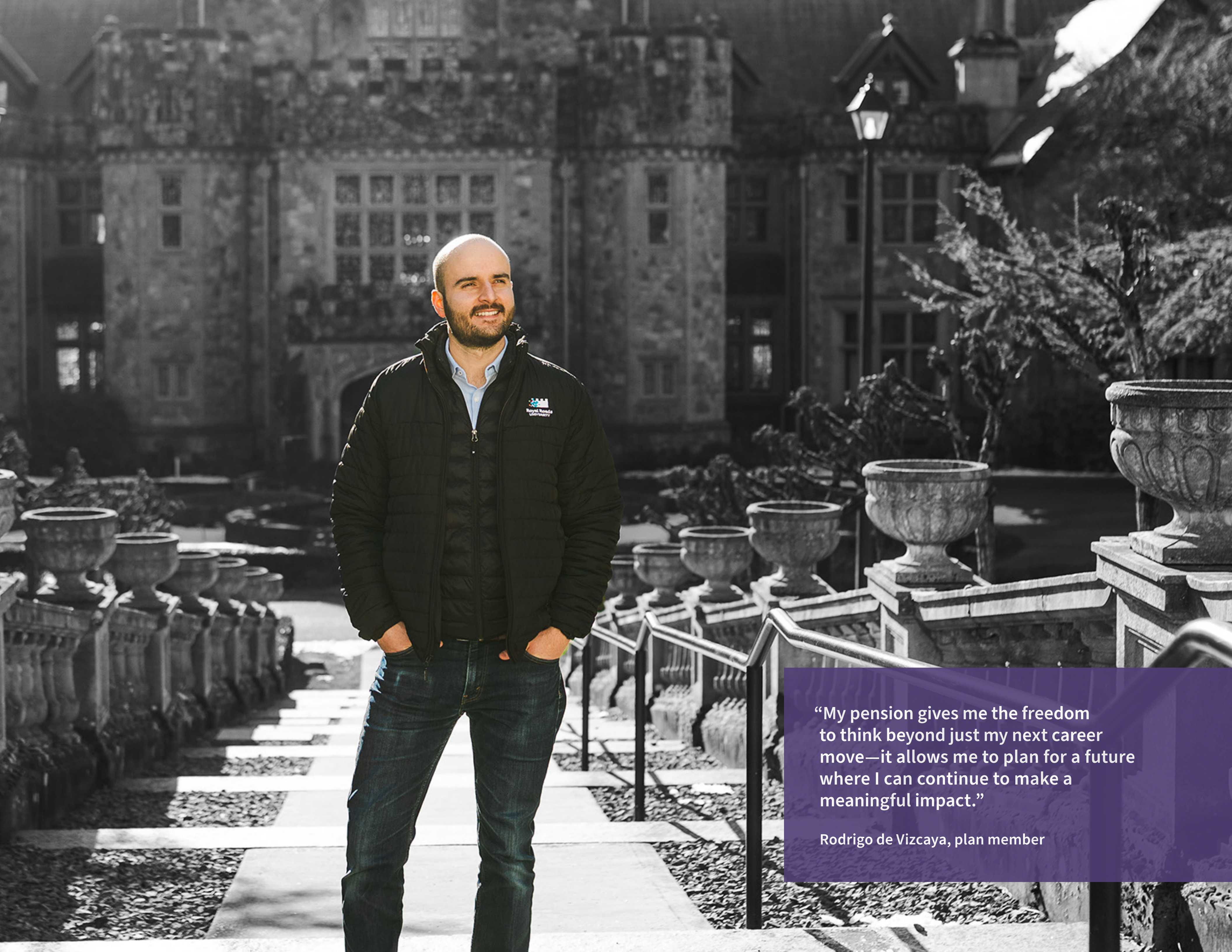


The plan's investment returns are measured over 1-, 5- and 10-year periods. The plan's strategic asset mix is intended to achieve long-term returns.

ANNUAL RATES OF RETURN VS. BENCHMARKS (%)



The plan's annual rate of return is compared against the total fund benchmark, which is one way to measure performance.



"My pension gives me the freedom to think beyond just my next career move—it allows me to plan for a future where I can continue to make a meaningful impact."

Rodrigo de Vizcaya, plan member

Asset mix

A diverse portfolio is an important part of risk management and provides long-term value for plan members.

To meet this expectation, the board adopts a long-term asset mix and sets allowable allocation ranges. This is important, because it provides a guide for BCI to invest in a way that limits risk and maintains stability. The plan's asset mix includes a range of asset classes, industry sectors and global markets to diversify investments.

An important and growing segment of the plan's investment portfolio is real assets (tangible investments such as land and buildings). Real assets include real estate, infrastructure, and other physical assets. Since real assets are less correlated with traditional investments like stocks and bonds, they help safeguard the portfolio against market volatility. Many of these investments also allow BCI to manage assets directly and influence companies' strategic direction to create long-term value for the plan.

Asset liability modelling

Asset liability modelling is an important tool for managing risks and optimizing returns. The board, with support from BCI, periodically undertakes an in-depth review to determine whether the asset mix of the portfolio is aligned with the plan's investment objectives. The process includes understanding the plan's financial obligations, estimating future contribution levels, forecasting demographics and economic trends, and ensuring the long-term financial sustainability of the plan.

The board decides on the long-term strategic asset mix that is most likely to meet the plan's investment objectives, which could include maintaining or changing asset allocations. The choice of asset mix is often the most important factor in determining investment outcomes.

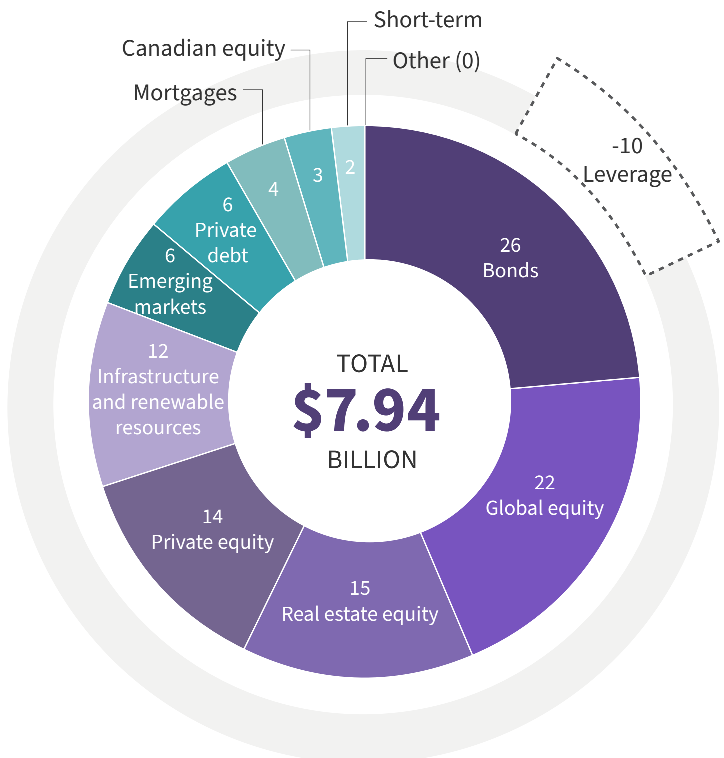
Throughout the year, the board and BCI work closely to continuously monitor the asset mix and performance of the portfolio. Updates may be necessary if assumptions—such as the plan's financial obligations or BCI's long-term market expectations—materially change.

ASSET MIX AND PERFORMANCE (%)

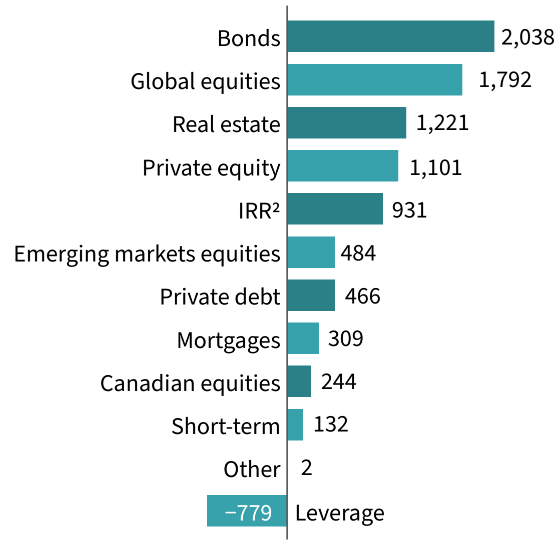
as at August 31, 2024

	Approved range	Target asset mix	Actual asset mix	One-year rate of return	Performance benchmark
Fixed income					
Short-term	**0–7**	2	1.7	5.1	5.1
Real estate debt (mortgages)	**1–8**	5	3.9	7.4	8.0
Government bonds	**10–26**	18	18.4	7.2	7.3
Corporate bonds	**4–10**	7	7.2	10.3	9.7
Private debt	**4–10**	7	5.9	15.0	8.9
Total fixed income	**31–47**	39	37.1	8.9	8.0
Equity					
Canadian equity	**0–6**	3	3.1	16.1	18.8
Global equity	**5–25**	15	22.5	24.6	24.1
Emerging markets equity	**2–10**	5	6.1	15.3	14.6
Private equity	**11–21**	16	13.9	7.5	25.0
Total equity	**29–51**	39	45.6	17.0	22.8
Real assets					
Real estate	**11–22**	17	15.4	(3.2)	6.8
Infrastructure and renewable resources	**8–18**	15	11.7	6.6	6.3
Total real assets	**22–40**	32	27.1	0.8	6.6
Other	**0–5**	0	0.0	–	–
Leverage	**(15)–0**	(10)	(9.8)	5.3	5.3
Total portfolio		**100**	**100.0**	**10.7**	**14.6**

INVESTMENT HOLDINGS (%)
as at August 31, 2024



INVESTMENT HOLDINGS[1] ($ MILLIONS) (MARKET VALUE)
as at August 31, 2024



1 Asset classifications vary from the financial statements for performance reporting.
2 Infrastructure and renewable resources.

The plan's diversified allocations across multiple asset classes help manage risk and optimize returns. Leverage may be used for the purpose of managing risk and/or returns. The use of leverage involves borrowing against assets to make additional purchases. Our policy asset mix permits leverage up to 15 per cent of the portfolio's total value. The long-term policy asset mix target for leverage is 10 per cent of the portfolio's total value. The leverage amount of -$779 million represents -9.8 per cent of the total portfolio value. Total leverage employed by the plan falls within policy guidelines

Leverage

Leverage represents an additional funding source that can amplify potential investment returns by using borrowed funds or assets. The plan incorporates leverage into the policy asset mix to enhance the portfolio's returns. BCI's funding program borrows capital for investment across the portfolio's asset mix. The borrowed funds and their associated costs are reported as leverage. The program accesses both secured and unsecured borrowing sources to support the plan's investment objectives. The borrowed funds are invested to generate returns in excess of the borrowing costs. Benefits include improved risk-adjusted investment returns, reduced volatility and enhanced short-term liquidity.

Fixed income and public equity

Within public markets, the plan is invested in fixed income (e.g., government and corporate bonds) and public equities (e.g., publicly traded stocks). Overall, fixed income performed well, delivering an 8.9 per cent return against the 8.0 per cent benchmark.

As bond yields fell over the last quarter, existing bond values rose, which led to increased fixed income returns. Government bonds benefited from the declining yields and were the main contributor to fixed income's total return. Fixed income's long-term performance over five years was also strong, posting a 1.5 per cent annualized return, compared with the 1.1 per cent benchmark.

Public equities contributed positively to the plan's one-year return. The asset class returned 21.7 per cent on a one-year basis, meeting the 21.7 per cent benchmark. The large technology stocks known as the Magnificent Seven (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla) continued to drive strong equity market performance, and the anticipation of continued U.S. interest rate cuts boosted small-cap stocks (stocks from a public company that have a total market value, or market capitalization, of approximately $250 million to $2 billion) later in the summer.

Global equity was the largest contributor to total fund absolute return, delivering 24.6 per cent for the year. Over five years, public equities returned 11.6 per cent on an annualized basis, outperforming the benchmark of 11.4 per cent.

Over five years, public equities returned 11.6 per cent on an annualized basis, outperforming the benchmark of 11.4 per cent.

TOP 25 COMPANY HOLDINGS: TOTAL PUBLIC EQUITY EXPOSURE—WORLDWIDE

as at August 31, 2024

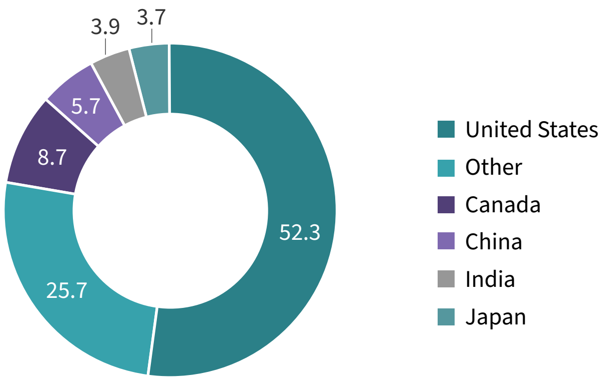
Company	Percentage of portfolio (%)	Percentage of public equity (%)	Total exposure ($ millions)
Microsoft Corp.	1.0	3.2	81.8
Nvidia Corp.	1.0	3.2	79.5
Apple Inc.	1.0	3.1	77.7
Alphabet Inc.	0.6	1.9	47.6
Taiwan Semiconductor Manufacturing Co., Ltd.	0.6	1.8	45.4
Amazon.com, Inc.	0.5	1.7	42.1
Meta Platforms, Inc.	0.4	1.3	32.8
Samsung Electronics Co., Ltd.	0.3	0.8	21.2
UnitedHealth Group Inc.	0.3	0.8	21.1
Broadcom Inc.	0.3	0.8	20.8
Tencent Holdings Ltd.	0.2	0.7	18.7
Eli Lilly and Company	0.2	0.6	16.3
WSP Global Inc.	0.2	0.6	15.9
AstraZeneca PLC	0.3	0.6	14.5
Visa Inc.	0.2	0.6	13.9
Alibaba Group Holding Ltd.	0.2	0.6	13.9
Mastercard Inc.	0.2	0.5	13.2
Toronto-Dominion Bank	0.2	0.5	13.0
Tesla, Inc.	0.2	0.5	12.5
Novo Nordisk A/S	0.2	0.5	11.9
Constellation Software Inc./Canada	0.2	0.5	11.9
JPMorgan Chase & Co.	0.2	0.5	11.7
Berkshire Hathaway Inc.	0.1	0.5	11.4
ASML Holding N.V.	0.1	0.4	10.6
Royal Bank of Canada	0.1	0.4	10.0

This chart represents the top 25 public company holdings in the plan's public markets program.

For a full list of BCI's investment inventory as at March 31, 2024, see uberflip.bci.ca/i/1527346-bci-investment-inventory-2024/0. The inventory includes information for all of BCI's clients, not just the College Pension Plan.

PUBLIC EQUITIES BY COUNTRY (%)

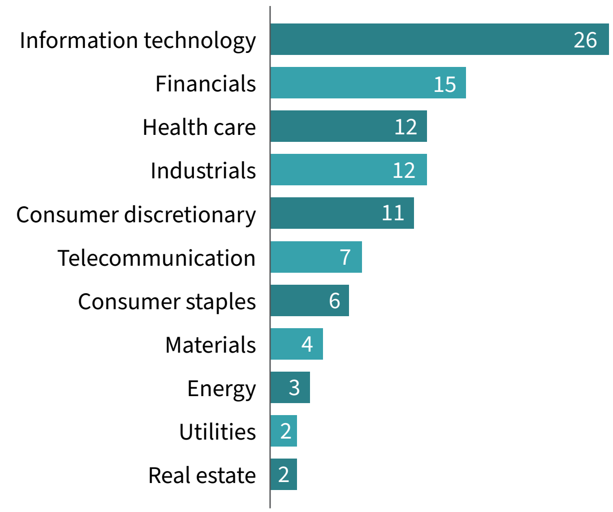
as at August 31, 2024



The plan's public equities holdings are diversified across many countries, with significant investments in Canadian and U.S. markets.

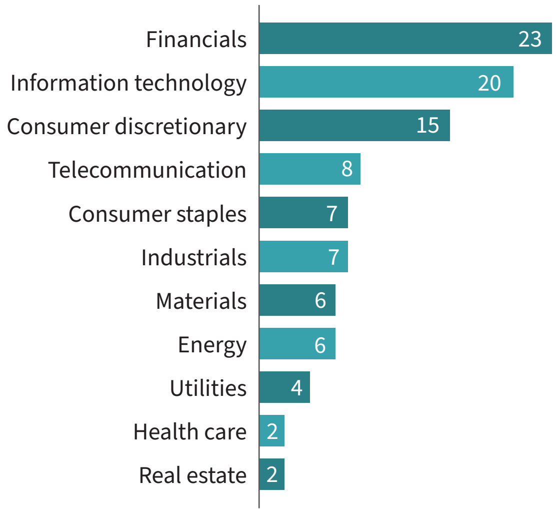
GLOBAL EQUITIES BY SECTOR (%)

as at August 31, 2024



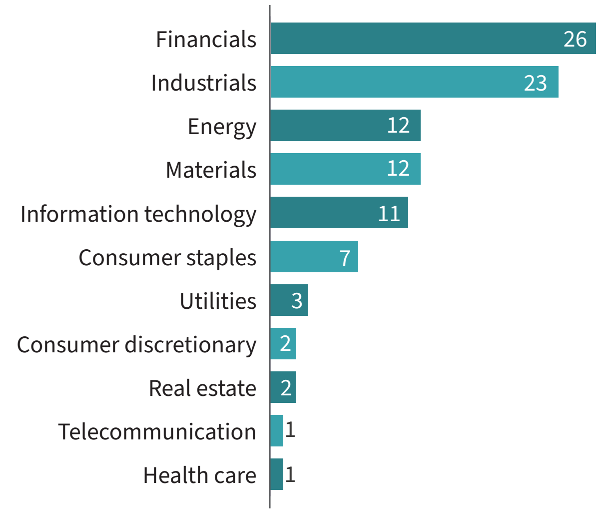
The plan's global equities holdings are well diversified by sector. This is important because some sectors, like financials, tend to perform cyclically, while other sectors, like utilities, perform well in periods of volatility.

EMERGING MARKET EQUITIES BY SECTOR (%)
as at August 31, 2024



The plan's diversified investments include emerging market equities, which can involve increased risks but also have the potential for higher returns.

CANADIAN EQUITIES BY SECTOR (%)
as at August 31, 2024



The plan's Canadian equities portfolio has significant holdings in the financial, industry and energy sectors.

"Having a pension gives me security. I know I'm contributing to my future and have a financial foundation that I can live on once I retire."

Sean Bellerby, plan member

Private equity

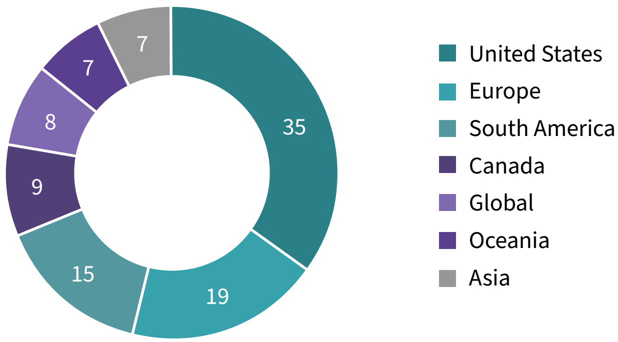
The higher inflation and interest rate environment at the beginning of the year limited returns for private equity investors, as it became more difficult to exit investments. The same Magnificent Seven technology companies that performed well in public equities were a key driver in the underperformance of private equities. On a one-year basis, private equity returned 7.5 per cent against the 25 per cent benchmark. This significant difference is because the private equity benchmark tracks a public equity index (+2 per cent) that was boosted by the exceptional performance of those seven stocks. However, long-term results were positive. Private equity's five-year annualized returns of 16.5 per cent exceeded the 14.5 per cent benchmark. Recently, there have been signs of a cautious recovery in the market, with improved deal and exit activities. To address market volatility, the plan continues to protect the portfolio through proactive risk management.

Infrastructure and renewable resources

The infrastructure and renewable resources (IRR) portfolio saw sustained strong performance this year. Over the year, IRR delivered a 6.6 per cent return, surpassing the 6.3 per cent benchmark. On a five-year basis, the portfolio also outperformed, delivering 9.1 per cent against the 6.5 per cent benchmark.

The IRR portfolio remains highly diversified across more than 40 countries and 10 sectors. The outlook for the asset class is positive. The demand for data and faster connectivity is expected to lead to growing opportunities for digital infrastructure assets. The plan is taking advantage of this opportunity with two recent investments in data centres closed in the past 12 months. As of September 2024, BCI has committed over $2 billion of capital across various sectors and regions to further diversify the portfolio.

INFRASTRUCTURE AND RENEWABLE RESOURCES REGIONAL DIVERSIFICATION (%)
as at August 31, 2024



The plan's infrastructure and renewable resources portfolio includes physical assets around the world, like land and buildings, which generate strong, diversified cash flows.

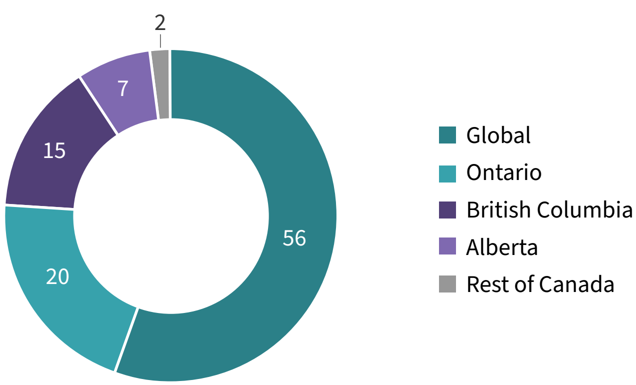
Real estate

The downward trend in global real estate investment volumes persisted through most of the year. On a one-year basis, the real estate equity portfolio returned −3.2 per cent against the 6.8 per cent benchmark. Over the last five years, real estate equity underperformed the 6.1 per cent benchmark, with a 3.8 per cent annualized rate of return. The outlook is beginning to improve as central banks start to cut interest rates. Last year, the unprecedented increase in global interest rates drastically decreased demand in the real estate equity market.

Real estate remains a valuable long-term asset class. In the first half of 2024, the plan invested cautiously in high-conviction sectors that are expected to add value in the long term. These sectors include industrial, residential and alternatives.

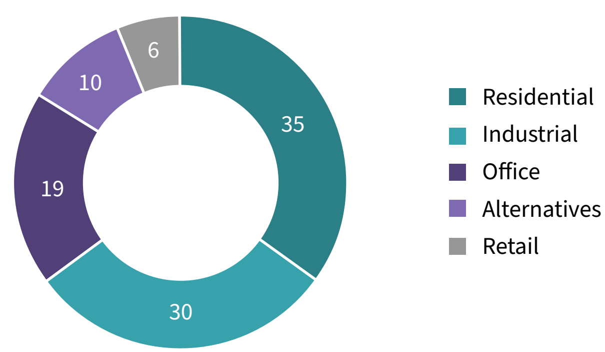
Real estate debt market activity remained subdued in the first half of 2024. Over the year, real estate debt returned 7.4 per cent, below the 8.0 per cent benchmark. The plan strategically reduced the portfolio's exposure to the more volatile office and retail property types, rebalancing the portfolio with new investments directed toward high-conviction sectors. On a long-term basis, the portfolio's five-year annualized return was 5.0 per cent, outperforming the 3.9 per cent benchmark.

REAL ESTATE BY LOCATION (%)
as at August 31, 2024



In addition to global real estate assets, the plan's real estate portfolio has significant investments across Canada.

REAL ESTATE BY PROPERTY TYPE (%)
as at August 31, 2024



The plan's real estate portfolio includes well-diversified property types, supporting a mix of real estate opportunities.

Investment approach

The board and BCI take a long-term approach to investing to ensure the plan is secure and sustainable for both current and future members. This is an important responsibility, because for every pension dollar a member receives, about 75 cents comes from investment income.

The goal is to meet or exceed the plan's investment return objective (the minimum returns needed to pay for the plan's pensions) while taking on an appropriate level of risk. To achieve this, the board and BCI have built a diversified portfolio that is invested in multiple asset types, industry sectors and global markets.

Diversification is a key part of risk management, as it limits the impact on the whole portfolio during times of lower returns, such as a market downturn. The plan's investments are adjusted based on anticipated risk and market outlook, either to protect the plan or to take advantage of value-add opportunities.

The plan's overall framework for managing assets is governed by the Statement of Investment Policies and Procedures (SIPP). The SIPP is established and updated by the board. BCI is responsible for applying the investment strategy and working toward the financial goals outlined in the SIPP. The board oversees and monitors BCI's performance in carrying out this responsibility.

For every pension dollar a member receives, about 75 cents comes from investment income.

Our investment beliefs

The College Pension Plan's investment strategy is guided by eight core beliefs.

1. The College Pension Plan invests with a purpose: to help secure the College Pension Plan's current and future payment obligations.

- Understanding the nature of the plan's liabilities is critical to devising an appropriate investment strategy.
- The plan has a growing cash requirement and inflation-sensitive liabilities; assets that generate cash and correlate with inflation are an important part of the plan's investment strategy.

2. The College Pension Plan invests for the long term: a long-term investment horizon is a responsibility and an opportunity.

Having a long-term investment horizon requires that the plan:

- Support the integration of environmental, social and governance (ESG) matters into the investment agent's decision-making processes to better understand, manage and mitigate associated risks.
- Favour investment strategies that deliver long-term value.

A long-term investment horizon enables the plan to:

- Invest in illiquid assets and tolerate some volatility in investment returns and fund values, provided an appropriate risk premium is earned and fund liquidity is appropriately managed.

3. Taking investment risk is essential for meeting the College Pension Plan's goals, provided there is conviction the investment risk is appropriately rewarded in the long term and is effectively measured and managed.

- Investment risk that is taken intentionally, is well understood within an asset–liability framework and is monitored and reported regularly has a greater potential for being compensated.
- To ensure that active management risk is being compensated at the total fund level over the long term, the investment agent's performance will be measured against benchmarks determined by the plan.

4. Strategic asset allocation is the primary determinant of portfolio risk and return.

- Within an asset–liability framework, the plan's strategic asset allocation determines the market exposures managed by the investment agent.
- The plan will aim to diversify its overall portfolio within and across asset classes, both domestically and internationally, and across distinct risk factors and return drivers.
- The plan will pursue investment strategies only where there is clear opportunity for improved risk-adjusted returns.

5. **Strong processes, rigorous research and analysis, and deep resources are needed to achieve the College Pension Plan's goals and objectives.**
    - Diversity of talent at all levels (e.g., board, staff, investment agent, corporate board of investment agent) leads to better decision making.
    - Continuous improvement in both the plan's operations and those of its investment agent is fundamental to long-term investing success.
    - To build knowledge, the plan relies on credible research, scientifically based data, thought partnership with peers and commitment to its own continuing education.

6. **Costs matter and need to be managed so that a greater proportion of investment return passes on to the College Pension Plan.**
    - The plan will balance risk, return and cost when considering an investment strategy.
    - The plan expects the investment agent and itself to be transparent about the total cost of managing the portfolio.

7. **Long-term value creation requires consideration of financial, environmental and social impacts.**
    - Interests between the plan and its investment agent must be aligned.
    - Companies that exercise strong governance, along with effective management of material environmental and social factors, are more likely to generate long-term financial value at lower risk.
    - Improving the sustainability and integrity of global capital markets creates favourable economic conditions that benefit the plan over the long term.
    - The plan expects its investment agent to integrate ESG factors in its investment management process, including:
        - Climate change and management of environment and natural resources.
        - Human and labour rights, equity, diversity and inclusion.
        - Executive compensation, board independence and diversity, shareholder rights and risk management.
        - Respect and recognition of Indigenous rights.

8. **The College Pension Plan recognizes that climate change presents a material systemic risk to its long-term investment objectives, as well as an opportunity.**
    - The plan supports the global goal of achieving net-zero greenhouse gas emissions by 2050.
    - Consistent with its fiduciary duty, the plan seeks to evaluate and manage the investment risks and opportunities associated with climate change by:
        - Ensuring that actions taken by its investment agent are aligned with the global goal to restrict global warming to 1.5 °C above pre-industrial levels by 2100.
        - Monitoring climate-related analytics such as the carbon footprint of the plan's investments, climate stress tests and scenario analysis.

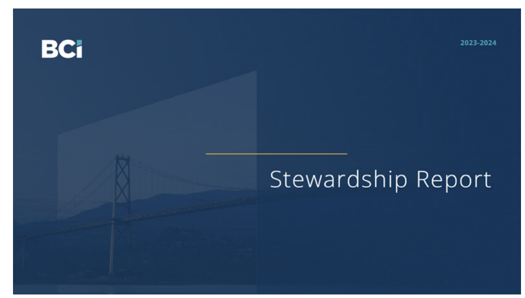
Responsible investing

Responsible investing is key to BCI's work to generate long-term value for plan members. The board and BCI believe that when portfolio companies have better environmental, social and governance (ESG) performance, it translates to higher returns over time.

BCI's approach to engagement

BCI continues to drive positive ESG performance in its portfolio companies through global policy advocacy, proxy voting and engagement. BCI focuses on ESG issues that pose a material risk to the plan's portfolio, with the potential to impact long-term investment returns and sustainability. BCI's first publicly available Stewardship Report outlines key engagement activities and outcomes.

*Read BCI's **Stewardship Report** at **bci.ca.***



Policy advocacy

BCI engages at the policy and market levels to strengthen the investment landscape. By advocating for change that incorporates ESG principles into regulatory frameworks, there will be greater stability within global capital markets.

Proxy voting

BCI uses proxy voting as a tool to improve ESG performance through board and management accountability. Proxy voting enables BCI to represent the plan's best financial interests and vote on management and shareholder proposals. BCI votes according to its proxy voting guidelines, which outline its ESG expectations for public portfolio companies. A full record of BCI's votes and rationale can be found through a searchable database on its website.

If BCI finds that a company is not taking sufficient action to meet ESG standards, it may escalate its engagement through filing shareholder proposals.

*Learn about BCI's proxy voting activities at **bci.ca/approach/esg/proxy-voting**.*

Direct and collaborative engagement

In addition to proxy voting and policy advocacy, BCI interacts with public and private companies on a broad range of ESG topics. Some interactions consist of targeted outreach on a specific, material ESG issue. Others involve multiple topics and milestones.

In 2023, BCI directly engaged 134 companies across public and private markets, with 58 per cent of these engagements resulting in positive momentum or achieving objectives.

ESG issues are always evolving. Therefore, the board and BCI emphasize the importance of responsible investing to ensure long-term financial success.

*For more information on BCI's ESG strategy, visit **bci.ca/esg**.*

BCI's impact

BCI is part of 30% Club Canada, a global campaign advocating for greater diversity on corporate boards.

Along with other investors, BCI met with Restaurant Brands International to encourage the adoption of a board gender diversity policy.

The company obliged, and, in 2024, its female board representation reached 30 per cent, achieving BCI's objective.

PROXY VOTING ACTIVITIES

from January 1 to June 30, 2024

VOTED AT
2,445 meetings
ON 30,091 AGENDA ITEMS

VOTED IN
52 countries

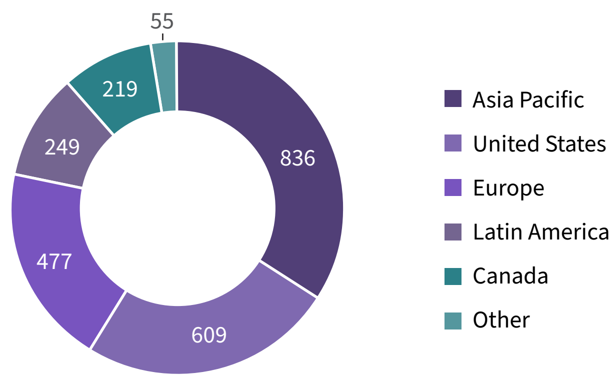
VOTED AGAINST MANAGEMENT IN
27% of cases
AND VOTED AGAINST OR WITHHELD VOTE FROM 34% OF DIRECTOR NOMINEES

SUPPORTED
55%
OF ALL SHAREHOLDER PROPOSALS

BCI's proxy voting activities and data from January 1 to June 30, 2024. Additional information, including BCI's complete voting record, is available at bci.ca/proxy-voting.

PROXY VOTING ACTIVITIES

from January 1 to June 30, 2024

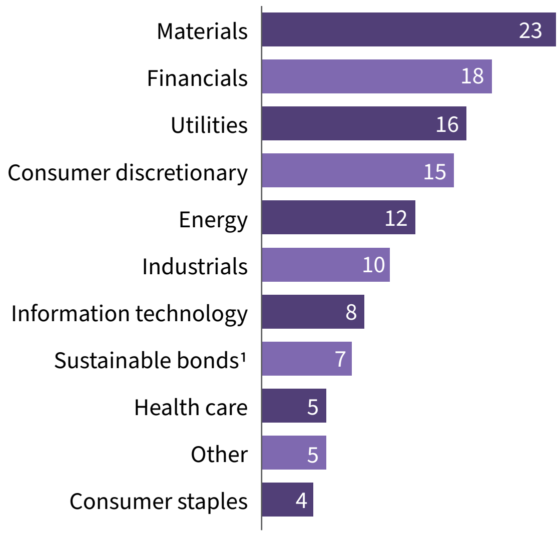


BCI uses proxy voting as a tool to drive ESG improvements through board and management accountability. It aims to vote at the meetings of every public company in its portfolio in accordance with its proxy voting guidelines. These guidelines set BCI's expectations for the governance practices of companies in which it invests, as well as how BCI addresses environmental and social risks.

BCI engages with public and private companies to encourage the transparency of ESG risks and the adoption of sound corporate governance and operational practices. BCI's engagement approach is multi-faceted and will be shaped by the issue and objective.

ENGAGEMENT BY SECTOR

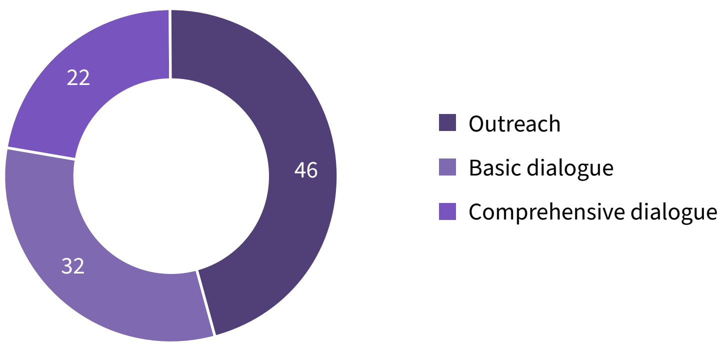
from January 1 to December 31, 2024



1 Sustainable bonds are included as an engagement focus area and are not a Global Industry Classification Standard sector.

ENGAGEMENT BY TYPE

from January 1 to December 31, 2024



Outreach: Targeted communication with a company on a specific ESG topic.

Basic dialogue: Follow-up conversations or written communication between BCI and a company on a specific or narrow range of ESG topics.

Comprehensive dialogue: Ongoing communication with multiple touch points on a specific or broad range of ESG topics, sometimes involving multiple participants from both organizations, including executives and board directors.

Managing costs

BCI

The plan's investment agent, BCI, operates on a cost-recovery, not-for-profit basis, meaning the plan pays fees only to cover the cost of managing the investments. BCI's fees continue to be competitive with its peers and are much lower than those charged by investment managers in the private sector.

Investment management fees are affected by the types of assets, the plan's asset mix (what is in the portfolio) and BCI's investment strategy. Some asset classes that are expected to produce higher returns are complex and more expensive to manage, which affects fees. However, since BCI manages a large amount of assets, it has access to significant economies of scale when investing on behalf of the plan. BCI's transition to active, in-house management of funds away from more expensive external managers has helped reduce fees. The goal is to earn enough investment income to fulfil the plan's pension commitments at a reasonable cost.

The board works with its agents to ensure members are receiving cost-effective, expert service.

BC Pension Corporation

The plan's administrative agent, BC Pension Corporation, operates on a non-profit, cost-recovery basis. Pension Corporation is the lowest-cost service provider among its peers. It delivers consistent, timely and reliable service to plan members across five public sector pension plans and one retiree benefit trust. Pension Corporation leverages the advantage of this shared-service model by applying economies of scale to provide innovative services to the plans while still maintaining a high standard of service.

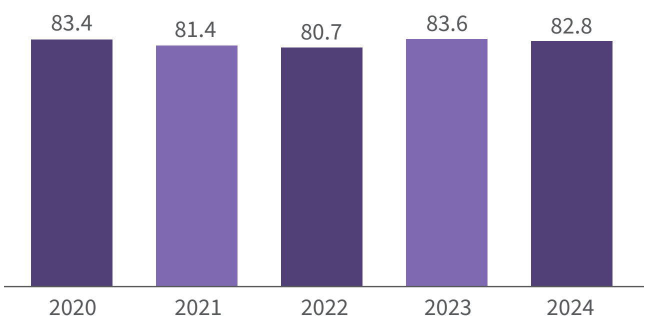
Pension Corporation is focused on enhancing the experience for members and has improved operations and introduced new services, all while supporting the plan's growth. By providing administration at a low cost, Pension Corporation provides cost-effective, expert service to plan members.

CEM Benchmarking Inc., a global data and insights firm with over 300 participants, compared BCI with its Canadian pension peers. The results show that for the five-year period ended December 31, 2023 (the CEM investment benchmarking survey is produced on a one-year lag), BCI delivered higher returns at a lower cost than the peer median benchmark.

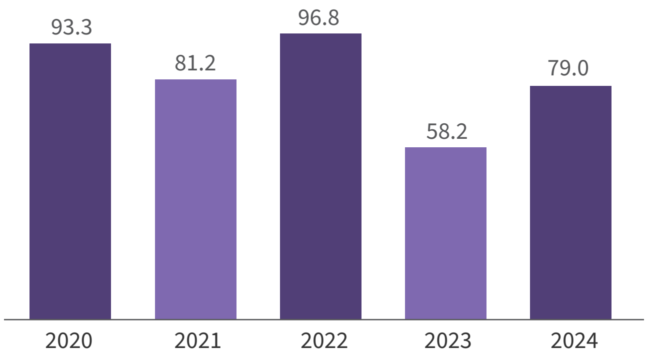
Cost per member and satisfaction scores for the plan

The numbers below are collected by Pension Corporation, the plan's administrative agent. Pension Corporation uses a fiscal year-end date of March 31 (different from the plan's fiscal year-end date of August 31).

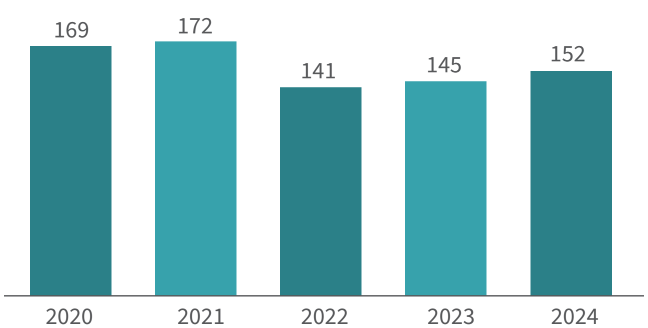
MEMBER SATISFACTION SCORE (%)
for the year ended March 31



EMPLOYER SATISFACTION SCORE (%)
for the year ended March 31



COST PER MEMBER ($)
for the year ended March 31



"With a pension, I have been able to devote myself to what I love: serving others in a volunteer capacity. I have travelled to Kenya, Ecuador, Roatán and the Northwest Territories as a volunteer, thanks to my pension, which paid the bills."

Mary-Anne Neal, retired plan member

Benefits

From the moment a member contributes, they join thousands of members who will or already do rely on the plan for a secure income in retirement. Beyond the predictability of a lifetime pension typical of a defined benefit pension plan, being a member comes with other benefits. No matter what stage someone is at in their career, the plan provides benefits that support them while they work and into their retirement.

Hatley Castle, Royal Roads University

THE PLAN PAID OUT

as at August 31, 2024

$294.1 million
IN BENEFITS IN 2024

11,234
MEMBERS ARE RECEIVING A PENSION

$25,012
AVERAGE ANNUAL PENSION

$21,864
MEDIAN ANNUAL PENSION

14
AVERAGE YEARS OF SERVICE

Lifetime pension benefit

The lifetime pension benefit that members receive on retirement is based on:

- An accrual rate
- The member's years of pensionable service in the plan
- The average of the member's highest five years of salary

Bridge benefit (only for service earned before January 1, 2016)

If a member retires before age 65, their pension may include a temporary payment called a bridge benefit. The bridge benefit is based only on service earned before January 1, 2016, and is paid from the member's retirement date until they turn 65 (or their death, whichever is earlier).

Pension options

The pension options members select at retirement determine the amount of their lifetime monthly pension payments and the amounts their spouses or beneficiaries may receive when they die. The plan provides a range of single life and joint life options with guarantee periods. The plan also provides members with a temporary annuity option (an additional monthly payment) to increase their monthly income until age 65 or death, whichever comes first. The annuity cost lowers the lifetime pension amount after age 65.

Pre-retirement death and disability benefits

The plan provides security for members and their loved ones in the event a member passes away before retirement or becomes permanently disabled before age 65.

If the deceased member has a spouse, their spouse is automatically the beneficiary and may be eligible to receive a pre-retirement death benefit for the rest of their life (unless the surviving spouse has waived their right to the benefit).

If a member becomes totally and permanently disabled before age 65, they may be eligible for a disability benefit from the plan. If the member remains disabled at age 65, they will be paid a disability benefit for their lifetime. This replaces any termination benefits or regular pension they would otherwise receive as a plan member.

Cost-of-living adjustments

To keep pace with inflation, the plan may provide an annual cost-of-living adjustment (COLA) to pensions in pay. COLAs are granted at the discretion of the board.

COLAs are **not guaranteed**. COLAs depend on the availability of funds in the plan's Inflation Adjustment Account (IAA). In some years, the board may cap COLAs to a certain rate. The board has granted full COLAs in all but two of the last 24 years.

Once a COLA is granted by the board, it becomes part of a retired member's lifetime pension. If a retired member is receiving a temporary annuity or bridge benefit, the COLA is applied to those benefits as well. When the bridge benefit or temporary annuity ends, the COLA on those benefits also ends.

The COLA is based on the change in the 12-month average Canadian consumer price index from one year to the next. Each year, the average from November to October is compared with the 12-month period that came before it. The percentage difference between the two 12-month periods is used to calculate the COLA.

Learn more about the plan's approach to COLAs at **college.pensionsbc.ca/adjusting-for-inflation**.

COLA HISTORY, 2004–2024

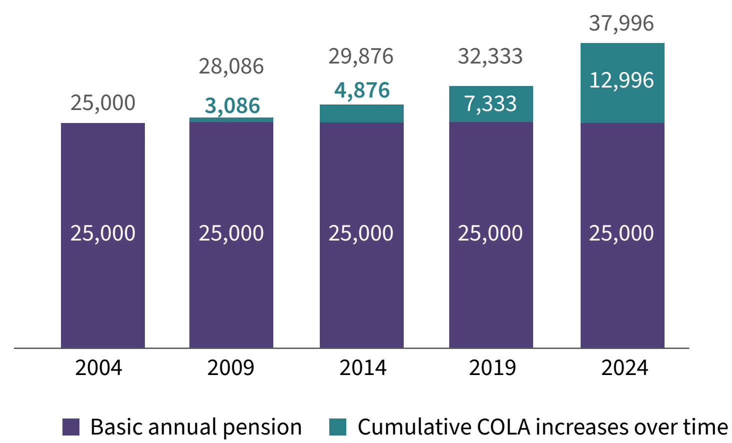
YEAR	INCREASE
2024	4.4
2023	6.5
2022	2.7
2021	1.0
2020	1.9
2019	2.07*
2018	1.5
2017	1.4
2016	1.2
2015	1.8
2014	0.9
2013	1.8
2012	1.83*
2011	1.7
2010	0.0**
2009	3.4
2008	2.5
2007	0.7
2006	3.4
2005	1.8
2004	2.2

* A COLA cap was applied in 2012 and 2019.

** In 2009, the 12-month average of the Canadian consumer price index dropped by 0.9 per cent. No COLA was granted in 2010. The board did not decrease pension payments.

COLA: CUMULATIVE GROWTH TO A BASIC PENSION OF $25,000 OVER 20 YEARS

Five-year increments



This graph illustrates how COLAs help pensions keep up with rising inflation over time. If a member started a pension of $25,000 in 2004, their pension would be $37,996 in 2024, thanks to annual COLAs.

Service purchases

If a member goes on leave, they may be eligible to purchase service. This can increase their future pension by paying for periods of employment that are not already counted as service with the plan.

Examples include:

- Leaves of absence (such as parental leave, compassionate care leave, critical illness or injury). Note that leave types recognized by the *Employment Standards Act* are cost shared with employers.
- Buying arrears for a period when the member was eligible to make contributions to the plan but the employer did not deduct them.
- Times when a member worked less than their full assignment, known as periods of reduced pay.

When employment ends

Members who terminate their employment before retirement age have several options, depending on their circumstances:

- Defer their pension and apply for it later
- Transfer the commuted value of their pension to a locked-in retirement vehicle
- Apply for a monthly pension (if they have reached their earliest retirement age)
- Transfer their pensionable and contributory service to another public sector pension plan (if the other plan has an agreement with the College Pension Plan)

Optional extended health care and dental coverage

While not guaranteed, retired plan members have access to unsubsidized extended health care and dental coverage. This coverage provides access to competitive group rates and covers some costs of medical treatment beyond what's provided by provincial health care plans.

Learn more about plan design at **college.pensionsbc.ca/your-pension**.

"The best part of my pension is knowing that I have a safe and secure income month to month. And it helps me do the activities I want in my retirement."

Warren Fox, retired plan member

Membership

The plan continues to grow: 2,083 new members joined the plan in 2024. The number of retired members also grew in 2024, with 572 members starting their pensions.

Purposeful growth accomplishes two things:

- It creates opportunities for more people to enrol, adding the power of a defined benefit pension plan to their retirement strategies.
- It supports better retirement outcomes for all current and future members.

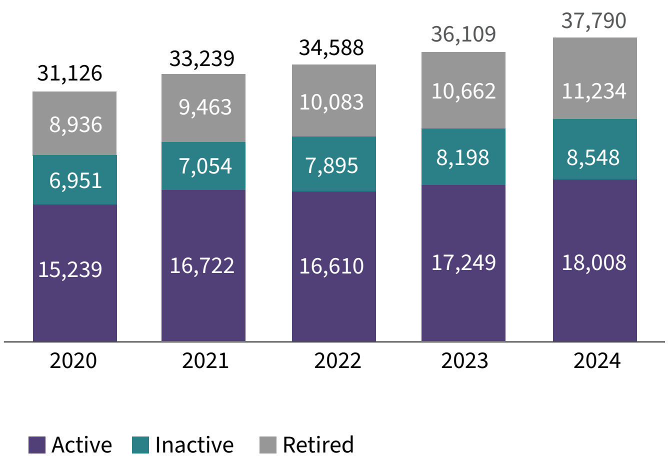
The steady growth in the number of retired members is a testament to the fact that the plan is working and doing what it is designed to do: **provide retirement security to members.**

University of the Fraser Valley

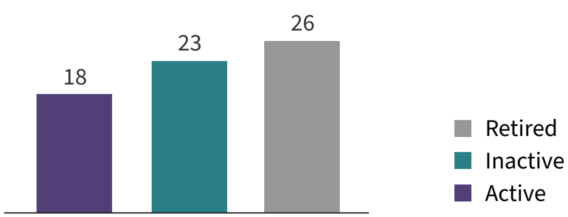
Member types

Active members are those currently contributing to the plan, on an approved leave of absence or receiving benefits from an employer's approved long-term disability plan. **Inactive members** are those who have terminated employment but remain entitled to benefits from the plan. **Retired members** are those currently receiving a pension, including a survivor pension or disability benefit.

NUMBER OF MEMBERS
as at August 31

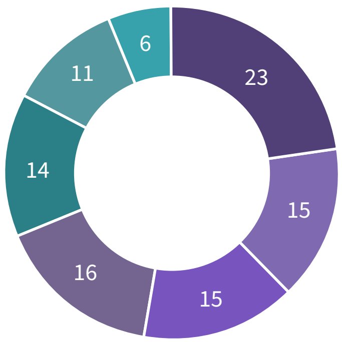


CHANGE IN MEMBERSHIP (%)
August 31, 2020 to August 31, 2024



ACTIVE MEMBERS BY AGE (%)

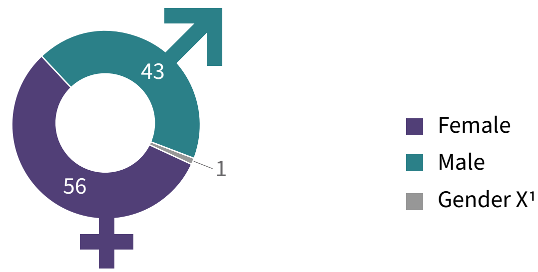
as at August 31, 2024



< 40 years	4,202
40 < 45 years	2,692
45 < 50 years	2,761
50 < 55 years	2,852
55 < 60 years	2,555
60 < 65 years	1,985
≥ 65 years	961

ACTIVE MEMBERS BY GENDER (%)

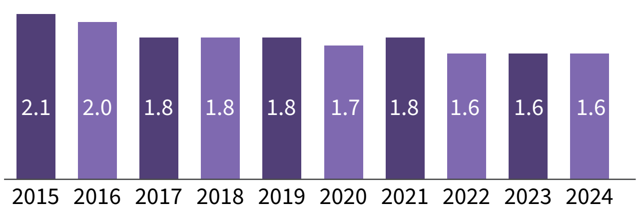
as at August 31, 2024



1 Members who would like to identify as gender X should tell their employer, who will pass this information on to the plan.

RATIO OF ACTIVE TO RETIRED MEMBERS

as at August 31



RETIRED PENSION PROFILE[1]

as at August 31, 2024

Member years of service	Number of retired members – Age at retirement: < 55[2]	55 < 60	60 < 65	≥ 65	Total	Average annual pension[3,4]	Median annual pension[3,5]	Average lifetime annual pension[4,6]	Median lifetime annual pension[5,6]
< 10	48	956	1,582	1,558	**4,144**	$ 6,264	$ 4,160	$ 5,941	$ 3,978
10 < 15	22	496	602	420	**1,540**	21,306	20,653	20,836	20,146
15 < 20	22	490	630	443	**1,585**	31,093	30,212	30,203	29,498
20 < 25	14	388	544	405	**1,351**	40,497	39,627	39,800	39,047
25 < 30	10	333	470	285	**1,098**	50,082	48,007	49,379	47,445
30 < 35	3	123	290	192	**608**	59,619	57,231	59,018	56,798
≥ 35	–	28	76	106	**210**	73,633	68,521	73,307	68,203
Total/Average	**119**	**2,814**	**4,194**	**3,409**	**10,536**	**$25,547**	**$21,465**	**$25,014**	**$21,016**

	Average years of service[7]: < 55	55 < 60	60 < 65	≥ 65	Total
Male	10	16	15	14	15
Female	14	14	14	13	14
Average	**13**	**15**	**15**	**13**	**14**
Average age at retirement					**62**

1 Does not include pensions issued to continuing beneficiaries and post-retirement limited members.
2 Relates to limited member and survivor pensions.
3 Includes bridge benefits and temporary annuities.
4 Total pensions divided by total pension recipients.
5 Half of the pensions are less than this amount and half of the pensions are greater than this amount.
6 The lifetime pension does not include bridge benefits or temporary annuities that end at age 65.
7 Gender X has been redacted to prevent member reidentification.

NEW PENSION PROFILE

for the year ended August 31, 2024

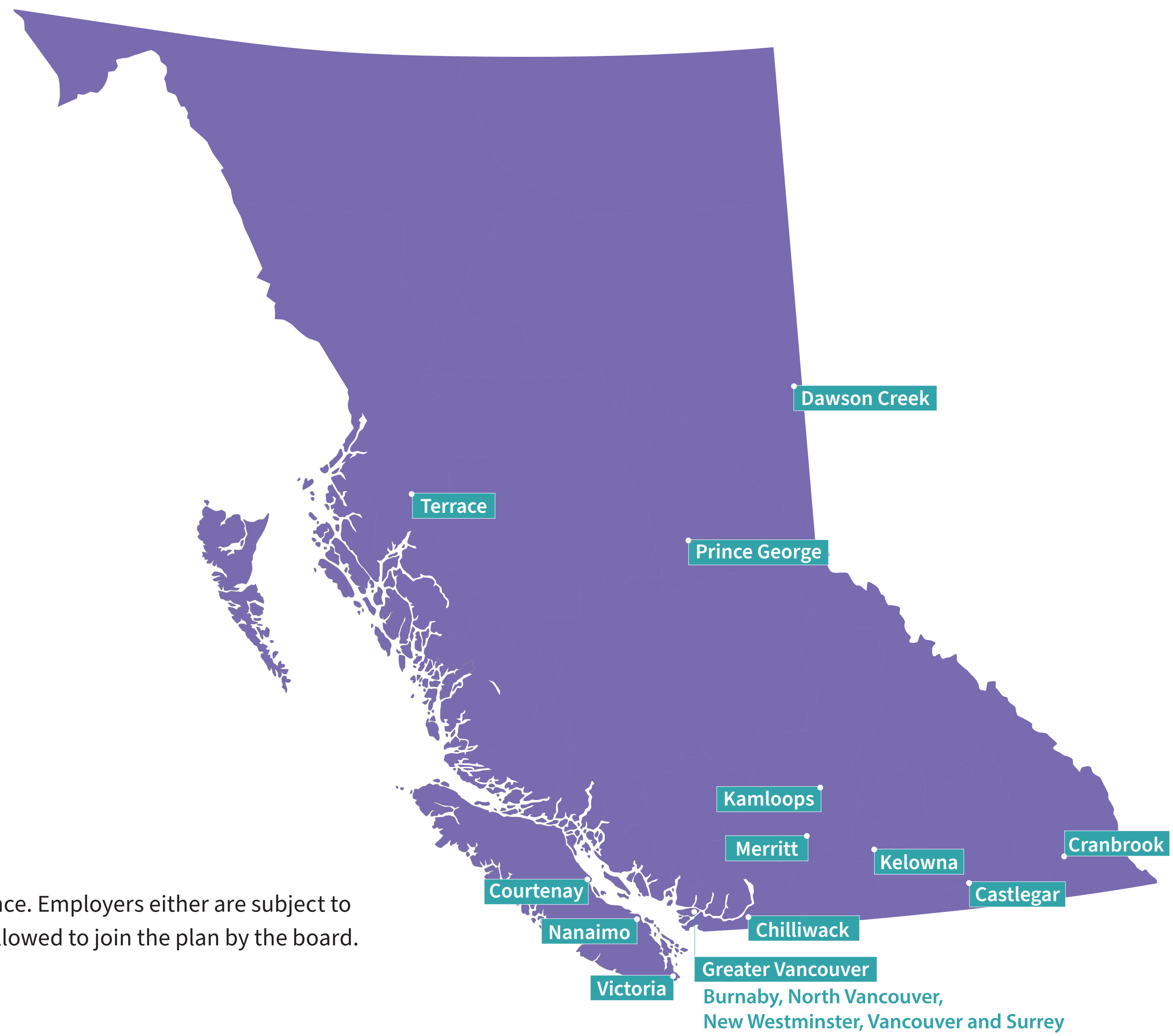
Member years of service	Number of new retired members – Age at retirement: < 55[1]	55 < 60	60 < 65	≥ 65	Total	Average annual salary base	Average annual pension[2,3]	Median annual pension[2,4]	Average lifetime annual pension[3,5]	Median lifetime annual pension[4,5]
< 10	4	57	119	204	**384**	$ 93,601	$ 6,139	$ 3,589	$ 5,183	$ 3,051
10 < 15	–	16	32	35	**83**	105,296	23,517	22,505	21,960	21,195
15 < 20	–	24	21	42	**87**	105,055	33,178	31,910	30,243	29,215
20 < 25	1	8	14	37	**60**	110,557	44,480	41,887	42,556	39,833
25 < 30	1	9	14	22	**46**	116,060	55,300	49,209	52,278	47,294
30 < 35	–	3	9	12	**24**	109,884	62,004	58,358	59,068	57,773
≥ 35	–	–	3	5	**8**	116,328	69,805	70,701	67,761	65,509
Total/Average	**6**	**117**	**212**	**357**	**692**	**$100,225**	**$20,974**	**$14,094**	**$19,391**	**$11,949**

	Average years of service: < 55	55 < 60	60 < 65	≥ 65	Total
Male	6	11	10	10	10
Female	11	12	11	11	11
Average	**10**	**11**	**11**	**11**	**11**
Average age at retirement					**64**

1 Relates to limited member and survivor pensions.
2 Includes bridge benefits and temporary annuities.
3 Total new pensions divided by total new pension recipients.
4 Half of new pensions are less than this amount and half of new pensions are greater than this amount.
5 The lifetime pension does not include bridge benefits or temporary annuities that end at age 65.

"I take pride in my work and I do better work knowing that my job is taking care of future me."

Amber Gallant, plan member



Employers

The plan has 24 employers across the province. Employers either are subject to BC's *College and Institute Act* or have been allowed to join the plan by the board.

PARTICIPATING EMPLOYERS

as at August 31, 2024

Employer	Location	Effective date	Website
British Columbia Institute of Technology	Burnaby	January 12, 1978	bcit.ca
Camosun College	Victoria	June 1, 1971	camosun.ca
Capilano University	North Vancouver	September 1, 1968	capilanou.ca
Coast Mountain College	Terrace	September 1, 1975	coastmountaincollege.ca
College of New Caledonia	Prince George	September 1, 1968	cnc.bc.ca
College of the Rockies	Cranbrook	May 8, 1975	cotr.bc.ca
Douglas College	New Westminster	April 1, 1970	douglascollege.ca
Emily Carr University of Art + Design	Vancouver	January 19, 1978	ecuad.ca
Justice Institute of British Columbia	New Westminster	April 27, 1978	jibc.ca
Knowledge Network Corporation	Burnaby	June 1, 1976	knowledge.ca
Kwantlen Polytechnic University	Surrey	July 1, 1981	kpu.ca
Langara College	Vancouver	April 1, 1994	langara.ca
Lester B. Pearson United World College of the Pacific	Victoria	January 31, 1974	pearsoncollege.ca
Nicola Valley Institute of Technology	Merritt	September 1, 1995	nvit.ca
North Island College	Courtenay	August 1, 1975	nic.bc.ca
Northern Lights College	Dawson Creek	September 1, 1975	nlc.bc.ca
Okanagan College	Kelowna	September 1, 1968	okanagan.bc.ca
Royal Roads University	Victoria	January 1, 1998	royalroads.ca
Selkirk College	Castlegar	September 1, 1968	selkirk.ca
Simon Fraser University	Burnaby	July 1, 2021	sfu.ca
Thompson Rivers University	Kamloops	November 1, 1974	tru.ca
University of the Fraser Valley	Abbotsford	November 1, 1974	ufv.ca
Vancouver Community College	Vancouver	September 1, 1968	vcc.ca
Vancouver Island University	Nanaimo	September 1, 1968	viu.ca

How contributions work

Members and employers both contribute to the plan. Member contributions are automatically deducted from members' paycheques. Employer contributions are paid directly to the plan. Both contributions are based on a percentage of members' salaries.

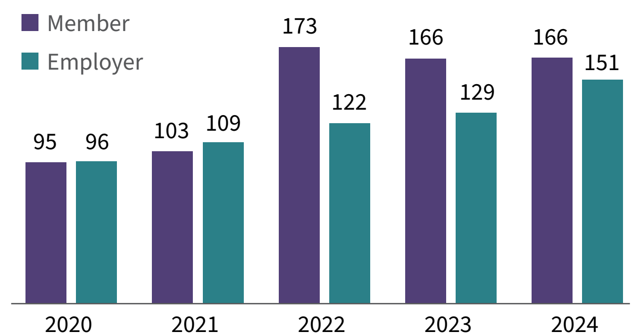
Each generation funds its pension payments in advance. When members retire, their pension will be funded by their contributions and the investment returns generated by these contributions.

CONTRIBUTION RATES AS A PERCENTAGE OF SALARIES (%)*
effective since April 1, 2019

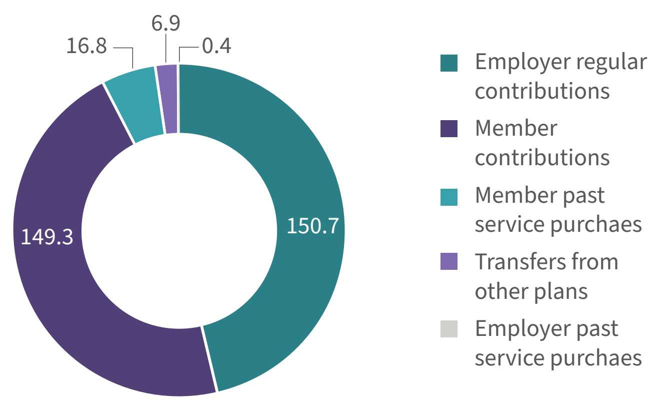
* Simon Fraser University (SFU) members contribute 11.08 per cent of salary. SFU, as the employer, contributes 11.18 per cent of salary. SFU contribution rates have been in effect since July 1, 2021.

Each generation funds its pension payments in advance.

CONTRIBUTION REVENUE ($ MILLIONS)
for the year ended August 31



CONTRIBUTION REVENUE ($ MILLIONS)
for the year ended August 31, 2024



Member contributions include past service purchases. The increases in 2022, 2023 and 2024 are due to an agreement when Simon Fraser University joined the plan in July 2021, wherein eligible employees newly enrolled in the plan, including those members on a leave of absence or long-term disability, had 18 months to buy past service.

Services and communications

The plan offers tools and information to make learning about pensions straightforward. From the moment a member joins the plan into their retirement, there are resources to guide them along the way.

Capilano University

Photo courtesy of Capilano University, retrieved from “Capilano U Murals” *article.*

Plan website

The plan website provides resources for members to better understand the plan and make informed decisions about their pension.

Members and non-members can use the plan website to report the death of a loved one, submit an entitlement claim and apply for limited member status.

The website also includes member learning resources that have been designed to make important information conveniently available to members through all stages of their career.

Learning resources include:

- *Pension basics*, an online introduction to pensions
- *Making the most of your pension*, available as an instructor-led webinar or an online course
- *Approaching retirement*, available as an instructor-led webinar or an online course

The website includes a secure portal for employers with resources to help them share information about the plan with employees. Through this portal, employers can access pension information, reporting tools, resources and training.

My Account

My Account is a secure online portal that provides self-service tools for members. It is an important part of a member's pension experience.

Through My Account, members can update their personal information, use the pension and purchase cost estimators, access service and salary summaries, update beneficiaries and apply for their pension, all online.

In My Account, members can receive digital communications, active members can upload a termination selection statement and retired members can request an income verification letter. Message Centre is a secure tool in My Account where members can view and share documents with the plan.

Members can also track the status of requests made through My Account using the status query service.

Pension communications

Active and retired members receive annual newsletters and statements with important plan information. Members can choose to receive these communications in print format or digitally.

Special bulletins are distributed as needed to active members through their employers.

Member services

The plan's administrator, BC Pension Corporation, has a contact centre that is committed to helping members understand their pension. Personalized support is available by phone and email and through Message Centre in My Account. Expert staff can assist members with navigating life events, like separation or the death of a spouse, and answer questions about retirement planning, employment transfers and more.

Members who are within one year of retirement and who have a current pension estimate can book a personal pension planning appointment. During this appointment, members receive a personalized experience that will enable them to make informed decisions about their retirement.

Employer resources

The plan offers resources and tools for employers to help share information about the plan with their employees. These include comprehensive web services resources, eLearning opportunities, forums and an *Employer Instruction Manual*.

Pension Corporation has a department dedicated to supporting and educating plan employers.

How the plan is governed

The plan has a joint trusteeship governance structure. This means plan members and employers share the responsibility of plan governance and the risks and rewards of plan sponsorship. Members can rely on the plan, because it is rooted in good governance. The joint trusteeship governance structure provides a strong foundation for the plan's past, present and future success.

Emily Carr University of Art + Design

Photo courtesy of Emily Carr University of Art + Design, retrieved from News web page.

Joint Trust Agreement

The Joint Trust Agreement (JTA) is the plan's guiding document. It outlines the responsibilities and duties of the board and provides the framework for managing the plan and the pension fund. This framework supports trustees as they guide the plan in the right direction, making decisions that serve the best interests of members.

The JTA is signed by the four plan partners:

- BC General Employees' Union (BCGEU)
- Federation of Post-Secondary Educators of BC (FPSE)
- Post-Secondary Employers' Association (PSEA)
- The provincial government

Trustees are nominated and appointed to the board by these four plan partners.

The JTA describes how trustees are appointed:

- The provincial government appoints four trustees (one nominated by PSEA).
- FPSE appoints three trustees.
- BCGEU appoints one trustee.
- The plan member partners appoint one trustee, who must be a retired member of the plan.
- The plan employer partners appoint one trustee, who must be an active member of the plan and not a member of BCGEU or FPSE.

The board appoints its own chair and vice-chair.

The board appoints two directors to the board of Pension Corporation (the plan's administrative agent) and one director to the board of BCI (the plan's investment agent).

The board is responsible for plan governance, and the JTA authorizes the board to administer the plan, subject to limitations set out in the JTA and applicable laws. The mission of the board is to provide a reliable source of retirement income by keeping the pension promise established by the four plan partners.

Trustee education activities

As a layperson board, the trustees value ongoing learning and seek educational opportunities to ensure plan members and beneficiaries are being served to the best of the board's ability.

Throughout the fiscal year, trustees participated in the customized in-house education program provided by the College, Municipal, Public Service and Teachers' pension boards of trustees. The education program is designed to support trustees from the moment they join the board through the length of their tenure. It includes a two-year foundational learning program, suggested supplemental external trainings and informal learning opportunities.

The two-year foundational program is a blend of e-learning and face-to-face opportunities. Trustees attended five in-person learning sessions over the 2023/24 fiscal year, covering orientation, an introduction to the plan and essential components of the program.

In April 2024, trustees attended the BC Public Sector Pension Conference, hosted by the College, Municipal, Public Service and Teachers' pension boards of trustees, for two days of sessions focused on a variety of topics impacting the public sector pension plans.

Board assessment

In January 2024, the board implemented updates to its tools and processes for board self-assessment. Annually, the trustees complete a board performance questionnaire; committee self-assessments; service provider evaluations for the board's post-retirement group benefits (PRGB) consultant, PRGB carrier, legal counsel and actuary; and individual trustee evaluations with the board chair. Semi-annually, surveys are provided by Pension Corporation and BCI for the board to provide feedback to its agents. These tools and processes are essential for good governance and foster confidence among plan members, agents and service providers.

The College Pension Board of Trustees. Left to right: Kerry Clarke, Geraldine Hutchings, Weldon Cowan, Diane Lianga, Cameron McRobb, Alison Woods, Curtis Morcom, Adam Molineux, Chris Burnley and Paul Ramsey.

Meet the trustees

CAMERON MCROBB | CHAIR

Appointed by British Columbia General Employees' Union (BCGEU)

Committees Benefits, governance, interplan investment

Board term 2012–current

Cameron McRobb was appointed to the board in January 2012 by BCGEU. He has almost 15 years' experience as an Okanagan College bargaining unit chair and nine years as chair of the BCGEU provincial instructors bargaining council.

Cameron is an instructor in the Motor Vehicle Trades Program at Okanagan College in Kelowna and an ASE-certified master automotive technician. He has also completed the Foundations of Trust Management Standards and Advanced Trust Management Standards programs and holds the ICD.D designation from the Institute of Corporate Directors.

ALISON WOODS | VICE-CHAIR

Appointed by Federation of Post-Secondary Educators of BC (FPSE)

Committees Benefits, governance (chair), interplan investment

Board term 2021–2024 (term ended August 31, 2024)

Alison was appointed to the board in September 2021 by FPSE. She has worked as a math instructor at Vancouver Community College since 2004.

Alison served on the FPSE Pension Advisory Committee from 2011 to 2020. While in this role, she attended the Canadian Labour Congress labour school pensions course, the SHARE pension boot camp and annual SHARE conferences.

CHRIS BURNLEY

Appointed by FPSE

Committees Benefits (chair), communications, executive forum, interplan coordination, interplan investment, governance

Board term 2023–current

Chris Burnley was appointed to the board in September 2023 by FPSE.

Chris has been a professor in the Faculty of Management at Vancouver Island University for more than 20 years.

Chris is a fellow of the Chartered Professional Accountants of British Columbia (CPABC). He has more than a decade of experience serving on boards and contributing to the effective governance of regional, provincial and national organizations. This includes serving on the board of CPABC, Vancouver Island University, the Canadian Academic Accounting Association and the CPABC Education Foundation. Chris has completed the Institute of Corporate Directors' ICD-Rotman Governance Essentials Program.

Chris is an accounting academic and the author of two leading financial accounting texts.

KERRY CLARKE

Appointed by Province of British Columbia and Post-Secondary Employers' Association (PSEA)

Committees Benefits, governance, interplan audit

Board term 2017–current

Kerry Clarke was appointed to the board in December 2017 by the provincial government and PSEA.

Kerry is Selkirk College's vice-president of college services and chief financial officer. Before his current role at Selkirk, Kerry was director of facilities and ancillary services at Northwest Community College. He has a master of business administration from Heriot-Watt University and has worked as a police officer, business owner and coroner over his career.

WELDON COWAN

Appointed by FPSE

Committees Benefits, executive forum, communications, governance, interplan coordination, interplan trustee education (chair)

Board term 2005–current

Weldon Cowan was appointed to the board in September 2005 by FPSE. He has completed the Advanced Trust Management Standards program and holds the ICD.D designation from the Institute of Corporate Directors. In addition to his role with the board, Weldon is on the BCI board of directors.

Weldon holds a bachelor of science degree with a specialization in chemistry from Concordia University and a diploma in education from McGill University. He taught French immersion science for over 15 years at the secondary level before joining FPSE.

GERALDINE HUTCHINGS

Appointed by Province of British Columbia

Committees Benefits, communications, governance

Board term 2012–current

Geraldine Hutchings was appointed to the board in March 2012 by the provincial government.

Geraldine has practised law since 1988. Before her appointment to the board, she was an executive of the Law Society of Yukon and a member and chair of both the Yukon Human Rights Commission and the Yukon Mental Health Review Board. She also worked as an adjudicator under the *Canada Labour Code*. Geraldine has completed the Advanced Trust Management Standards program.

DIANE LIANGA

Appointed by Province of British Columbia

Committees Benefits, governance (chair), interplan audit

Board term 2024–current

Diane Lianga was appointed to the board in January 2024 by the provincial government.

Diane holds designations as a chartered professional accountant and certified general accountant. She is currently the executive director of financial reporting services at the Office of the Comptroller General.

With more than 20 years' experience in the financial field, Diane is an expert in accounting principles for senior governments and the application of standards set out by the Public Sector Accounting Board.

ADAM MOLINEUX

Appointed by Province of British Columbia

Committees Benefits, governance, interplan trustee education

Board term 2023–current

Adam Molineux was appointed to the board in September 2023 by the provincial government.

Adam is the executive director of pensions at the Public Sector Employers' Council Secretariat. From 2021 to 2023, he was the director of strategic issues for the Municipal Pension Plan, and from 2015 to 2021, he was the director of policy for BC Pension Corporation.

Adam holds a law degree from the University of the Pacific (McGeorge School of Law) and a bachelor of arts (honours) from Queen's University. He has also completed the Advanced Trust Management Standards program through the International Foundation of Employee Benefit Plans and holds a certificate in pension plan administration from Humber College.

CURTIS MORCOM

Appointed by Post-Secondary Employers' Association

Committees Benefits, governance

Board term 2024–current

Curtis Morcom was appointed to the board in April 2024 by PSEA.

Curtis is the chief financial officer and vice-president, corporate services, at Okanagan College. He has worked in post-secondary administration since 2009.

Curtis has a business administration degree, a chartered professional accountant designation and a chartered director designation. His designations were delivered and issued in partnership between McMaster University and the Conference Board of Canada.

PAUL RAMSEY

Appointed by FPSE and BCGEU

Committees Benefits, communications (chair), governance, interplan investment

Board term 2016–current

Paul Ramsey was appointed to the board in September 2016 by FPSE and BCGEU. Previously, he served on the FPSE Pension Advisory Committee and as a liaison to the Association of BC College Pension Plan Retirees.

Elected a Member of the Legislative Assembly of British Columbia in 1991, Paul represented the Prince George-North Cariboo riding until 2001. During this time, he served as minister of health, minister responsible for seniors, minister of education and minister of finance and corporate relations.

Paul has a master's degree in English from Western Illinois University and completed PhD work at the University of British Columbia. He taught for over 30 years at universities and colleges in the United States and Canada. Paul retired in 2005 from the political science program at the University of Northern British Columbia, where he was a visiting professor and a scholar in residence.

"When you're 25 or 30, you don't necessarily take financial planning as seriously as you should. At that age, 40 more years of work seems like forever. I didn't fully understand the value of a secure pension back then—but I'm so grateful the College Pension Plan was working for me all along. The pension means I have the reassurance of financial security in my retirement."

Adrienne Chan, retired plan member

Committee meetings and trustee attendance

For the year ended August 31, 2024, the board met for four regularly scheduled two-day meetings and one one-day meeting. The attendance rate was 97 per cent.

For the year ended August 31, 2024, board committee meetings had an overall attendance rate of 91 per cent.

	Meetings in 2024	Average attendance
Board meetings	5	97%
Benefits committee meetings	3	93%
Communications committee meetings	3	93%
Governance committee meetings	3	85%

Trustee remuneration

The plan compensates trustees or their employers for the time trustees spend on board duties.

Trustees receive remuneration directly if they are not paid by any other organization.

Guidelines and rates are set out in the board's remuneration policy, available on the plan's website.

Under the policy, remuneration may be adjusted annually by an amount equal to the COLA made to pension payments.

REMUNERATION RATES

calendar year

	2024		2023	
	Per diem	**Quarterly retainer**	**Per diem**	**Quarterly retainer**
Chair	**$489.00**	**$2,446.00**	$468.00	$2,342.00
Vice-chair	**489.00**	**1,834.50**	468.00	1,756.50
Board member	**489.00**	**1,223.00**	468.00	1,171.00

TRUSTEE REMUNERATION

year ended August 31, 2024

Trustee	Retainer	Per diem	Total remuneration	Paid to
Cameron McRobb (chair)	—	10,345.50	10,345.50	BC General Employees' Union
	9,645.33	—	9,645.33	Cameron McRobb
Alison Woods (vice-chair)	7,234.00	12,025.50	19,259.50	Federation of Post-Secondary Educators of BC
Chris Burnley	4,822.66	8,208.00	13,030.66	Federation of Post-Secondary Educators of BC
Kerry Clarke	3,192.00	4,806.00	7,998.00	Selkirk College
	1,630.66	1,467.00	3,097.66	Kerry Clarke
Weldon Cowan	4,822.67	5,295.00	10,117.67	Federation of Post-Secondary Educators of BC
Carl Fischer	1,561.33	2,106.00	3,667.33	Province of BC
Geraldine Hutchings	4,822.67	7,443.00	12,265.67	Geraldine Hutchings
Diane Lianga	3,261.33	4,890.00	8,151.33	Ministry of Finance
Adam Molineux	4,822.66	5,997.00	10,819.66	Ministry of Finance
Curtis Morcom	2,038.33	2,689.50	4,727.83	Curtis Morcom
Paul Ramsey	4,822.67	7,963.50	12,786.17	Paul Ramsey
Marnie Wright	1,561.33	2,340.00	3,901.33	University of the Fraser Valley
Total	**$54,237.66**	**$75,576.00**	**$129,813.66**	

Plan rule updates

Camosun College

Photo courtesy of Camosun College, retrieved from Camosun College 50 years *website.*

The following are recent plan rule updates, plan amendments and legislative amendments that affect the plan rules, plan members or plan employers.

Streamlined eligibility criteria for disability benefits

Effective June 14, 2024, the plan streamlined the eligibility criteria for disability benefits. To become eligible for disability benefits, the plan now requires members to provide a single written report from a medical doctor or nurse practitioner instead of requiring medical examinations by two medical doctors. The report is then assessed by a medical professional appointed by the plan to confirm the member is totally and permanently disabled.

The plan also removed the requirement for subsequent examinations, although the plan retains the ability to stop a disability benefit if it determines the member has recovered. Other housekeeping changes were made to the plan rules to provide clarifications, but these changes do not affect member benefits.

New employee classes are allowed to join the plan

Prior to June 14, 2024, plan membership was limited to educators and senior administrative staff. Effective June 14, 2024, the plan rules were updated to allow other employee classes of new participating employers to join the plan.

Unlocked amounts can now be transferred to a registered retirement income fund

Various sections of the plan rules specify that when an unlocked amount is payable, it may be transferred to a registered retirement savings plan. Effective March 31, 2024, the plan rules were updated to also allow unlocked amounts payable from the plan to be transferred directly to a registered retirement income fund, to comply with changes to the *Pension Benefits Standards Act*.

Updated group disability plan approval criteria

Effective March 8, 2024, the group disability plan approval criteria were updated. These are the criteria by which plan employers can apply to have their long-term or short-term disability plans approved for pension purposes under the plan.

General administrative plan rule amendments

Changes were made effective December 1, 2023, to clarify plan rules and post-retirement group benefits rules. These changes have no impact on member benefits.

"Knowing that I'll be able to retire when I'm still young enough to enjoy time with my family and not have to worry about how I'll make ends meet is certainly a relief."

Andrea Durdle, plan member

10-year financial summary

10-YEAR FINANCIAL SUMMARY ($ MILLIONS)
year ended August 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Increase (decrease) in assets										
Investment income (loss)	**$ 784.9**	$ 540.4	$ (120.2)	$ 974.5	$ 438.0	$ 303.9	$ 486.8	$ 322.9	$ 272.0	$ 286.6
Contributions										
Employers	**151.1**	128.9	121.8	108.9	96.0	90.0	84.6	78.3	75.0	72.1
Members	**166.1**	165.5	173.3	103.0	95.3	89.3	83.8	78.1	74.4	71.6
Transfers from other plans	**6.9**	6.9	15.2	8.0	9.4	4.3	4.9	6.6	5.5	5.3
Total increase in assets	**1,109.0**	841.7	190.1	1,194.4	638.7	487.5	660.1	485.9	426.9	435.6
Decrease in assets										
Pension benefits	**290.8**	269.9	254.2	228.7	217.5	200.1	190.2	173.9	163.8	153.8
Transfers to other plans	**3.3**	4.2	4.3	1.7	2.4	1.3	1.1	2.2	1.7	2.3
Investment and administration costs[1]	**23.6**	21.8	19.5	15.3	15.3	13.5	15.5	12.4	12.8	11.3
Total decrease in assets	**317.7**	295.9	278.0	245.7	235.2	214.9	206.8	188.5	178.3	167.4
Increase (decrease) in net assets	**791.3**	545.8	(87.9)	948.7	403.5	272.6	453.3	297.4	248.6	268.2
Net assets available for benefits at beginning of year	**7,153.7**	6,607.9	6,695.8	5,747.1	5,343.6	5,071.0	4,617.7	4,320.3	4,071.7	3,803.5
Net assets available for benefits at end of year	**$7,945.0**	$7,153.7	$6,607.9	$6,695.8	$5,747.1	$5,343.6	$5,071.0	$4617.7	$4,320.3	$4,071.7
Investment and administration costs[1] as a percentage of net assets										
Investment management:										
Indirect costs[1]	**0.17%**	0.16%	0.22%	0.13%	0.18%	0.15%	0.10%	0.09%	0.05%	0.04%
Direct costs	**0.23%**	0.23%	0.20%	0.19%	0.20%	0.17%	0.23%	0.18%	0.20%	0.19%
	0.40%	0.39%	0.42%	0.32%	0.38%	0.32%	0.33%	0.27%	0.25%	0.23%
Benefits administration	**0.09%**	0.09%	0.08%	0.08%	0.08%	0.09%	0.09%	0.09%	0.10%	0.09%

1 Unallocated and external investment management costs of $13.1 million (2023—$11.4 million; 2022—$14.7 million; 2021—$8.4 million; 2020—$10.1 million; 2019—$7.7 million; 2018—$4.7 million; 2017—$4.0 million; 2016—$2.1 million; 2015—$1.8 million) reduce investment income and are not included in investment and administration costs. They are included in investment management costs as a percentage of net assets.

ACTUARIAL VALUATION RESULTS

Actuarial valuation as at August 31	2021	2018	2015	2012
Funded status	**103.2%**	106.1%	101.6%	97.1%
Actuarial surplus (unfunded liability)	**201.7**	303.2	67.0	(105.4)
Discount rate	**6.00%**	6.25%	6.25%	6.50%

Financial statements

Coast Mountain College

Photo courtesy of Coast Mountain College, retrieved from the Careers *web page.*

BC PENSION CORPORATION

February 14, 2025

Re: College Pension Plan

Administrative agent's responsibility for financial reporting

The financial statements of the College Pension Plan were prepared by British Columbia Pension Corporation, the administrative agent for the College Pension Board of Trustees in accordance with Canadian accounting standards for pension plans. The board is responsible for approving the plan's financial statements. The board is assisted by the Interplan Audit Committee, which is made up of representatives from the College, Municipal, Public Service and Teachers' pension boards of trustees. As part of its responsibility, the Committee reviews the financial statements, and performs steps and procedures as necessary, prior to recommending them to the board for approval.

Pension Corporation prepares the financial statements and is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting policies consistent with Canadian accounting standards for pension plans. In discharging its responsibility, Pension Corporation maintains a system of internal controls designed to provide reasonable assurance that transactions are properly authorized, reliable financial records are maintained and assets are adequately safeguarded, ensuring the fair presentation of the financial statements. Pension Corporation has assessed that the plan will continue as a going concern and ensured that other financial information contained in the *College Pension Plan Annual Report* is consistent with these financial statements.

The board appointed KPMG LLP as the independent auditor to the plan. The role of the auditor is to perform an independent audit of the financial statements of the plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the independent auditor's report attached to these financial statements.

Trevor Fedyna, CPA, CGA, C. Dir.

Vice-president, Strategy, Insights
and chief financial officer
British Columbia Pension Corporation

Allan Chen, CPA, CA

Controller, Financial Services
British Columbia Pension Corporation

Executive Offices

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Vancouver BC V7Y 1K3
Canada
Telephone 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Members of the College Pension Plan

Opinion

We have audited the financial statements of the College Pension Plan (the "Plan"), which comprise:

- the statement of financial position as at August 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at August 31, 2024, and its changes in net assets available for benefits and its changes in accrued pension 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.

College Pension Plan
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Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the 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 annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

KPMG

College Pension Plan
Page 3

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

We also:

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
February 14, 2025

COLLEGE PENSION PLAN

Statement of financial position

($ millions)

As at August 31	Note		2024		2023
Assets					
Investments	3a	$	**7,939.5**	$	7,153.4
Directly held derivatives	3b		**20.6**		22.8
Contributions receivable			**9.7**		10.9
Prepaid expenses			**0.6**		0.5
Interest and dividends receivable			**0.2**		0.8
Cash			**0.1**		0.6
Receivable for sale of investments			-		13.0
Total assets			**7,970.7**		**7,202.0**
Liabilities					
Directly held derivatives	3b		**19.2**		23.6
Accounts payable and accrued expenses			**3.5**		7.9
Taxes payable			**3.0**		2.7
Payable for purchase of investments			-		14.1
Total liabilities			**25.7**		**48.3**
Net assets available for benefits		**$**	**7,945.0**	**$**	**7,153.7**
Accrued pension obligations					
Accrued basic pension obligations	4a	$	**5,615.6**	$	5,199.7
Non-guaranteed pension obligations	4b		**1,597.6**		1,478.8
Accrued pension obligations			**7,213.2**		**6,678.5**
Surplus					
Funding surplus	5a		**236.2**		235.3
Measurement differences between funding and accounting positions	5a		**495.6**		239.9
Surplus			**731.8**		**475.2**
Accrued pension obligations and surplus		**$**	**7,945.0**	**$**	**7,153.7**

All accompanying notes are an integral part of the financial statements including: Commitments (note 14)

Approved by the College Pension Board of Trustees:

Weldon Cowan, Chair
College Pension Board of Trustees

Kerry Clarke, Trustee
College Pension Board of Trustees

COLLEGE PENSION PLAN

Statement of changes in net assets available for benefits

($ millions)

For the year ended August 31	Note	Basic account	Inflation adjustment account	Supplemental benefits account	2024	2023
Increase in assets						
Investment income	8	$ 656.8	$ 128.1	$ -	$ **784.9**	$ 540.4
Contributions						
Member	9	134.9	30.8	0.4	**166.1**	165.5
Employer	9	123.0	27.1	1.0	**151.1**	128.9
		257.9	57.9	1.4	**317.2**	**294.4**
Transfers from other plans		5.7	1.2	-	**6.9**	6.9
Total increase in assets		920.4	187.2	1.4	**1,109.0**	**841.7**
Decrease in assets						
Benefits	10	286.4	3.0	1.4	**290.8**	269.9
Transfers to other plans		2.7	0.6	-	**3.3**	4.2
Investment and administration costs	12	20.7	2.9	-	**23.6**	21.8
Total decrease in assets		309.8	6.5	1.4	**317.7**	**295.9**
Increase in net assets before transfers		610.6	180.7	-	**791.3**	545.8
Account transfers	13	61.9	(61.9)	-	-	-
Increase in net assets		**672.5**	**118.8**	-	**791.3**	**545.8**
Net assets available for benefits at beginning of year		5,674.9	1,478.8	-	**7,153.7**	6,607.9
Net assets available for benefits at end of year		**$ 6,347.4**	**$ 1,597.6**	**$ -**	**$ 7,945.0**	**$ 7,153.7**

The accompanying notes are an integral part of the financial statements.

COLLEGE PENSION PLAN

Statement of changes in accrued pension obligations

($ millions)

For the year ended August 31	Note	2024	2023
Increase in accrued pension obligations			
Interest on accrued pension obligations		$ **316.2**	$ 291.8
Benefits accrued		**272.4**	251.8
Account transfers		**124.1**	168.5
Increase in accrued pension obligations		**712.7**	712.1
Decrease in accrued pension obligations			
Benefits paid		**296.8**	275.8
Decrease in accrued pension obligations		**296.8**	275.8
Net increase in accrued pension obligations		**415.9**	436.3
Accrued basic pension obligations at beginning of year		**5,199.7**	4,763.4
Accrued basic pension obligations at end of year	4a	**5,615.6**	5,199.7
Non-guaranteed pension obligations			
Increase in non-guaranteed pension obligations	4b	**118.8**	1.1
Non-guaranteed pension obligations, beginning of year	4b	**1,478.8**	1,477.7
Non-guaranteed pension obligations at end of year	4b	**1,597.6**	1,478.8
Total accrued pension obligations		$ **7,213.2**	$ **6,678.5**

The accompanying notes are an integral part of the financial statements.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE COLLEGE PENSION PLAN

The following description of the College Pension Plan (Plan) is a summary provided for general information only. For more information, please refer to the Joint Trust Agreement (Agreement) and the College Pension Plan Rules (plan rules).

a) General

The Plan is a jointly trusteed pension plan continued under a joint trust agreement authorized by the *Public Sector Pension Plans Act*, SBC 1999, c. 44 (Act). The Act enabled the establishment of the Agreement. Joint trusteeship was established effective April 1, 2000. The partners to the Agreement are the Province of British Columbia, the Post-Secondary Employers' Association, the Federation of Post-Secondary Educators of BC and the British Columbia General Employees' Union (Partners). The Agreement describes the composition, appointment, powers, functions and duties of the College Pension Board of Trustees (Board) and provides the authority for the Board to make the plan rules.

The Plan is registered with the Superintendent of Pensions, who administers and enforces the *Pension Benefits Standards Act* (PBSA). The PBSA governs employment pension plans registered in British Columbia that have active, inactive and retired members.

The Plan generally covers senior administrative employees and employees who provide educational services to students of participating British Columbia colleges, universities and institutes. Effective June 14, 2024, the plan rules were amended to extend eligibility for participation to all employee classes of a new participating employer. Most full-time and some part-time employees are required to participate; certain part-time staff may do so voluntarily.

b) Roles and responsibilities

Partners

The Partners representing the Plan members and employers are responsible for appointing 10 trustees to the Board. If certain conditions are met, Partners may direct the Board to make amendments to the plan rules.

Board

The Board is responsible for the management of the Plan, including the investment of assets and administration of the Plan. The Board may amend the plan rules as long as changes can be funded by the Plan's surpluses or are cost neutral to the Plan. Unless required to ensure compliance with regulatory enactments applicable to the Plan, only the Partners can initiate plan rule changes that result in contribution rate increases. The Agreement allows the Board to either appoint a chair from among the 10 trustees or appoint a person not appointed by the Partners. The vice-chair is appointed by the other trustees, from among the 10 trustees.

British Columbia Pension Corporation (Pension Corporation)

Pension Corporation provides benefit administration services as an agent of the Board. The Board appoints two members to the eight-member board of directors of Pension Corporation.

British Columbia Investment Management Corporation (BCI)

BCI provides investment management services, including the valuation of investments, as an agent of the Board. The Board appoints one member to the seven-member board of directors of BCI.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE COLLEGE PENSION PLAN (CONTINUED)

c) Funding

Contributions and investment earnings fund plan benefits. Contributions are made by active members and employers of the Plan. The determination of the value of the benefits and required contributions is based on a triennial actuarial valuation for funding purposes.

The Board's funding policy is intended to secure the pension benefit obligation and achieve long-term stability in contribution rates for both employers and members.

d) Contributions

The following member and employer contribution rates apply to the majority of members, excluding Simon Fraser University (SFU), which joined the Plan effective July 2021. As per its entry agreement, SFU paid a one-time lump sum of $5 million and is required to pay higher contribution rates for the next 20 years to fully fund its benefits.

Basic Account

Members contribute 8.39% (SFU: 9.03%) of salaries, and employers contribute 8.49% (SFU: 9.13%) of salaries, less amounts allocated to the Supplemental Benefits Account (SBA).

Inflation Adjustment Account

Members and employers each contribute 1.85% (SFU: 2.05%) of salaries to the Inflation Adjustment Account (IAA), less amounts allocated to the SBA.

e) Pension benefits

All members are eligible for a pension benefit.

Members are eligible for unreduced pension benefits

- at age 65;
- at age 55 or older, with at least 35 years of contributory service.

Other retiring members have a reduction factor applied to their pensions.

For service after December 31, 2015, the Plan provides a defined basic benefit of 2% of pensionable earnings for each year of pensionable service. Pensionable earnings are based on the member's five-year highest average salary (HAS). The early retirement reduction applicable for service accrued after this date will be 3% for each year a member is below age 65. This applies to all members except those who have reached age 55 and completed at least 35 years of contributory service.

For service up to December 31, 2015, the defined basic plan benefit is integrated with the Canada Pension Plan. The Plan provides a benefit of 1.7% of pensionable earnings up to the year's maximum pensionable earnings (YMPE) and 2% of pensionable earnings over the YMPE for each year of pensionable service. The early retirement reduction applied, for members who are under age 60 with two or more years of contributory service, is either 3% or 5% for each year a member is below age 60, depending on certain criteria. For members with less than two years of contributory service, the reduction is 5% for each year a member is below age 65.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE COLLEGE PENSION PLAN (CONTINUED)

e) Pension benefits (continued)

Also for service up to December 31, 2015, the Plan provides a bridge benefit payable to age 65 (or the date of death, if earlier). The bridge benefit is 0.3% of the lesser of YMPE or HAS for each year of pensionable service.

Increases to pension payments related to cost-of-living adjustments are not guaranteed but may be provided each January 1 in accordance with the cost-of-living adjustment provisions of the plan rules.

Generally, these cost-of-living adjustments cannot exceed the lesser of the maximum sustainable indexing rate, as recommended by the actuary, and the increase in the average in the Canada consumer price index (CPI) for the 12 months ending the previous October 31 over the highest average CPI for any previous 12-month period ending October 31. However, the Board maintains discretion to grant cost-of-living adjustments over the maximum sustainable indexing rate but not exceeding the CPI as described above. The cost-of-living adjustments are subject to availability of funds in the IAA.

The Board annually considers all relevant factors and its IAA funding policy to determine the amount of the cost-of-living adjustment, if any.

f) Termination and portability benefit

Terminating members who have not yet reached the earliest retirement age may choose

- a deferred pension, or
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in retirement vehicle or similar tax-deferred plan.

Terminating members may also choose to leave their benefit on deposit in anticipation of future re-employment with a plan employer.

Where there are portability arrangements between the Plan and other pension plans, members may be able to transfer service to another pension plan.

g) Other benefits

Disability and survivor benefits are also available under the Plan. A disability benefit is available to a member under age 65 who has terminated employment, becomes totally and permanently disabled as defined by the Plan, has at least two years of contributory service, is not eligible to receive benefits from an approved long-term group disability plan and meets other eligibility requirements.

The disability benefit is calculated using a member's years of pensionable service to the date of termination of employment and HAS. Disability benefits continue for the member's lifetime unless the member is no longer totally and permanently disabled before age 65 or returns to work.

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of an active member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

Supplemental benefits are funded from the SBA.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

1. DESCRIPTION OF THE COLLEGE PENSION PLAN (CONTINUED)

h) Tax registration

The Plan is a registered pension plan (RPP) as defined in the *Income Tax Act* (Canada) (registration number 0361899), except for any supplemental benefits, which are funded in addition to the RPP. The Plan is not subject to income tax but is subject to indirect taxes, including British Columbia provincial sales tax (PST) and Canadian federal goods and services tax (GST). The Plan receives a 33% rebate of the GST paid.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared on the going-concern basis in accordance with Canadian accounting standards for pension plans, Part IV of the *Chartered Professional Accountants of Canada Handbook* (CPA Canada Handbook), and present the Plan as a separate financial reporting entity, independent of the Plan's contributing employers and members, and independent of any associated retired member group benefit plans.

Accounting standards for private enterprises in Part II of the CPA Canada Handbook have been chosen for accounting policies that do not relate to the Plan's investment portfolio or accrued pension obligations.

b) Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment purchases and sales are recorded on the trade date (the date on which the substantial risks and rewards of ownership have been transferred).

c) Accrued pension obligations

Accrued pension obligations are determined based on an actuarial valuation prepared by an independent actuarial consulting firm. The Plan actuary is Eckler Ltd. The valuation of accrued pension obligations is based on data extrapolated to the financial statement date. The valuation uses the projected benefit method pro-rated on service that incorporates the independent actuary's estimate of various economic and demographic assumptions. These assumptions are the same as those used in the determination of the actuarial position of the Plan for funding purposes.

d) Investment income

Income from investments is recorded on an accrual basis and represents pooled investment portfolio income attributable to the Plan as a unit holder and income from directly held investments. The change in fair value includes realized and unrealized gains and losses that are included in investment income.

Within the pools, dividends are accrued on the ex-dividend date, and interest is recognized on an accrual basis. Gains and losses on derivative contracts are recognized concurrently with changes in their fair values.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rates on the year-end date. Income and expenses are translated into Canadian dollars at the prevailing exchange rates on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included within the current period change in fair value in investment income.

f) Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for pension plans, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increases and decreases in assets and liabilities during the period. Significant areas requiring the use of management estimates relate to the valuation of investments based on unobservable inputs, as further described in note 7, and the calculation of the accrued pension obligations of the Basic Account for accounting and funding purposes, as further described in notes 4 and 5. Actual results could differ materially from these estimates.

3. INVESTMENTS

a) Investments

	2024		2023	
	Fair value	**Cost**	Fair value	Cost
Short-term	**$ 131.9**	**$ 129.3**	$ 201.5	$ 197.7
Bonds	**2,037.9**	**2,208.2**	1,817.0	2,081.6
Repurchase agreements	**(778.9)**	**(771.7)**	(712.2)	(707.1)
	1,259.0	**1,436.5**	1,104.8	1,374.5
Canadian equities	**245.0**	**226.3**	214.3	216.8
Global equities	**1,791.6**	**1,529.9**	1,377.9	1,244.2
Emerging markets equities	**484.4**	**442.1**	488.5	498.2
Mortgages	**308.2**	**294.4**	226.3	219.8
Real estate	**1,222.4**	**1,123.9**	1,193.1	1,035.8
Private debt	**465.8**	**408.9**	409.8	388.9
Private equity	**1,100.7**	**906.0**	1,086.7	895.0
Infrastructure and renewable resources	**930.5**	**899.2**	850.5	787.9
	$ 7,939.5	**$ 7,396.5**	$ 7,153.4	$ 6,858.8

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate share in the value of the net assets of the pooled investment fund. The Basic Account and IAA are combined for investment management purposes.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

a) Investments (continued)

One or more pooled investment portfolios exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt; private equity; and infrastructure and renewable resources. While the purpose of each fund is to invest in a particular type of investment, at any time, given the timing of trading activities, the fund may hold a certain amount of cash, short-term investments, accrued interest income and net accounts receivable or payable from outstanding sales and purchases of investments.

Short-term investments consist of Canadian and U.S. money market securities such as treasury bills, with maturities of 15 months or less, and short-term bonds with one- to five-year terms. Short-term investments are valued using current market yields.

Bonds consist of government bonds, investment grade and non-investment grade corporate bonds, repurchase agreements, and debentures. Bonds are valued based on current market yields and, in some cases, quoted market prices. Bonds include the use of repurchase agreements to borrow money to create leverage to purchase other bonds and enhance yields through a leverage bond fund strategy. Funds are also borrowed from the issuance of bonds to create leverage. These funds are unsecured debt. Unsecured debt of $129 million (2023: $nil) are included in repurchase agreements category.

Equities consist primarily of publicly traded shares and are valued based on quoted market prices on the primary exchanges on which they are traded.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. The mortgages are secured by real estate and valued using current market yields.

Real estate investments consist mainly of diversified Canadian and U.S. income-producing properties. Real estate investments are valued quarterly by external investment managers and, at least once every 10 to 18 months, by accredited independent appraisers to establish current market values.

Private debt consists of private debt instruments and private debt investee funds and is valued using discounted cash flows on current market yields and comparable securities, as applicable.

Private equity consists mainly of equity investments made outside the structure of public markets. Private equity investments are valued either quarterly or annually based on audited financial statements from external investment managers using a market-based approach.

Infrastructure and renewable resources consist of privately owned and managed infrastructure assets, as well as timber, agriculture and other renewable assets. Infrastructure and renewable resources investments are valued annually using a market-based approach or net asset value method.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives

Derivative contracts are directly and indirectly held by the Plan. The details of these contracts are as follows:

Fair value of derivative contracts	2024		2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Directly held				
Foreign currency forwards	$ 20.6	$ (19.2)	$ 22.8	$ (23.6)
	20.6	(19.2)	22.8	(23.6)
Indirectly held in pooled investment portfolios				
Foreign currency forwards	12.9	(1.9)	1.3	(8.9)
Cross currency swaps	0.1	(0.1)	-	-
Options	1.1	(0.9)	0.4	(0.3)
Interest rate swaps	6.4	(4.9)	10.9	(0.3)
Total return swaps	26.5	(13.0)	25.6	(3.9)
	47.0	(20.8)	38.2	(13.4)
Total derivatives	$ 67.6	$ (40.0)	$ 61.0	$ (37.0)
Derivatives by investment asset classification				
Short-term	$ -	$ (0.3)	$ -	$ -
Bonds	13.6	(0.3)	0.6	(4.3)
Canadian equities	1.4	(0.3)	0.9	(0.1)
Global equities	25.9	(15.9)	32.8	(3.6)
Emerging markets equities	2.4	(2.6)	2.9	(1.4)
Mortgages	2.2	(0.9)	0.3	(1.0)
Real estate	8.8	(9.3)	3.5	(9.0)
Private debt	3.7	(1.4)	0.6	(4.2)
Infrastructure and renewable resources	9.6	(9.0)	19.4	(13.4)
Total derivatives	$ 67.6	$ (40.0)	$ 61.0	$ (37.0)

Derivative contracts consist of foreign currency forward contracts, cross currency swaps, options, interest rate swaps and total return swaps held directly by the Plan or indirectly through various pooled investment portfolios. Directly held and indirectly held derivative contracts are reflected at fair value based on expected settlement amounts at the date of the Statement of Financial Position. Directly held derivatives are disclosed on the face of the Statement of Financial Position while indirectly held derivatives are included in investments.

A foreign currency forward contract is a privately negotiated contractual obligation to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Foreign currency forward contracts are held to manage exposure to foreign currency risk.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Cross currency swaps are agreements that involve the exchange of principal and interest payments in one currency for equivalent amounts in another currency. Cross currency swaps are used to hedge against fluctuations in exchange rates in relation to future amounts that are receivable in foreign currencies. Cross currency swaps are held to manage exposure to foreign currency risk.

Options are contracts that give the buyer the right, but not the obligation, to buy or sell a certain security or index at an agreed-upon price on or before a specified date. Options are held for synthetic indexing, a modern technique used to replicate the performance of a security or index without directly purchasing or selling the underlying assets, and for risk control.

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating interest rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally better interest rate than would have been possible without the swap.

A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, including both the income it generates and any capital gains. In total return swaps, the underlying asset (referred to as the reference asset) is usually an equity index or basket of equity securities. Interest rate swaps and total return swaps are held indirectly through various pooled investment portfolios for synthetic indexing purposes.

Derivative transactions are supported with collateral to mitigate counterparty credit risk. A single net fair value amount is used to determine the value of collateral with each counterparty. Collateral approximately equal to the positive fair value of each derivative contract has been provided by counterparties, and collateral approximately equal to the negative fair value of each derivative contract has been delivered to counterparties. Acceptable forms of collateral are Canadian federal or provincial bonds, and U.S. federal government treasury bills and bonds.

The notional value of derivatives is the total value of a position, how much value a position controls, or an agreed-upon amount in a contract.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Absolute notional value of the Canadian denominated portion of derivatives is disclosed in the table below.

Notional value of derivatives				2024	2023
Term to maturity	Within 1 year	1 to 5 years	Over 5 years	Total	Total
Directly held					
Foreign currency forwards	$ 2,744.4	$ -	$ -	$ 2,744.4	$ 2,704.9
Cross currency swaps	-	4.3	-	4.3	-
	2,744.4	4.3	-	2,748.7	2,704.9
Indirectly held in pooled investment portfolios					
Foreign currency forwards	1,200.6	13.1	7.7	1,221.4	854.8
Cross currency swaps	6.7	5.7	-	12.4	-
Options	230.6	-	-	230.6	-
Interest rate swaps	163.2	326.1	128.2	617.5	769.6
Total return swaps	1,892.4	104.6	-	1,997.0	1,415.2
	3,493.5	449.5	135.9	4,078.9	3,039.6
Total derivatives	$ 6,237.9	$ 453.8	$ 135.9	$ 6,827.6	$ 5,744.5
Derivatives by investment asset classification					
Short-term	$ 18.4	$ -	$ -	$ 18.4	$ 6.0
Bonds	541.2	-	128.2	669.4	533.6
Canadian equities	28.5	9.3	-	37.8	74.0
Global equities	2,200.0	384.2	-	2,584.2	1,725.0
Emerging markets equities	235.1	42.9	-	278.0	320.1
Mortgages	263.1	-	-	263.1	161.5
Real estate	1,262.6	-	-	1,262.6	741.5
Private debt	458.8	-	-	458.8	380.3
Private equity	-	-	-	-	0.2
Infrastructure and renewable resources	1,230.2	17.4	7.7	1,255.3	1,802.3
Total derivatives	$ 6,237.9	$ 453.8	$ 135.9	$ 6,827.6	$ 5,744.5

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

3. INVESTMENTS (CONTINUED)

c) Repurchase agreements

The Plan has indirect exposure to repurchase agreements through its investment in the pooled investment portfolio underwritten on bond securities. Repurchase agreements are short-term agreements to sell securities in order to buy them back at a slightly higher price. The party selling the repurchase agreement is effectively borrowing, and the other party is lending, since the lender is credited the implicit interest in the difference in prices. Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified future date. The securities sold under these agreements continue to be recognized on the statements of financial position, with any changes in fair value recorded as net gain (loss) on investments and included in investment income. Interest incurred on repurchase agreements is included in borrowing costs within investment-related expenses.

Repurchase agreements are carried at the amount at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these agreements.

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES

a) Basic Account

In accordance with the Agreement and PBSA, an actuarial valuation is performed at least every three years. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan as described in note 5a. As part of the actuarial valuation, the Plan actuary also calculates values, for accounting purposes, of the Basic Account assets as at, and pension liabilities accrued to, the financial statement date. For this purpose, contributions and benefits for future service are not included, in contrast to their inclusion in the valuation for funding purposes as described in note 5a. Also, for accounting purposes, the full impact of investment fair value changes is reflected in the financial statements as at the financial statement date compared with the deferral and amortization of fair value gains or losses in the valuation for funding purposes. The liability for accrued basic pension obligations at the valuation date is determined using the projected benefit method pro-rated on service.

The latest full actuarial valuation for accounting purposes was prepared as at August 31, 2021, by Eckler Ltd. This valuation calculated the liability for accrued basic pension obligations for financial statement purposes to be $4,435.9 million (2018: $3,681.2 million).

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES (CONTINUED)

a) Basic Account (continued)

Between valuations, an estimate of the actuarial position is required. This estimate, an extrapolation, has been made to August 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 6.00%
- Annual salary escalation rate 3.25%

The extrapolation calculated the liability for accrued basic pension obligations to be $5,615.6 million (2023: $5,199.7 million).

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings and the incidence of retirements, withdrawals and changes in other factors may vary significantly from the long-term assumptions used in the extrapolation. In the event of a major change to the Plan, a new valuation or review of assumptions may be required.

The next full actuarial valuation will be carried out as at August 31, 2024, with the results included in the August 31, 2025, financial statements.

Actuarial liabilities are also affected by changes in the assumed investment return. Based on the actuarial valuation completed as at August 31, 2021, a reduction in the investment return assumption from 6.00% to 5.75% would have increased the August 31, 2024, liability for accrued basic pension obligations of $5,615.6 million by $155.6 million or 2.8%, and the impact of a 1% change would be approximately four times the amount. Changes to assumptions included in the actuarial valuation are interrelated, and the cumulative impact of changed assumptions may be offsetting.

b) Inflation Adjustment Account (IAA), non-guaranteed pension obligations

No unfunded liability exists for the IAA since the obligation for future cost-of-living adjustments is limited to the amount of the available assets in the account. There is no minimum level of inflation adjustment required to be paid under the plan rules, nor is there any Plan provision to fund the IAA to any minimum level of future potential inflation adjustments (note 5b). The non-guaranteed pension obligations are therefore equal to the net assets available for benefits in the IAA, 2024: $1,597.6 million (2023: $1,478.8 million). The net increase of $118.8 million (2023: $1.1 million) in the IAA balance consists of employee and employer contributions, investment income and net transfers reduced by payments out of the account.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES

a) Basic Account

The Basic Account is the account from which the defined basic benefits of the Plan are paid. In accordance with the Agreement and PBSA, an actuarial valuation of the Plan's assets and pension obligations is performed at least every three years by an independent actuary to determine an appropriate combined employer and member contribution rate to fund the Basic Account. For this purpose, the Plan's actuary values both accrued assets and accrued pension obligations to the financial statement date, and contributions and benefits for future service. The contribution requirements are calculated by the actuary using the entry-age normal cost method (entry-age method).

This method produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future new entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus, and this rate will be adjusted for the amortization of any unfunded actuarial liability. Future contribution rate determinations will exclude consideration of the assets in the Rate Stabilization Account (RSA), which is held notionally within the Basic Account; if contribution rate increases are considered, funds will be transferred from the RSA to keep the rate at its current level or to minimize the increase.

The Basic Account is also the account from which any cost-of-living adjustments granted to retired members are paid. Future cost-of-living adjustments are not guaranteed within the Plan provisions and are granted to retired members only to the extent that sufficient assets are available from the IAA to fund those benefits (note 5b). As cost-of-living adjustments are granted, the Basic Account receives from the IAA the present value of the amount necessary to fund the cost-of-living adjustment granted. Therefore, accrued basic pension obligations for valuation purposes include the liability for all cost-of-living adjustments granted to the date of the valuation, but not for as-yet-unknown future cost-of-living adjustments.

Actuarial valuation

The latest full actuarial valuation for funding purposes was prepared as at August 31, 2021, by the independent actuary based on the entry-age method; the valuation indicated an actuarial surplus of $201.7 million (2018: 303.2 million). The next actuarial valuation for funding purposes will be performed as of August 31, 2024.

The Agreement specifies that, if an actuarial valuation indicates increased basic contribution rates are required, the increase must be shared equally by members and employers. The Agreement also describes the manner in which the Board can elect to apply surplus assets.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

An estimate of the actuarial position of the Plan for funding purposes has been made to August 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 6.00%
- Annual salary escalation rate 3.25%

This estimate, an extrapolation, produced an estimated funding surplus of $236.2 million as at August 31, 2024 (2023: $235.3 million), as follows:

Funding extrapolation		2024		2023
Net assets available for basic pension benefits	$	**6,347.4**	$	5,674.9
Actuarial asset value adjustment		**(68.5)**		176.5
Smoothed assets for basic pension benefits		**6,278.9**		5,851.4
Rate stabilization account		**(310.4)**		(292.2)
Smoothed assets excluding rate stabilization account		**5,968.5**		5,559.2
Present value of future contributions at entry-age method		**2,008.9**		1,702.8
Present value of future amortization for SFU members		**35.7**		31.1
Net actuarial assets for basic pension benefits		**8,013.1**		7,293.1
Actuarial liability for accrued and future basic pension benefits		**(7,776.9)**		(7,057.8)
Entry-age method actuarial surplus	**$**	**236.2**	**$**	**235.3**

Changes in the extrapolated entry-age method funded status		2024		2023
Extrapolated entry-age method actuarial surplus, beginning of year	$	**235.3**	$	168.0
Extrapolated change in actuarial assets for basic pension benefits		**720.0**		584.7
Extrapolated change in actuarial liability for accrued and future basic pension benefits		**(719.1)**		(517.4)
Entry-age method actuarial surplus, end of year	**$**	**236.2**	**$**	**235.3**

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, various factors, including actual wage increases, investment earnings, and the incidence of retirements and withdrawals, may vary significantly from the long-term assumptions used in the extrapolation.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

Measurement difference between funding and accounting positions

The primary components of the measurement differences between the extrapolated entry-age method funding surplus and the financial statement accounting surplus are as follows:

Measurement difference between funding and accounting positions	2024	2023
Entry-age method actuarial surplus	$ 236.2	$ 235.3
Actuarial asset value adjustment	68.5	(176.5)
Rate stabilization account	310.4	292.2
Difference in actuarial methods – present value of future contributions	(2,044.6)	(1,733.9)
Difference in actuarial methods – present value of future liabilities	2,161.3	1,858.1
Measurement differences between funding and accounting positions	495.6	239.9
Surplus for financial statement purposes	**$ 731.8**	**$ 475.2**

Actuarial asset value adjustment

To determine the entry-age method surplus for funding purposes, the actuarial value of net assets available for benefits is determined on an adjusted value basis that smooths the difference between the actual investment return and the expected return based on a long-term real return rate over a five-year period.

The funding policy requires that the value of the assets be smoothed within a certain corridor. In the 2021 valuation, the corridor required that the smoothed value be no more than 108% and no less than 92% of the market value of the assets. The unconstrained smoothed value of the assets at August 31, 2024, was 98.9% of the market value of the assets (2023: 103.1%).

The following schedule indicates the year the components of the actuarial asset value adjustment will be recognized in the entry-age method actuarial surplus. The amounts are based on that proportion of the total fund related to the Basic Account assets.

Actuarial asset value adjustment	2024	2023
2024	-	(7.4)
2025	14.5	(44.9)
2026	(69.9)	(128.7)
2027	64.2	4.5
2028	59.7	-
Total adjustment	**$ 68.5**	**$ (176.5)**

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

Rate Stabilization Account (RSA)

Interest on the RSA is determined by applying the smoothed rate of return to the fiscal year-end balance. For 2024, $18.2 million (2023: $19.5 million) of interest was transferred from the Basic Account to the RSA based on the 2024 smoothed rate of return of 6.2% (2023: 7.1%).

Rate stabilization account	2024	2023
Opening balance	$ 292.2	$ 272.7
Interest applied to balance	18.2	19.5
Ending balance	**$ 310.4**	**$ 292.2**

Difference in actuarial methods

While the accrued pension benefit liability for financial statement purposes uses the projected benefit method pro-rated on service, the pension liability for funding purposes uses an entry-age funding method, where the present value of future normal cost contributions, basic pension benefits for future service and future amortization amounts are included in the determination of the funded status of the Plan.

b) Inflation Adjustment Account (IAA)

No unfunded liability exists for the IAA, since the obligation for future cost-of-living adjustments is limited to the amount of the available assets in the account. As cost-of-living adjustments are granted to retired members, full funding for the granted cost-of-living adjustment, on a net present value basis, is transferred from the IAA to the Basic Account, from which the pensions are paid. There is no minimum level of cost-of-living adjustment required to be paid under the plan rules, nor is there any Plan provision to fund the IAA to any minimum level for future potential cost-of-living adjustments.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT

The Board approves the long-term asset mix policy for investment assets through its Statement of Investment Policies and Procedures (SIPP) and oversees the management of these assets through the Board's investment management agent, BCI. The SIPP requires diversification of investments among asset classes, sets guidelines on investment categories and limits the exposure to individual investments and counterparties.

Significant risks are regularly monitored and managed by BCI, and actions are taken when appropriate, according to the plan's SIPP. In addition, these risks are reviewed periodically with the Board. Such risks include liquidity risk, as well as other financial risks, which comprise currency risk, interest rate risk, other price risk and credit risk.

Financial risks are disclosed on a unit-of-account basis (note 6b), which represents the legal ownership of securities held, and at the underlying securities level (note 6c), which provides additional insight to other risks that may impact the financial instruments of the Plan. Both forms of disclosure provide valuable perspectives on the financial risks that may directly or indirectly impact the financial statements and the funded status of the Plan. These two forms of risk disclosure are not additive to each other.

a) Liquidity risk

Liquidity risk is the risk of not being able to meet the Plan's cash requirements in a timely and cost-effective manner. Expenditures relate primarily to pensions, termination and refund benefits, and investment and administration costs. The Plan's approach to mitigating liquidity risk is to forecast its cash requirements over the near and long term to determine whether sufficient funds are available.

The Plan's primary source of liquidity is income generated from the Plan's investments, and employer and employee contributions. Investments are primarily held in pooled funds; the securities held are traded in active markets and can be readily sold; and the pooled fund units can thereby be redeemed to fund cash requirements. Accounts payable of $3.5 million (2023: $7.9 million), and payable for purchase of investments of $nil (2023: $14.1 million) are generally due within one month. Derivatives payable of $19.2 million (2023: $23.6 million) are due within the next fiscal year.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Financial risks on a unit-of-account basis

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate interest in the value of the net assets of the respective pooled investment fund. The unit-of-account for the majority of the Plan's investments is the units of the pooled investment funds.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk consists of currency, interest rate and other price risks.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the fund will fluctuate due to changes in foreign exchange rates. The Plan holds primarily Canadian dollar denominated investment pooled fund units and is exposed to currency risk through holdings of small amounts of foreign currency denominated debt investments (2023: debt investments). See note 6c for currency exposure related to underlying securities.

Foreign denominated investments held by the plan, in Canadian dollars, are $68.4 million United States (USD) and $0.9 million Australia (AUD), 0.9% of total investments (2023: $105.2 million (USD) and $0.5 million Australia (AUD), 1.5% of total investments).

As at August 31, 2024, if the Canadian dollar strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately $6.9 million (2023: $10.6 million).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Plan investments will change as a result of future fluctuations in market interest rates. The majority of the Plan's investment assets are non-interest bearing and not subject to interest rate risk. See note 6c for interest rate risk related to underlying securities.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Financial risks on a unit-of-account basis (continued)

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. The Plan's investments are subject to other price risk through its public equity investments and private market investments, including equity in real estate companies, held directly and through pooled investment portfolios. This risk is managed by diversifying investments across asset classes based on criteria established in the SIPP.

As at August 31, 2024, if the pooled investment fund unit prices increased or decreased by 10%, with all other factors remaining constant, net assets available for benefits would have increased or decreased by approximately $793.9 million (2023: $715.3 million).

In February 2022, events concerning Russia and Ukraine resulted in sanctions being levied against Russian interests by numerous countries. As a result of this ongoing situation, the price and liquidity of securities connected to Russia have declined significantly and were written down to zero. The duration and extent of the impact of this situation on the Plan's other investments remain unclear.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into, resulting in a financial loss to the Plan. The majority of the Plan's investments are held in securities that are not subject to credit risk. See note 6c for credit risk related to underlying securities.

Credit exposure exists for contributions receivable directly held by the Plan totalling $9.7 million (2023: $10.9 million), interest and dividends receivable $0.2 million (2023: $0.8 million), and for the derivatives $20.6 million (2023: $22.8 million).

c) Financial risks of underlying securities held through pooled investment funds

Pooled investment funds exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt; private equity; and infrastructure and renewable resources. Examining the risks of the underlying securities contained in pooled investment funds provides additional disclosure to assess the overall financial risks of the Plan's investments. Viewing the financial risks of underlying securities is an alternative way of disclosing financial risks from the unit-of-account basis in note 6b. These risks are not considered additive to the financial risks already disclosed in note 6b.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Market risks are reduced through asset class diversification, diversification within each asset class and credit quality requirements on investments.

Currency risk

Currency exposure also arises from foreign currency denominated investments held directly and from underlying investments held indirectly in pooled investment funds. BCI has currency exposure management programs under which it enters into economic hedges of foreign currency exposure through the use of forward foreign currency contracts.

The Plan's total currency exposure, the impact of economic hedging activities and its net notional exposure as at August 31 are as follows:

Foreign denominated investment holdings

(Cdn dollar equivalent)	Total exposure	Economic hedging	Net exposure	% of total
		2024		
United States	$ 3,918.5	$ 1,171.8	$ 2,746.7	57%
Asia-Pacific, excluding Japan	561.7	25.3	536.4	11%
Euro countries	557.4	92.5	464.9	10%
United Kingdom	464.3	16.2	448.1	9%
Other	358.2	-	358.2	8%
Other Europe	163.3	23.4	139.9	3%
Japan	114.9	21.5	93.4	2%
	$ 6,138.3	$ 1,350.7	$ 4,787.6	100%
		2023		
United States	$ 3,253.4	$ 868.9	$ 2,384.5	55%
Asia-Pacific, excluding Japan	565.0	22.8	542.2	13%
Euro countries	527.0	67.3	459.7	11%
United Kingdom	416.0	7.1	408.9	9%
Other	338.0	11.1	326.9	7%
Other Europe	132.0	19.6	112.4	3%
Japan	100.0	-	100.0	2%
	$ 5,331.4	$ 996.8	$ 4,334.6	100%

The net foreign currency exposure of its underlying investment represents 60% (2023: 61%) of the Plan's total investments.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Interest rate risk

The Plan's pooled investment funds hold interest-bearing financial instruments in short-term investments, bonds, mortgages and private debt. The risk of adverse changes in interest rates is reduced within the underlying investment pools through management of duration in exposure to fixed income securities, the use of floating rate notes and interest rate swaps, and general diversification by security type and geographic region. The Plan participates in a leveraged bond strategy using repurchase agreements that is included in the terms to maturity table below.

The terms to contractual maturity of interest-bearing financial instruments held directly and through pooled investment portfolios as at August 31 are as follows:

Terms to maturity of interest-bearing financial instruments

	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Effective yield to maturity
			2024			
Short-term	$ 128.7	$ -	$ 3.2	$ -	$ 131.9	4.85%
Bonds	103.9	642.7	701.4	589.9	2,037.9	4.09%
Repurchase agreements	(649.7)	-	(129.2)	-	(778.9)	-4.23%
Mortgages	48.9	253.9	2.6	2.8	308.2	7.47%
Debt*	-	0.7	0.2	-	0.9	4.80%
	$ (368.2)	$ 897.3	$ 578.2	$ 592.7	$ 1,700.0	
			2023			
Short-term	$ 195.4	$ -	$ 6.1	$ -	$ 201.5	5.26%
Bonds	76.6	481.3	695.4	563.7	1,817.0	5.86%
Repurchase agreements	(712.2)	-	-	-	(712.2)	-5.03%
Mortgages	32.7	191.3	2.3	-	226.3	7.98%
Debt*	-	0.4	0.5	-	0.9	4.80%
	$ (407.5)	$ 673.0	$ 704.3	$ 563.7	$ 1,533.5	

*Grouped with real estate investment category.

As at August 31, 2024, if the prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables remaining constant, the fair value of interest-bearing financial instruments and net assets available for benefits would have decreased or increased by approximately $150.1 million (2023: $129.8 million).

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Other price risk

Other price risk associated with the underlying investments held in pooled investment funds is consistent with that described earlier in note 6b, which describes financial risks on a unit-of-account basis.

Credit risk

The Plan's underlying investment assets held in pooled investment funds attract credit risk. This is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. It's also the risk of losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligations. Credit risk is managed by establishing specific investment criteria, such as minimum credit ratings for investees and counterparties and maximum concentration limits with given counterparties.

Credit risk ratings on financial instruments (short-term investments, bonds, mortgages, debt and private debt) held directly and through pooled investment portfolios are as follows:

Credit rating of financial instruments

	AAA/AA	A	BBB	Non-investment grade	Unrated	Total
			2024			
Short-term	$ 67.4	$ 59.2	$ 0.9	$ -	$ 4.4	$ 131.9
Bonds	671.8	327.8	142.7	194.3	701.3	2,037.9
Mortgages	-	-	-	-	308.2	308.2
Debt*	-	-	-	-	0.9	0.9
Private debt	1.7	-	-	17.5	446.6	465.8
	$ 740.9	$ 387.0	$ 143.6	$ 211.8	$ 1,461.4	$ 2,944.7
	25.2%	13.1%	4.9%	7.2%	49.6%	100.0%
			2023			
Short-term	$ 70.7	$ 104.9	$ -	$ -	$ 25.9	$ 201.5
Bonds	424.9	348.5	109.9	159.2	774.5	1,817.0
Mortgages	-	-	-	-	226.3	226.3
Debt*	-	-	-	-	0.9	0.9
Private debt	3.1	0.3	-	-	406.4	409.8
	$ 498.7	$ 453.7	$ 109.9	$ 159.2	$ 1,434.0	$ 2,655.5
	18.8%	17.1%	4.1%	6.0%	54.0%	100.0%

* Grouped with real estate investment category

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The ratings used are defined by Standard & Poor's rating agency. Obligations rated AAA/AA have the highest rating assigned. The counterparty's capacity to meet its financial commitment on the obligation is very strong. Bonds rated A, BBB or non-investment grade are weaker. A BBB rating denotes an obligation with adequate protection parameters. A non-investment grade rating denotes major ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the debtor's inadequate capacity to meet its financial commitment on the obligation. Unrated financial instruments consist mainly of mortgages secured by real estate, debt and corporate bonds.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

Fair value measurements of the investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The three levels of the fair value hierarchy are as follows:

Level 1

Inputs that are unadjusted quoted prices in active markets for identical assets or liabilities

Level 2

Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3

Inputs that are not based on observable market data

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value hierarchy (continued)

Plan investments are carried at fair value in the financial statements. The following table details the classification of the Plan's investments based on the fair value hierarchy as at August 31:

Fair value hierarchy	Level 1	Level 2	Level 3	Total
		2024		
Pooled investments	$ 131.9	$ 4,342.1	$ 3,464.6	$ 7,938.6
Direct debt*	-	-	0.9	0.9
Investments	**$ 131.9**	**$ 4,342.1**	**$ 3,465.5**	**$ 7,939.5**
Directly held derivatives	**$ -**	**$ 1.4**	**$ -**	**$ 1.4**
		2023		
Pooled investments	$ 201.5	$ 3,917.2	$ 3,033.8	$ 7,152.5
Direct debt*	-	-	0.9	$ 0.9
Investments	**$ 201.5**	**$ 3,917.2**	**$ 3,034.7**	**$ 7,153.4**
Directly held derivatives	**$ -**	**$ (0.8)**	**$ -**	**$ (0.8)**

*Grouped with real estate investment category

During 2024 and 2023, there were no significant transfers of investments between levels.

The following table reconciles the Plan's Level 3 fair value measurements.

Level 3 fair value hierarchy	Pooled investments	Direct debt	Total
		2024	
Balance, beginning of year	$ 3,033.8	$ 0.9	$ 3,034.7
Net gain included in investment income	86.8	-	86.8
Purchases	846.4	-	846.4
Sales	(502.4)	-	(502.4)
Balance, end of year	**$ 3,464.6**	**$ 0.9**	**$ 3,465.5**
Total unrealized gain in investment income	$ 19.9	$ -	$ 19.9
		2023	
Balance, beginning of year	$ 2,372.4	$ 0.7	$ 2,373.1
Net gain included in investment income	125.7	-	125.7
Purchases	789.9	0.2	790.1
Sales	(254.2)	-	(254.2)
Balance, end of year	**$ 3,033.8**	**$ 0.9**	**$ 3,034.7**
Total unrealized loss in investment income	$ 46.7	$ -	$ 46.7

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

BCI uses widely recognized valuation methods for determining the fair value of common and less complex financial instruments such as investments in pooled funds, where fair value is based on the underlying net asset value of the respective pooled fund as determined by the underlying fund manager. Observable prices and model inputs are usually available in the market for listed equity and debt securities, simple derivatives such as forward or future currency contracts, and pooled funds.

The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the financial instrument and is subject to change based on specific events and general conditions in the financial markets.

For more complex financial instruments, such as direct private debt investments held by the Plan, BCI uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates, or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. BCI's judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows of the financial instrument being valued, determination of the probability of counterparty default and prepayments, and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that BCI believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Plan and the counterparties where appropriate.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

c) Valuation framework

BCI has an established framework with respect to the measurement of fair values of financial instruments. Where possible, for direct private debt investments held by the Plan, external independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where BCI relies on the third-party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, where available, and other information from the underlying third-party manager or other sources.

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- Verification of observable pricing inputs
- Appraisal of domestic real estate properties once every 10 to 18 months by accredited independent appraisers
- Analysis and investigation of significant valuation movements
- Review of unobservable inputs and valuation adjustments

When third-party information, such as broker quotes or pricing services, is used to measure fair value, BCI assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. This includes:

- Verifying that the broker or pricing service is approved by BCI for use in pricing the relevant type of financial instrument
- Understanding how the fair value has been arrived at, and the extent to which it represents actual market transactions
- Understanding how the fair value has been determined when a number of quotes for similar financial instruments have been obtained
- Understanding how prices for similar financial instruments used to measure fair value have been adjusted to reflect the characteristics of the financial instrument subject to measurement

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

d) Significant unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Significant unobservable inputs used in measuring fair value

Description	Fair value	Valuation technique	Unobservable input	Amount/ range	Sensitivity to change in significant unobservable input
2024					
					The estimated fair value would increase if:
Pooled investments	**$ 3,464.6**	**Net asset value**	**Net asset value**	**$ 3,464.6**	**The net asset value increased**
Direct debt	**$ 0.9**	**Discounted cash flow**	**Discount rate**	**4.8%**	**The discount rate decreased**
2023					
					The estimated fair value would increase if:
Pooled investments	$ 3,033.8	Net asset value	Net asset value	$ 3,033.8	The net asset value increased
Direct debt	$ 0.9	Discounted cash flow	Discount rate	4.8%	The discount rate decreased

Net asset value

Net asset value is determined by BCI based on the fair value of assets less liabilities. Such investments are closed funds with significant restrictions on redemptions. Accordingly, BCI is unable to dispose of the pooled fund investment until the maturity or wind-up and liquidation of the respective pooled fund. In such cases, it is the Plan's policy to categorize the pooled fund investment as Level 3 within the fair value hierarchy.

Discount rate

This represents the discount rate applied to the expected future cash flows of the direct debt investments. For the discount rates used, the underlying investment manager assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

e) Effects of unobservable input on fair value measurement

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used for a reasonable alternative assumption could have the following effects on net assets attributable to holders of redeemable units.

The pooled investments and direct debt investments were valued based on information received from BCI, the manager of the respective investments. The fair value of these investments fluctuates in response to changes to specific assumptions for these particular investments, as determined by BCI. The favourable and unfavourable effects of reasonable alternative assumptions for the valuation of pooled investments and direct debt investments have been calculated by adjusting the respective underlying net asset value by 10%.

Effects of unobservable input on Level 3 fair value measurement

	2024		2023	
	Favourable	Unfavourable	Favourable	Unfavourable
Pooled investments	$ 346.5	$ (346.5)	$ 303.4	$ (303.4)
Direct debt	0.1	(0.1)	0.1	(0.1)
	$ 346.6	$ (346.6)	$ 303.5	$ (303.5)

f) Financial instruments not measured at fair value

The carrying value of contributions receivable, receivable for sale of investments, interest and dividends receivable, accounts payable and accrued expenses, and payable for purchase of investments approximate their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

8. INVESTMENT INCOME

	2024			2023		
	Income allocation	Change in fair value	Total	Income allocation	Change in fair value	Total
Short-term	$ 9.9	$ (0.5)	$ 9.4	$ 5.1	$ 6.2	$ 11.3
Bonds	59.9	56.0	115.9	44.9	(53.1)	(8.2)
Canadian equities	7.5	28.7	36.2	6.0	11.7	17.7
Global equities	49.0	305.6	354.6	40.7	220.0	260.7
Emerging markets equities	17.2	54.4	71.6	16.8	25.2	42.0
Mortgages	15.1	6.4	21.5	23.0	(5.1)	17.9
Real estate	21.4	(55.1)	(33.7)	27.7	(9.7)	18.0
Private debt	20.7	41.2	61.9	4.9	18.0	22.9
Private equity	76.4	8.5	84.9	89.2	(14.7)	74.5
IRR*	93.0	(31.2)	61.8	46.2	43.4	89.6
	370.1	414.0	784.1	304.5	241.9	546.4
Directly held derivatives	-	0.8	0.8	-	(6.0)	(6.0)
	$ 370.1	$ 414.8	$ 784.9	$ 304.5	$ 235.9	$ 540.4

* Infrastructure and renewable resources

Investment income represents realized and unrealized pooled investment portfolio income attributable to the Plan, as a unit holder, and income from directly held investments. Income allocation is composed of interest, dividends and other investment payments. Change in fair value is composed of realized gains and losses on the disposal of investments and derivatives, and unrealized gains and losses on investments and derivatives held at year-end. All income earned within a pooled investment portfolio is reinvested within the portfolio.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

9. CONTRIBUTIONS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Members' contributions				
Regular	$ 121.8	$ 27.1	$ 0.4	$ 149.3
Past service purchases	13.1	3.7	-	16.8
	134.9	30.8	0.4	166.1
Employers' contributions				
Regular	122.7	27.0	1.0	150.7
Past service purchases	0.3	0.1	-	0.4
	123.0	27.1	1.0	151.1
	$ 257.9	$ 57.9	$ 1.4	$ 317.2
		2023		
Members' contributions				
Regular	$ 103.2	$ 22.9	$ 0.3	$ 126.4
Past service purchases	30.6	8.5	-	39.1
	133.8	31.4	0.3	165.5
Employers' contributions				
Regular	103.9	22.9	0.9	127.7
Past service purchases	1.0	0.2	-	1.2
	104.9	23.1	0.9	128.9
	$ 238.7	$ 54.5	$ 1.2	$ 294.4

Member and employer contributions are as defined under the plan rules. Members’ past service purchases are voluntary contributions.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

10. BENEFITS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Regular pension benefits	**$ 216.7**	**$ -**	**$ 1.1**	**$ 217.8**
Indexing – regular pension benefits	**54.7**	**-**	**0.3**	**55.0**
Termination and refund benefits	**11.9**	**2.5**	**-**	**14.4**
Death benefit payments	**3.1**	**0.5**	**-**	**3.6**
	$ 286.4	**$ 3.0**	**$ 1.4**	**$ 290.8**
		2023		
Regular pension benefits	$ 205.4	$ -	$ 0.9	$ 206.3
Indexing – regular pension benefits	43.3	-	0.2	43.5
Termination and refund benefits	12.9	3.0	-	15.9
Death benefit payments	3.3	0.8	0.1	4.2
	$ 264.9	**$ 3.8**	**$ 1.2**	**$ 269.9**

11. SUPPLEMENTAL BENEFITS ACCOUNT (SBA)

The SBA funds certain supplemental benefits; for example, pension benefits that exceed *Income Tax Act* limits for registered pension plans are paid through this account.

12. INVESTMENT AND ADMINISTRATION COSTS

	2024	2023
Investment management	**$ 17.2**	$ 15.5
Benefit administration	**5.4**	5.0
Board secretariat costs	**0.4**	0.4
Other professional services	**0.3**	0.4
Board remuneration and expenses	**0.2**	0.2
Audit and actuary expenses	**0.1**	0.3
	$ 23.6	**$ 21.8**

Investment and administration costs include audit fees of $54 thousand (2023: $52 thousand) and actuary fees of $43 thousand (2023: $233 thousand).

BCI and Pension Corporation are related parties to the Plan. The Board appoints members to each of the respective corporate boards. Investment management and benefit administration costs are approved by the Board.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

12. INVESTMENT AND ADMINISTRATION COSTS (CONTINUED)

Investment management costs represent amounts charged to recover internal and external management costs incurred by BCI, except those external management fees related to investments managed by an underlying external manager, where management fees are embedded in the net assets of the respective investment. Underlying external investment management fees of $12.6 million (2023: $11.4 million) were netted against investment income.

Benefit administration costs represent amounts charged to recover benefit administration costs incurred by Pension Corporation. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Board secretariat costs represent amounts directly incurred by the Board for costs associated with supporting the Board.

Other professional services costs include insurance and legal fees incurred directly by the Plan.

Board remuneration and expenses represent amounts for trustee compensation and direct expenses.

13. ACCOUNT TRANSFERS

	2024		2023	
	Basic account	Inflation adjustment account	Basic account	Inflation adjustment account
Indexing supplements	$ 121.0	$ (121.0)	$ 165.5	$ (165.5)
Indexing of deferred pensions	3.1	(3.1)	3.0	(3.0)
Excess investment return	(62.2)	62.2	(32.8)	32.8
	$ 61.9	$ (61.9)	$ 135.7	$ (135.7)

The IAA is a separate account maintained for funding current and future cost-of-living adjustments. The IAA is funded through a portion of ongoing contributions from employers and members, investment income earned and excess investment return earned in the Basic Account.

Cost-of-living adjusted pension payments are made from the Basic Account. Each year, if members' pension payments are adjusted for the current cost-of-living adjustment, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current cost-of-living adjustment. The Board considers all relevant factors and its IAA funding policy to determine if a cost-of-living adjustment will be granted on pensions in pay and the amount of the cost-of-living adjustment, if any. As at January 1, 2024, retired members received a cost-of-living adjustment of 4.4% (2023: 6.5%) and indexing supplements were transferred.

When a deferred pension commences, the present value of the cost-of-living adjustments during the deferral period is transferred from the IAA to the Basic Account. Approximately $42.7 million (2023: $33.3 million) of the current IAA balance is for cost-of-living adjustments already granted for deferred pensions but not yet transferred to the Basic Account.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

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13. ACCOUNT TRANSFERS (CONTINUED)

When investment earnings in the Basic Account are in excess of the actuarial assumption regarding investment rates of return, the excess investment returns are transferred from the Basic Account to the IAA.

Excess investment return is based on investment income earned on those assets in the Basic Account required for pensions currently being paid: approximately $3.0 billion of assets for 2024 (2023: $2.7 billion). The excess investment return rate is determined by taking the difference between the actual five-year annualized market rate of return (8.1%) and the rate of return used by the Plan actuary (6.00%) in valuing the Plan's liabilities. The calculated excess investment return rate for 2024 was 2.10% (2023: 1.20%), resulting in an excess investment return amount of $62.2 million transferred to the IAA (2023: $32.8 million).

Should the excess investment return in any year ever result in a negative amount, it will be carried forward cumulatively with interest and offset against future excess interest. The cumulative negative excess investment interest is an amount determined by applying the five-year annualized market rate of return to the fiscal year opening balance. This component of the calculation is the opportunity cost related to the opening cumulative return deficit.

14. COMMITMENTS

The Plan participates in private equity, international real estate, mortgages, and infrastructure and renewable resource pools. As at August 31, 2024, the Plan's share of commitments for future investment contracts in these pools over the next several years is approximately $1,264.6 million (2023: $1,185.8 million).

15. CAPITAL DISCLOSURES

Capital is defined as the funded status (surplus or deficit) of the Plan as determined by the actuary. The Plan's objective for managing capital is to ensure that the assets of the Plan are invested prudently and effectively, and with contributions adequate to meet the obligations of the Plan. Management of the Plan's funded status is achieved by adjusting member and employer contribution rates; through implementation of the SIPP, which affects the earnings of the Plan; and, in the case of the IAA, by changing the benefits paid. The Board has a funding policy that outlines the principles that provide guidance in managing this process. The investment performance of the Plan's assets is reviewed by the Board on a regular basis and compared to relevant industry benchmarks. Benefit entitlement is based on the provisions of the Agreement and the plan rules. Funding deficits must be funded over a period not to exceed 15 years.

COLLEGE PENSION PLAN

Notes to the financial statements for the year ended August 31, 2024

($ millions except as otherwise noted)

15. CAPITAL DISCLOSURES (CONTINUED)

An actuarial valuation must be prepared at least once every three years. The latest actuarial valuation for funding purposes was prepared as at August 31, 2021, and has two components, the Basic Account non-indexed benefits and, by considering the valuation of the entire Plan, the non-guaranteed IAA benefits. The next full actuarial valuation will be carried out as at August 31, 2024, with the results included in the August 31, 2025 financial statements.

The Act and the Board's funding policy require that contribution rates comply with the going-concern requirements of the PBSA.

16. PRIOR YEAR COMPARATIVES

The prior year comparatives have been reclassified to conform to the current year presentation.

College Pension Plan

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