UNIVERSITIES ACADEMIC PENSION PLAN

2023 ANNUAL REPORT

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Profile

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

- The Board of Trustees ("Board"), as established under the Sponsorship and Trust Agreement, is responsible for administering the Plan and investing the Plan's assets ("Fund").
- The UAPP is financed by employer and employee contributions, and by investment earnings. The Government of Alberta also contributes towards eliminating the unfunded liability for service before 1992.
- At December 31, 2023, the UAPP has 8,179 active members, 2,819 deferred members, and 6,886 pensioners.
- The UAPP Fund's market value at the end of 2023 was $6,576.2 million.

2023 HIGHLIGHTS

UNIVERSITIES ACADEMIC PENSION PLAN

Net Assets

$6,576.2 million ⇧

(2022: $6,014.1 million)

Rate of Return

10.5% ⇧

(2022: -8.6%)

4-Year Annualized Rate of Return

5.6% ⇩

(2022: 6.3%)

NUMBER OF PLAN MEMBERS

Total Members

17,884 *(2022: 17,219)* ⇧

Active

8,179 *(2022: 7,868)* ⇧

Deferred

2,819 (2022: 2,631) ⇧

Pensioners

6,886 (2022: 6,720) ⇧

Contributions Remitted for the Year

$271.2 million ⇧

(2022: $270.9 million)

Pensions Paid in the Year

$310.1 million ⇧

(2022: $290.0 million)

Lump Sums Paid in the Year

$26.1 million ⇩

(2022: $49.0 million)

Website Visits

66,312 ⇧

(2022: 65,695)

Retirement Planner Accesses

10,703 ⇧

(2022: 10,264)

Number of New Pensioners

332 ⇩

(2022: 383)

Age of Oldest Plan Member

104 years ⇧

(2022: 103 years)

GOVERNANCE OF THE PLAN

BOARD OF TRUSTEES

GOVERNANCE OF THE PLAN

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

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

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

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

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

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

COMMITTEES OF THE BOARD

Actuarial
Paul Rogers (Chair)
Rob Kindrachuk
James Smith
Nancy Walker

Audit
Todd Gilchrist (Chair)
Rob Kindrachuk (Vice-Chair)
James Smith
Megan Costiuk (external member)

Investment
Aditya Kaul (Chair)
Ron Kim (Vice-Chair)
Paul Rogers
Lawton Shaw
Ron Helmhold (external member)
David Lawson (external member)
Gary Smith (external member)

PLAN SERVICE PROVIDERS

Board of Trustees

UAPP Trustees' Office
#1002, Park Plaza
10611 98 Avenue
Edmonton, AB T5K 2P7
Fax: 780.415.8871
Website: www.uapp.ca

Administration Service Provider

Buck (UAPP Administration Centre)
Member Pension Inquiries:
201 City Centre Drive
Suite 1000
Mississauga, ON L5B 4E4
Phone: 1.866.709.2092
Email: uapp.pensions@buck.com

Pensioner Payroll Provider

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

Actuary

Aon

Asset Consultant

Aon

Auditor

KPMG LLP

Investment Managers

Alberta Investment Management Corporation
Beutel, Goodman & Company Ltd.
Fiera Capital Corporation
State Street Global Advisors

UAPP Management Team

Executive Director
Dave Schnore
Phone: 780.415.8869
Email: dave.schnore@uapp.ca

Director, Finance & Administration
Chris Schafer, ASA, ACIA
Phone: 780.415.8870
Email: chris.schafer@uapp.ca

Pension Officer
Vinko Majkovic, BSc, RPA
Phone: 780.415.8868
Email: vinko.majkovic@uapp.ca

Administrative Officer
Chloe Muller
Phone: 780.415.8866
Email: chloe.muller@uapp.ca

MESSAGE FROM THE CHAIR

On behalf of the Board of Trustees for the Universities Academic Pension Plan, I am pleased to present UAPP's 2023 annual report. This report is written to provide the reader with a detailed review of the Plan's financial position, investments, pension administration activity, and general operations during the year just ended.

With an investment rate of return of 10.5 per cent, the Fund grew to $6,576 million as of December 31, 2023. The strong investment performance was driven by positive returns from most asset classes and helped the Plan recover from the 2022 investment losses of one of the worst financial markets in recent years. As noted in last year's annual report, the Board conducted searches for new investment managers for the Fund's public equity portfolio and is pleased to share that the selection process has been completed and that the Board is in the midst of hiring five firms to carry out the important work of actively managing UAPP's public equities, particularly as this portfolio represents a sizable portion (approximately 40 per cent) of the overall Fund. Work on this transition continues into 2024.

UAPP also undertook an actuarial valuation during 2023. This project, which is historically conducted biennially by the Board, helps ensure that Plan benefits are appropriately funded, one of the key mandates of the Board. The results of the actuarial valuation warranted the maintaining of the overall total Plan contribution rate at 26.88 per cent. However, due to changes since the last valuation in the demographic composition of the Plan's membership and the Year's Maximum Pensionable Earnings and pensionable salary cap, the split contribution rates will change slightly effective July 1, 2024. Pre-1992 unfunded liability contribution rates for members and employers will rise to 4.03 per cent (from 3.57 per cent) and post-1991 current service contribution rates will decrease to 22.85 per cent (from 23.31 per cent). The Board's mission includes seeking stable contribution rates within the funding requirements of the Employment Pension Plans Act and this valuation allows UAPP to do that. The increase in long-term interest rates over the last two years enabled the Board to adopt a higher discount rate for this actuarial valuation, moving from 5.30 per cent to 5.62 per cent. The updated assumptions, combined with the encouraging investment returns of 2023, resulted in a healthy financial position of the Plan. The funded ratio at December 31, 2023 is 94.4 per cent, the highest year-end ratio in 23 years and up from 90.9 per cent at the start of the year. Plan members should take comfort that, on an actuarial value basis, the Fund is in its best shape in decades.

In addition to the investment manager searches, the Board also updated UAPP's Statement of Investment Policies and Goals following the regular annual review of the document and a more thorough evaluation of the Board's Investment Beliefs contained therein. Other activities by the Board through the year included the legislated triennial assessment of the plan's administration, an increased focus on pension risk management, and the development of UAPP's cyber breach incident response procedures. The Board looks forward to the final version of the Canadian Association of Pension Supervisory Authorities' Guideline on Pension Risk Management, expected during 2024. It is anticipated that this Guideline will provide additional tools for plan administrators to carry out their fiduciary duties.

MESSAGE FROM THE CHAIR

Providing high quality services to the UAPP members and stakeholders remains important to the Board. Late in 2023, the Trustees' Office worked with a web developer to enhance the UAPP website and to ensure it remains as secure as possible. An updated version of the website was subsequently launched in early 2024 and maintains the wealth of plan information that has always been available. As the most popular feature on the website, it was important that a prominent location on the website be preserved for the Retirement Planner. Virtual pension information sessions were held for large groups of interested members as coordinated by UAPP's employers, and individual members continued to meet one-on-one with Trustees' Office staff.

The Board expresses its gratitude for the exceptional and important contributions provided by the external members of its Committees: Ron Helmhold, David Lawson, and Gary Smith on the Investment Committee and Megan Costiuk on the Audit Committee. UAPP and its stakeholders have benefited greatly from their work. On behalf of the Board, I would also like to thank Deborah Meyers who resigned as Trustee during the year, and I welcome Dale Mountain as the new employer-appointed Trustee from Athabasca University.

As my term as Chair of the Board of Trustees ended December 31, 2023, I would like to thank my fellow Board members for making this term a constructive one. I would like to welcome Lawton Shaw as the new Chair of the Board, and I wish him well in his new responsibilities.

The Board relies on several service providers to support the Plan's ongoing operations and wishes to thank the staff at Aon, Buck, and CIBC Mellon for their work on UAPP's administration and the staff at Alberta Investment Management Corporation, Beutel Goodman & Company Ltd., Fiera Capital Corporation, and State Street Global Advisors for their work on UAPP's investments.

The Board also relies on a small team in the Trustees' Office to accomplish its mandate. On behalf of the Board, it is my pleasure to acknowledge and thank our team led by Executive Director, Dave Schnore, for their dedication and service to the UAPP and its stakeholders.

Nancy Walker
Chair, Board of Trustees

Financial Position of the Plan

The Plan's Assets

The market value of the Plan's assets grew to $6,576.2 million at the end of 2023, representing an increase of 9.3 per cent from the value of $6,014.1 million a year earlier. The Fund's investments returned 10.5 per cent through the year, following a return of -8.6 per cent in 2022. Contributions received in 2023 trailed benefit payments by $65 million, a slightly smaller gap than in the prior year. The net growth in the Fund contributed to the funded ratio increasing from 90.9 per cent at December 31, 2022 to 94.4 per cent one year later. On an actuarial value basis, the Plan has now attained its healthiest financial position since having the same funded ratio at December 31, 2000.

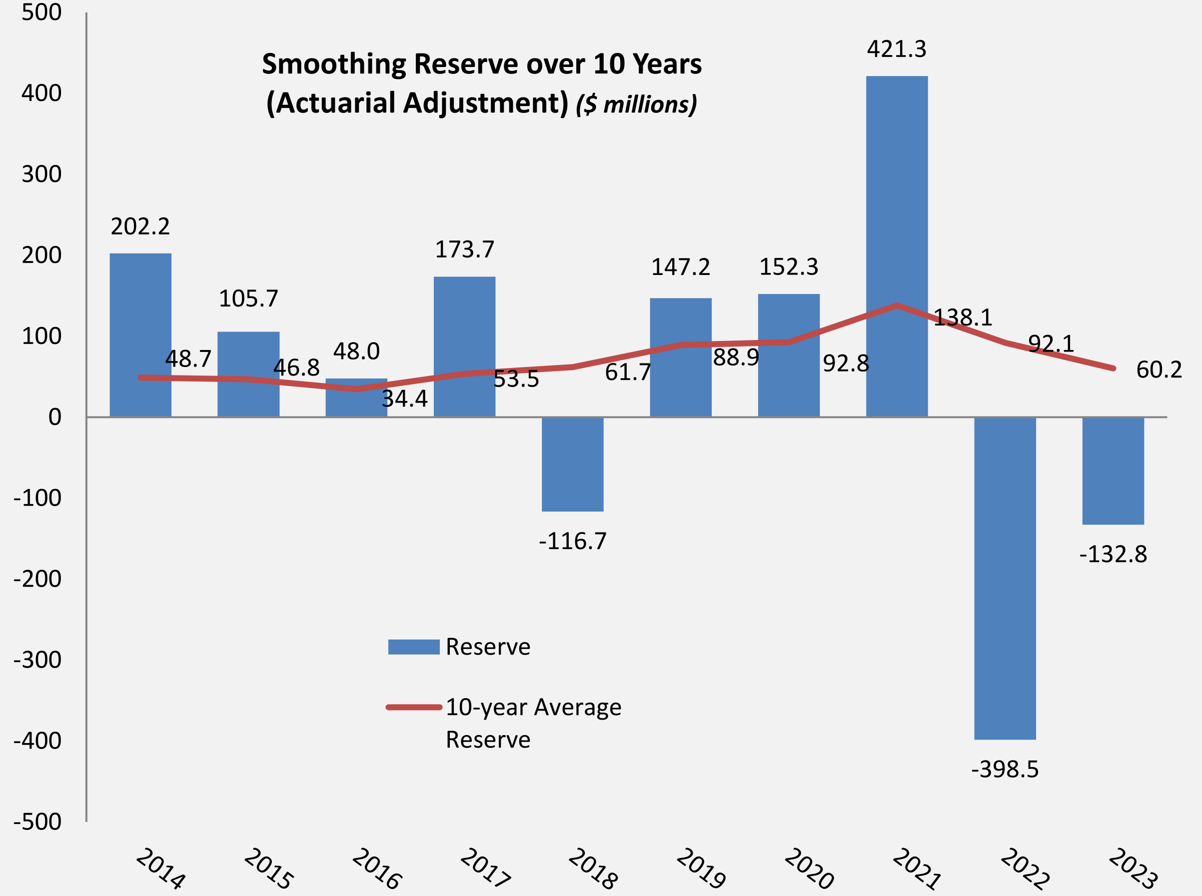
	December 31, 2023			December 31, 2022		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Fair Value of Net Assets	427.2	6,149.0	6,576.2	464.3	5,549.8	6,014.1
Actuarial Adjustment	11.6	121.2	132.8	28.8	369.7	398.5
Actuarial Value of Net Assets	438.8	6,270.2	6,709.0	493.1	5,919.5	6,412.6
Accrued Pension Liability	1,342.3	5,764.2	7,106.5	1,359.2	5,697.5	7,056.7
Actuarial (Deficiency) Surplus	(903.5)	506.0	(397.5)	(866.1)	222.0	(644.1)
Funded Ratio	32.7%	108.8%	94.4%	36.3%	103.9%	90.9%

(all figures in $millions)

The funded ratio is determined by first calculating the actuarial value of assets, which involves averaging the market value with what the asset value would be had the assets earned the assumed rate of return from the market value as at each of the two calendar year-ends preceding the valuation date. For both 2022 and 2023, this smoothing adjustment resulted in the actuarial value of assets exceeding the market value, creating a negative reserve. The excellent Fund performance of 2023 decreased the size of this reserve from 2022. Continued positive returns in 2024 could lead to a further reduction of this reserve, which means the actuarial value of assets would move closer to the market value of assets. In other words, the smoothing adjustment is reducing the volatility of asset values, just as it is intended to do.

The actuarial value of the Fund increased to $6,709.0 million in 2023 from $6,412.6 million at the end of 2022. At December 31, 2023, this value is $132.8 million greater than the market value, after being $398.5 million greater a year ago.

MANAGEMENT DISCUSSION AND ANALYSIS

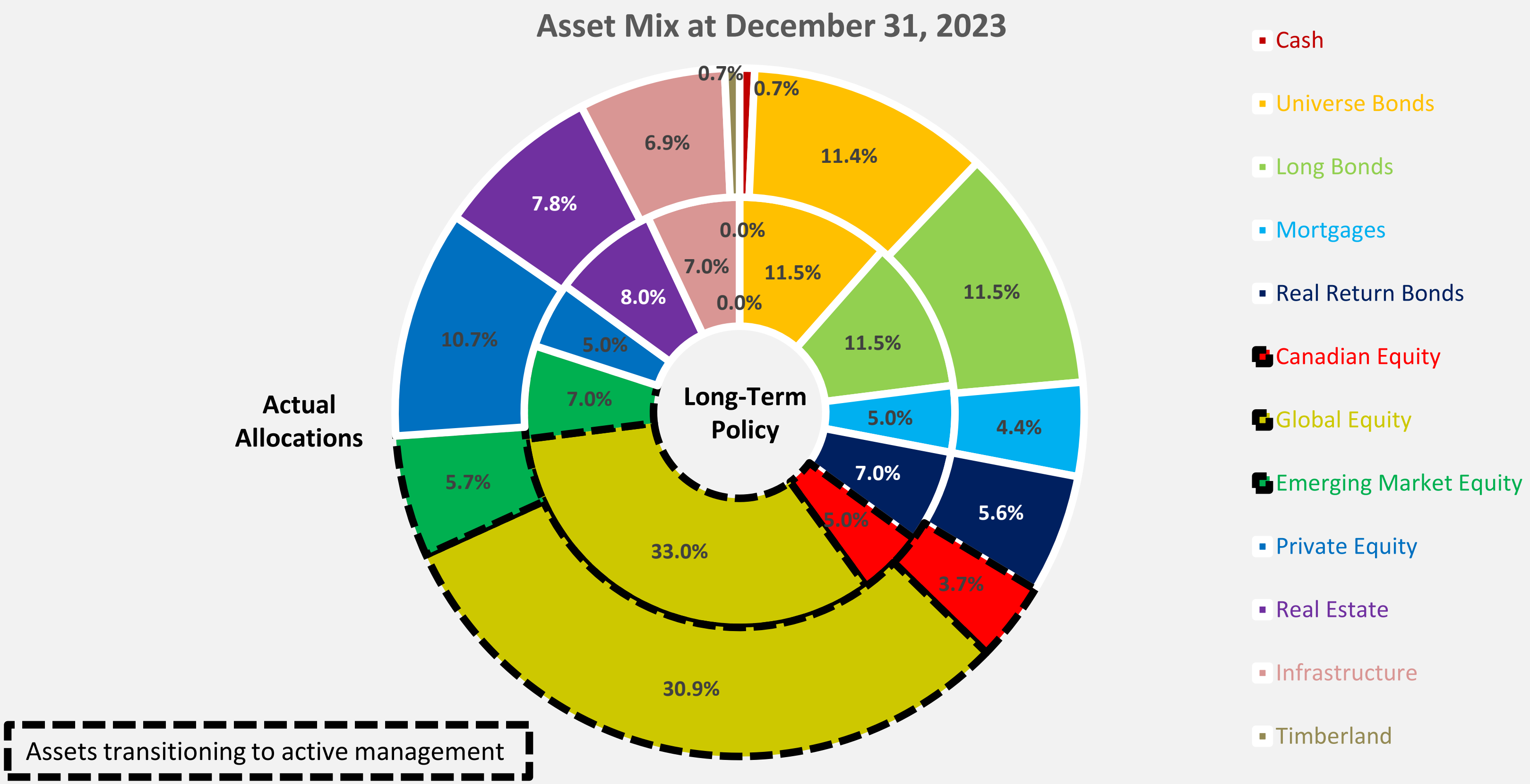


During 2023, the UAPP engaged the assistance of its investment consultant to undertake an extensive project in the search for new investment managers to take on the active management of the Fund's public equity portfolio after three years of passive investment by State Street Global Advisors. At December 31, 2023, these public equities comprised 40.1 per cent of the entire portfolio or $2,629.5 million.

The manager search was conducted in five parts:

- The first three parts related to the global equity portion of the Fund. At December 31, 2023, this included 30.7 per cent of the entire portfolio or $2,012.0 million. As the largest of the mandates, it was split into three separate searches for managers that provided different management styles: core, value, and growth. This portfolio will be split between the successful managers into three equal parts.

- The fourth and fifth parts of the search related to the Canadian equity and emerging market equity portions of the Fund. Due to their smaller size, these searches were conducted simultaneously. At December 31, 2023, the Canadian equity portfolio made up 3.7 per cent of the total Fund or $243.1 million and the emerging market equity portfolio comprised 5.7 per cent of the total Fund or $374.4 million. A manager was hired for each mandate.

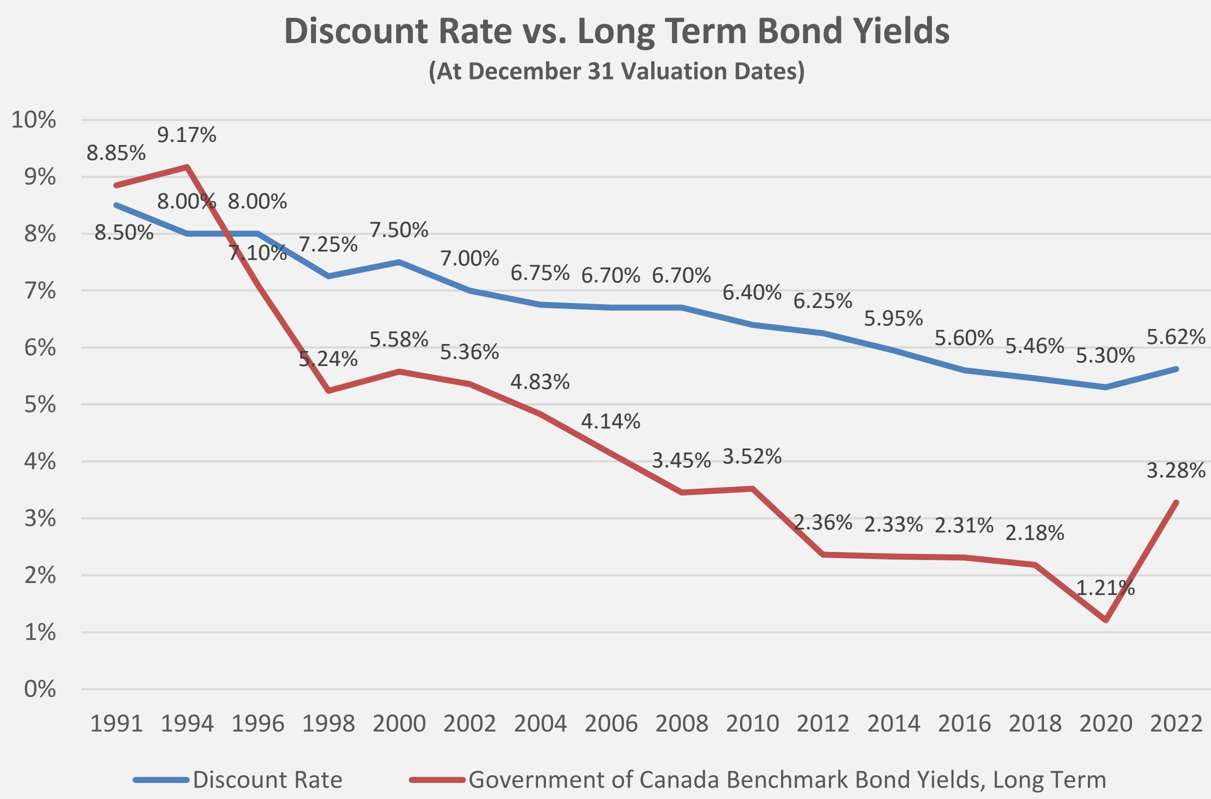


After consideration of the universe of managers in these asset classes, the investment consultant provided long lists of candidates for each of the five searches, from which UAPP selected three managers for short list presentations. Thorough analysis by Plan management resulted in the ultimate selection of five managers. Management carefully evaluated each shortlisted candidate through key criteria such as an assessment of the firm itself, the people representing the firm and their professional investment experience, the manager's investment philosophy and process for portfolio construction, the prospective fund's recent performance, and fees charged by the firm. Legal reviews of documentation continued with all managers through the end of 2023 and into the new year. It is expected that the transition of funds from State Street Global Advisors to the new managers will commence by spring 2024. Completion of this process will depend on the outcome of the legal reviews though management expects all aspects of the transition to be finalized during 2024.

The Plan's Liabilities

The Plan's accrued liabilities are $7,106.5 million compared to $7,056.7 million reported at the end of 2022. This change represents growth of 0.7 per cent over the year. Note that for the purposes of the previous year's calculation, the December 31, 2022 value was extrapolated over two years from the December 31, 2020 valuation. This year's liability was extrapolated from an updated actuarial valuation as at December 31, 2022 which was completed during 2023.

UAPP has historically undertaken an actuarial valuation on a biennial basis, allowing the Board to frequently evaluate and adjust the actuarial assumptions used in the liability calculations. These assumptions are long-term in nature but require regular fine-tuning to ensure they remain appropriate. Given its overall impact, the discount rate is a primary focus of discussion as part of every valuation. With recent sharp increases in interest rates, the Board was in the position of considering a rise in the Plan's discount rate, a move not taken in some time. During the December 31, 2022 valuation process, the assumptions were updated with the discount rate changing from 5.30 per cent to 5.62 per cent. This valuation was the first since December 31, 2000 that the discount rate was increased, though as recently as the December 31, 2014 valuation the discount rate was still higher than it is today.


Discount Rate vs. Long Term Bond Yields
(At December 31 Valuation Dates)
10%
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
8.85%
9.17%
7.10%
5.24%
5.58%
5.36%
4.83%
4.14%
3.45%
3.52%
2.36%
2.33%
2.31%
2.18%
1.21%
3.28%
8.50%
8.00%
8.00%
7.25%
7.50%
7.00%
6.75%
6.70%
6.70%
6.40%
6.25%
5.95%
5.60%
5.46%
5.30%
5.62%
1991
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
Discount Rate
Government of Canada Benchmark Bond Yields, Long Term

The accrued liabilities held in the Plan are calculated by finding the present value of all future pension payments currently owed to members. All else being equal, a higher discount rate will generate a lower liability. By using a higher discount rate this valuation compared to the previous valuation, the Plan's liabilities are lower than they would have been had the discount rate not been increased. While long-term bond yields rose sharply since the last valuation, the Board elected to recognize only a portion of the increase as they also chose to expand the size of the margin built into the discount rate. This decision was taken to provide additional buffer from adverse experience. In general, defined benefit pension plans across Canada are currently in better financial positions due to the high interest rate environment.

While considering the assumption set adopted in the actuarial valuation, the Board reviewed the subsequent impact on contribution rates. The UAPP Funding Policy notes that the Board's long-term goal is to ensure the provision of pension benefits to members and their beneficiaries. Since the cost of the Plan, including benefits and administrative and investment expenses, are primarily paid for by the employers and members, stable contribution rates is a key secondary objective. With this in mind and with the Plan in a healthy financial position, the Board strove to keep contribution rates level. This goal was met by maintaining the overall total contribution rate at 26.88 per cent combined for members and employers. To account for changes in the Year's Maximum Pensionable Earnings (YMPE), the pensionable salary cap, and the demographics of Plan membership since the last actuarial valuation, the contribution rates below the YMPE, above the YMPE but below the pensionable salary cap, and above the pensionable salary cap have all increased slightly.

With 17,884 total members in the Plan, UAPP sends pensions across Canada and around the world. Many members come from outside Alberta to work at UAPP's participating employers, later returning home. Other members simply retire outside the province. Nevertheless, a significant majority of the Plan's liabilities are held by members still residing in Alberta.

In the December 31, 2022 actuarial valuation, liabilities for the active members comprised 39.2 per cent of total liabilities, down from 43.1 per cent of total liabilities at the December 31, 2020 actuarial valuation. The decrease in the share of the total liability by active members is in part due to the higher discount rate. Because the start of their pensions is deferred to retirement, active member liabilities are more impacted by higher rates than retired member liabilities for whom the pensions are already in pay.

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2022 Actuarial Liabilities by Province of Residence Other Than Alberta

Residents of Alberta hold 86.6% of the Plan's actuarial liabilities. The geographic distribution of the remaining 13.4% of actuarial liabilities is shown in the map below.

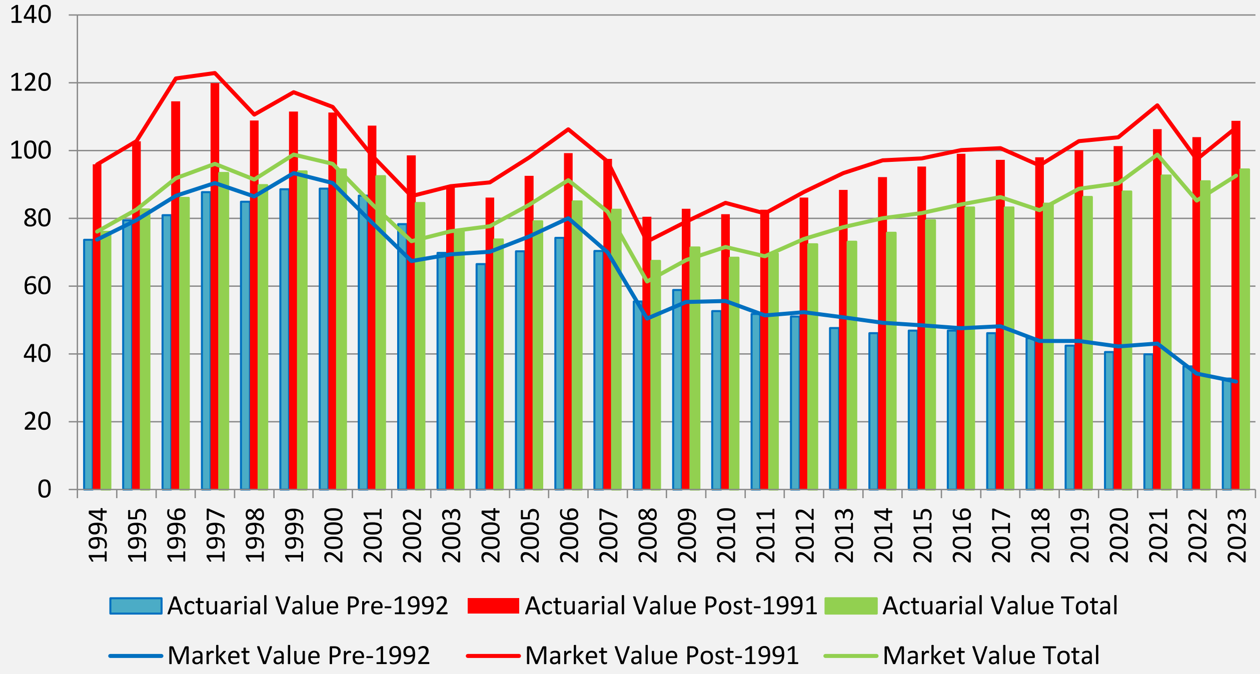
The Plan's Funded Ratio

The financial position of the Plan has improved with the higher discount rate leading to an accrued liability that is lower than it would be had the previous discount rate still been used. Also as previously noted, the financial position further improved by positive investment returns during 2023. As a result, the Plan's funded ratio on a market-value basis in 2023 increased to 92.5 per cent from 85.2 per cent in 2022. The funded ratio on an actuarial value basis is 94.4 per cent compared to 90.9 per cent last year.

Because the Government of Alberta shares in the funding of the unfunded liability that was established in the Plan at December 31, 1991 and since this deficit remains today, the pre-1992 portion of assets and liabilities is identified separately in UAPP's financial statements. At December 31, 2023, the funded ratio of the pre-1992 segment of the Plan is 31.8 per cent on a market value basis (2022: 34.2 per cent), and the funded ratio on an actuarial value basis is 32.7 per cent (2022: 36.3 per cent). Note that, unlike for the total Plan, the pre-1992 funded ratios have declined from last year. The liabilities for this group relate to older members since the pensions were accrued prior to 1992. As such, the increase in the discount rate for this group is much less impactful than for the post-1991 portion of the Plan due to the shorter future life expectancy of these members.

The post-1991 portion of the Plan continues to be in a surplus position. The 2023 funded ratio for assets and liabilities from this period are 106.7 per cent on a market value basis (2022: 97.4 per cent) and 108.8 per cent on an actuarial value basis (2022: 103.9 per cent). The liabilities for this group are significantly impacted by the higher discount rate due to the younger age of members in this cohort.

Funded Ratio: Total, Pre-1992, and Post-1991 Periods
Actuarial and Market Asset Values (per cent funded)



Unfortunately, the funded ratios for the pre-1992 epoch are reaching all-time lows, largely attributed to the long amortization of that deficit to December 31, 2043. Other factors in play include two trends in particular that have occurred since that unfunded liability was first recognized: significant declines in discount rates and substantial improvements in life expectancy. These factors have presented and will continue to present challenges for the financial position of this period. The good news is that the financial position of the post-1991 portion and, most importantly, the total Plan are at the highest point on an actuarial value basis since near the start of this century at December 31, 2000.

Looking to the Future

During 2023, UAPP adopted a new Statement of Investment Policies and Goals (SIP&G) to be effective January 1, 2024 which incorporates updates to the Board's investment beliefs. The beliefs serve several purposes, including helping to define the Plan's investment goals and objectives and providing some continuity as Board membership evolves over time. This particular update is timely as the Plan grows its investment manager roster from four firms to seven. This increase in the number of managers is being done as a significant portion of the Plan's investments return to active management and this change will play a prominent role in future Fund performance. The transition of assets to the new managers is expected to commence by spring 2024 and be completed within the year.

The Board took a closer look at pension risk management in 2023 and further exploration of this subject is planned for UAPP in 2024. The Plan's investments continue to form the largest risks faced by the Plan. The new guideline noted in the Message from the Chair will provide the Plan with additional tools for considering specific risk categories such as outsourcing, cyber security, environmental, social, and governance issues, leverage, and investment risk.

One of the most efficient ways for UAPP to communicate with its beneficiaries and other stakeholders is through its website. For almost ten years, uapp.ca remained largely unchanged except for the regular updating of important publications like the annual report, quarterly Communiques, annual Member Handbook, actuarial valuation reports, and SIP&G. However, the programming language used in the platform behind the scenes was not user-friendly, so changes required third party assistance. UAPP hired a new web developer in 2023 to relaunch the website with a more accessible platform that allows greater flexibility for Plan management. An updated version of the website went live in early 2024.

INVESTMENT REPORT

Investment Beliefs and Approach

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Policy

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

The Board, through its Investment Committee, monitors on an ongoing basis the performance of the Fund, the funded status of the Plan, capital markets and economic developments and expectations. Based on this monitoring, the Board may adjust the asset mix and take other appropriate measures to control risk or improve returns. The Board reviews the SIP&G at least once a year. A new SIP&G became effective January 1, 2024, a copy of which is available on the UAPP website www.uapp.ca under Publications.

The following table compares the Board's current Long-term Policy Asset Mix benchmark and ranges to the actual asset mix of investments for 2023 and 2022.

INVESTMENT REPORT

Long-term Policy Asset Mix
(percentage of Fund)

	2023				2022			
Asset Class	**Target**	**Min**	**Max**	**Actual**	**Target**	**Min**	**Max**	**Actual**
Fixed Income								
Cash & short term	0.0	0.0	1.0	0.8	0.0	0.0	1.0	0.2
Universe bonds	11.5	9.5	13.5	11.4	11.5	9.5	13.5	11.4
Private mortgages	5.0	3.0	7.0	4.4	5.0	3.0	7.0	4.2
Long duration bonds	11.5	9.5	13.5	11.5	11.5	9.5	13.5	10.3
Real return bonds	7.0	5.0	9.0	5.5	7.0	5.0	9.0	5.9
	35.0	**31.0**	**39.0**	**33.6**	**35.0**	**31.0**	**39.0**	**32.0**
Equities								
Canadian public equities	5.0	3.0	7.0	3.7	5.0	3.0	7.0	4.4
Foreign public equities								
Global	33.0	28.0	38.0	30.7	33.0	28.0	38.0	30.5
Emerging markets	7.0	5.0	9.0	5.7	7.0	5.0	9.0	5.9
Private equities	5.0	3.0	7.0	10.7	5.0	3.0	7.0	10.8
	50.0	**45.0**	**55.0**	**50.8**	**50.0**	**45.0**	**55.0**	**51.6**
Alternative investments								
Real estate	8.0	6.0	10.0	7.8	8.0	6.0	10.0	8.7
Infrastructure	7.0	5.0	9.0	6.9	7.0	5.0	9.0	6.7
Timberland	0.0	0.0	1.0	0.7	0.0	0.0	1.0	0.8
	15.0	**11.0**	**19.0**	**15.4**	**15.0**	**11.0**	**19.0**	**16.2**
Strategic opportunities and currency	-	-	-	0.2	-	-	-	0.2
Total	**100.0**			**100.0**	**100.0**			**100.0**

As can be seen from the table, the Plan holds a highly diversified portfolio of investments in fixed income securities, Canadian and foreign public equities, private equities, alternative investments, and strategic opportunities, including participation in both passively and actively managed pooled investment funds. The Plan invests in units of pooled investment funds which are created and managed by investment managers. Pooled fund units have a market-based unit value that is used to allocate income to participants in the pool and to value purchases and sales of units. There are thousands of securities held in various pooled investment funds. Securities may be bought and sold daily. The Plan has a broad global diversification across publicly traded and private equities which increases opportunities to add value. In addition, the Fund's investments in real estate and infrastructure are expected to provide better cash yields that grow with inflation.

INVESTMENT REPORT

Throughout 2023, the private equity portion of the portfolio exceeded the upper limit identified in the SIP&G due to its elevated market value following exceptional investment returns experienced in 2021 plus returns in 2022 that were poor but still better than most other asset classes. The investments in this asset class are relatively illiquid as well. No new investments in private equity will be made until the asset class is within its allowed range.

At the end of the second quarter of the year, the market value of aggregate fixed income investments fell below the allowed range for the asset class and rebalancing was required, with necessary assets drawn from global public equities.

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

Investment Management

Throughout 2023, UAPP relied on four investment managers to manage its investment portfolio:

- Alberta Investment Management Corporation (AIMCo) manages 36.2% of the Fund in a mix of private equity investments, alternative investments, private mortgages, and real return bonds. AIMCo is an Alberta provincial corporation established in 2008, reporting to the President of Treasury Board and Minister of Finance, administering investment portfolios of around $158 billion on behalf of other public sector pension plans and the Government of Alberta.
- Beutel, Goodman & Company Ltd. manages approximately one-half of the Plan's Canadian long bond and universe bond portfolios totaling 11.4% of total investments at the end of the year. Beutel, Goodman & Company Ltd. is a privately-owned Canadian company founded in 1967, with approximately $43 billion in assets under management.
- Fiera Capital Corporation manages the remainder of the Plan's Canadian long bond and universe bond portfolios totaling 11.5% of total investments at December 31, 2023. Fiera Capital Corporation was established in 2003 and has almost $155 billion in assets under management.
- State Street Global Advisors manages the public equity portion of the portfolio (Canadian, global, and emerging markets), which comprises 40.1% of the Plan's investments. State Street Global Advisors was established in 1978 and has more than $5,560 billion in assets under management.
- The remaining 0.8% of the portfolio is currently held in a cash account held by Canadian Imperial Bank of Commerce (CIBC). UAPP has no target allocation to cash but there is an allowed range of 0.0-1.0% of total assets.

INVESTMENT REPORT

To mitigate investment policy implementation risk, clearly defined benchmarks, guidelines, standards, and controls have been established at both the total Fund and asset class levels. Investment managers have the flexibility to act within the prescribed limits to add value over the policy. Both compliance with the SIP&G and performance against the specified benchmarks are monitored formally on a quarterly basis. The Board has retained Aon as an independent asset consultant to provide evaluation of investment managers on a regular basis.

Proxy Voting

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

Risk Management

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

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

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

Evaluating Investment Performance

A key assumption in calculating the Plan’s pension obligation is the discount rate. The estimated value of the Plan’s pension obligation is highly sensitive to this actuarial assumption. According to the 2023 audited financial statements, a decrease in the discount rate by 1% increases the pension obligation by approximately $1,042.9 million. The discount rate is changed from the rate used in the 2022 audited financial statements, increasing from 5.30% to 5.62%. The current discount rate includes a long-term real return rate of 3.37% and an assumed inflation rate of 2.25%. This rate represents the Plan’s long-term investment return objective for funding purposes.

The Plan’s investment performance can also be assessed in terms of whether investment managers are adding value above their respective benchmarks. In this case, the performance of the Plan is measured against a policy benchmark return calculated using the Plan’s policy allocation to each asset class and the market index return for the specific class.

While investment performance can be compared to other funds, this comparison is meaningful only to the extent that the funds being compared have similar investment objectives, risks and constraints and policies. A fund that is 100% invested in fixed income, for example, does not provide a valid comparison to a fund that is 100% invested in equities.

INVESTMENT REPORT

2023 Investment Performance

Ending Fair Value: $6,554.6 million
2022: $5,993.2 million

Rate of Return: 10.5%
2022: (8.6%)

Gain/(Loss): $655.8 million
2022: ($550.6 million)

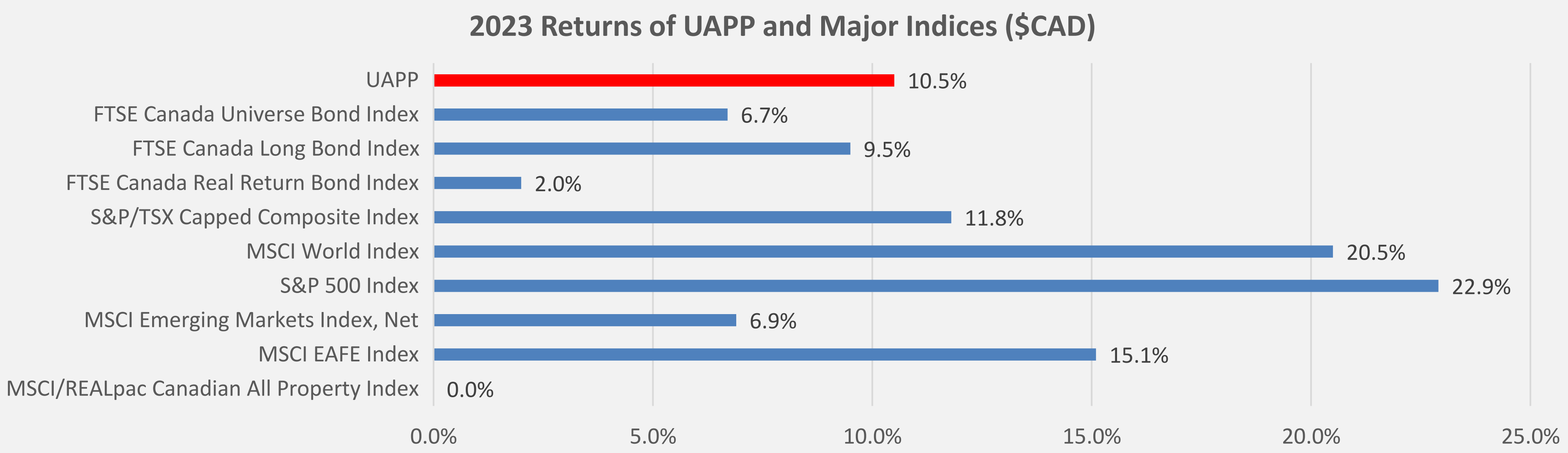
Expenses: $25.7 million
2022: $19.7 million

At December 31, 2023, the fair value of the Plan's investments totaled $6,554.6 million, up from $5,993.2 million at the end of the previous year. Overall, UAPP finished the 2023 year with an investment gain of 10.5% compared to a loss of 8.6% in 2022.

UAPP experienced positive returns on its investments in three quarters of 2023, starting with 4.1% in the 1st quarter, 1.9% in the 2nd quarter, and (2.2%) in the 3rd quarter, before ending the year with a very strong 4th quarter gain of 6.6%. UAPP investments underperformed the benchmark return of 11.1%, by 0.6%.

In 2022, all asset classes except real estate, infrastructure, and timberland experienced losses. Conversely, the current year showed a dramatic turnaround as all the classes with negative returns in 2022 provided strong positive returns in 2023.

The following chart summarizes the market returns in Canadian dollars from various indices around the world and the overall return of UAPP for 2023.



INVESTMENT REPORT

The Standard & Poor's (S&P) 500 Index, which tracks the performance of the top 500 U.S.-based companies, gained 22.9% in Canadian dollars (26.3% in U.S. dollars) compared to a loss of 12.2% in Canadian dollars (18.1% in U.S. dollars) in 2022.

Approximately 36.6% of the Plan's investments (2022: 36.6%) are denominated in U.S. dollars. The weaker Canadian dollar in relation to the U.S. dollar had a positive impact on the value of U.S. dollar investments held by the Plan. At December 31, 2023, one U.S. dollar was worth $1.32 Canadian compared to $1.36 Canadian at the beginning of the year. As a result, U.S. dollar investments were worth more when translated into Canadian dollars at December 31, 2023 resulting in more favourable returns in Canadian dollars.

The Morgan Stanley Capital International (MSCI) EAFE Index covering Europe, Australasia and the Far East, gained 15.1% in Canadian dollars compared to a loss of 8.2% in 2022. As most of UAPP's foreign currency exposure is through public equity investments, the Plan's investments denominated in currencies other than the Canadian and U.S. dollar comprise less than 0.1% (2022: <0.1%) of the total Fund.

Outside of the global developed equity markets, the MSCI Emerging Markets Index gained 6.9% in 2023 in Canadian dollars compared to a loss of 14.3% in 2022.

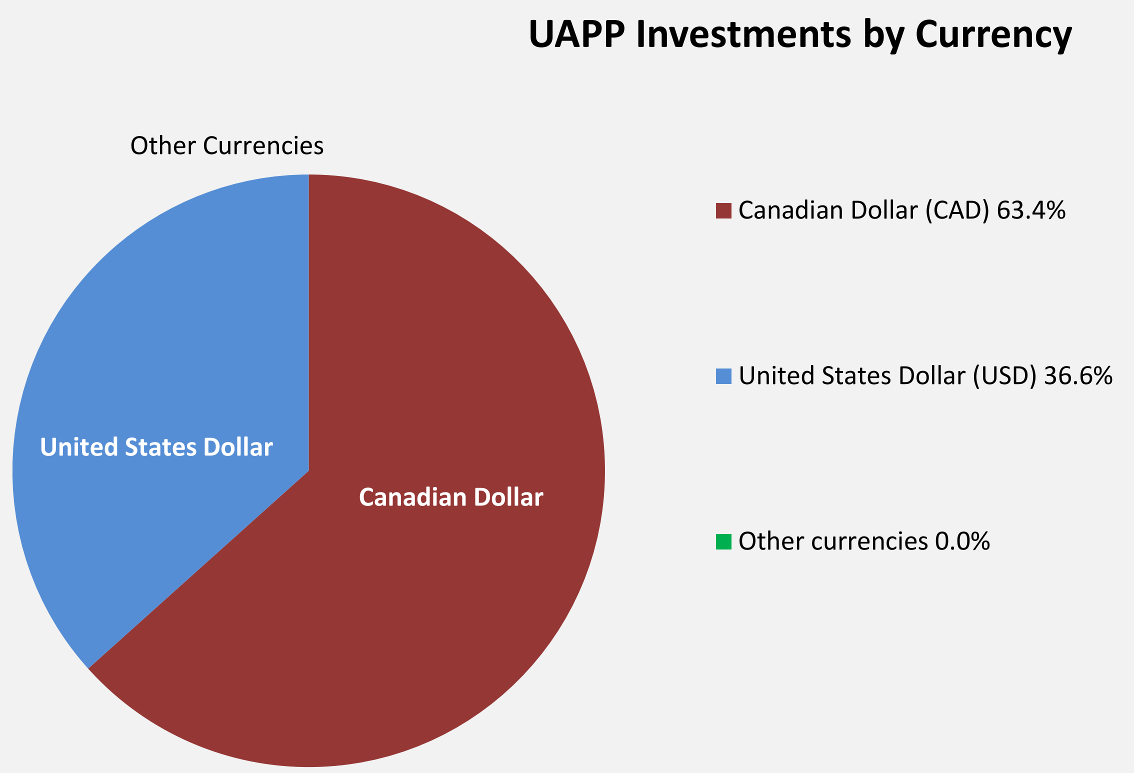
The Canadian public equities, represented by the S&P Toronto Stock Exchange (TSX) Composite Index, gained 11.8% in 2023 compared to a loss of 5.8% in 2022.

The Canadian real estate market represented by the MSCI/REALpac Canadian All Property Index returned 0.0% in 2023 compared to a gain of 1.2% in 2022.

During 2023, fixed income portfolios showed marked improvement from 2022. The FTSE Canada Universe Bond Index posted a gain of 6.7% in 2023 compared to a loss of 11.7% in 2022. The FTSE Canada Long-Term Overall Bond Index returned a gain of 9.5% after a loss of 21.8% in 2022. The FTSE Canada Real Return Bond Index posted a gain of 2.0% after a loss of 14.3% in 2022.

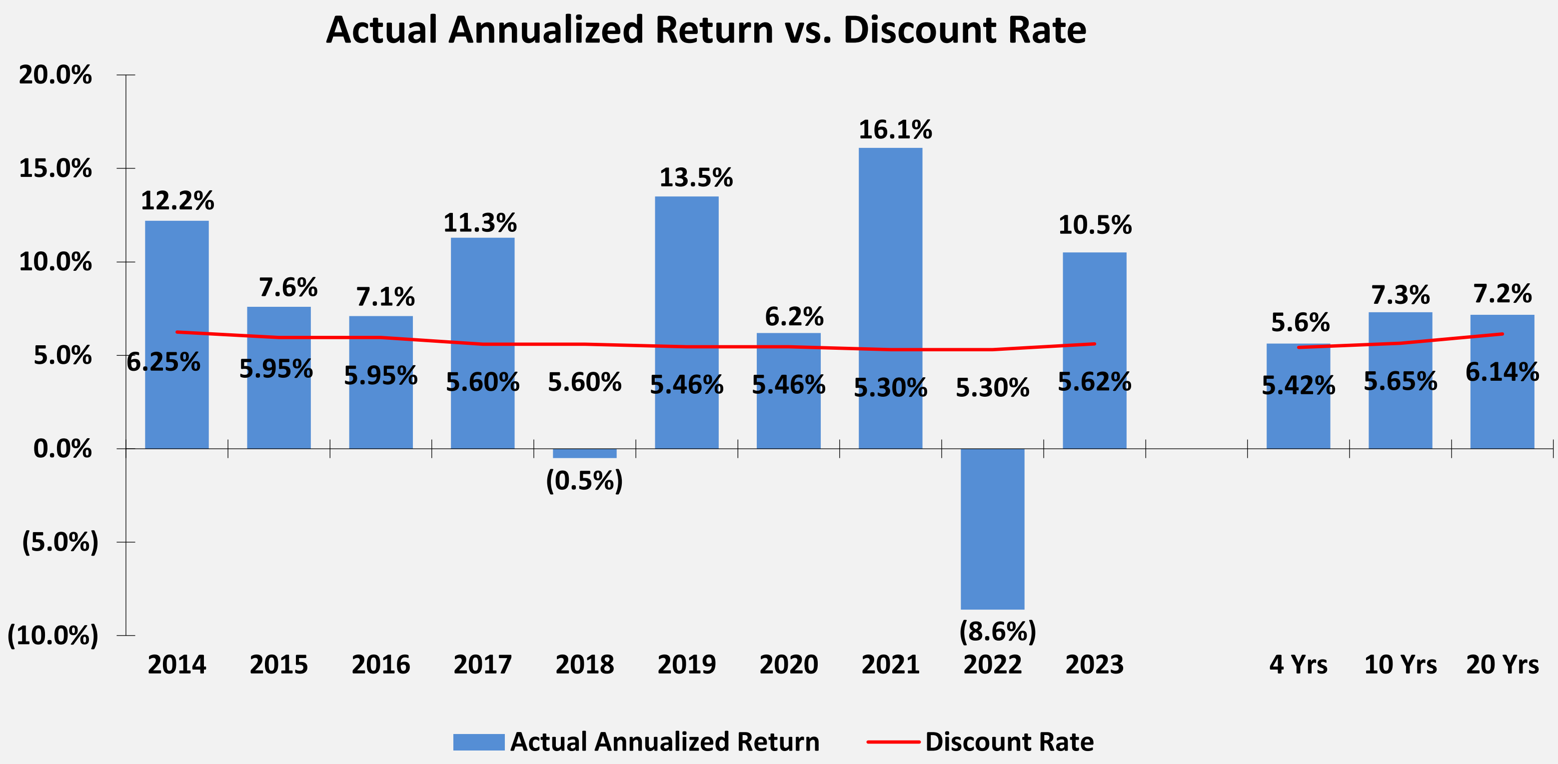
INVESTMENT REPORT

The table below shows UAPP's exposure to foreign currencies and its investments in Canadian dollars.



INVESTMENT REPORT

The chart below compares the Plan's actual return over one year and annualized returns over four, ten, and twenty years against the Plan's actuarial discount rate for funding purposes.

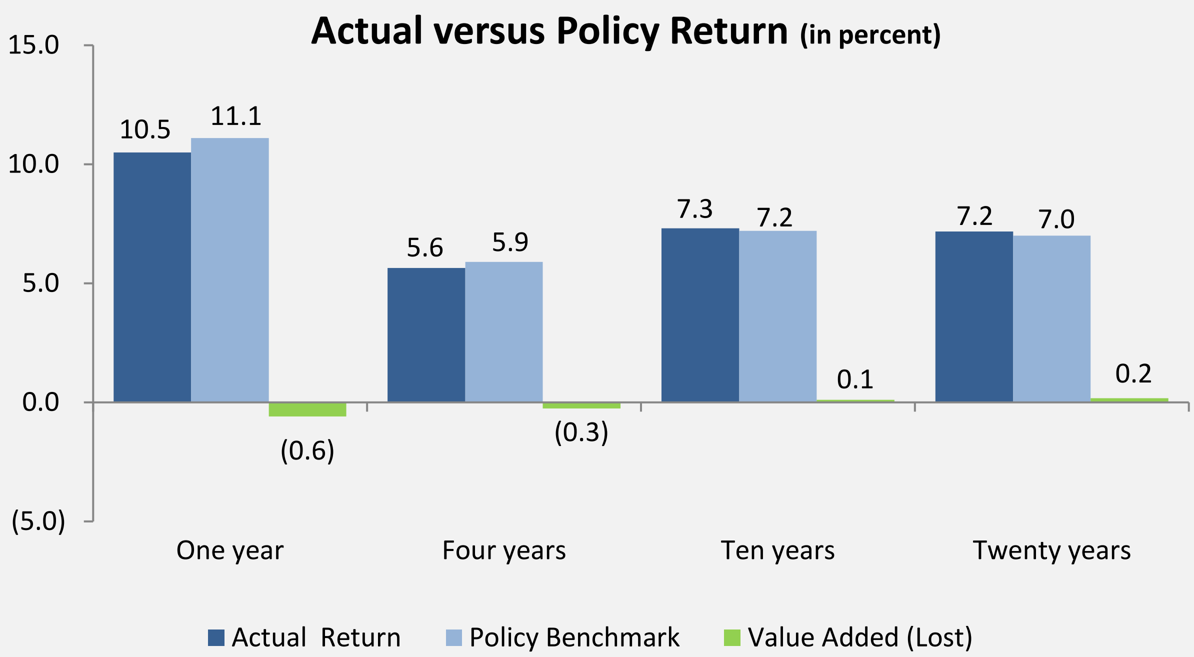


The Plan's annualized returns over four, ten, and twenty years are 5.6%, 7.3% and 7.2% respectively. Over each of these periods, the Plan's actual investment return is greater than the long-term return objective for funding purposes.

Actual versus Policy Return

According to the Plan's SIP&G, the Board has set a performance goal based on the expectation that investment management will add 0.5% per annum over a four-year period beyond the passively managed market-based policy benchmark. Note that in early 2021, the UAPP moved its public equities portfolio into a passive management strategy at State Street Global Advisors. An active management strategy will be re-implemented during 2024.

Over the past four years, the value lost by investment management decisions was 0.3% per annum.



INVESTMENT REPORT

PERFORMANCE BY ASSET CLASS

Fixed Income

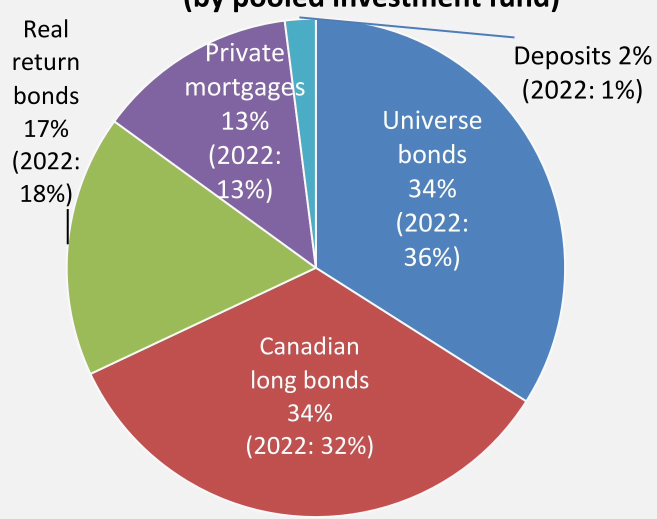
At December 31, 2023, fixed income holdings comprise 33.6% of the Plan's total investments or $2,202 million compared to 32.1% or $1,923 million at December 31, 2022. The Canadian long bond portfolio and universe bond portfolio are managed by Beutel, Goodman & Company Ltd. and Fiera Capital Corporation. AIMCo manages private mortgages and real return bonds.

In 2023, the Plan's total fixed income securities gained 6.9%, outperforming against the combined benchmark gain of 6.8% by 0.1%. Over the past four years, the Plan's total fixed income securities gained 0.1%, outperforming against the combined benchmark loss of 0.3% by 0.4%.

Total Fixed Income	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added %
One year	6.9	6.8	0.1
Four year	0.1	(0.3)	0.4

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

Summary of Fixed Income Holdings (by pooled investment fund)



INVESTMENT REPORT

Universe Bonds

In 2023, the Plan's universe bond portfolio gained 7.2%, outperforming against the benchmark gain of 6.7% by 0.5%. Over the past four years, the Plan's universe bond portfolio gained 0.6% on an annualized basis, outperforming against the benchmark return of 0.0% by 0.6%.

Universe Bonds	Actual Return %	Benchmark Index *FTSE Universe Bond Index* %	Net Value Added (Lost) %
One year	7.2	6.7	0.5
Four year	0.6	0.0	0.6

Private Mortgages

In 2023, the Plan's private mortgage portfolio gained 4.5%, underperforming against the benchmark gain of 6.3% by 1.8%. Over the past four years, the Plan's private mortgage portfolio gained 2.4% on an annualized basis, outperforming against the benchmark gain of 2.2% by 0.2%.

Mortgages	Actual Return %	Benchmark Index *FTSE 60%S-T/40%M-T Bond Index plus 0.75%* %	Net Value Added %
One year	4.5	6.3	(1.8)
Four year	2.4	2.2	0.2

Long Bonds

In 2023, the Plan's long bond portfolio gained 10.0%, outperforming against the benchmark gain of 9.5% by 0.5%. Over the past four years, the Plan's long bond portfolio lost 1.8% on an annualized basis, outperforming against the benchmark loss of 2.2% by 0.4%.

Long Bonds	Actual Return %	Benchmark Index *FTSE Long Bond Index* %	Net Value Added %
One year	10.0	9.5	0.5
Four year	(1.8)	(2.2)	0.4

INVESTMENT REPORT

Real Return Bonds

In 2023, the Plan's real return bond portfolio gained 2.4%, outperforming against the benchmark gain of 2.0% by 0.4%. Over the past four years, the Plan's real return bond portfolio gained 0.4% on an annualized basis, outperforming against the benchmark gain of 0.1% by 0.3%.

Real Return Bonds	Actual Return %	Benchmark Index *FTSE Real Return Bond Index* %	Net Value Added %
One year	2.4	2.0	0.4
Four year	0.4	0.1	0.3

Equities

At December 31, 2023, equity holdings comprise 50.8% of the Plan's total investments or $3,332 million compared to 51.6% or $3,090 million at December 31, 2022. The Canadian, global, and emerging market public equity portfolios are managed by State Street Global Advisors. AIMCo manages the private equity portfolio.

Canadian Public Equities

At December 31, 2023, Canadian public equities represented 3.7% of the Plan's total investments or $243 million, down from 4.4% or $265 million at the end of the previous year. The Plan's Canadian equity portfolio is invested in State Street Global Advisors's WindWise S&P/TSX Composite pooled index fund. The purpose of the index fund is to mimic the S&P/TSX Composite index, a move to passive investments viewed as temporary while UAPP conducts an investment manager search. As such, the index fund is not expected to provide any value-add return.

In 2023, the Canadian public equity portfolio gained 11.7%, reflecting a tracking error to the S&P/TSX Composite of 0.1%. Over the past four years, the Plan's Canadian public equity portfolio gained 6.8% on an annualized basis, underperforming against the benchmark gain of 8.6% by 1.8%. This period included some years when the portfolio was actively managed.

Canadian Public Equities	Actual Return %	Benchmark Index S&P/TSX Composite %	Net Value (Lost) %
One year	11.7	11.8	(0.1)
Four year	6.8	8.6	(1.8)

Canadian Public Equities Sector Exposure Relative to Benchmark December 31, 2023	WindWise S&P/TSX Composite Pool	Over (Under) Benchmark
Sector	**%**	**%**
Communication services	3.7	0.0
Consumer discretionary	3.6	0.0
Consumer staples	4.2	0.0
Energy	17.1	0.0
Financials	31.3	0.0
Health care	0.3	0.0
Industrials	13.7	0.0
Information technology	8.7	0.0
Materials	11.0	0.0
Real estate	2.4	0.0
Utilities	4.0	0.0
	100.0	

Foreign Public Equities

At December 31, 2023, foreign public equities accounted for 36.4% of the Plan's total investments or $2,386 million, compared to 36.4% or $2,176 million the previous year. UAPP's foreign public equity portfolio consists of units in State Street Global Advisors' MSCI World pooled index fund (84%) and MSCI Emerging Markets pooled index fund (16%). The purpose of the index funds is to mimic the MSCI World and MSCI Emerging Markets indices, a move to passive investments viewed as temporary while UAPP conducts investment manager searches. As such, the index funds are not expected to provide any value-add return.

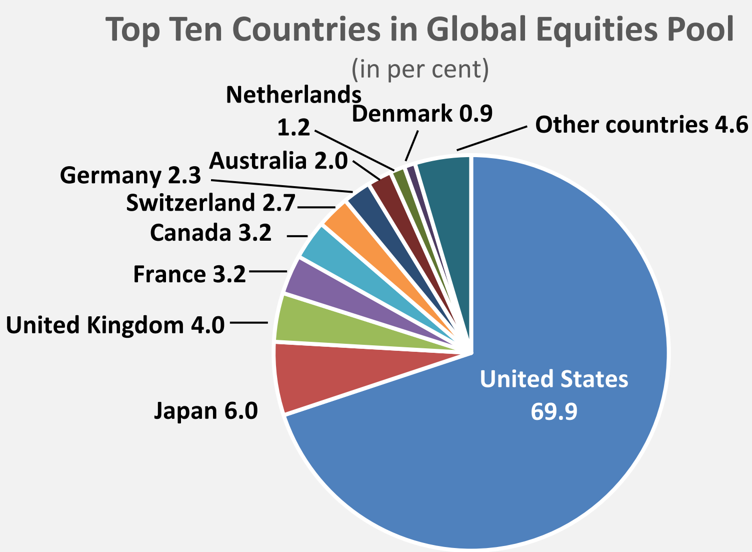
In 2023, the foreign public equity portfolio gained 18.7%, reflecting a tracking error to the combined benchmark of 0.3%. Over the past four years, the Plan's foreign public equity portfolio gained 7.1% on an annualized basis, underperforming against the benchmark gain of 8.4% by 1.3%. This period included some years when the portfolio was actively managed.

Total Foreign Public Equities	Actual Return %	Benchmark Index Combined Benchmark* %	Net Value Added (Lost) %
One year	**18.7**	**18.4**	**0.3**
Four year	**7.1**	**8.4**	**(1.3)**

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

Global Public Equities

The Plan's global public equity portfolio is invested in units of State Street Global Advisors' MSCI World Index pooled fund. Approximately 84% of UAPP's overall foreign public equity portfolio is invested in this fund.



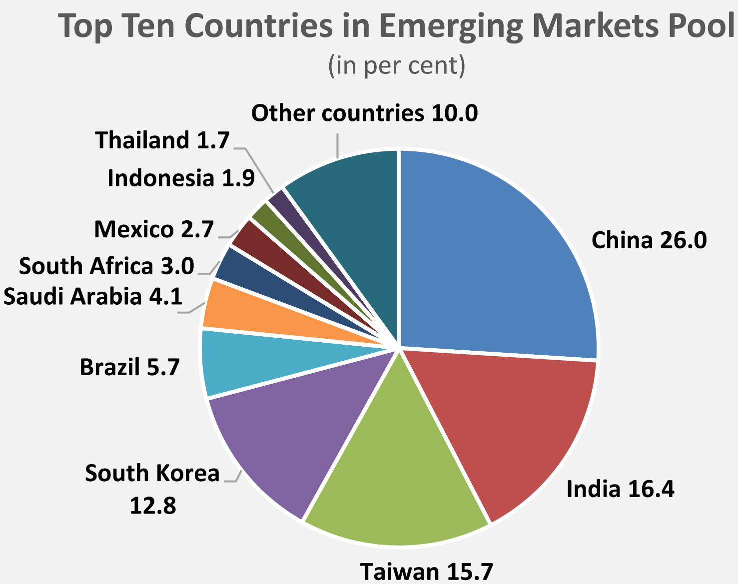
Global Public Equities Sector Exposure Relative to Benchmark December 31, 2023	MSCI World Index Pooled Fund	Over (Under) Benchmark
Sector	**%**	**%**
Communication services	7.2	0.0
Consumer discretionary	10.9	0.0
Consumer staples	6.8	0.0
Energy	4.5	0.0
Financials	15.2	0.0
Health care	12.1	0.0
Industrials	11.1	0.0
Information technology	23.0	0.0
Materials	4.1	0.0
Real estate	2.5	0.0
Utilities	2.6	0.0
	100.0	

In 2023, the Plan's global public equity portfolio gained 20.9%, reflecting a tracking error to the MSCI World Index benchmark of 0.4%. Over the past four years, the Plan's global public equity portfolio gained 8.7% on an annualized basis, underperforming against the benchmark gain of 9.8% by 1.1%. This period included some years when the portfolio was actively managed.

Global Public Equities	Actual Return %	Benchmark Index MSCI World Index %	Net Value Added (Lost) %
One year	20.9	20.5	0.4
Four year	8.7	9.8	(1.1)

Emerging Markets Public Equities

The Plan's emerging markets public equity portfolio is invested in units of State Street Global Advisors' MSCI Emerging Markets Index pooled fund. Approximately 16% of UAPP's overall foreign public equity portfolio is invested in this fund.



Emerging Market Public Equities Sector Exposure Relative to Benchmark December 31, 2023	MSCI Emerging Markets Index Pooled Fund	Over (Under) Benchmark
Sector	%	%
Communication services	9.0	0.2
Consumer discretionary	12.9	0.1
Consumer staples	5.8	(0.2)
Energy	5.1	0.0
Financials	22.3	0.0
Health care	3.7	(0.1)
Industrials	6.6	(0.2)
Information technology	22.4	0.3
Materials	7.8	(0.1)
Real estate	1.7	0.0
Utilities	2.7	0.0
	100.0	

In 2023, the Plan's emerging markets public equities portfolio gained 6.7%, reflecting a tracking error to the MSCI Emerging Markets Index benchmark of 0.2%. Over the past four years, the Plan's emerging markets public equity portfolio lost 1.2% on an annualized basis, underperforming against the benchmark gain of 0.7% by 1.9%. This period included some years when the portfolio was actively managed.

Emerging Markets Public Equities	Actual Return %	Benchmark Index MSCI Emerging Markets Index %	Net Value Added (Lost) %
One year	6.7	6.9	(0.2)
Four year	(1.2)	0.7	(1.9)

INVESTMENT REPORT

Private Equities

The private equity portfolio includes investments in institutionally sponsored international private equity pools managed by experienced external investment advisors with proven track records and co-investments with private equity managers. At December 31, 2023, the Plan's investment in one of AIMCo's private equities pools comprised 10.7% of the Plan's total investment portfolio, or $702 million, from 10.8%, or $648 million at the previous year end.

In 2023, investments in private equities gained 10.9%, outperforming against the Consumer Price Index plus 6.5% benchmark gain of 9.6% by 1.3%. Over the past four years, the Plan's private equity portfolio gained 25.9% on an annualized basis, outperforming against the benchmark gain of 10.3% by 15.6%.

Private Equities	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 6.5% %	Net Value Added (Lost) %
One year	10.9	9.6	1.3
Four year	25.9	10.3	15.6

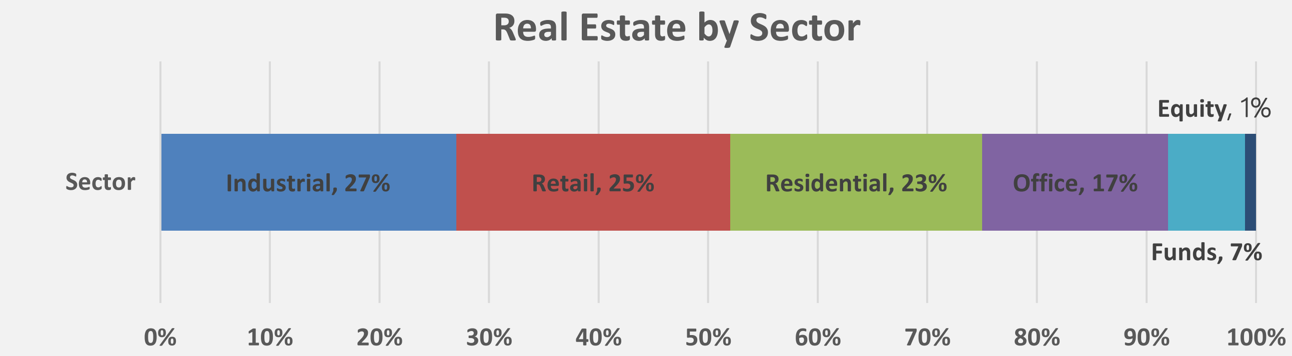
Alternative Investments

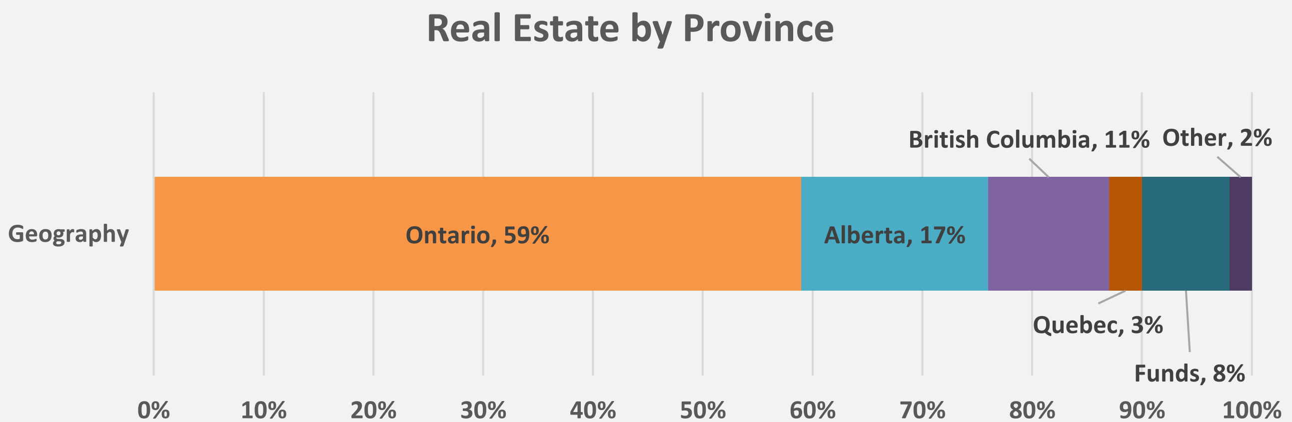
Alternative investments totaling $1,006 million or 15.4% (2022: $966 million or 16.1%) of the Plan's total portfolio includes real estate, infrastructure, and timberland investments, all managed by AIMCo.

In 2023, the Plan's alternative investments lost 0.2%, underperforming against the combined benchmark gain of 4.4% by 4.6%. Over the past four years, the Plan's alternative investments gained 14.8%, outperforming against the combined benchmark gain of 5.8% by 9.0%. This period included two years when private equities were categorized as alternative investments.

Real Estate

At December 31, 2023, real estate investments comprise 7.8% of the Plan's total investments or $511 million compared to 8.6% or $518 million the previous year. Real estate investments provide diversification and high cash flow and are expected to provide protection from inflation. The UAPP invests in AIMCo's Private Real Estate Pool which includes a mix of industrial, retail, residential, and office properties located in Ontario, Alberta, British Columbia, and Quebec.





In 2023, the Plan's real estate portfolio lost 4.7%, underperforming against the MSCI/REALpac Canadian All Property Index benchmark return of 0.0% by 4.7%. Over the past four years, the Plan's real estate portfolio gained 0.1% on an annualized basis, underperforming against the benchmark gain of 0.6% by 0.5%.

Real Estate	Actual Return %	Benchmark Index MSCI/REALpac All Property Index %	Net Value Added %
One year	(4.7)	0.0	(4.7)
Four year	0.1	0.6	(0.5)

Private Income (Infrastructure)

At December 31, 2023, infrastructure investments comprise 6.9% of total Plan investments or $450 million, up from 6.7% or $400 million at the end of the previous year. Investments include projects in integrated utilities, pipelines and midstream, renewable energy, transportation, telecommunications, data centres, water, industrial sector, real estate, and waste management.

In 2023, investments in infrastructure gained 5.0%, underperforming against the Consumer Price Index plus 6% benchmark gain of 9.1% by 4.1%. Over the past four years, the Plan's infrastructure portfolio gained 12.8% on an annualized basis, outperforming against the benchmark gain of 9.8% by 3.0%.

Infrastructure	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 6% %	Net Value Added %
One year	5.0	9.1	(4.1)
Four year	12.8	9.8	3.0

Timberland

At December 31, 2023, the UAPP's investment in AIMCo's Timberland Pool comprised 0.7% of total Plan investments or $45 million, compared to 0.8% or $49 million at the end of the previous year. The Timberland investment includes forestry land in Australia, New Zealand, and Latin America.

In 2023, the timberland investments lost 1.7%, underperforming against the Consumer Price Index plus 4% benchmark gain of 7.1% by 8.8%. Over the past four years, the Plan's timberland portfolio gained 10.6% on an annualized basis, outperforming against the benchmark gain of 7.8% by 2.8%.

Timberland	Actual Return %	Benchmark Index Consumer Price Index (CPI) plus 4% %	Net Value Added %
One year	(1.7)	7.1	(8.8)
Four year	10.6	7.8	2.8

Strategic Opportunities Pool and Currency Hedges

At December 31, 2023, the UAPP's investment in AIMCo's Strategic Opportunities Pool comprised 0.2% of total Plan investments or $15 million, unchanged from 0.2% or $15 million at the end of the previous year. AIMCo's Strategic Opportunities Pool consists of investments in infrastructure and hydropower in emerging market countries in Brazil and Colombia. In 2023, the Strategic Opportunities Pool had a gain of 15.1%. Over the past four years, the Strategic Opportunities Pool lost 3.7% on an annualized basis.

INVESTMENT REPORT

	December 31, 2023		Annual Returns				
	Investments (in millions)	Asset Mix (%)	2023 %	2022 %	2021 %	2020 %	Annualized 4 yr %
Total Fund	**$ 6,554.6**	**100.0%**	**10.5**	**(8.6)**	**16.1**	**6.2**	**5.6**
Policy Return			*11.1*	*(7.5)*	*11.1*	*10.1*	***5.9***
Value Added (Lost) from Active Management			*(0.6)*	*(1.1)*	*5.0*	*(3.9)*	***(0.3)***
Consumer Price Index			*3.1*	*6.8*	*4.7*	*0.8*	***1.8***
Total Fixed Income	**$ 2,202.1**	**33.6%**	**6.9**	**(14.5)**	**(1.6)**	**11.8**	**0.1**
Combined Benchmarks			*6.8*	*(14.6)*	*(2.0)*	*10.7*	***(0.3)***
Short-term Fixed Income	50.8	0.8%	**4.9**	**1.9**	**0.7**	**0.9**	**2.1**
FTSE Canada 91-Day T-Bill Index			*4.7*	*1.8*	*0.2*	*0.9*	***1.9***
Universe Bonds	746.6	11.4%	**7.2**	**(11.8)**	**(2.2)**	**10.6**	**0.6**
FTSE Canada Universe Bond Index			*6.7*	*(11.7)*	*(2.5)*	*8.7*	***0.0***
Private Mortgages	288.0	4.4%	**4.5**	**(5.0)**	**1.1**	**9.4**	**2.4**
FTSE Canada 60% Short-Term/40% Mid-Term plus 0.75%			*6.3*	*(5.8)*	*(0.9)*	*9.8*	***2.2***
Long Duration Bonds	752.5	11.5%	**10.0**	**(21.8)**	**(4.2)**	**12.9**	**(1.8)**
FTSE Canada Long-Term Overall Bond Index			*9.5*	*(21.8)*	*(4.5)*	*11.9*	***(2.2)***
Real Return Bonds	364.2	5.5%	**2.4**	**(14.2)**	**1.6**	**13.7**	**0.4**
FTSE Canada Real Return Bond Index			*2.0*	*(14.3)*	*1.8*	*13.0*	***0.1***
Total Equities	**$ 3,331.5**	**50.8%**	**16.5**	**(10.3)**	**22.1**	**3.2**	**7.1**
Combined Benchmark			*14.0*	*(9.3)*	*18.8*	*12.1*	***8.3***
Total Canadian Public Equities	243.1	3.7%	**11.7**	**(5.9)**	**28.0**	**(3.4)**	**6.8**
S&P/TSX Composite Capped Index			*11.8*	*(5.8)*	*25.1*	*5.6*	***8.6***
Foreign Public Equities			**18.7**	**(12.3)**	**19.8**	**5.5**	**7.1**
MSCI World Index and MSCI Emerging Markets Index			*18.4*	*(12.5)*	*16.4*	*14.4*	***8.4***
Global Equities	2,012.0	30.7%	**20.9**	**(11.9)**	**24.8**	**5.0**	**8.7**
MSCI World Index			*20.5*	*(12.2)*	*20.8*	*13.9*	***9.8***
Emerging Markets	374.4	5.7%	**6.7**	**(14.3)**	**(2.6)**	**7.1**	**(1.2)**
MSCI Emerging Markets Index			*6.9*	*(14.3)*	*(3.4)*	*16.2*	***0.7***
Private Equities*	702.0	10.7%	**10.9**	**(5.4)**	**74.0**	**37.6**	**25.9**
CPI plus 6.5%			*9.6*	*13.3*	*11.2*	*7.3*	***10.3***
Alternative Investments	**$ 1,005.7**	**15.4%**	**(0.2)**	**12.6**	**43.7**	**7.4**	**14.8**
Combined Benchmark			*4.4*	*6.5*	*9.7*	*2.7*	***5.8***
Real Estate	510.7	7.8%	**(4.7)**	**7.3**	**14.1**	**(14.0)**	**0.1**
MSCI/REALpac Canadian All Property Index			*0.0*	*1.2*	*6.9*	*(5.2)*	***0.6***
Infrastructure	450.0	6.9%	**5.0**	**16.5**	**26.3**	**4.7**	**12.8**
CPI plus 6%			*9.1*	*12.8*	*10.7*	*6.8*	***9.8***
Timberland	45.0	0.7%	**(1.7)**	**37.3**	**20.8**	**(8.3)**	**10.6**
CPI plus 4%			*7.1*	*10.8*	*8.7*	*4.8*	***7.8***
Strategic Investments and Currency Hedges	**$ 15.3**	**0.2%**	**15.1**	**(21.5)**	**(2.7)**	**(2.0)**	**(3.7)**

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

ADMINISTRATION REPORT

The Board of Trustees for the Universities Academic Pension Plan is responsible for the ongoing operation and administration of the pension plan, including the collection of relevant member data and contributions, the calculation and payment of pension benefits, and the communication of pension information to plan members and employers. The 2023 results in these areas are as follows:

Membership

There are three types of member currently in the UAPP:

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

Participation	2023	2022
Active members	8,179	7,868
Deferred members	2,819	2,631
Pensioners	6,886	6,720
TOTAL	**17,884**	**17,219**

Active membership in the UAPP increased 4.0% during the year to 8,179 at December 31, 2023 from 7,868 members at December 31, 2022. During 2023, the plan experienced its largest year-over-year increase in active members since 2009. The number of active members in the UAPP is 6.9% larger today than ten years ago.

New Pensioner Retirement Type

Retirement Type	2023	2022
Retirements at Age 65 or Later	142	150
Retirements Before Age 65	179	220
Pensions to Surviving Spouses	11	13
TOTAL	**332**	**383**

Membership Participation Annual Growth Rates

Member Type	Active Members	Deferred Members	Pensioners
2014	-0.2%	2.9%	7.0%
2015	2.0%	7.5%	4.5%
2016	2.7%	6.9%	3.6%
2017	2.0%	6.9%	4.7%
2018	0.2%	7.5%	4.1%
2019	-0.3%	3.5%	4.4%
2020	-3.9%	4.8%	5.2%
2021	-0.3%	3.5%	4.3%
2022	0.7%	3.1%	4.6%
2023	4.0%	7.1%	2.5%

New Pensioner Retirement Choices

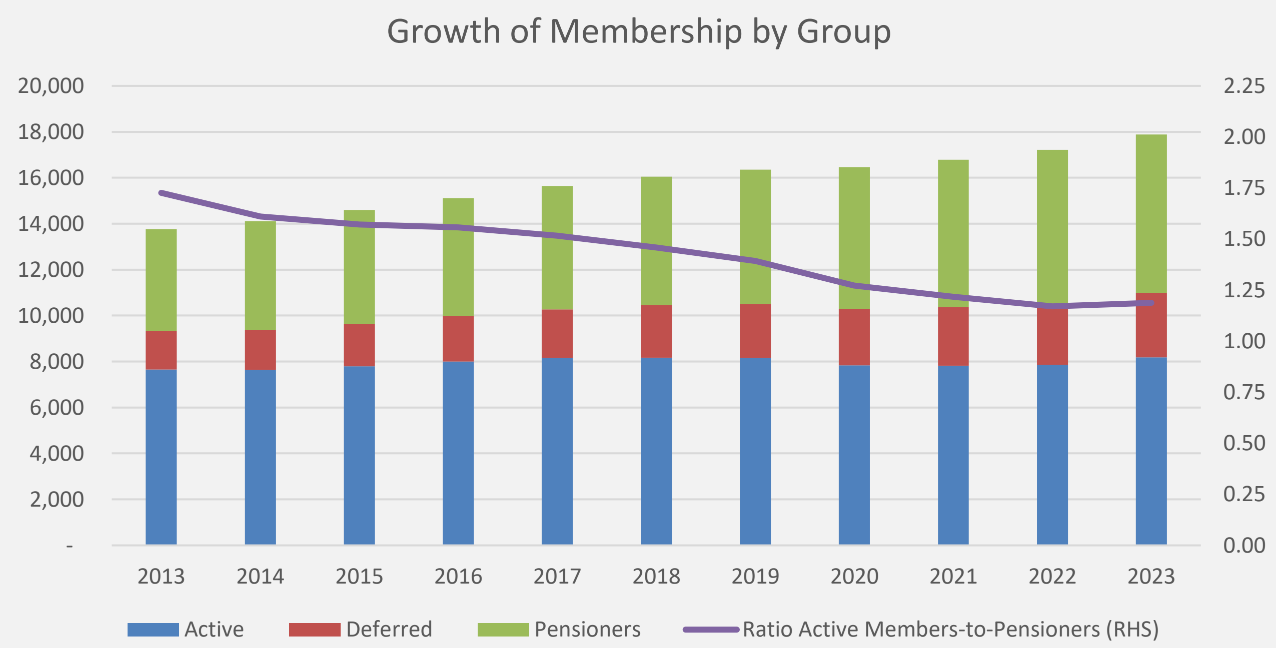
Percentage Electing Option	2023	2022
Single life – with or without guarantee	23%	25%
Joint life – 2/3 spouse, no guarantee	11%	11%
Joint life – 2/3 spouse, 10-year guarantee	18%	23%
Joint life – 100% spouse, no guarantee	17%	13%
Joint life – 100% spouse, 10-year guarantee	31%	28%
TOTAL	**100%**	**100%**

The number of retired members and surviving spouses of pensioners receiving a pension from the UAPP increased to 6,886 at December 31, 2023, from 6,720 at the end of 2022, representing an increase of 2.5% during the year. The retired membership total has grown by 55.3% over the past ten years. The most popular pension choice among new retirees with a spouse continues to be a Joint Life pension.

Monthly Payment Distribution As At December 31, 2023

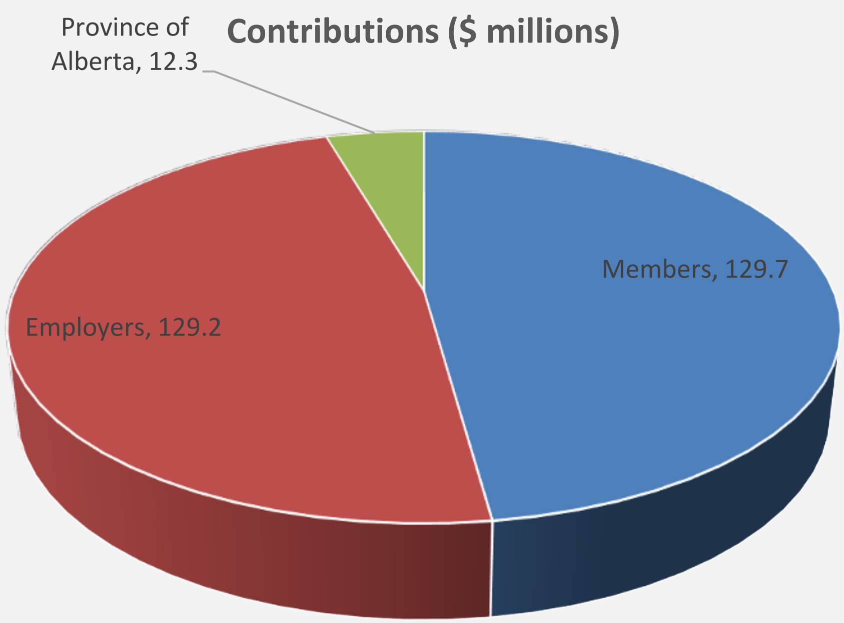
Dollar Value ($) Per Month	Member Pensions	Spouse Pensions	Total
1 to 999	1,217	43	1,260
1,000 to 1,999	915	38	953
2,000 to 2,999	810	29	839
3,000 to 3,999	770	31	801
4,000 to 4,999	792	23	815
5,000 to 5,999	674	8	682
6,000 to 6,999	571	6	577
7,000 to 7,999	406	5	411
8,000 and over	543	5	548
TOTAL	**6,698**	**188**	**6,886**

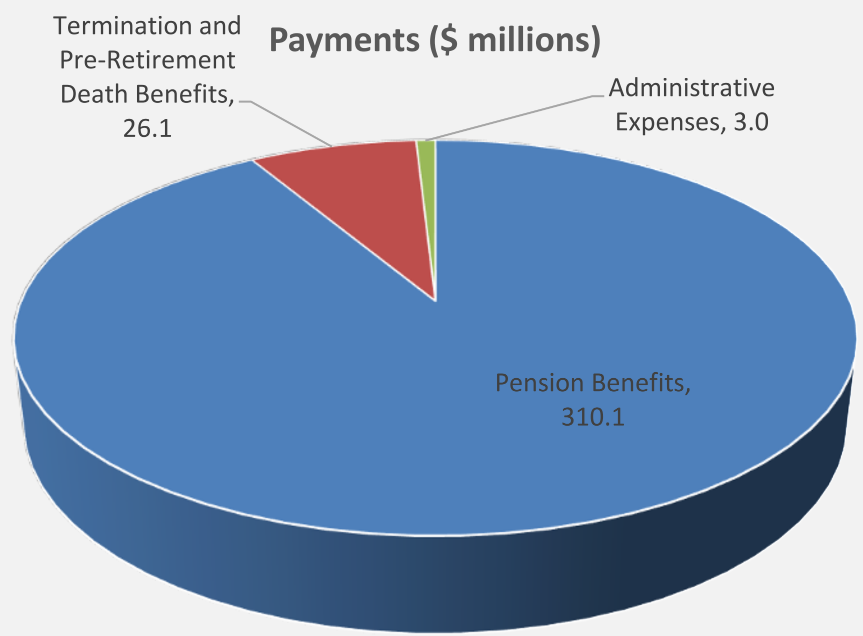
The number of deferred members who continue to have funds in the Plan increased from 2,631 at December 31, 2022 to 2,819 at December 31, 2023. Over the past decade, this group has been the fastest growing member type as it has increased by 68.6%.



Cash Flow

Contributions received from employers, members, and the Province of Alberta increased by 0.1% from 2022 ($270.9 million) to 2023 ($271.2 million). The growth in the number of contributing members was partially offset by a decline in the contribution rates effective July 1, 2022.





Total pension payments rose by 6.9% during 2023 to $310.1 million from $290.0 million in 2022. Pensioners received a cost-of-living increase of 3.72% effective January 1, 2023. Lump sum payments for terminations and pre-retirement death benefits to or on behalf of former UAPP members were $26.1 million for 2023 (2022: $49.0 million), decreasing by 46.7% year-over-year. The decline is due to the recent significant rise in interest rates, which have an inverse relationship on commuted values. The plan administrative expenses were $3.0 million during 2023 ($173 per member) compared to $2.6 million ($152 per member) in 2022.

Ten-Year Financial and Membership Review

Financial Position ($ millions)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fair Value of Net Assets	$6,576.2	$6,014.1	$6,655.1	$5,778.3	$5,477.3	$4,830.9	$4,851.1	$4,349.3	$4,043.7	$3,767.6
Actuarial Adjustment	$132.8	$398.5	($421.3)	($152.3)	($147.2)	$116.7	($173.7)	($48.0)	($105.7)	($202.2)
Actuarial Value of Assets	**$6,709.0**	**$6,412.6**	**$6,233.8**	**$5,626.0**	**$5,330.1**	**$4,947.6**	**$4,677.4**	**$4,301.3**	**$3,938.0**	**$3,565.4**
Accrued Pension Liability	$7,106.5	$7,056.7	$6,733.8	$6,402.7	$6,178.6	$5,868.3	$5,626.8	$5,174.1	$4,961.0	$4,708.0
Actuarial Surplus (Deficit)	**($397.5)**	**($644.1)**	**($500.0)**	**($776.7)**	**($848.5)**	**($920.7)**	**($949.4)**	**($872.8)**	**($1,023.0)**	**($1,142.6)**
Funded Ratio	94.4%	90.9%	92.6%	87.9%	86.3%	84.3%	83.1%	83.1%	79.4%	75.7%
Pre-1992 Period Only										
Fair Value of Net Assets	$427.2	$464.3	$597.6	$596.5	$647.8	$655.8	$744.8	$750.4	$787.6	$824.9
Actuarial Adjustment	$11.6	$28.8	($43.2)	($22.3)	($20.6)	$11.8	($31.9)	($11.1)	($25.5)	($51.0)
Actuarial Value of Assets	**$438.8**	**$493.1**	**$554.4**	**$574.2**	**$627.2**	**$667.6**	**$712.9**	**$739.3**	**$762.1**	**$773.9**
Accrued Pension Liability	$1,342.3	$1,359.2	$1,389.1	$1,415.3	$1,478.8	$1,498.7	$1,547.5	$1,577.7	$1,627.0	$1,677.6
Actuarial Surplus (Deficit)	**($903.5)**	**($866.1)**	**($834.7)**	**($841.1)**	**($851.6)**	**($831.1)**	**($834.6)**	**($838.4)**	**($864.9)**	**($903.7)**
Funded Ratio	32.7%	36.3%	39.9%	40.6%	42.4%	44.5%	46.1%	46.9%	46.8%	46.1%
Post-1991 Period Only										
Fair Value of Net Assets	$6,149.0	$5,549.8	$6,057.5	$5,181.8	$4,829.5	$4,175.1	$4,106.3	$3,598.9	$3,256.1	$2,942.7
Actuarial Adjustment	$121.2	$369.7	($378.1)	($130.0)	($126.6)	$104.9	($141.8)	($36.9)	($80.2)	($151.2)
Actuarial Value of Assets	**$6,270.2**	**$5,919.5**	**$5,679.4**	**$5,051.8**	**$4,702.9**	**$4,280.0**	**$3,964.5**	**$3,562.0**	**$3,175.9**	**$2,791.5**
Accrued Pension Liability	$5,764.2	$5,697.5	$5,344.7	$4,987.4	$4,699.8	$4,369.6	$4,079.3	$3,596.4	$3,334.0	$3,030.4
Actuarial Surplus (Deficit)	**$506.0**	**$222.0**	**$334.7**	**$64.4**	**$3.1**	**($89.6)**	**($114.8)**	**($34.4)**	**($158.1)**	**($238.9)**
Funded Ratio	108.8%	103.9%	106.3%	101.3%	100.1%	97.9%	97.2%	99.0%	95.3%	92.1%
Contributions	$271.2	$270.9	$275.5	$279.1	$282.3	$280.2	$272.5	$259.4	$240.9	$231.1
Benefit Payments	$336.2	$339.0	$319.6	$305.8	$282.3	$272.3	$253.1	$236.3	$243.6	$223.6
Administrative Expenses	$3.0	$2.6	$2.5	$2.3	$2.2	$2.2	$2.1	$2.2	$2.1	$2.1
Investment Expenses	$25.7	$19.7	$22.3	$28.1	$29.9	$23.5	$21.0	$10.7	$13.8	$12.8
Total Return on Investments	10.5%	(8.6%)	16.1%	6.2%	13.5%	(0.5%)	11.3%	7.1%	7.6%	12.2%
Discount Rate	5.62%	5.30%	5.30%	5.46%	5.46%	5.60%	5.60%	5.95%	5.95%	6.25%
January 1 Cost-of-Living Adjustment	3.72%	1.56%	0.78%	1.02%	1.50%	0.78%	0.78%	0.72%	1.56%	0.72%
Plan Members										
Active	8,179	7,868	7,814	7,837	8,151	8,172	8,153	7,997	7,790	7,640
Deferred	2,819	2,631	2,551	2,465	2,352	2,273	2,114	1,977	1,849	1,720
Pensioners	6,886	6,720	6,424	6,158	5,851	5,602	5,380	5,138	4,960	4,745
Total	**17,884**	**17,219**	**16,789**	**16,460**	**16,354**	**16,047**	**15,647**	**15,112**	**14,599**	**14,105**
Average Age (Active)	49.1	49.3	49.4	49.4	49.1	48.9	48.8	48.8	48.7	48.8
Average Service (Active)	10.2	10.7	10.4	10.0	9.8	9.7	9.6	9.6	9.6	9.5
Average Capped Salary	$122,932	$121,624	$120,128	$118,728	$117,186	$116,839	$115,241	$114,079	$111,971	$110,150
Average Age (Pensioners)	75.0	74.6	74.5	74.3	74.2	74.0	73.8	73.5	72.2	72.9
Average Annual Pension	$45,587	$45,143	$44,430	$44,823	$44,763	$44,426	$44,465	$44,782	$44,469	$43,966

ADMINISTRATION REPORT

SERVICE TO MEMBERS

Management seeks to ensure UAPP members receive high-quality pension services in a timely manner. Service standards have been established with providers and the delivery of services against those standards is closely monitored in an effort to assess and promote quality service. Management initiated extensive discussions with the Plan's administrator Buck regarding the degradation in service during 2023 with conversations continuing into 2024. Service standards of direct interest to members are as follows:

Responsibilities	Service Level Standards	2023 Results
Time to answer calls	80% of calls answered within 20 seconds with a call abandonment rate below 5%	98.6% of calls answered within 20 seconds with a call abandonment rate of 1.4%
Escalated calls and voice mails	Answered within 1 business day	99.7% of calls answered within 1 business day
Emails	Answered within 2 business days	99.1% of emails answered within 2 business days
Written enquiries	Answered within 5 business days	100.0% of written enquiries answered within 5 business days
Statement of options on termination	5 business days from receipt of all required information	72.9% of options on termination issued within 5 business days from receipt of all required information
Statement of options on retirement	5 business days from receipt of all required information	99.4% of options on retirement issued within 5 business days from receipt of all required information
Statement of options on death	5 business days from receipt of all required information	95.9% of options on death issued within 5 business days from receipt of all required information
FPO* estimate requests	5 business days from receipt of all required information	74.5% of FPO estimates issued within 5 business days from receipt of all required information
FPO* final calculations	10 business days from receipt of all required information	70.6% of FPO final calculations issued within 10 business days from receipt of all required information
FPO* payment authorization	3 business days from receipt of all required information	100.0% of all FPO payment authorizations issued within 3 business days from receipt of all required information

*Family Property Order

ADMINISTRATION REPORT

Plan Communications

The 2023 Member Handbook was prepared and posted to our website in February 2023, and the quarterly Communiqué was posted throughout the year to update members and employers on subjects related to UAPP and pensions. The Handbook includes examples of pension calculations updated annually for changes in the maximum pensionable salary and YMPE. Annual member statements, highlighting individual pension entitlements as at December 31, 2022, were posted to the Retirement Planner for active members in May and mailed to retired members in June. For the first time, an annual statement was also provided to members with deferred pensions. These were mailed in September. The Trustees' Office presented several virtual pension seminars for groups of current active members as well as one-on-one information sessions promoting member understanding of the pension plan. A video version of a seminar is also posted on the website.

The UAPP website received approximately 66,300 hits during the year, representing an increase of 0.9% from 2022. Besides the homepage, the rest of the top ten sections of the website include Contact Us, Frequently Asked Questions, Forms, Member Handbook, News, Links, Information Sheets, Annual Report, and Communiqués.

Plan members accessed the Retirement Planner over 10,700 times during 2023, representing a 3.9% increase from 2022. The UAPP Administration Centre helpline received almost 3,000 calls during the year, a decline of 3.2% from 2022, attributed in part to the self-service nature of the Retirement Planner.

Other Developments in 2023

- Pensioner status confirmation project conducted throughout the year, reaching out to almost 1,000 members in the process.
- Virtual member information sessions were offered during the year, allowing hundreds of members to attend.
- Implementation of annual statements for members with deferred pensions.
- The Pension Benefits Administration User Group continued to meet regularly to discuss common issues. The virtual nature of the meetings allowed more attendees than in past years.
- Completion of an actuarial valuation as of December 31, 2022.
- Completion of triennial assessment of plan administration.

The Year Ahead

Key plans for 2024 include:

- Re-design of the UAPP website.
- Investigate potential improvements to the Retirement Planner.
- Continue to offer member information seminars, either virtually or in person, and one-on-one member sessions.
- Work with employers to review potential improvements to processes.
- Review final CAPSA Guideline on Pension Risk Management and assess implications for plan administration.
- Evaluate the need for re-design of annual Member Handbook.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the 2023 Annual Report are the responsibility of management and have been approved by the Board of Trustees.

The financial statements have been prepared in conformity with Canadian accounting standards for pension plans and, of necessity, include some amounts that are based on estimates and judgments. Financial information presented in the 2023 Annual Report that relates to the operations and financial position of the Universities Academic Pension Plan is consistent with that in the financial statements.

Alberta Investment Management Corporation, Beutel, Goodman & Company Ltd., Fiera Capital Corporation, and State Street Global Advisors, acting as investment managers, and Buck and CIBC Mellon, acting as pension administrators, maintain systems of internal control, including written policies, standards, and procedures and formal authorization structures. These systems are designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

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

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

Dave Schnore
Executive Director

Chris Schafer
Director, Finance & Administration

UNIVERSITIES ACADEMIC PENSION PLAN

Financial Statements
And Independent Auditor's Report thereon

Year Ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Universities Academic Pension Plan

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Plan to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Edmonton, Canada

April 16, 2024

Statement of Financial Position

As at December 31, 2023

	($ thousands) 2023	2022
Net assets available for benefits		
Assets		
Cash (Note 3)	$ 36,099	$ 12,124
Investments (Note 4)	6,518,506	5,981,117
Contributions receivable		
Employers	10,793	10,071
Employees	10,839	10,423
Province of Alberta	954	1,092
Accounts receivable	433	726
Total Assets	6,577,624	6,015,553
Liabilities		
Accounts payable and accrued liabilities	1,468	1,440
Total Liabilities	1,468	1,440
Net assets available for benefits	$ 6,576,156	$ 6,014,113
Pension obligation and deficit		
Pension obligation (Note 6)	$ 7,106,500	$ 7,056,700
Deficit (Note 7)	(530,344)	(1,042,587)
Pension obligation and deficit	$ 6,576,156	$ 6,014,113

The accompanying notes are part of these financial statements.

Statement of Changes In Net Assets Available For Benefits

For the year ended December 31, 2023

	($ thousands)	
	2023	**2022**
Increase		
Contributions (Note 8)	$ 271,191	$ 270,909
Investment income (Note 9)	147,083	247,335
Change in fair value (Note 9)		
Net realized gain on sale of investments	22,251	64,785
Change in net unrealized gains	486,452	-
	926,977	583,029
Decrease		
Benefit payments (Note 11)	336,221	338,999
Change in fair value (Note 9)		
Change in net unrealized losses	-	862,706
Investment expenses (Note 12)	25,696	19,730
Administrative expenses (Note 13)	3,017	2,580
	364,934	1,224,015
Increase (decrease) in net assets available for benefits	562,043	(640,986)
Net assets available for benefits at beginning of year	6,014,113	6,655,099
Net assets available for benefits at end of year	$ 6,576,156	$ 6,014,113

The accompanying notes are part of these financial statements.

Statement of Changes In Pension Obligation

For the year ended December 31, 2023

($ thousands)

	2023			2022		
	Pre-1992	**Post-1991**	**Total**	**Pre-1992**	**Post-1991**	**Total**
Increase in pension obligation						
Interest accrued on pension obligation	$ 72,000	$ 314,100	$ 386,100	$ 73,600	$ 294,500	$ 368,100
Benefits earned	-	229,500	229,500	-	211,800	211,800
Actuarial assumption changes (Note 6(a))	14,800	53,300	68,100	-	-	-
Net experience losses	38,600	-	38,600	-	-	-
Expected experience losses	12,900	27,900	40,800	30,700	61,200	91,900
	138,300	624,800	763,100	104,300	567,500	671,800
Decrease in pension obligation						
Benefits paid, including interest	134,300	210,800	345,100	134,200	213,800	348,000
Actuarial assumption changes (Note 6(a))	20,900	332,300	353,200	-	-	-
Net experience gains	-	14,700	14,700	-	-	-
Expected experience gains	-	300	300	-	900	900
	155,200	558,100	713,300	134,200	214,700	348,900
Net (decrease) increase in pension obligation	(16,900)	66,700	49,800	(29,900)	352,800	322,900
Pension obligation at beginning of year	1,359,200	5,697,500	7,056,700	1,389,100	5,344,700	6,733,800
Pension obligation at end of year	$ 1,342,300	$ 5,764,200	$ 7,106,500	$ 1,359,200	$ 5,697,500	$ 7,056,700

The accompanying notes are part of these financial statements.

Notes to the Financial Statements
For the year ended December 31, 2023
(*all $ figures in thousands except Note 14*)

NOTE 1 SUMMARY DESCRIPTION OF THE PLAN

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

a) GENERAL

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

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

b) FUNDING POLICY

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

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

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

NOTE 1 b) FUNDING POLICY (continued)

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

The contribution rates in effect from July 1, 2022 for employees of the Universities of Alberta, Calgary, and Lethbridge, employees of the Board of Trustees, and the professional staff of the University of Calgary Faculty Association and the Association of Academic Staff University of Alberta are 11.380% (12.370% prior to July 1, 2022) of pensionable salary up to the Year's Maximum Pensionable Earnings (YMPE), 15.490% (16.320% prior to July 1, 2022) on pensionable salary above the YMPE and up to the pensionable salary cap, and 1.785% (1.520% prior to July 1, 2022) on earnings above the pensionable salary cap. Employers contribute at the same rate as employees.

The contribution rates in effect from July 1, 2022 for employees of Athabasca University, Banff Centre, and the professional staff of the Athabasca University Faculty Association are 10.880% (11.870% prior to July 1, 2022) of pensionable salary up to the YMPE and 14.990% (15.820% prior to July 1, 2022) on pensionable salary above the YMPE and up to the pensionable salary cap. Employers contribute at a rate 1.000% higher than employees. In addition, employees and employers provide equal matching contributions of 1.785% (1.520% prior to July 1, 2022) on earnings above the pensionable salary cap.

Effective July 1, 2024, contribution rates for employees of the Universities of Alberta, Calgary, and Lethbridge, employees of the Board of Trustees, and the professional staff of the University of Calgary Faculty Association and the Association of Academic Staff University of Alberta shall change to 11.490% of pensionable salary up to the YMPE, 15.550% on pensionable salary above the YMPE and up to the pensionable salary cap, and 2.015% on earnings above the pensionable salary cap. Employers will contribute at the same rate as employees.

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

Note 1 (continued)

c) RETIREMENT BENEFITS

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

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

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

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

d) DEATH BENEFITS

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

Note 1 (continued)

e) TERMINATION BENEFITS

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

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

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

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

f) DISABILITY BENEFITS

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

g) OPTIONAL SERVICE

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

h) COST-OF-LIVING ADJUSTMENTS

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

NOTE 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES AND REPORTING PRACTICES

a) BASIS OF PRESENTATION

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

b) VALUATION OF INVESTMENTS

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

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

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

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

Note 2 b) Valuation of Investments (continued)

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

c) INVESTMENT INCOME AND CHANGE IN FAIR VALUE

(a) Investment income and change in fair value are recorded on an accrual basis.

(b) Investment income and change in fair value are reported in the statement of changes in net assets available for benefits and in Note 9 and include interest income, dividend income, and the following items recorded in the Plan's accounts:

i. Income distributions from the pools, based on the Plan's pro-rata share of total units issued by the pools; and

ii. Changes in fair value including realized gains and losses on disposal of investments and unrealized gains and losses on investments determined on an average cost basis.

d) INVESTMENT EXPENSES

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

e) CONTRIBUTIONS, BENEFIT PAYMENTS AND ADMINISTRATIVE EXPENSES

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

Note 2 (continued)

f) VALUATION OF PENSION OBLIGATION

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

g) USE OF ESTIMATES AND JUDGMENTS

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

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

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

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

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

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

Note 2 (continued)

h) INCOME TAXES

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

NOTE 3 CASH

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

NOTE 4 INVESTMENTS

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

Note 4 (continued)

($ thousands)

	Fair Value Hierarchy [a]		2023		2022	
Asset class	Level 2	Level 3	**Fair Value**	Level 2	Level 3	**Fair Value**
Fixed Income						
Cash and short-term securities	$ 14,573	$ -	$ 14,573	$ 1,388	$ -	$ 1,388
Bonds and mortgages	1,499,245	288,032	1,787,277	1,303,710	250,060	1,553,770
Real return bonds	364,157	-	364,157	355,581	-	355,581
	1,877,975	288,032	2,166,007	1,660,679	250,060	1,910,739
Equities						
Canadian	243,121	-	243,121	265,236	-	265,236
Global	2,012,012	-	2,012,012	1,825,005	-	1,825,005
Emerging markets	374,355	-	374,355	350,935	-	350,935
Private equity	-	702,039	702,039	-	648,393	648,393
	2,629,488	702,039	3,331,527	2,441,176	648,393	3,089,569
Alternatives						
Real estate	-	510,683	510,683	-	517,977	517,977
Infrastructure	-	449,971	449,971	-	399,606	399,606
Timberland	-	45,029	45,029	-	48,659	48,659
	-	1,005,683	1,005,683	-	966,242	966,242
Strategic and currency investments*	-	15,289	15,289	-	14,567	14,567
Total investments	$ 4,507,463	$ 2,011,043	$ 6,518,506	$ 4,101,855	$ 1,879,262	$ 5,981,117

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

Note 4 (continued)

a) **Fair Value Hierarchy**: The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with Level 1 being the highest quality and reliability.

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

Reconciliation of Level 3 Fair Value Measurements:

	($ thousands)	
	2023	**2022**
Balance, beginning of year	$ 1,879,262	$ 1,799,602
Investment income	43,462	110,507
Change in fair value (Note 9)		
Net realized gain on sale of investments	11,339	19,373
Change in net unrealized gains (losses)	25,249	(83,102)
Purchases of Level 3 pooled fund units	126,533	241,007
Sale of Level 3 pooled fund units	(74,802)	(208,125)
Balance, end of year	$ 2,011,043	$ 1,879,262

Note 4 b) Valuation of Financial Instruments in the Pools (continued)

b) Valuation of Financial Instruments in the Pools

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

- ***Fixed income:*** Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows. Cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Real return bonds are valued similar to public interest-bearing securities.
- ***Equities:*** Public equities are valued each business day at fair value, defined as the price the fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of private equities is estimated by managers or general partners of private equity funds, pools and limited partnerships. Valuation methods may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis.
- ***Alternatives:*** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and the discounted cash flows. Infrastructure investments are valued similar to private equity investments. The fair value of timberland investments is appraised annually by independent third-party evaluators.
- ***Strategic and currency investments:*** The estimated fair value of infrastructure investments held in emerging market countries are valued similar to private equities. Currency investments consist of directly held currency forward and spot contracts.
- ***Foreign currency:*** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rates.

Note 4 b) Valuation of Financial Instruments in the Pools (continued)

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

c) Liability Exposure

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

Repurchase agreements are short-term agreements to sell securities held in the fund in order to buy them back at a slightly higher price at a later time. The proceeds from the sale may be used to purchase other fixed income securities. The party selling the repurchase agreement is effectively borrowing, and the other party is lending. The lender is credited the implicit interest in the yield and price difference between the securities sold to be repurchased and the securities acquired from the sale proceeds. The securities sold under repurchase agreements are accounted for as a collateralized form of borrowing. The Plan's exposure to repurchase agreement liabilities at December 31, 2023, was approximately $83,768 (2022: $112,242). All repurchase agreements are fully collateralized by the borrowers.

The Plan adopted a new SIP&G that is effective as of January 1, 2024.

NOTE 5 INVESTMENT RISK MANAGEMENT

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

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

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

			Actual Asset Mix			
Asset Class	**Target Asset Policy Mix**	**Long Term Policy**	**2023**		**2022**	
			($ thousands)	*%*	*($ thousands)*	*%*
Fixed income	31.0 - 39.0%	35.0%	$2,166,007	33.2	$1,910,739	31.9
Equities	45.0 - 55.0%	50.0%	3,331,527	51.1	3,089,569	51.7
Alternatives	11.0 - 19.0%	15.0%	1,005,683	15.5	966,242	16.2
Strategic and currency investments	(a)		15,289	0.2	14,567	0.2
		100.0%	$6,518,506	100.0	$5,981,117	100.0

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

Note 5 (continued)

a) Credit Risk

i) Debt securities

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

The table below summarizes the Plan's investments in debt securities by credit rating at December 31, 2023:

Credit rating	**2023**	**2022**
Investment Grade (AAA to BBB-)	79.1%	81.8%
Unrated	20.9%	18.2%
	100.0%	100.0%

ii) Counterparty default risk - derivative contracts

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

Note 5 a) Credit Risk (continued)

iii) Security lending risk

To generate additional income, the Plan participates in a securities-lending program. Under this program, the Plan may lend investments held in the pools to eligible third parties for short periods. At December 31, 2023, the Plan's share of securities loaned under this program is $146,299 (2022: $157,703) and collateral held totals $160,201 (2022: $172,479). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or a bank-issued letter of credit. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign Currency Risk

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

If the value of the Canadian dollar increased by 10.0% against all other currencies, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 3.3% of total investments (2022: 3.3%).

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

($ thousands)

2023		2022	
Currency	**Fair Value**	**Currency**	**Fair Value**
US dollar	$ 2,400,530	US dollar	$ 2,186,662
Other foreign currencies (<1%)	2,055	Other foreign currencies (<1%)	445
Total foreign currencies	$ 2,402,585	**Total foreign currencies**	$ 2,187,107

Note 5 (continued)

c) Interest Rate Risk

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

In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer term interest-bearing securities being more sensitive to interest rate changes than shorter term bonds. If interest rates increased by 1.0% and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 3.2% (2022: 3.0%) of the Plan's total investments.

d) Price Risk

Price risk relates to the possibility that the value of an instrument will change due to future fluctuations in market prices caused by factors specific to an individual investment or other factors affecting all instruments traded in the market. The Plan is exposed to price risk associated with the underlying investments held in the pools. If market indices (S&P/TSX, S&P500, S&P1500, and MSCI ACWI and their sectors) declined by 10.0%, and all other variables are held constant, the potential loss in fair value to the Plan would be approximately 5.3% (2022: 5.4%) of total investments. Changes in fair value of investments are recognized in the statement of changes in net assets available for benefits.

e) Liquidity Risk

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

f) Use of Derivative Financial Instruments in Pooled Investment Funds

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

Note 5 (continued)

By counterparty	Number of counterparties 2023	Number of counterparties 2022	Plan's Indirect Share ($ thousands) 2023	Plan's Indirect Share ($ thousands) 2022
Contracts in net favourable position (current credit exposure)	14	1	$ 15,409	$ 173
Contracts in net unfavourable position	3	13	(619)	(41,109)
Net fair value of derivative contracts	17	14	$ 14,790	$ (40,936)

i) Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a net favourable position totaling $15,409 (2022: $173) were to default at once.

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

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

Types of derivatives used in pools	Plan's Indirect Share ($ thousands) 2023	Plan's Indirect Share ($ thousands) 2022
Equity-based derivatives	$ 394	$ 70
Foreign currency derivatives	14,301	(41,452)
Interest rate derivatives	95	446
Net fair value of derivative contracts	$ 14,790	$ (40,936)

Note 5 f) Use of Derivative Financial Instruments in Pooled Investment Funds (continued)

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

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

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

iv) At December 31, 2023, deposits in futures contracts margin accounts totaled $61 (2022: $100). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totaled $6,026 (2022: $40,668) and $nil (2022: $nil).

NOTE 6 PENSION OBLIGATION

a) ACTUARIAL VALUATION AND EXTRAPOLATION

An actuarial valuation of the Plan was carried out as at December 31, 2022 by the Plan’s actuarial consultants, Aon. The December 31, 2022 valuation results were extrapolated to December 31, 2023.

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

Note 6 a) Actuarial Valuation and Extrapolation (continued)

	2022 Valuation and 2023 Extrapolation	2020 Valuation and 2022 Extrapolation
	%	%
Asset real rate of return		
For 2 years after valuation	3.37	3.05
Thereafter	3.37	3.05
Inflation rate		
For 2 years after valuation	2.25	2.25
Thereafter	2.25	2.25
Discount rate	5.62	5.30
Salary escalation rate *		
For 2 years after valuation	1.30	0.00
Thereafter	2.75	2.75
Mortality table	80% for males, 95% for females of 2014 Public Sector Canadian Pensioner table with generational projection (Scale MI-2017)	85% for males, 100% for females of 2014 Public Sector Canadian Pensioner table with generational projection (Scale MI-2017)

** In addition to merit and promotion*

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

Note 6 (continued)

b) SENSITIVITY OF CHANGES IN MAJOR ASSUMPTIONS

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

	Changes in Assumptions (%)	Increase in Plan's Actuarial Deficiency ($ thousands)	Increase in Current Service Cost as a % of Pensionable Earnings *
Inflation rate increase holding discount rate and salary escalation assumptions constant	1.0	448,700	1.29
Salary escalation rate increase holding inflation rate and discount rate assumptions constant	1.0	133,700	1.32
Discount rate decrease holding inflation rate and salary escalation assumptions constant	(1.0)	1,042,900	5.13

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

NOTE 7 DEFICIT

($ thousands)

	2023			2022		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Deficit (surplus), beginning of year	$ 894,900	$ 147,687	$ 1,042,587	$ 791,500	$ (712,799)	$ 78,701
Decrease (increase) in net assets available for benefits	37,100	(599,143)	(562,043)	133,300	507,686	640,986
Net (decrease) increase in accrued pension liability	(16,900)	66,700	$ 49,800	(29,900)	352,800	322,900
Deficit (surplus), end of year	$ 915,100	$ (384,756)	$ 530,344	$ 894,900	$ 147,687	$ 1,042,587

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

The following table summarizes the net assets available for benefits, pension obligation, and the resulting deficit as at December 31, 2023 allocated between the pre-1992 and post-1991 periods:

($ thousands)

	2023			2022		
	Pre-1992	Post-1991	Total	Pre-1992	Post-1991	Total
Net assets available for benefits	$ 427,200	$ 6,148,956	$ 6,576,156	$ 464,300	$ 5,549,813	$ 6,014,113
Pension obligation	1,342,300	5,764,200	7,106,500	1,359,200	5,697,500	7,056,700
Deficit (surplus)	$ 915,100	$ (384,756)	$ 530,344	$ 894,900	$ 147,687	$ 1,042,587

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

NOTE 8 CONTRIBUTIONS

	($ thousands) 2023	2022
Current service		
Employers	$ 111,632	$ 104,807
Employees	110,438	103,590
Contributions to meet post-1991 unfunded liability and optional service		
Employers	-	7,400
Employees	1,744	11,340
Contributions to meet pre-1992 unfunded liability		
Employers	17,545	15,880
Employees	17,545	15,880
Province of Alberta	12,287	12,012
	$ 271,191	$ 270,909

NOTE 9 INVESTMENT INCOME AND CHANGE IN FAIR VALUE

($ thousands)

	Investment Income	Change in Fair Value	2023 Total	Investment Income	Change in Fair Value	2022 Total
Fixed income	$ 72,332	$ 71,331	$ 143,663	$ 64,782	$ (376,238)	$ (311,456)
Equities						
Canadian	19,319	9,316	28,635	60,386	(78,291)	(17,905)
Foreign	1	393,926	393,927	-	(294,171)	(294,171)
Private equity	48,837	33,541	82,378	31,716	(56,770)	(25,054)
	68,157	436,783	504,940	92,102	(429,232)	(337,130)
Alternatives						
Real estate	16,164	(35,070)	(18,906)	20,410	17,793	38,203
Infrastructure	(11,234)	35,611	24,377	69,018	(18,313)	50,705
Timberland	3,280	(3,744)	(464)	3,240	10,338	13,578
	8,210	(3,203)	5,007	92,668	9,818	102,486
Strategic and currency investments	(1,616)	3,792	2,176	(2,217)	(2,269)	(4,486)
	$ 147,083	$ 508,703	$ 655,786	$ 247,335	$ (797,921)	$ (550,586)

The change in fair value includes realized and unrealized gains and losses on pool units and currency hedges. Realized and unrealized gains and (losses) on pool units total $22,251 and $486,452 respectively (2022: $64,787 and ($862,706) respectively). Realized and unrealized gains and (losses) on currency hedges total $nil and $nil respectively (2022: ($2) and $nil respectively).

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

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

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

	(percentage)				
	2023	2022	2021	2020	2019
Increase (decrease) in net assets attributed to:					
Investment income					
Policy benchmark return (PBR) on investments	11.1	(7.5)	11.1	10.1	14.4
Value (lost) added by investment managers	(0.6)	(1.1)	5.0	(3.9)	(0.9)
Time weighted rate of return, at fair value [(a)]	**10.5**	**(8.6)**	**16.1**	**6.2**	**13.5**
Other sources [(b)]	(1.2)	(1.0)	(0.9)	(0.7)	(0.1)
Percent change in net assets [(c)]	**9.3**	**(9.6)**	**15.2**	**5.5**	**13.4**
Percent change in pension obligation [(c)]	**0.7**	**4.8**	**5.2**	**3.6**	**5.3**
Percent of pension obligation supported by net assets	**92.5**	**85.2**	**98.8**	**90.2**	**88.6**

a) The annualized total return and policy benchmark return on investments over five years is 7.2% (PBR: 7.5%), ten years is 7.3% (PBR: 7.2%), and twenty years is 7.2% (PBR: 7.0%). The Plan's actuary estimates the long-term net investment return on assets for funding purposes to be 5.62% (2022: 5.30%).

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

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

NOTE 11 BENEFIT PAYMENTS

	($ thousands)	
	2023	**2022**
Retirement benefits	$ 310,149	$ 290,020
Termination benefits	25,187	47,789
Death benefits	885	1,190
	$ 336,221	$ 338,999

NOTE 12 INVESTMENT EXPENSES

	($ thousands)	
Amount charged:	**2023**	**2022**
Management fees [a]	$ 25,642	$ 19,676
Alberta Treasury Board and Finance [b]	54	54
Total investment expenses	$ 25,696	$ 19,730
Increase (decrease) in expenses	30.2%	(11.4%)
(Decrease) increase in average investments under management	(0.9%)	1.8%
(Decrease) in value of investments attributed to active management [c]	(0.6%)	(1.1%)
Investment expenses as a percent of dollar invested	0.4%	0.3%

a) For investment management services, including non-recoverable GST of $758 (2022: $395).

b) For investment accounting and Plan reporting services.

c) Active management is currently applied in the fixed income, private equity and alternative asset classes.

NOTE 13 ADMINISTRATIVE EXPENSES

	($ thousands)	
	2023	**2022**
General administration costs	$ 2,886	$ 2,372
Board costs	46	46
Actuarial fees	13	90
Audit fees	72	72
	$ 3,017	$ 2,580

General Plan costs, including the costs for benefit administration and delivery, amounted to $173 per member (2022: $152 per member).

NOTE 14 REMUNERATION OF BOARD OF TRUSTEES MEMBERS

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

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

	2023	2022
The following amounts were paid:		
Remuneration		
Chair	$ 2,746	$ 2,418
Trustees (8)	20,652	25,000
Travel expenses		
Chair	1,299	236
Trustees (8)	6,654	4,891

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

NOTE 15 CAPITAL

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

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

Actuarial asset values for funding valuation purposes amounted to $6,708,956 at December 31, 2023 (2022: $6,412,613), comprising of $438,800 (2022: $493,100) pre-1992 and $6,270,156 (2022: $5,919,513) post-1991.

The following table summarizes on the funding basis, the accrued pension liability, net assets available for benefits, and the resulting deficit as at December 31, 2023 allocated between the pre-1992 and post-1991 periods:

($ thousands)

	2023			2022		
	Pre-1992	**Post-1991**	**Total**	**Pre-1992**	**Post-1991**	**Total**
Net assets available for benefits	$ 427,200	$ 6,148,956	$ 6,576,156	$ 464,300	$ 5,549,813	$ 6,014,113
Actuarial adjustment for fluctuation in fair value of net assets	11,600	121,200	132,800	28,800	369,700	398,500
Actuarial value of net assets available for benefits	438,800	6,270,156	6,708,956	493,100	5,919,513	6,412,613
Pension obligation	1,342,300	5,764,200	7,106,500	1,359,200	5,697,500	7,056,700
Actuarial deficit (surplus)	$ 903,500	$ (505,956)	$ 397,544	$ 866,100	$ (222,013)	$ 644,087

Note 15 (continued)

The Plan's unfunded liability for service prior to January 1, 1992 is being financed by additional contributions of 1.25% of salaries by the Province of Alberta with employers and employees equally sharing the balance of the contributions of 3.57% (3.04% prior to July 1, 2022) of salaries as required to eliminate the unfunded liability on or before December 31, 2043. The actuarial valuation shows the present value of the Province of Alberta's obligation for future additional contributions was $213,000 at December 31, 2022.

The Plan's unfunded liability for service after December 31, 1991 was being financed by special payments of 3.24% of salaries shared equally between employers and employees to eliminate the unfunded liability by June 30, 2022. Special payments to finance this unfunded liability are not required from July 1, 2022.

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

NOTE 16 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Trustees of the Plan on April 16, 2024.

GLOSSARY-TERMS

Active Management
Managing the investments of a portfolio with the objective of outperforming the return of its benchmark. Active management generally takes two forms - security selection and change in asset allocations within the prescribed ranges. Security selection is the buying and selling of particular securities to earn a return above a market index. Asset allocation refers to changing asset class or sector weights to earn a return above what would be available from maintaining the asset class or sector weight in the benchmark.

Alternative Assets
Holdings that are considered non-traditional assets, including real estate, infrastructure, and timberland. These assets act as a hedge against inflation and are known for being less liquid than traditional assets. They are typically held by investors with long-term investment horizons.

Asset Mix/Allocation
The allocation of a pension fund's investments among various asset classes such as bonds, equities, real estate, etc.

Benchmark
A standard against which investment performance is measured.

Bonds
Certificates of indebtedness issued by corporations, municipalities or governments on which the issuer promises to pay a specified amount of interest for a specified length of time and to repay the loan on maturity or the expiration date. A bond purchaser is lending money to the issuer.

Credit Spread
The difference in yield between two bonds due to differences in credit quality.

Duration
The weighted average term to payment of the cash flows of a bond.

Emerging Market
An economy in the earlier stages of development whose markets have sufficient size and liquidity and are receptive to foreign investment (examples include China, Greece, and Brazil).

Equities/Common Stock
Units of ownership of a corporation where owners typically are entitled to vote on the selection of directors and other important matters as well as to receive dividends on their holdings. In the event that a corporation is liquidated, the claims of secured and unsecured creditors and owners of bonds and preferred stock take precedence over the claims of those who own common stock. The liability of owners of equity is limited to the amount paid for the stock.

External Manager
A third-party firm contracted by the Investment Manager to provide investment management services.

Growth Stock
A share in a company whose earnings are expected to grow at an above-average rate relative to the market.

Large Cap
"Large cap" refers to firms with large market capitalization. Market capitalization is simply the market value of a corporation's outstanding shares. In the US market, this refers to companies with market capitalization above $10 billion. These are mega companies of the financial world and include Apple, Alphabet, and Microsoft. Classifications such as "large cap", "mid cap", or "small cap" are only approximations that change over time.

Mid Cap
Similar to the "Large cap" definition but, in the US market, "mid cap" refers to companies with market capitalization between $2 and $10 billion.

GLOSSARY-TERMS

Passive Management
Managing the investments of a portfolio with the objective of matching/replicating the performance of a given market index or benchmark.

Policy Benchmark/Return
The "policy benchmark" is a composite return based on the percentage of a pension plan's fund allocated by policy to each asset class and the market index for that class. It is used to measure the plan's relative performance.

Pooled Fund
A fund in which money from two or more investors is accepted for investment and where units allocated to each investor serve to establish the proportionate interest at any time of each investor in the assets of the fund.

Private Income/Infrastructure
Private income opportunities represent privately-negotiated investments in private and publicly-traded entities. These investments are selected, structured and managed to provide (i) a current income component of total return, (ii) diversification and (iii) an inflation hedge. These investment opportunities are typically capital-intensive and may include infrastructure projects, bridge loans and corporate finance arrangements. Most infrastructure assets are illiquid assets.

Real Return Bond
A fixed-income security (a bond) that generates a specified real rate of return. The real interest rate is the nominal (set) interest rate minus inflation.

Small Cap
Similar to the "Large cap" definition but, in the US market, "small cap" refers to companies with market capitalization less than $2 billion.

Statement of Investment Policies and Goals
A comprehensive statement by the Board outlining, among other things, the asset mix of the Fund, the allowable range for each asset class and the benchmarks for measuring performance.

Swap
A privately-negotiated contract between two parties to exchange a stream of periodic payments on certain dates in the future based on an underlying investment. The size of these payments is normally determined in relation to a nominal, underlying amount, called the notional amount. The underlying security, representing the notional amount, is not exchanged between counterparties.

Timberland
Timberland investments are made primarily in privately-owned areas of woodland; that is, forested areas consisting of both hardwood and softwood species. When responsibly managed, timberland investments are a renewable and sustainable resource. Timberland investments are illiquid assets.

Unfunded Liability
When the actuarial valuation determines that a pension fund's accrued liabilities exceed the assets available for the payment of benefits.

Value Stock
A stock that tends to trade at a lower price relative to its fundamentals (i.e. dividends, earnings, sales, etc.) and thus considered undervalued by an investor.

YMPE (Year's Maximum Pensionable Earnings)
The maximum earnings set each year for the Canada Pension Plan (CPP) up to which employers and employees are required to make base CPP contributions.

GLOSSARY-INDICES

Consumer Price Index (CPI)
An indicator of the change in prices encountered by consumers. It is obtained by calculating, on a monthly basis, the cost of a fixed “basket” of commodities purchased by a typical consumer during a given month. The CPI is published by Statistics Canada and is a widely used indicator of inflation (or deflation) in Canada.

FTSE (Financial Times Stock Exchange) Canada 91-Day T-Bill Index
An index that represents the performance of Government of Canada 91-day Treasury Bills.

FTSE Canada Overall Long-Term Bond Index
An index that tracks the performance of approximately 600 marketable, domestically issued, Canadian bonds with terms to maturity of more than 10 years. This index is comprised of Canada’s, provincial, municipal, and AAA- through BBB-rated corporate issuers.

FTSE Canada Real Return Bond Index
An index that tracks the daily performance of real return (inflation-linked) bonds issued in Canada.

FTSE Canada Universe Bond Index
An index that tracks the performance of approximately 1,600 marketable, domestically issued, Canadian bonds with terms to maturity of more than one year. This index is comprised of Canada’s, provincial, municipal and AAA- through BBB-rated corporate issuers.

MSCI (Morgan Stanley Capital International) EAFE (Europe, Australasia, and Far East)
An index maintained by the MSCI Index Committee that is designed to measure developed public market equity performance, excluding the US and Canada. The MSCI EAFE Index consists of 21 market country indices capturing large and mid-cap equities across developed markets in Europe, Australasia, and the Far East.

MSCI Emerging Markets Net Index
An index maintained by the MSCI Index Committee that is designed to measure emerging public market equity performance net of withholding taxes. The MSCI Emerging Market Index consists of 25 emerging market country indices.

MSCI/REALpac Canadian All Property Index
An index that measures the total return from a diversified pool of about 2,400 properties, compiling property level information from pension funds, life insurance companies, and real estate managers on a quarterly basis.

MSCI World Total Return Net Index
An index maintained by the MSCI Index Committee designed to measure market equity performance of developed markets. The MSCI World Total Return Net Index is a free float-adjusted market capitalization index that is calculated on a total return basis, which includes reinvestment of net dividends after deduction of withholding taxes. The index consists of securities across large and mid-cap segments and across style and sector segments in 23 developed markets.

S&P/TSX (Standard & Poor’s/Toronto Stock Exchange) Capped Composite Index
An index maintained by the S&P Canadian Index Committee that measures the return on the largest companies and trust units listed on the Toronto Stock Exchange. Any stock in the S&P/TSX Capped Composite Index whose float capitalization exceeds 10% of the Index is capped at 10% during the quarterly rebalancing process.

S&P 500 Index
An index maintained by the S&P Index Committee that includes a representative sample of 500 leading operating companies in the US economy to create a broad market portfolio representing the market capitalization of US public equities.

UNIVERSITIES ACADEMIC PENSION PLAN

2023 ANNUAL REPORT

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