

OMERS reports a good start to 2023

OMERS generated a net investment return of 3.1%, or a gain of \$3.8 billion, during the sixmonth period from January 1 to June 30, 2023. Over the 12 months ended June 30, 2023, the Plan earned a net investment return of 7.8%, or a gain of \$9.2 billion. At June 30, 2023, net assets totaled \$127.4 billion, an increase of \$7.9 billion over the last 12 months.

"We have had a good start to the year, generating almost \$4 billion in returns on behalf of our members," said Blake Hutcheson, OMERS President and CEO. "As a pension plan that pays benefits over generations, we are a long-term investor and over the last 10 years OMERS has earned an average net return of 7.8%, adding more than \$68 billion to the Plan."

"These results underscore the value of a well-diversified portfolio," said Jonathan Simmons, OMERS Chief Financial and Strategy Officer. "Strong gains in our high-quality public equity holdings drove our performance. Real estate valuations decreased in the first half of 2023, but this impact was more than offset by solid earnings from infrastructure and credit investments."

Mr. Hutcheson continued, "Rising interest rates are creating opportunities for OMERS in fixed income that we have not seen in many years. We are selectively targeting these opportunities while actively managing our existing portfolio and patiently waiting for the right time to deploy our ample liquidity into growth opportunities.

"On behalf of our Board, our Executive Leadership Team and OMERS employees around the world, we are proud to serve more than half a million OMERS members whose hard work and dedication keep our communities strong."

ABOUT OMERS

OMERS is a jointly sponsored, defined benefit pension plan, with 1,000 participating employers ranging from large cities to local agencies, and over half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers, and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate.

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Net Assets \$ Billions



Diversified by Asset Class and Geography

OMERS invests in high-quality assets that are well-diversified by geography and asset type.





Asset Class Investment Performance

Net Returns

	Six months ended June 30, 2023
Bonds	1.1%
Credit	3.0%
Public Equity	5.9%
Private Equity	1.9%
Infrastructure	2.8%
Real Estate	-0.2%
Total Plan	3.1%

Investment Performance Highlights

Over the six months ended June 30, 2023:

- Rising interest rates continued to support returns from **bond** and **credit** investments.
- **Public equities** delivered strong returns from our core holdings in high-quality, large-cap stocks in the technology, communication, financials, and consumer discretionary sectors.
- **Private equity** assets earned a positive return as operational improvements and tuckunder acquisitions increased portfolio company earnings.
- Our globally diversified **infrastructure** assets continued to generate steady income and generated net valuation gains primarily from our fibre optic networks.
- Our real estate assets recognized valuation declines as a result of pressure from higher interest rates and lower market demand for space in the office sector. These declines offset the stable income collected by our properties, profits from completed development projects and valuation gains in high-quality retail assets, residential properties and hotels which benefited from favourable leasing activities.
- Foreign exchange detracted from our net investment results by approximately 1.0%, primarily due to weakening of the US dollar relative to the Canadian dollar.

Liquidity

We continue to maintain ample liquidity, with \$23.6 billion in liquid assets to pay pension benefits, fund investment opportunities, satisfy potential collateral demands related to our use of derivatives, and to fund expenses. We also have the capacity to borrow an additional \$2.3 billion while remaining within our 10% leverage limit.

Long-Term Issuer Credit Ratings

AAA	AAA	Aa1	AA+
DBRS	Fitch	Moody's	S&P

This Investment Update presents certain non-GAAP measures. These measures are calculated on the same basis as those calculated and presented in our 2022 Annual Report. This Investment Update and the Condensed Interim
Consolidated Financial Statements (the "Interim Financial Statements") are unaudited. OMERS Administration
Corporation's financial performance set out in this Investment Update is only for the period ended June 30, 2023, unless otherwise indicated. Past performance may not indicate future performance because a broad range of uncertainties (including without limitation those related to interest rates and inflation) could have an impact on the performance of various asset classes. The financial information included in this Investment Update should be read in conjunction with the Interim Financial Statements.

Transaction Overview

Investing for tomorrow

We remain disciplined and focused on ensuring that our portfolio is comprised of high-quality, diverse assets that meet our risk and return requirements. Below are some of our 2023 investment activities.

- We approved a major conversion project, to redevelop <u>Victoria House</u>, an iconic art deco
 <u>office building in Central London</u>, into a state-of-the-art life sciences hub that will also be the
 new home of the BioIndustry Association, the trade association for UK life sciences.
- We continued to progress our life sciences activity in the US, including the purchase and long-term lease back of a 120,000 square foot, state-of-the-art <u>biomanufacturing facility in Boston</u>, the final acquisition and completion of a 95,000 square foot <u>North Carolina biomanufacturing facility</u>, and the sale of a newly constructed 140,000 square foot <u>biomanufacturing facility</u> in Boston.
- We made a significant capital commitment to <u>Beanfield Technologies</u> Inc, a 100% fiber infrastructure network servicing the enterprise, commercial, and residential sectors, primarily in Toronto, Vancouver and Montreal. This strategic investment will mark our entry into North American digital infrastructure and aims to support Beanfield's mission of providing costeffective, high-speed broadband connectivity to a wider range of homes and businesses.
- We signed an agreement for the acquisition of <u>Kenter</u>, a Dutch energy infrastructure solutions business that provides medium-voltage infrastructure including transformers and switchgear and meters to over 25,000 commercial and industrial business customers in the Netherlands and Belgium.
- In conjunction with an existing institutional capital partner, we announced the acquisition of The Rimrock Resort Hotel, an iconic luxury resort hotel in Banff, Alberta.
- We signed an agreement to invest in a portion of future royalty payments on worldwide sales of Mavyret®/Maviret®, an important cure for chronic hepatitis C virus (HCV) infection.
- We completed the acquisition of <u>Bionic</u>, which connects small and mid-sized businesses with essential service solutions.
- We led funding rounds for innovative companies across a range of industries, including:
 - OneVest, a wealth-as-a-service platform that enables banks, wealth managers, asset managers, and other financial institutions to deploy digital capabilities;
 - Mosaic, a real-time planning and analytics platform that enables finance professionals to deliver business insights;

- <u>Carrum Health</u>, who will use the funding to expand its growing oncology benefit offerings and scale its surgical care service lines, while helping employers control healthcare spending; and
- <u>Cerbos</u>, a software company that makes authorization simpler to implement and manage to free up product teams so they can focus on building their core products and driving business value.
- We also participated in a funding round for <u>Aledade</u>, providing additional support that will further accelerate the growth of their primary care network in the US.
- We completed the sale of our majority stake in Trescal, a global leader in calibration services, and look forward to continued partnership with the business through our reinvestment as minority owners.