Condensed Interim Consolidated Financial Statements

OMERS Administration Corporation

As at and for the six months ended June 30, 2024 and 2023

Condensed Interim Consolidated Statement of Financial Position

(unaudited)

(in millions of Canadian dollars) As at		June 30, 2024		December 31, 2023
Net Assets Available for Benefits				
Assets				
Investments (note 3)	$	**155,882**	$	150,352
Investment-related assets (note 3)		**1,740**		1,463
Contributions receivable				
From employers		**207**		202
From members		**207**		202
Other assets		**340**		285
Total Assets		**158,376**		152,504
Liabilities				
Investment-related liabilities (notes 3 and 4)		**20,331**		19,354
Amounts payable under contractual agreements		**3,955**		4,029
Other liabilities		**213**		307
Total Liabilities		**24,499**		23,690
Net Assets Available for Benefits	$	**133,877**	$	128,814
Accrued Pension Obligation and (Deficit) Surplus				
Primary Plan (note 5)				
Defined Benefit component				
Accrued pension obligation	$	**137,186**	$	134,574
(Deficit) Surplus				
Funding deficit		**(3,087)**		(4,202)
Actuarial value adjustment to net assets available for benefits		**(2,072)**		(3,369)
		(5,159)		(7,571)
Additional Voluntary Contributions component		**1,622**		1,611
Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan		**133,649**		128,614
Retirement Compensation Arrangement				
Accrued pension obligation		**1,314**		1,314
(Deficit) Surplus		**(1,086)**		(1,114)
Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement		**228**		200
Accrued Pension Obligation and (Deficit) Surplus	$	**133,877**	$	128,814

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Changes in Net Assets Available for Benefits

(unaudited)

(in millions of Canadian dollars) **For the six months ended June 30,**	**2024**	**2023**
Changes Due to Investment Activities		
Net investment income (note 6)	**$ 5,581**	$ 3,781
Total Changes Due to Investment Activities	**5,581**	3,781
Changes Due to Pension Activities		
Contributions	**2,843**	2,557
Benefits paid	**(3,299)**	(3,103)
Pension administrative expenses	**(62)**	(58)
Total Changes Due to Pension Activities	**(518)**	(604)
Total Increase	**5,063**	3,177
Net Assets Available for Benefits, Beginning of Period	**128,814**	124,382
Net Assets Available for Benefits, End of Period	**$ 133,877**	$ 127,559

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Interim Consolidated Statement of Changes in Pension Obligations

(unaudited)

(in millions of Canadian dollars) **For the six months ended June 30,**		**2024**		**2023**
OMERS Primary Pension Plan (note 5)				
Defined Benefit Component				
Accrued pension obligation, beginning of period	**$**	**134,574**	$	128,789
Interest accrued on benefits		**3,829**		3,661
Benefits accrued		**2,138**		1,993
Benefits paid		**(3,205)**		(3,029)
Net experience gains		**(150)**		(550)
Defined Benefit Accrued Pension Obligation, End of Period	**$**	**137,186**		130,864
Additional Voluntary Contributions Component				
Additional Voluntary Contributions obligation, beginning of period	**$**	**1,611**	$	1,517
Contributions		**49**		66
Withdrawals		**(74)**		(56)
Attributed net investment income		**36**		24
Additional Voluntary Contributions Obligation, End of Period	**$**	**1,622**		1,551
Retirement Compensation Arrangement				
Accrued pension obligation, beginning of period	**$**	**1,314**	$	1,235
Interest accrued on benefits		**20**		19
Benefits accrued		**20**		17
Benefits paid		**(20)**		(18)
Net experience gains		**(20)**		—
Retirement Compensation Arrangement Accrued Pension Obligation, End of Period	**$**	**1,314**	$	1,253

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

Note 1

Description of the Plans Administered by OMERS Administration Corporation

OMERS Administration Corporation (AC) is a corporation without share capital, continued under the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act). AC is the administrator of the OMERS pension plans as defined in the OMERS Act and is the trustee of the pension funds. The OMERS pension plans are comprised of the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (RCA) and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (collectively, the OMERS Pension Plans). As trustee of the Primary Plan's fund, AC holds legal title to the pension fund assets; the trust beneficiaries are Primary Plan members, and in certain circumstances, their spouses or dependents. AC is responsible for administering the OMERS Pension Plans in accordance, as applicable, with the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and the OMERS Act. OMERS Sponsors Corporation is the sponsor of the OMERS Pension Plans under the OMERS Act.

The assets of any of the OMERS Pension Plans cannot be used to fund the pension obligations of any of the other OMERS Pension Plans.

OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the PBA, the ITA and other applicable legislation.

The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component. The Primary Plan is registered with the Financial Services Regulatory Authority of Ontario and with the Canada Revenue Agency under Registration #0345983.

The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. The defined benefit component is funded by equal contributions from participating employers and from active members, and by net investment earnings of the Primary Plan assets.

The AVC component of the Primary Plan is a retirement savings and investment opportunity that permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. While AVCs are part of the Primary Plan, they are separate from a member’s defined benefit pension.

Retirement Compensation Arrangement for the OMERS Primary Pension Plan

The RCA provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. This determination is made when a member terminates employment or retires. The RCA is a trust arrangement separate from the Primary Plan, and is not governed by the PBA nor is it a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a partial pay-as-you-go basis by equal contributions from participating employers and active members and by the investment earnings of the RCA fund.

Note 2

Summary of Significant Accounting Policies

BASIS OF PRESENTATION

AC follows the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600 – Pension Plans (Section 4600), which is the basis for Canadian accounting standards for pension plans. AC's recognition and measurement of assets and liabilities are consistent with the requirements of Section 4600. For accounting policies that do not relate to its investment portfolio or pension obligations, AC follows the requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

These Condensed Interim Consolidated Financial Statements (Interim Financial Statements) include the financial position, changes in net assets available for benefits and changes in pension obligations of AC and of the OMERS Pension Plans and have been prepared in accordance with CPA Canada Handbook Section 4600 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and disclosure required in an annual set of consolidated financial statements. These Interim Financial Statements should be read in conjunction with the annual consolidated financial statements and the accompanying notes included in the OMERS 2023 Annual Report. The Interim Financial Statements follow the same accounting policies and methods used in preparation of the audited 2023 annual consolidated financial statements.

Amendments to Section 4600 effective January 1, 2024 have been determined to have no significant impact on the Interim Financial Statements.

Comparative figures in Note 3B(b) relating to changes in Level 3 investments have been revised to conform to the 2023 annual consolidated financial statement’s presentation, where royalty agreements were reclassified from Private Equity to Private Debt and Mortgages.

These Interim Financial Statements were approved by AC's Board of Directors on August 15, 2024.

USE OF ESTIMATES AND JUDGMENTS

Preparing these Interim Financial Statements requires AC Management (Management) to make estimates, judgments and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued pension obligations and related disclosures. Actual results could differ from these estimates. Areas of significant accounting estimates and judgment include the valuation of real estate, infrastructure, private equity, and private debt investments, as well as derivatives and pension obligations. In all cases, Management’s estimates are sensitive to key assumptions and drivers that are subject to material change, and Management continues to monitor developments in these inputs.

ACCRUED PENSION OBLIGATION

The June 30, 2024 accrued pension obligation is determined by accumulating the December 31, 2023 accrued pension obligation with normal cost and interest and by deducting benefit payments in the period. Adjustments are made for other known experience, if considered material.

Note 3

Investments

A. Investments at Fair Value

Investments and investment-related assets and liabilities at fair value by asset class are as follows:

As at	June 30, 2024	December 31, 2023
Fixed Income		
Inflation-linked bonds	**$ 3,996**	$ 3,332
Nominal bonds and debentures	**15,099**	13,190
Private debt and mortgages (i)	**12,126**	11,520
Total Fixed Income	**31,221**	28,042
Equities		
Public Equity	**20,828**	17,658
Private Equity	**32,755**	32,672
Total Equities	**53,583**	50,330
Real Assets		
Infrastructure investments	**32,998**	30,937
Real Estate investments	**22,090**	22,586
Total Real Assets	**55,088**	53,523
Short-Term Instruments		
Cash and short-term deposits	**15,990**	18,457
Total Investments	**155,882**	150,352
Investment-Related Assets		
Investment receivables	**1,248**	546
Deferred, prepaid and other assets	**52**	58
Derivatives	**148**	766
Pending trades	**292**	93
Total Investment-Related Assets	**1,740**	1,463
Investment-Related Liabilities		
Investment liabilities (note 4)	**(19,418)**	(18,870)
Derivatives	**(158)**	(241)
Pending trades	**(755)**	(243)
Total Investment-Related Liabilities	**(20,331)**	(19,354)
Net Investment Assets	**$ 137,291**	$ 132,461

(i) Includes royalty agreements of $2,847 (December 31, 2023: $2,473).

B. Investment Fair Value Hierarchy

Investment assets and liabilities are measured at fair value based on inputs from one or more levels of a fair value hierarchy as follows:

- **Level 1:** Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 primarily includes publicly-listed equity investments, cash and derivative contracts traded on a public exchange.
- **Level 2:** Fair value is based on valuation methods that make use of inputs, other than quoted prices included in Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets, or indirectly through observable market information used in valuation models. Level 2 primarily includes short-term deposits, debt securities and derivative contracts not traded on a public exchange, and investment-related liabilities, including debt and securities sold under repurchase agreements.
- **Level 3:** Fair value is based on valuation methods whose significant inputs are based on unobservable market data. Level 3 primarily includes private market investments such as real estate, infrastructure, private equity, private debt and mortgages.

(a) Net investment assets are categorized into the fair value hierarchy as follows:

As at June 30,				**2024**
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	$ **—**	$ **19,095**	$ **12,126**	$ **31,221**
Public Equity	**20,441**	**—**	**387**	**20,828**
Private Equity	**—**	**—**	**32,755**	**32,755**
Infrastructure	**—**	**—**	**32,998**	**32,998**
Real Estate	**—**	**—**	**22,090**	**22,090**
Short-Term Instruments	**4,920**	**11,070**	**—**	**15,990**
Investment-Related Assets	**10**	**1,730**	**—**	**1,740**
Investment-Related Liabilities	**(516)**	**(19,815)**	**—**	**(20,331)**
Net Investment Assets	$ **24,855**	$ **12,080**	$ **100,356**	$ **137,291**

As at December 31,				2023
	Level 1	Level 2	Level 3	Total
Fixed Income	$ —	$ 16,522	$ 11,520	$ 28,042
Public Equity	17,286	—	372	17,658
Private Equity	—	—	32,672	32,672
Infrastructure	—	—	30,937	30,937
Real Estate	—	—	22,586	22,586
Short-Term Instruments	4,847	13,610	—	18,457
Investment-Related Assets	42	1,421	—	1,463
Investment-Related Liabilities	(373)	(18,981)	—	(19,354)
Net Investment Assets	$ 21,802	$ 12,572	$ 98,087	$ 132,461

(b) The following table presents the changes in Level 3 investments for the period ended June 30, 2024:

	Fair Value Dec 31, 2023	Included in Net Investment Income	Transfers In	Transfers Out	Purchases	Sales and Return of Capital	Fair Value June 30, 2024	Change in Unrealized Gains (Losses) from Investments Held at the End of the Period (i)
Fixed Income	$ 11,520	$ 879	$ —	$ —	$ 2,694	$ (2,967)	$ 12,126	$ 172
Public Equity	372	30	—	—	4	(19)	387	26
Private Equity	32,672	1,859	—	—	1,330	(3,106)	32,755	1,392
Infrastructure	30,937	1,498	—	—	1,890	(1,327)	32,998	570
Real Estate	22,586	(428)	—	—	912	(980)	22,090	(768)
Total	**$ 98,087**	**$ 3,838**	**$ —**	**$ —**	**$ 6,830**	**$ (8,399)**	**$ 100,356**	**$ 1,392**

The following table presents the changes in Level 3 investments for the period ended June 30, 2023:

	Fair Value Dec 31, 2022	Included in Net Investment Income	Transfers In(ii)	Transfers Out(ii)	Purchases	Sales and Return of Capital	Fair Value June 30, 2023	Change in Unrealized Gains (Losses) from Investments Held at the End of the Period (i)
Fixed Income (iii)	$ 10,599	$ 317	$ —	$ —	$ 1,806	$ (1,874)	$ 10,848	$ (217)
Public Equity	231	6	—	—	159	(17)	379	(9)
Private Equity (iii)	29,484	711	—	(60)	2,395	(2,118)	30,412	206
Infrastructure	29,742	814	—	—	967	(1,153)	30,370	2
Real Estate	24,633	5	60	—	946	(656)	24,988	(318)
Total	$ 94,689	$ 1,853	$ 60	$ (60)	$ 6,273	$ (5,818)	$ 96,997	$ (336)

(i) Included in Net Investment Income.

(ii) Transfers between Private Equity and Real Estate represent asset class transfers.

(iii) To conform to the 2023 annual consolidated financial statement's presentation, the December 31, 2022 and June 30, 2023 reported amounts for royalty agreements with a fair value $1,644 and $2,161, respectively, were reclassified from Private Equity to Fixed Income with no impact to Total balances.

(c) Fair Value Assumptions and Sensitivity

Level 3 investment assets and liabilities are valued using models whose significant inputs are based on unobservable market data. The significant valuation input for infrastructure investments and private debt, which is included in fixed income, is the discount rate. Significant valuation inputs for real estate investments are the discount rate and the terminal capitalization rate. In each case, the discount rate is composed of two elements: a risk-free rate, which is the return that would be expected from a secure, liquid, virtually risk-free investment, such as a high quality government bond; and a risk premium. The risk premium is estimated from, where observable, implied values of similar publicly-traded investments or sales of similar investments or assets. If such information is not available, the risk premium is estimated at a level that compensates for the incremental amount of risk associated with a particular investment. The selected discount rates and terminal capitalization rates are chosen to be consistent with the risk inherent in the stream of cash flows to which they are applied.

Significant valuation inputs for private equity investments are earnings before interest, taxes, depreciation and amortization (EBITDA) multiples. All else being equal, higher multiples equate to higher fair values, and vice versa.

The following table presents the sensitivity of Level 3 investment valuations to reasonably possible alternative assumptions for asset categories where such reasonably possible alternative assumptions would change the fair value significantly. These sensitivities are hypothetical and should be used with caution. The impact to the valuation from such changes to the significant input has been calculated independently of the impact of changes in other key variables. In actual experience, a change in one significant input may result in changes to a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at				June 30, 2024	December 31, 2023
	Significant Inputs	**Range of Inputs**	**Change in Significant Inputs**	**Change in Net Investment Assets**	**Change in Net Investment Assets**
Fixed Income	Discount rate	3.8% - 26.3% (2023: 3.8% - 26.1%)	**+/- 50 bps**	$ **-/+109**	$ -/+119
Private Equity	EBITDA multiple	7.7X - 20.5X (2023: 4.5X - 21.0X)	**+/- 0.50x**	**+/-1,195**	+/-1,070
Infrastructure	Discount rate	7.5% - 15.8% (2023: 7.5% - 15.8%)	**+/- 25 bps**	**-/+1,885**	-/+1,895
Real Estate	Discount rate	5.9% - 12.5% (2023: 5.1% - 12.6%)	**+/- 25 bps**	**-/+636**	-/+642
Real Estate	Terminal capitalization rate	4.0% - 9.8% (2023: 3.5% - 9.4%)	**+/-25 bps**	**-/+912**	-/+937

The above sensitivity analysis excludes fund investments totaling $9,010 (December 31, 2023: $9,181) for which AC does not have access to the underlying investment information. For those investments, fair values are equal to the values provided by the fund's general partner, unless there is a specific and objectively verifiable reason to vary from the value provided.

C. Derivative Financial Instruments

The following table summarizes AC's use of derivatives. Notional values represent economic exposure, and are the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. These notional values are used to determine the gains (losses) and fair values of the derivative contracts; they are not recorded as assets or liabilities in the Condensed Interim Consolidated Statement of Financial Position. Notional values do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

As at	June 30, 2024			December 31, 2023		
		Fair Value			Fair Value	
	Notional Value	Assets	Liabilities	Notional Value	Assets	Liabilities
Fixed Income						
Interest Rate Contracts						
Swaps	$ 2,189	$ —	$ —	$ 168	$ 1	$ —
Futures	4,756	1	(9)	1,283	1	—
Total Interest Rate Contracts		1	(9)		2	—
Credit Contracts						
Swaps	6,409	8	(9)	5,075	3	(2)
Total Credit Contracts		8	(9)		3	(2)
Total Fixed Income		9	(18)		5	(2)
Equities						
Equity Contracts						
Swaps	3,839	51	(73)	3,744	96	(35)
Futures	1,843	2	(5)	5,710	1	(14)
Options						
- written	3,375	—	(11)	2,802	—	(10)
- purchased	1,776	40	—	1,593	38	—
Total Equity Contracts		93	(89)		135	(59)
Commodity Contracts						
Swaps	51	—	(1)	49	—	(1)
Futures	2,314	8	(14)	1,761	3	(15)
		8	(15)		3	(16)
Total Equities		101	(104)		138	(75)
Foreign Exchange Contracts						
Forwards	19,226	38	(36)	27,822	622	(164)
Options						
- written	4	—	—	123	—	—
- purchased	4	—	—	127	1	—
Total Foreign Exchange Contracts		38	(36)		623	(164)
Total		$ 148	$ (158)		$ 766	$ (241)

D. Investment Risk

AC's primary long-term investment risk is that the value of its assets and the capacity of those assets to generate investment income is insufficient to meet pension obligations. AC's future pension obligations are the basis for establishing its long-term investment objectives, combined with an assessment of associated risks.

AC manages market, credit and liquidity risk as follows:

a) Market Risk

Market risk is the risk that the fair value of an investment is impacted by changes in market variables such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and other variables.

(i) Foreign Exchange Rates

AC pays pensions in Canadian dollars and manages a highly diversified portfolio of long-term investments, many of which are denominated in foreign currencies. AC centrally manages the strategy for foreign currency and assumes certain foreign exchange risks, measuring and considering them in the context of overall portfolio objectives, alongside other investment related risks discussed elsewhere. Net investment assets by currency exposure, after the impact of currency hedging, are as follows:

As at	June 30, 2024		December 31, 2023	
		Fair Value By Currency		Fair Value By Currency
Currency	Net Exposure	% of Total	Net Exposure	% of Total
United States Dollar	**$ 53,487**	**39 %**	$ 48,084	36 %
Euro	**9,306**	**7**	7,628	6
British Pound Sterling	**7,477**	**5**	7,198	5
Australian Dollar	**3,856**	**3**	3,638	3
Swedish Krona	**2,287**	**2**	654	1
Hong Kong Dollar	**1,424**	**1**	1,466	1
Indian Rupee	**1,381**	**1**	1,283	1
All Other	**2,257**	**1**	3,036	2
Total Foreign Currency Exposure	**81,475**	**59**	72,987	55
Canadian Dollar	**55,816**	**41**	59,474	45
Total	**$ 137,291**	**100 %**	$ 132,461	100 %

Foreign Currency Sensitivity

After giving effect to the impact of foreign currency hedges and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against all foreign currencies, to which OMERS is exposed, would result in an approximate $4,073 (December 31, 2023: $3,649) decrease or increase in AC's net investment assets as shown below:

As at	June 30, 2024	December 31, 2023
Currency	Change in Unrealized Loss/Gain	Change in Unrealized Loss/Gain
United States Dollar	**$ -/+ 2,674**	$ -/+ 2,404
Euro	**-/+ 465**	-/+ 381
British Pound Sterling	**-/+ 374**	-/+ 360
Australian Dollar	**-/+ 193**	-/+ 182
Swedish Krona	**-/+ 114**	-/+ 33
Hong Kong Dollar	**-/+ 71**	-/+ 73
Indian Rupee	**-/+ 69**	-/+ 64
All Other	**-/+ 113**	-/+ 152
Total	**$ -/+ 4,073**	$ -/+ 3,649

(ii) Interest Rate Risk
AC's primary exposure to interest rate changes in its investment assets relates to capital deployed in fixed income products, which include bonds and debentures, private debt and mortgages, as well as a variety of indirectly managed interest-bearing investments in private portfolios and interest rate swaps. AC's exposure to interest rate changes in its investment liabilities relates primarily to term notes. Investments with fixed rates of interest will decrease in market value while liabilities with fixed rates of interest will increase in market value as interest rates rise, and vice versa.

Sensitivity to changes in interest rates
AC's exposure to a 50 basis point increase (decrease) in interest rates on instruments directly impacted by interest rate changes, with all other variables held constant, would result in an approximate decrease (increase) in the value of directly managed fixed income investments and interest rate swaps, net of term note liabilities, of $368 (December 31, 2023: $325). This would be recognized as a change in unrealized loss (gain) within Net Investment Income.

(iii) Price Risk
Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market.

AC's investment in publicly-traded equities is achieved through both physical holdings and derivative exposures. A ten per cent increase (decrease) in the aggregate value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of $2,618 (December 31, 2023: $2,664).

AC's investments in private equity, infrastructure, real estate, private debt and mortgages are also subject to price risk. Values are impacted by a number of variables as described in Note 3B - *Investment Fair Value Hierarchy*.

AC is also subject to price risk through changes in credit spreads on certain of its fixed income investments and term note liabilities. A 50 basis point increase (decrease) in the credit spreads of those applicable interest bearing instruments would result in an approximate net decrease (increase) in the value of fixed income investments and term note liabilities, and a net unrealized loss (gain), of $395 (December 31, 2023: $260).

b) Credit Risk

Credit risk is defined as the financial loss that results from the failure of a counterparty to honour its contractual obligations. AC is subject to credit risk primarily in connection with issuers or guarantors of securities, debtors, structured securities, derivatives, repurchase agreements and securities lending arrangements. Credit risk for uncleared over-the-counter (OTC) derivatives is mitigated through the exchange or posting of margin. Credit risk for cleared OTC derivative contracts and futures contracts is typically minimal, as the counterparty is an exchange or central clearing counterparty which is designed for reducing counterparty risk and improving financial system stability. For these trades, initial margin is posted and margin receivables and payables are settled daily.

To manage counterparty credit risk, AC:
- requires collateral from its counterparties in certain circumstances, as outlined in contractual arrangements;
- limits how much exposure it has with individual counterparties;

- regularly performs financial analysis of its counterparties, which includes reference to credit rating agencies and other relevant external sources. AC only trades OTC derivatives with high quality counterparties;
- estimates ratings using an internal rating process if no rating is available from selected reputable credit rating agencies for credit investments; and
- enters into enforceable master netting agreements.

(i) Credit Quality

The credit ratings for fixed income and short-term instruments are set out in the table below:

As at June 30,					**2024**
	Sovereign Governments	**Provincial Governments**	**Corporate**	**Total**	**% of Total**
AAA	**$ 11,623**	**$ —**	**$ 10**	**$ 11,633**	**25 %**
AA	**7,325**	**4**	**8,846**	**16,175**	**34**
A	**—**	**9**	**1,425**	**1,434**	**3**
BBB	**—**	**—**	**5,015**	**5,015**	**11**
Below BBB	**—**	**—**	**8,117**	**8,117**	**17**
Unrated	**—**	**—**	**4,837**	**4,837**	**10**
Total	**$ 18,948**	**$ 13**	**$ 28,250**	**$ 47,211**	**100 %**

As at December 31,					2023
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
AAA	$ 9,832	$ —	$ 8	$ 9,840	21 %
AA	6,581	—	11,985	18,566	40
A	—	—	1,252	1,252	3
BBB	—	—	4,341	4,341	9
Below BBB	—	—	7,835	7,835	17
Unrated	—	—	4,665	4,665	10
Total	$ 16,413	$ —	$ 30,086	$ 46,499	100 %

Unrated securities in the table above relate to private real estate debt and mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75% and agreements that entitle AC to receive royalties on sales of established pharmaceutical products.

(ii) Margin and Collateral

AC is a counterparty to financial instruments that are subject to margin arrangements. AC pledges and receives collateral consisting of securities and in some cases cash, in the ordinary course of managing net investments. AC has enforceable contractual rights to realize upon collateral and to set-off against amounts owing under financial contracts following a counterparty default or other termination right. Additional collateral is exchanged if the value of the collateral falls below a predetermined level, based on the value of the underlying transaction(s) or interest, and the value of the collateral posted. Specifically:

- In the case of OTC derivatives, variation margin collateral is collected from and provided to counterparties according to the Credit Support Annex (CSA), which forms part of International Swaps and Derivatives Association (ISDA) Master Agreements. Initial margin collateral is pledged to and provided by counterparties, as required by ISDA initial margin credit support or collateral transfer documentation (IM CSA). Initial margin collateral is held by third party custodians in segregated accounts.
- In the case of prime brokerage and securities borrowing, collateral is exchanged to the full extent of the liability with the counterparty, with a borrower required to pledge marketable securities or cash of higher value than the securities borrowed as collateral. AC does not recognize any securities borrowed as its investment assets because the risks and rewards of the securities remain with the lender.

AC enters into securities repurchase transactions under Global Master Repurchase Agreements (GMRA), whereby AC sells securities to counterparties and simultaneously agrees to buy them back at a predetermined price in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the agreements. AC does not derecognize any securities sold because the associated risks and rewards remain with AC.

AC is permitted to sell or repledge collateral in the absence of default, with the exception of initial margin on OTC derivatives. The equivalent cash or securities must be returned to the counterparty should the counterparty demand a return of collateral. The fair value of collateral sold or repledged is $nil (December 31, 2023: $nil).

The fair value of collateral pledged and received, as well as securities sold under repurchase agreements is as follows:

As at		June 30, 2024		December 31, 2023
Derivative-related				
Collateral received	**$**	**158**	$	503
Collateral pledged		**327**		181
Securities borrowing				
Collateral pledged		**1,738**		1,246
Securities sold under repurchase agreements				
Gross amounts of securities sold under repurchase agreements		**4,419**		4,064
Collateral pledged		**4,418**		4,069

(iii) Right of Netting and Offset

AC is a counterparty to financial instruments that are subject to netting and offset arrangements. AC enters into enforceable master netting agreements, such as ISDA Master Agreements, GMRA and securities lending agreements. Under these agreements, following a counterparty's event of default or other early termination event, AC is entitled to liquidate transactions under each of the above derivative, repurchase and securities lending arrangements and to net amounts payable under all transactions under that agreement, provided that in the case of bankruptcy or insolvency of the counterparty, AC's actions are subject to applicable bank recovery and resolution regulations and bankruptcy stays. Master netting agreements might include contractual rights of set-off, enforceable following the occurrence of an event of default or other termination event, that might allow, in certain circumstances, AC or its counterparty to set-off amounts owing under one agreement against amounts owed under another agreement, on a counterparty by counterparty basis. In the Condensed Interim Consolidated Statement of Financial Position, financial instruments are not offset, as a party’s rights of offset across agreements are conditional.

Certain financial transactions, such as derivative transactions, involve a legally enforceable right to offset the recognized amounts and to settle payments on a net basis, or to realize upon an asset and settle a liability simultaneously. Financial assets and liabilities that are offset are reported as a net amount in the Interim Financial Statements.

AC may not be permitted to net and set-off upon the default of a clearer in respect of exchange traded derivatives and cleared OTC derivatives. In the Condensed Interim Consolidated Statement of Financial Position, financial instruments are not offset where the rights of offset are conditional.

In the following table, the Net amount presents the effect of the amounts that do not qualify for offsetting but which are subject to conditional netting arrangements or similar arrangements, including ISDA Master Agreements, GMRA, security lending agreements and any related rights to financial collateral:

As at June 30,						**2024**
				Related amounts not set off in the Condensed Interim Consolidated Statement of Financial Position		
	Gross amounts of recognized Financial Instruments	**Less: Amounts offset in Interim Financial Statements**	**Net amounts presented in Interim Financial Statements**	**Amounts subject to netting arrangements**	**Financial collateral (received) pledged**	**Net amount**
Financial Assets						
Derivative assets	$ 148	$ —	$ 148	$ (73)	$ (15)	$ 60
Total Financial Assets	**$ 148**	**$ —**	**$ 148**	**$ (73)**	**$ (15)**	**$ 60**
Financial Liabilities						
Derivative liabilities	$ (158)	$ —	$ (158)	$ 73	$ 36	$ (49)
Securities sold short	(1,120)	—	(1,120)	—	1,120	—
Securities sold under repurchase agreements	(4,419)	—	(4,419)	—	4,418	(1)
Total Financial Liabilities	**$ (5,697)**	**$ —**	**$ (5,697)**	**$ 73**	**$ 5,574**	**$ (50)**

As at December 31,						2023
				Related amounts not set off in the Condensed Interim Consolidated Statement of Financial Position		
	Gross amounts of recognized Financial Instruments	Less: Amounts offset in Interim Financial Statements	Net amounts presented in Interim Financial Statements	Amounts subject to netting arrangements	Financial collateral (received) pledged	Net amount
Financial Assets						
Derivative assets	$ 766	$ —	$ 766	$ (185)	$ (430)	$ 151
Total Financial Assets	$ 766	$ —	$ 766	$ (185)	$ (430)	$ 151
Financial Liabilities						
Derivative liabilities	$ (241)	$ —	$ (241)	$ 185	$ 15	$ (41)
Securities sold short	(926)	—	(926)	—	926	—
Securities sold under repurchase agreements	(4,064)	—	(4,064)	—	4,064	—
Total Financial Liabilities	$ (5,231)	$ —	$ (5,231)	$ 185	$ 5,005	$ (41)

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting cash flow obligations as they come due. AC may use repurchase agreements, derivative contracts, securities lending and securities borrowing arrangements to gain exposure to equities, fixed income, credit, commodities and currency. Using these instruments increases AC’s collateral requirements and liquidity risk.

AC has developed forward-looking liquidity risk and cash flow models to periodically assess its liquidity position. AC also maintains a portfolio of highly marketable assets that could be sold or funded on a secured basis to generate liquidity. AC monitors its liquidity position to ensure sufficient liquid assets are available to meet cash and collateral requirements and other obligations.

As at June 30, 2024, AC maintained $23,084 of liquid assets comprised of $15,990 cash and short-term deposits, $3,996 inflation-linked bonds, $7,516 Canadian and United States government securities, all net of $4,418 pledged collateral (December 31, 2023: $24,220 of liquid assets comprised of $18,457 cash and short-term deposits, $3,332 inflation-linked bonds, $6,500 Canadian and United States government securities, all net of $4,069 pledged collateral).

(i) Terms to Maturity

The term to maturity of AC's derivative and non-derivative liabilities is as follows:

As at	June 30, 2024				December 31, 2023			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Debt (undiscounted principal and interest (re)payments)	**$ 3,157**	**$ 7,767**	**$ 5,426**	**$ 16,350**	$ 4,311	$ 6,515	$ 4,861	$ 15,687
Securities sold short	**492**	**547**	**81**	**1,120**	351	526	49	926
Securities sold under repurchase agreements	**4,419**	**—**	**—**	**4,419**	4,064	—	—	4,064
Payables and other liabilities	**741**	**—**	**—**	**741**	820	—	—	820
Total	**$ 8,809**	**$ 8,314**	**$ 5,507**	**$ 22,630**	$ 9,546	$ 7,041	$ 4,910	$ 21,497

AC's derivative liabilities with a fair value of $158 (December 31, 2023: $241) and notional value of $20,921 (December 31, 2023: $16,502) are all due within 1 year.

Since December 31, 2023, there have been no significant changes in composition or maturity for Amounts Payable Under Contractual Agreements of $3,955 (December 31, 2023: $4,029) and Other liabilities of $213 (December 31, 2023: $307).

(ii) Commercial paper

OMERS Finance Trust (OFT), whose beneficiaries are subsdiaries of AC, is authorized to issue up to an equivalent of $5,000 (December 31, 2023: $5,000) in commercial paper, which is unconditionally and irrevocably guaranteed by AC. As directed by the OMERS Investment Risk Policy, total debt with recourse to AC cannot exceed 10 per cent of total Net Investment Assets (gross of total Debt) at the time the new recourse debt is incurred. Commercial paper of $1,026 was issued as at June 30, 2024 (December 31, 2023: $1,812).

Commercial paper generally has short-term maturities, and the requirement to repay this debt at maturity increases liquidity risk. OFT manages this risk by maintaining a high credit rating and a $4,300 (December 31, 2023: $4,300) revolving credit facility with a syndicate of well-capitalized banks to backstop the commercial paper program and to use for other general corporate purposes.

Note 4

Investment Liabilities

AC's investment liabilities are as follows:

As at	June 30, 2024	December 31, 2023
Debt	**$ 13,138**	$ 13,060
Securities sold short	**1,120**	926
Securities sold under repurchase agreements	**4,419**	4,064
Payables and other liabilities	**741**	820
Total	**$ 19,418**	$ 18,870

Total debt with recourse to AC is comprised of the following:

As at	June 30, 2024			December 31, 2023		
	Fair Value	Cost	Weighted Average Interest Rate	Fair Value	Cost	Weighted Average Interest Rate
Real Estate						
Credit facilities	**$ 289**	**$ 289**	**5.99 %**	$ 271	$ 271	6.00 %
Infrastructure						
Secured debt	**147**	**—**	**6.45**	453	157	5.79
OMERS Finance Trust						
Commercial paper (i)	**1,026**	**1,026**	**5.42**	1,812	1,812	4.93
Term notes	**11,364**	**11,629**	**3.02**	10,366	10,845	2.70
Credit facility (ii)	**312**	**312**	**4.78**	158	155	4.44
Total	**$ 13,138**	**$ 13,256**	**3.35 %**	$ 13,060	$ 13,240	3.21 %

(i) As at June 30, 2024, commercial paper outstanding has maturities from July 8, 2024 to September 3, 2024 with interest rates ranging from 5.30% to 5.53%.
(ii) $4,300 revolving credit facility matures on November 13, 2026.

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at June 30, 2024, term notes totaling $11,364 are outstanding (December 31, 2023: $10,366) and details are shown in the table below:

Maturity	Original Term	Currency	Principal Amount	Coupon
May 13, 2025	5 years	EUR	1,000 EUR	0.450%
March 26, 2026	5 years	USD	1,000 USD	1.100%
April 21, 2027	7 years	CAD	1,250 CAD	1.550%
April 20, 2028	5 years	USD	1,000 USD	4.000%
January 25, 2029	5 years	EUR	750 EUR	3.125%
May 14, 2029	10 years	CAD	1,000 CAD	2.600%
March 26, 2031	7 years	USD	1,000 USD	4.750%
April 19, 2032	10 years	USD	600 USD	3.500%
November 15, 2033	10 years	USD	1,000 USD	5.500%
April 19, 2052	30 years	USD	500 USD	4.000%

Note 5

OMERS Primary Pension Plan

A summary of the Condensed Interim Financial Statements of the Primary Plan is as follows:

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at		June 30, 2024		December 31, 2023
Net Assets Available for Benefits	$	**133,649**	$	128,614
Accrued Pension Obligation and (Deficit) Surplus				
Defined benefit component				
Accrued pension obligation	$	**137,186**	$	134,574
(Deficit) Surplus				
Funding deficit		**(3,087)**		(4,202)
Actuarial value adjustment to net assets		**(2,072)**		(3,369)
		(5,159)		(7,571)
Additional Voluntary Contributions component obligation		**1,622**		1,611
Total Primary Plan Accrued Pension Obligation and (Deficit) Surplus	$	**133,649**	$	128,614

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the six months ended June 30,		2024		2023
Statement of Changes in Net Assets				
Net investment income	$	**5,565**	$	3,770
Contributions		**2,811**		2,532
Benefits paid		**(3,279)**		(3,085)
Pension administrative expenses		**(62)**		(58)
Total Increase		**5,035**		3,159
Net Assets Available for Benefits, Beginning of Period		**128,614**		124,206
Net Assets Available for Benefits, End of Period	$	**133,649**	$	127,365

The actuarial assumptions used in the actuarial valuation of the Primary Plan as at June 30, 2024 are unchanged from December 31, 2023.

The Primary Plan's financial position is summarized as follows:

As at		June 30, 2024		December 31, 2023
Primary Plan fair value of net assets available for benefits	$	**133,649**	$	128,614
Less: Additional Voluntary Contribution net assets		**1,622**		1,611
Defined benefit net assets available for benefits		**132,027**		127,003
Less: Actuarial value adjustment		**(2,072)**		(3,369)
Actuarial value of net assets available for benefits		**134,099**		130,372
Less: Defined Benefit accrued pension obligation		**137,186**		134,574
Funding (deficit) of actuarial value of net assets available for benefits over accrued pension obligation		**(3,087)**		(4,202)
Actuarial value adjustment to net assets available for benefits		**(2,072)**		(3,369)
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	$	**(5,159)**	$	(7,571)

The change in the actuarial value adjustment is as follows:

For the six months ended June 30,	2024	2023
Expected interest on beginning actuarial value adjustment (i)	$ (129)	$ 23
Current period returns above (below) the actuarial smoothing rate not recognized in the period(i)	528	(830)
Prior period's returns below (above) the actuarial smoothing rate recognized in the period	898	(311)
Increase (decrease) in actuarial value adjustment	1,297	(1,118)
Actuarial value adjustment, beginning of period	(3,369)	578
Actuarial value adjustment, end of period	$ (2,072)	$ (540)

(i) Based on the actuarial smoothing rate in effect during the period of 7.83% (2023: 7.97%).

The actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets. As at June 30, 2024 and December 31, 2023 this constraint had no impact on the actuarial value adjustment.

Note 6

Net Investment Income

The OMERS Pension Plans' net investment income (loss) by asset class is as follows:

For the six months ended June 30,	2024			2023		
	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities	Net Investment Income (Loss)	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities	Net Investment Income (Loss)
Fixed Income						
Inflation-linked bonds	$ 18	$ 159	$ 177	$ 5	$ (17)	$ (12)
Nominal bonds and debentures	279	85	364	226	44	270
Private debt and mortgages	460	383	843	359	(96)	263
Total Fixed Income	757	627	1,384	590	(69)	521
Equities						
Public Equity	176	1,691	1,867	211	734	945
Private Equity	554	1,235	1,789	317	311	628
Total Equities	730	2,926	3,656	528	1,045	1,573
Real Assets						
Infrastructure investments	914	590	1,504	670	(1)	669
Real Estate investments	304	(794)	(490)	338	(382)	(44)
Total Real Assets	1,218	(204)	1,014	1,008	(383)	625
Short-Term Instruments						
Cash and short-term deposits	351	59	410	223	(78)	145
Derivatives	—	112	112	—	1,336	1,336
Investment liabilities	(232)	(296)	(528)	(99)	95	(4)
Total Investment Income	$ 2,824	$ 3,224	$ 6,048	$ 2,250	$ 1,946	$ 4,196
Less: Income credited under contractual agreements			131			90
Less: Investment management expenses			336			325
Net Investment Income			$ 5,581			$ 3,781

Note 7

Segment Information

AC's reporting segments are the asset classes defined in the Primary Plan's Statement of Investment Policies & Procedures (SIP&P). Management uses the SIP&P asset classes to assess AC's investment diversification, risk management and performance.

A. Investments at Fair Value by Segment

As at	June 30, 2024	December 31, 2023
Fixed Income		
Bonds	$ **9,537**	$ 9,418
Credit	**25,515**	23,872
	35,052	33,290
Equities		
Public Equity	**20,373**	17,454
Private Equity	**25,255**	25,052
	45,628	42,506
Real Assets		
Infrastructure	**30,010**	27,959
Real Estate	**19,079**	19,374
	49,089	47,333
Cash and Funding	**5,629**	7,376
Total Investments	$ **135,398**	$ 130,505
Reconciliation to Investments by asset class (note 3A)		
OMERS Return Agreements (i)	**2,030**	2,148
RCA(ii)	**127**	114
Other	**(264)**	(306)
Net Investment Assets (note 3A)	$ **137,291**	$ 132,461

B. Net Investment Income (Loss) by Segment

For the six months ended June 30,	2024	2023
Fixed Income		
Bonds	$ **(10)**	$ 98
Credit	**1,418**	721
	1,408	819
Equities		
Public Equity	**2,630**	1,701
Private Equity	**957**	455
	3,587	2,156
Real Assets		
Infrastructure	**1,182**	757
Real Estate	**(606)**	(34)
	576	723
Cash and Funding	**74**	126
	5,645	3,824
Less: Administered Funds (iii)	**80**	54
Total Primary Plan	**5,565**	3,770
Add: RCA	**16**	11
Net Investment Income (note 6)	$ **5,581**	$ 3,781

(i) Contractual return agreements that provide eligible clients with access to the performance of all or parts of the investment return of the Primary Plan.

(ii) Excludes refundable tax account.

(iii) Funds invested by AC on behalf of certain parties under contractual agreements.

Note 8

Guarantees, Commitments and Contingencies

AC enters into guarantees, commitments and contingencies in the normal course of business.

Guarantees are provided to third parties with respect to certain investments. The maximum amount payable under guarantees, standby letters of credit and contingent amounts payable provided as part of investment transactions was $1.8 billion as at June 30, 2024 (December 31, 2023: $1.7 billion).

As at June 30, 2024, future financial commitments relating to the acquisition, development and refurbishment of investments include $2.6 billion (December 31, 2023: $3.5 billion) which is expected to be due within one year and $9.7 billion (December 31, 2023: $10.2 billion) which is expected to be due after one year. Future financial commitments relating to funds managed by third parties and private debt investments are $3.9 billion (December 31, 2023: $3.9 billion) and are payable on demand, subject to the terms and conditions of each agreement.

AC indemnifies its directors, officers, certain employees, its business units and certain others in connection with proceedings against them to the extent that these individuals are not covered under another arrangement. In addition, AC may in certain circumstances in the course of investment activities agree to indemnify a counterparty. Under the terms of such arrangements, AC may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations or legal claims. The contingent nature of the liabilities in such agreements and the range of indemnification prevent AC from making a reasonable estimate of the maximum amount that would be required to pay such indemnifications.

As at June 30, 2024, AC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a material adverse effect on the Interim Financial Statements.