

OMERS Mid-year Investment Update 2024

August 15, 2024

OMERS

OMERS earns \$5.6 billion in the first half of 2024

OMERS generated a net investment return of 4.4%, or a gain of \$5.6 billion, during the six-month period from January 1 to June 30, 2024. For the period ended June 30, 2024, the Plan earned a 10-year average annualized net investment return of 7.1%, a gain of \$67.5 billion. Net assets totaled \$133.6 billion.

“OMERS had a good start to the year, reflecting the strength and diversification of the portfolio and the strategic decision to maintain currency exposure to the US dollar,” said Blake Hutcheson, OMERS President and CEO. “In an unpredictable global landscape, we remain well positioned with ample capital and will be selective in assessing each opportunity for its growth potential and alignment to our view that quality will see us through the cycles ahead.”

“Returns for the first half of the year were led by double-digit performance from public equities with strong contributions from private credit and infrastructure,” said Jonathan Simmons, OMERS Chief Financial and Strategy Officer. “Real estate valuation losses detracted from returns, outweighing the growing income generated by our high-quality properties.”

Mr. Hutcheson added, “We make a promise to our 600,000+ members to deliver secure income in retirement and everything we do, every day is in service of that commitment. We are proud of the work we do to support our members and to contribute to a vibrant Ontario.”

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 600,000 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 bonds, public and private credit, public and private equities, infrastructure and real estate.

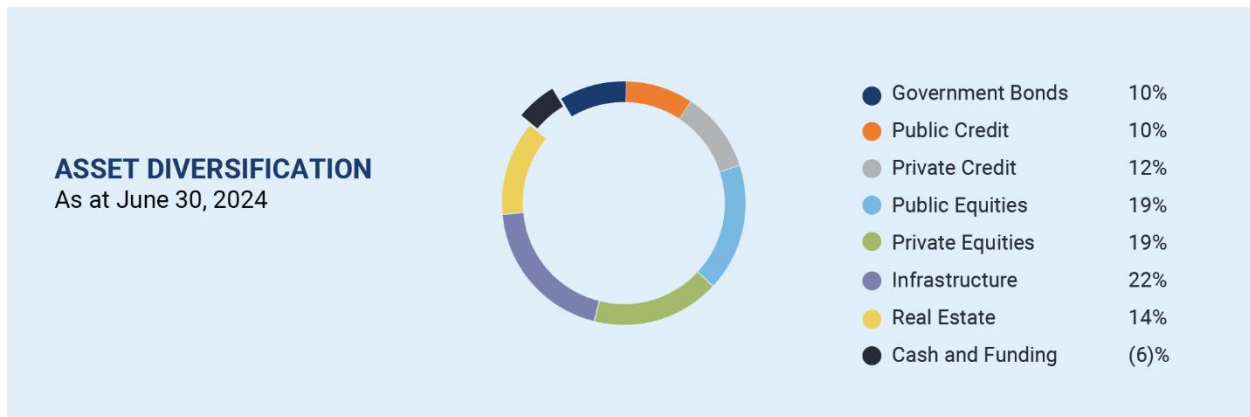
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Net Assets \$ Billions



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, 2024
Government Bonds	-0.5%
Public Credit	2.2%
Private Credit	7.8%
Public Equities	10.4%
Private Equities	3.9%
Infrastructure	4.1%
Real Estate	-3.1%
Total Plan	4.4%

Investment Performance Highlights

Over the six months ended June 30, 2024:

- **Government bonds**, which earn a fixed rate of interest income, generated narrow losses as rising yields decreased their fair value.
- Our shorter-dated, floating-rate **credit** portfolios delivered strong interest income and held their value as benchmark yields rose. **Private credit** continued to benefit from attractive spreads and outperformed **public credit** during the period.
- Our **public equities** delivered strong returns from our core holdings in large-cap stocks in the technology, communication, energy and health care sectors.
- Returns in **private equity** were held back by slow earnings growth and a drift downwards in valuation multiples, but significantly benefitted from the strengthening of the US dollar.
- Our **infrastructure** portfolio continued to provide steady returns through stable operating income and higher valuations from operational performance.
- **Real estate** valuation losses outweighed the growing income generated by our high-quality properties.
- Our strategic decision to maintain currency exposure to the US dollar and other major currencies improved our net investment results across the portfolio by approximately 1.7%.

Liquidity

We continue to maintain ample liquidity, with \$23.1 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 \$1.9 billion while remaining within our 10% leverage limit.

Long-Term Issuer Credit Ratings

AAA
DBRS

AAA
Fitch

Aa1
Moody's

AA+
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 2023 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, 2024, 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.

Portfolio update

We continue to rotate capital within the portfolio to best position the Plan in the face of emerging opportunities for growth. The updates below reflect activities undertaken since January 1, 2024.

- In line with our long-term asset mix, we deployed capital to take advantage of elevated interest rates, increasing our exposure to government bonds across the curve and investing \$5.6 billion into credit.
- We signed and closed our Life Sciences portfolio's royalty investment in Nilemdo (a cholesterol lowering drug).
- We secured planning permission to develop a 340,000 sq ft technologically advanced and environmentally sustainable logistics space on a 15-acre brownfield site adjacent to Heathrow Airport, in partnership with a European best-in-class developer and asset manager of logistics real estate.
- We closed the sale of CEDA, a provider of industrial maintenance, turnaround and environmental services.
- Subsequent to the end of June:
 - We signed an agreement to sell our investment in LifeLabs with a closing expected later this year.
 - Our industrial real-estate investment Lineage, the world's largest operator of temperature-controlled logistics solutions, successfully completed a US initial public offering that was the biggest global stock market debut in 2024 and largest ever for a REIT.
 - We partnered with another leading global asset manager to announce the acquisition of Grandi Stazioni Retail, which manages all commercial and advertising spaces in 14 of Italy's major railway stations and high-speed rail hubs. Expanding our presence in Europe, this agreement marked OMERS entry into Italy.

As we look ahead, we are well positioned with ample capital to deploy into the right opportunities that will serve the Plan and its members well for generations to come.