OPTrust

SERVICE & SECURITY SINCE 1995

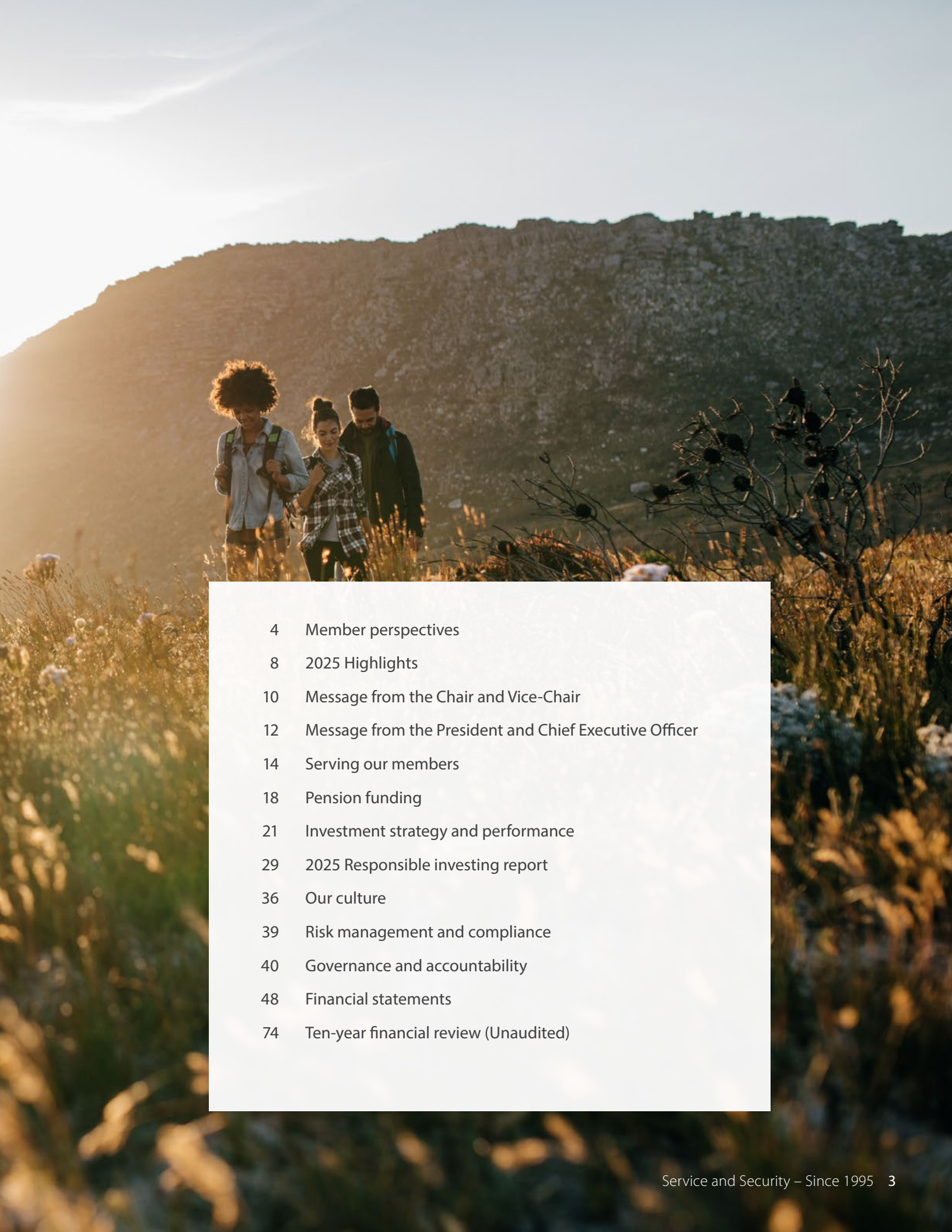
2025 Funded Status Report

Paying pensions today.
Preserving pensions for tomorrow.

The land where OPTrust operates in Toronto is on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit.

We also acknowledge Aboriginal and Torres Strait Islander peoples as the traditional custodians of Australia, where OPTrust also operates. The Gadigal of the Eora Nation are the traditional custodians of what we now call Sydney, and we pay our respects to the Elders both past and present.

These acknowledgments encourage us to be mindful of our relationship with Indigenous communities that have called these lands home for thousands of years, as well as our relationship with the land on which we learn, share and live.



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"My OPTrust pension gives me peace and satisfaction that when I retire, I can support myself. You shouldn't have to worry about tomorrow if you've committed your life to serving people."

Gagan Madanpotra
Environmental Management Branch
Ontario Ministry of Agriculture, Food and Agribusiness

"When I was young, I didn't think about a pension. But time passes fast. My wife told me, 'You're not going to be young forever — CPP won't be enough when you're old.'

That's when I realized I had to do something. Buying back my service was a big sacrifice. But now I'm happy I did it. It gives me an income that supports me along with my CPP and Old Age Security. I'm really grateful for that."

Julio Miguel de las Casas, with his wife Carmen
LCBO — Retired October 2023

"A defined benefit pension is valuable to me because it lets me forecast my income five and 10 years out. I can make investment, living and life decisions based on the stability it provides. To me, that's as valuable as gold."

Heidi Steffen-Petrie
Agriculture & Rural Programs Unit
Ontario Ministry of Agriculture, Food and Agribusiness

"I'm passionate about pensions because the vast majority of the people the industry serves could otherwise fall through the cracks without a pension. Many of these individuals could end up in poverty at retirement.

That's why I love the public sector pension model — it provides financial security for many people who wouldn't typically achieve it. In many ways, it's an equalizer in the workplace, irrespective of color, ethnicity or other demographic factors."

Audrey Forbes
Member Experience and Pension Operations
OPTrust — Retired June 2023

2025 HIGHLIGHTS

OPTrust remains **fully funded** for the **17th consecutive year**

8.6/10 member service rating — top 10 global ranking for service

2.0% cost-of-living adjustment

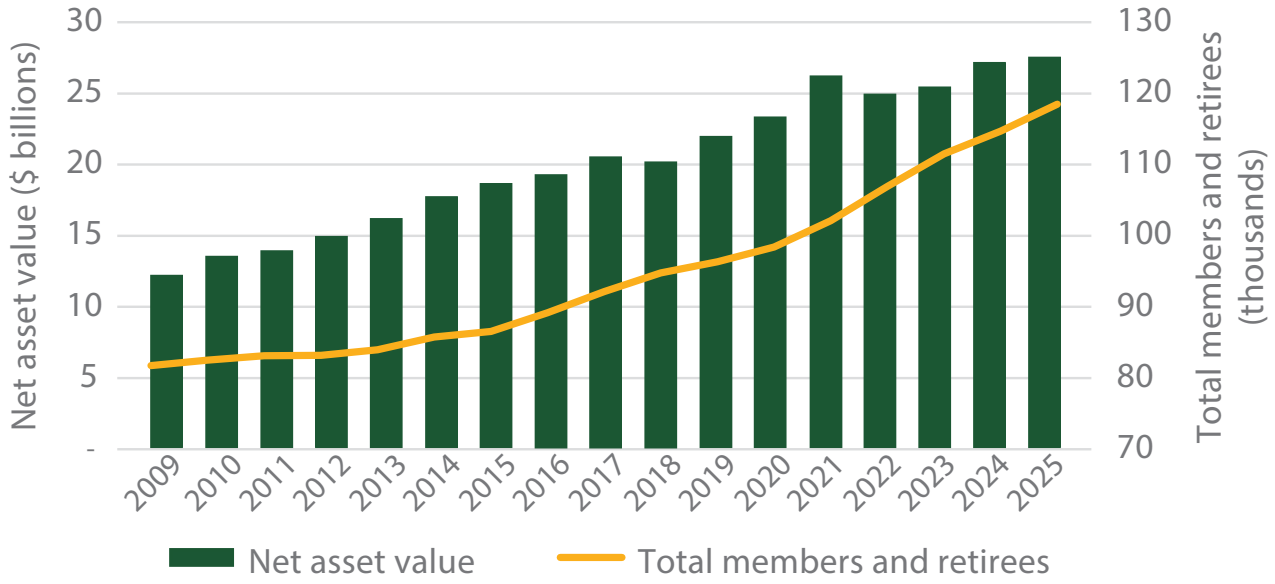
Over $27.2 billion in net assets

4.2% one-year net investment return

6.7% 10-year average net investment return (2016 – 2025)

4.8% nominal discount rate

Net asset value and membership totals



Funding highlights[1]

At December 31 ($ millions)

	2025 VALUATION	2024 VALUATION
Net assets available for benefits	**$27,223**	$26,853
Actuarial smoothing adjustment	**708**	12
Actuarial value of assets	**27,931**	26,865
Liabilities	**(27,732)**	(26,675)
Surplus	**$199**	$190

[1] The difference between funding and financial statement valuations is described on page 20.

MESSAGE FROM THE CHAIR AND VICE-CHAIR

"Being fully funded means we can fulfil our promise to pay pensions today while preserving pensions for tomorrow, a responsibility we take seriously every single day."

This year, we celebrate a remarkable milestone — 30 years of service and security for our members. Today, OPTrust is a fully funded, mature, modern pension fund, guided by strong governance. These principles have positioned the Plan on a solid footing for the next 30 years and beyond.

Navigating uncertainty with stability

Economic and geopolitical uncertainties continue to shape the world around us. Through these challenges, OPTrust remains well positioned to deliver pension security. Our strong relationships with our Sponsors allow us to advocate for our members and reinforce good governance and a shared long-term vision for the Plan. This foundation enables us to navigate uncertainty with confidence and remain focused on what matters most — delivering peace of mind in retirement for our members.

Thanks to the dedication and expertise of teams across OPTrust, the Plan remains fully funded for the 17th year in a row. Being fully funded means we can fulfil our promise to pay pensions today while preserving pensions for tomorrow, a responsibility we take seriously every day.

Advancing our strategy

The Board continues to oversee OPTrust's five-year strategic plan, now in its fourth year. The transformation of our pension administration system and processes through the PATH initiative is progressing well and remains on track for rollout in 2027. We are also advancing our climate change strategy, now four years in, with climate considerations integrated into core investment processes as part of our ambition to achieve a net-zero portfolio by 2050.

Modernization efforts across the organization — including the thoughtful use of AI tools — are strengthening our capabilities and enhancing collaboration in a hybrid work environment. At the same time, we are investing in our people, fostering learning and career growth to build a durable foundation for the decades ahead.

Board appointments

In 2025, we welcomed Janel Perron as a new Trustee.

Parting thoughts

The Board remains committed to strong governance and risk management. We continue to refine our practices and policies in light of OPTrust's strategic priorities and current and emerging risks, ensuring the long-term sustainability of the Plan.

As we reflect on 30 years of growth, we are proud of what OPTrust has achieved. We thank the entire OPTrust team and our fellow Trustees for their commitment to delivering retirement security to our members.

Looking forward, our focus on governance, sustainability and resilience will ensure we continue to deliver on our mission for decades to come.

Richard Nesbitt
Chair

Ram Selvarajah
Vice-Chair

MESSAGE FROM THE PRESIDENT AND CEO

"Our focus remains clear: delivering pensions today and preserving pensions for tomorrow.

That commitment has guided us for 30 years, and it will continue to guide us for decades to come."

Thirty years ago, OPTrust was founded with a clear purpose: to provide secure, reliable pensions for our members. Today, that purpose remains unchanged, though the world around us has evolved dramatically. As we mark this three-decade milestone, we reflect not only on what we have achieved, but on how we are preparing for the future.

Navigating a complex landscape

The past year has been shaped by economic uncertainty and geopolitical tensions that continue to influence markets and the Canadian economy. In this environment, resilience matters. OPTrust is fully funded for the 17th consecutive year, consistent with our long-term objectives. We delivered a solid return in 2025 and our five- and ten-year results remain strong.

Putting members first

Our members count on us for more than investment performance. They rely on OPTrust for guidance and support through every stage of their careers and into retirement. In 2025, we managed significant workloads, including answering 48,000 phone calls from members, and recalculating benefits for those affected by Bill 124, while continuing to deliver high-quality service.

At the same time, we advanced the modernization of our pension administration system. This project, called PATH, will transform how we serve members, moving decades of standalone processes into a unified, modern platform.

Building for the future

We are now in the fourth year of our five-year strategic plan, and seeing strong progress in our three key priority areas: enhancing Plan sustainability, investing in our people and strengthening our capabilities.

Our ability to deliver on our mission depends on the strength of our people. Leadership development training, formal mentorship programs and employee resource groups help us foster an inclusive culture that brings diverse voices to the table. We embrace inclusion at OPTrust, knowing that a diversity of perspectives enhances our decision-making and member service.

By focusing on building our internal capacity and resources, we continue to deliver great value for our members. A cost-effective, nimble operation ensures we have the flexibility and resources to face new challenges.

In an ever-changing world, being strategic means embracing innovation in a thoughtful way. We are piloting AI tools to enhance efficiency and collaboration, with careful attention to governance and security. Combined with modernization efforts like PATH, these initiatives are creating a stronger, more agile organization ready to meet the needs of tomorrow.

Looking ahead

I am proud of what OPTrust has accomplished and energized by what lies ahead. Our focus remains clear: delivering pensions today and preserving pensions for tomorrow. That commitment has guided us for 30 years, and it will continue to guide us for decades to come.

I want to thank the Board of Trustees and our Plan Sponsors for their confidence and leadership, and the entire OPTrust team for their dedication and passion. Together, we are building a sustainable, innovative future and delivering peace of mind in retirement for our members.

Peter Lindley
President and Chief Executive Officer

SERVING OUR MEMBERS

OPTrust remains **fully funded** for the **17th consecutive year**

Supported members through approximately **73,500** life events

2.0% cost-of-living adjustment

Over $1.4 billion total entitlements paid

Top 10 global ranking for member service

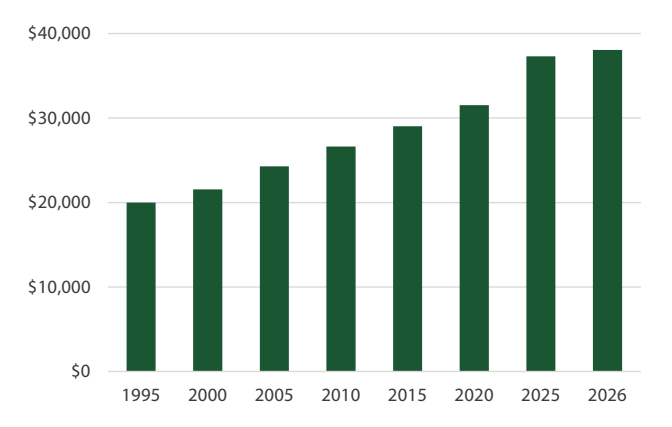
Member service rating of **8.6/10**

Keeping up with inflation

The 2025 cost-of-living adjustment (COLA) was two per cent for the primary schedule and OPTrust Select.

Under the primary schedule, pensions that are being paid and deferred pensions are automatically granted an annual COLA based on inflation.

Under OPTrust Select, pensions that are being paid may be granted COLA, and active members may be granted accrued benefit upgrades to adjust for inflation, on an annual basis at the discretion of the Board of Trustees.



A retiree who started receiving a $20,000 pension in January 1995, would receive $38,059 from the Plan starting January 2026 — a 90 per cent increase over a 31-year period.

Delivering on our mission

Our members continue to value the service we provide, giving us a strong service rating of 8.6/10 in 2025. This reflects our commitment to delivering exceptional experiences and personalized support. Looking ahead, we will build on this foundation by investing in technology and training to ensure even faster, more intuitive service. For members, this means continued confidence that their pension plan is managed with care and excellence.

We are proud to be ranked among the top 10 pension plans globally for service, according to CEM Benchmarking. This achievement underscores our position as a leader in member experience. Looking ahead, we will maintain the world-class service our members have come to expect by enhancing best practices and innovations, meeting the evolving needs of our members in a changing world.

Helping members feel confident about the future

In a period of uncertainty, our vision to deliver peace of mind in retirement for our members is more important than ever. An OPTrust pension offers a predictable income stream for life, and cost-of-living adjustments preserve purchasing power. This stability allows members to plan confidently for the future, knowing their retirement income is secure.

Beyond individual security, defined benefit (DB) pensions strengthen communities. Ninety-eight per cent of DB pension benefits are spent at home in Canada, contributing nearly $35 billion to Ontario's economy and supporting local jobs across the province. This economic impact reinforces the value of our Plan — not just for members, but for the broader society they live in.

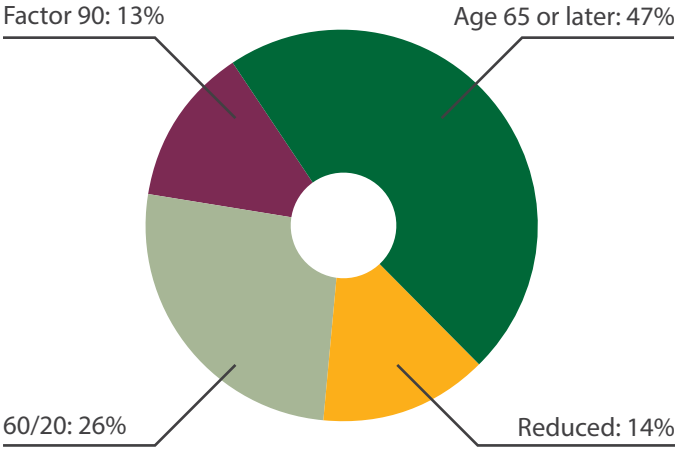
Throughout different life and career stages, we tailor education and outreach to help members understand their pension and feel confident about their future. Our refreshed **optrust.com** provides personalized learning opportunities based on where members are in their career and life journey. Looking forward, we will continue to expand digital tools and resources to make pension education even more accessible.

Our expert Member Experience and Pension Operations team supports members through complex life events — by phone, online, and at webinars and events. Members can view their Annual Pension Statement online and use the Pension Estimator to explore retirement date options. These tools empower members to make informed decisions; we will keep enhancing them to provide even greater clarity and convenience.

2025 Retirement decision snapshot

In 2025, Plan members retired under one of the following options:

Age 65 or later:	The normal retirement age under the Plan is age 65; members can postpone retirement as late as age 71.
Factor 90:	Age plus years of pension service total at least 90.
60/20:	Age 60 or older plus at least 20 years of pension service.
Reduced:	Available starting at age 55 to members who do not qualify for an unreduced pension.



Note: Chart does not include deferred, disability or survivor pensions.

MODERNIZATION AT OPTRUST – PATH

Modern pension administration must keep pace with changing member needs, evolving technology and the need for long-term sustainability. PATH is OPTrust's multi-year initiative to transform our pension administration systems and processes into a modern, fully-integrated platform that will strengthen our ability to serve our members effectively.

For more than 30 years, OPTrust has delivered retirement security to our members. PATH builds on this legacy by ensuring we continue to meet their needs in an increasingly dynamic environment. By moving to one integrated system instead of multiple application components, PATH will improve our operational efficiency, reduce operational risks and better administer members' pensions over the long term.

The new platform, planned for launch in 2027, will support both the primary schedule and OPTrust Select. This approach will enable more efficient internal processes and make it easier to integrate modern service offerings in a cost-effective way over the long term. To support this work, we have partnered with an external vendor with deep expertise in modernization projects.

Through PATH, we are reinforcing our long-standing commitment to security while investing in the tools and technology we need to support members for decades to come. This transformation reflects our promise to continue adapting and evolving so we can deliver long-term value to our members who rely on us.

Calculating updated member pension contributions

In 2025, approximately 61,000 members and former members of our pension plan received retroactive salary increases dating back to 2022. While some retroactive salary and contribution data has been received from employers, timing varies by organization. Members will receive updated benefit entitlements as soon as data is processed.

Recalculating benefits for members is a top priority. Our Data Management team has worked diligently to reconcile, validate and process employer data so we can complete transactions and pension benefit calculations accurately. Moving forward, we are investing in automation and data integrity tools to accelerate this process and minimize delays for members.

Delivering pensions through OPTrust Select

OPTrust Select continues to grow, with over 5,200 members and retirees and 63 employers participating. It remains the recommended pension solution of the Ontario Nonprofit Network, reinforcing its value for organizations and employees in the nonprofit sector.

Focused on continuous improvement, we have enhanced processes and tools for our team to better support employers and members.

Membership statistics

At December 31	2025	2024	2023	2022	2021	2020
Active members	**55,510**	53,930	53,426	51,206	48,649	47,249
Average age	**43.4**	43.6	43.6	43.9	44.3	44.8
Average salary	**$78,563**	$73,918	$70,612	$69,939	$69,388	$67,623
Total new members enrolled	**7,484**	6,995	8,381	7,841	6,146	4,523
Total members terminated or retiring	**5,904**	6,491	6,161	5,284	4,746	3,604
Former members with entitlements in the Plan	**17,962**	16,437	14,514	13,030	12,008	11,036
Current retirees	**44,423**	43,849	43,192	42,483	41,370	40,198
Average age	**74.5**	74.0	73.5	73.1	72.8	72.4
Average annual pension	**$25,636**	$25,173	$24,262	$22,968	$22,504	$22,321
Total members and retirees	**117,895**	114,216	111,132	106,719	102,027	98,483

As at Dec. 31, 2025, the number of employers participating in the primary schedule and OPTrust Select was 24 and 63, respectively.

OPTrust invests and manages one of Canada's largest pension funds. Plan members belong to either the primary schedule of benefits or OPTrust Select.

The primary schedule provides pension benefits for employees of the province of Ontario in bargaining units represented by OPSEU/SEFPO and other eligible members.

OPTrust Select was designed specifically for organizations in the nonprofit, charitable and broader public sectors in Ontario. The organizations and workers who have joined OPTrust Select provide a range of critically important services including education and training, community support and health care.

PENSION FUNDING

OPTrust is **fully funded for the 17th consecutive year.**

That means the Plan has sufficient assets to meet the projected cost of all current and future pensions promised to members. In other words, contribution levels remain stable and pensions are secure.

A strong funded status is the most important measure of security for members and retirees, and it reflects OPTrust's commitment to our mission: *paying pensions today and preserving pensions for tomorrow.*

What is a discount rate?

The discount rate is an estimate of how much the Plan's assets will grow over time, based on expected long-term investment returns, minus a margin for safety to protect against uncertainty.

A lower discount rate, reflecting a more conservative estimate of investment returns, adds prudence to the funding assumptions, helping to ensure the Plan will be ready to tackle future challenges.

2025 Funding valuation

The funding valuation provides a snapshot of the Plan's financial position and its ability to meet pension obligations. The 2025 funding valuation confirms that OPTrust is fully funded for the 17th year in a row. The valuation also identified $708 million in deferred investment losses, which will be recognized over the next four years. Smoothing of market value of assets supports stability in future valuations.

The real discount rate used in the valuation was reduced to 2.80 per cent, net of inflation, from 2.90 per cent in 2024. This change increased total liabilities by approximately $562 million.

Changes in actuarial assumptions — such as inflation, salary growth and longevity — can significantly affect the projected cost of pensions and the Plan's funded status.

Funding valuation assumptions

	2025 VALUATION	2024 VALUATION
Inflation rate	**2.00%**[1]	2.00%[2]
Discount rate (real)	**2.80%**	2.90%
Discount rate (nominal)	**4.80%**	4.90%
Salary increases (nominal)[3]	**2.75%**	2.75%

[1] COLA for pensions under the primary schedule assumed to be 2.25% for 2026.

[2] COLA for pensions under the primary schedule assumed to be 3.00% and 2.25% for 2025 and 2026, respectively.

[3] Plus an allowance for promotion, based on long-term scale.

Sensitivity to actuarial assumption changes for the 2025 valuation

The table below shows the impact of a 0.5 per cent change in the above funding valuation assumptions on the Plan's funded status.

($ millions)	+0.5%	-0.5%
Impact of change in inflation-linked assumptions[1]	319	(326)
Impact of change in funding discount rate assumption[2]	2,639	(3,101)
Impact of change in assumed increase in salaries	(983)	861

[1] Assumes equivalent change in economic assumptions that are dependent on inflation excluding the COLA assumption for pensions under the primary schedule for 2026.

[2] Assumes all other assumptions remain unchanged.

Plan sustainability

The Plan's sustainability depends on its ability to deliver a valuable benefit within an acceptable range of contributions over time. The Plan's sponsors — the Government of Ontario and OPSEU/SEFPO — set contribution and benefit levels based on the Plan's funded status. The 2025 funding valuation confirms that the Plan is sustainable at current contribution and benefit levels.

However, sustainability is not without challenges. Market volatility, demographic trends and longevity risk continue to influence the Plan's funding outlook. OPTrust addresses these challenges through its Member-Driven Investing (MDI) strategy, risk management tools and ongoing monitoring of economic conditions.

OPTrust conducts regular sustainability studies and scenario testing to anticipate potential challenges. We assess potential impacts of economic scenarios such as prolonged inflation, low growth and market downturns. The sustainability study completed in 2025 helped us understand the impact and likelihood of various outcomes and how adjustments to investments, contributions or future benefits can influence them.

The discount rate margin, combined with prudent investment and risk management strategies, helps ensure the Plan remains resilient under a range of scenarios.

Funding pensions

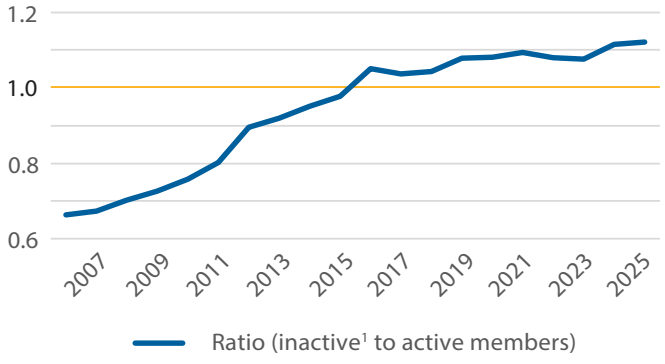
The pension commitment spans many decades, and members depend on OPTrust for stable management of the Plan. Contribution and benefit changes are considered only when long-term economic conditions or demographic trends alter the expected cost of benefits. Short-term market fluctuations do not drive changes in contribution or benefit levels.

OPTrust's funding policy seeks to balance four objectives:

- **Security of accrued benefits**, which is the highest priority
- **Stability of contribution rates**, to avoid sudden changes for members and employers
- **Intergenerational equity**, so each generation pays a fair share for its benefits
- **Fairness between benefit schedules**, ensuring equity between the primary schedule and OPTrust Select

Plan maturity

Demographic trends remain a key consideration. The Plan's maturity — characterized by a high ratio of retirees and former members with entitlements in the Plan compared to active members — means that funding risk is concentrated among a smaller group of contributors. This limits the amount of investment risk the Plan can assume and requires careful balancing of risk and return.



[1]Includes retirees and former members with entitlements in the Plan

Funding valuation

The funding valuation is used to determine the adequacy of the contribution rate and the funded position of the Plan. It is prepared by independent actuaries and presents the Plan's financial information in accordance with actuarial standards and is approved by the Board. Per regulatory requirements, the valuation is filed with regulators at least once every three years.

The funding valuation determines whether the Plan's assets, together with expected investment income and projected future contributions in respect of current members, are sufficient to fund members' expected benefits. This valuation approach is known as the modified aggregate method.

It identifies any gains and losses that have occurred since the last funding valuation and confirms the overall contribution requirements until the next valuation. The funding valuation uses best estimate assumptions, with the exception of the discount rate. The discount rate includes a margin of conservatism, which helps the Plan meet its funding goals.

Financial statements valuation

OPTrust's financial statements rely on an actuarial valuation prepared in accordance with Canadian Generally Accepted Accounting Principles for pension plans. The financial statements valuation is prepared using best estimate assumptions. The valuation recognizes the increase in value of future obligations over time, and pension-related receipts and disbursements. When actual gains or losses differ from what we assumed, these differences are recognized in the year incurred.

See Note 5 under Notes to the financial statements on page 71 for further discussion.

INVESTMENT STRATEGY AND PERFORMANCE

2025 Highlights

- We maintained our fully funded status for the 17th consecutive year.
- Our five-year return of 6.3 per cent and 10-year return of 6.7 per cent continue to be strong.
- Our Total Portfolio delivered a return of 4.2 per cent in 2025, mostly driven by public equity and gold.
- We achieved all 2025 targets under our climate change strategy.

Investment returns account for more than 70 per cent of the benefits we pay to members when they retire.

To achieve this, we manage a globally diversified portfolio of assets. Balancing return expectations against risks ensures we have sufficient assets to pay pensions now and in the future.

A DECADE OF MEMBER-DRIVEN INVESTING: OPTRUST'S TOTAL PORTFOLIO JOURNEY

Ten years ago, OPTrust embarked on a journey to evolve its investment approach through the Member-Driven Investing (MDI) strategy — our unique application of a Total Portfolio Approach (TPA). MDI shifted OPTrust's investment framework from a traditional Strategic Asset Allocation approach to a holistic and integrated investment model that prioritizes Total Portfolio outcomes and the management of our Plan funding risks.

This evolution marked the beginning of a new era that needed more than new strategies; it required a fundamental shift to a Total Portfolio mindset. By empowering our teams with the flexibility to dynamically manage risk and liquidity in response to the investment environment, our unique liabilities and developments within our portfolio, we have reinforced a culture in which risk and liquidity are treated as shared and scarce resources. Over ten years and through every market cycle, our professionals in Toronto, London and Sydney consistently delivered solid risk-adjusted returns and maintained a fully funded Plan position.

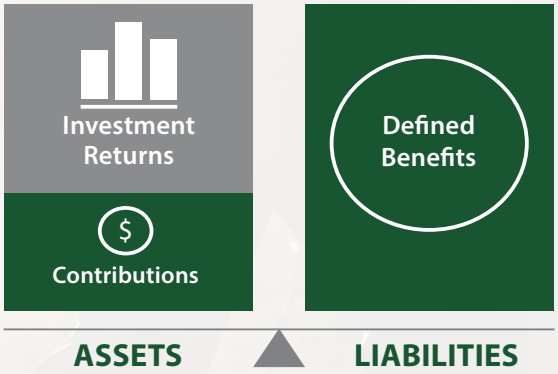
Today, MDI is not just a strategy — it's a culture. It reflects OPTrust's belief in accountability for Total Portfolio results, collaboration across teams and continuous improvement. As the organization looks ahead, MDI will continue to evolve with data-driven tools and a sharper focus on portfolio risk efficiency. The journey continues, but the destination remains clear: delivering retirement security to our members.

Our Member-Driven Investing philosophy

- We invest Plan assets to help deliver pension security for our members.
- Our MDI strategy is our unique application of a TPA, in which we strive to deliver the total fund returns needed to keep the Plan sustainable without taking excessive risk.
- We manage our funding risks by partially hedging our liabilities, earning diversified investment returns and adding value in asset classes where we believe we have a competitive advantage.
- We strive to construct our portfolio to be resilient through different economic and market environments to the extent possible, helping us deliver attractive risk-adjusted returns over the long term.
- We also consider other risks to long-term plan sustainability, including climate change and other environmental, social and governance (ESG)-related risks.

Keeping the Plan in balance

The MDI strategy supports our mission of paying pensions today and preserving pensions for tomorrow. This means keeping the Plan in balance to preserve its fully funded status. This balance relies on contributions and investment returns on one side and benefits on the other. We seek to earn the returns needed to pay pensions over the long term while carefully managing risk to maintain stability in contribution rates and benefit levels.



Public markets: Implementing a Total Portfolio Approach

In 2025, OPTrust completed a major transformation by fully implementing a Total Portfolio Approach across all our public market investments. Eight separate investment programs were combined into a single Liquid Completion Portfolio, establishing a "one portfolio, one fund" model that improves agility, transparency and alignment with our total fund objective.

Portfolio construction is now centralized within the Total Portfolio Management (TPM) group, allowing for faster and more deliberate responses to changing market conditions. This has improved the team's asset allocation, strengthened accountability through clearer performance attribution, and increased collaboration across TPM, Risk and Finance.

The early impact of the new model was evident in 2025 results. The Liquid Completion Portfolio generated a 20.3 per cent return, delivering $1.6 billion in total profits in the first year of implementation.

The change has also driven a meaningful shift in culture and mindset. The team is now more accountable for total portfolio outcomes rather than individual mandates. Greater flexibility across public markets has improved the ability to act on opportunities and risk efficiency, while strengthening professional development by enabling our investors to deploy capital across strategies rather than within rigid asset-class buckets.

This model provides a strong foundation for 2026 priorities, including optimizing external manager allocations and enhancing systematic strategies using AI and quantitative methods, as we continue to embed the approach over time. Together, these initiatives position the Plan to manage risk more effectively and achieve its total fund objectives.

Investment environment

The investment environment in 2025 was more volatile than in 2024. Public markets were pressured at the start of the year by trade tensions, but conditions improved and supported a rally through the second half. Inflation continued to moderate, allowing central banks to lower interest rates.

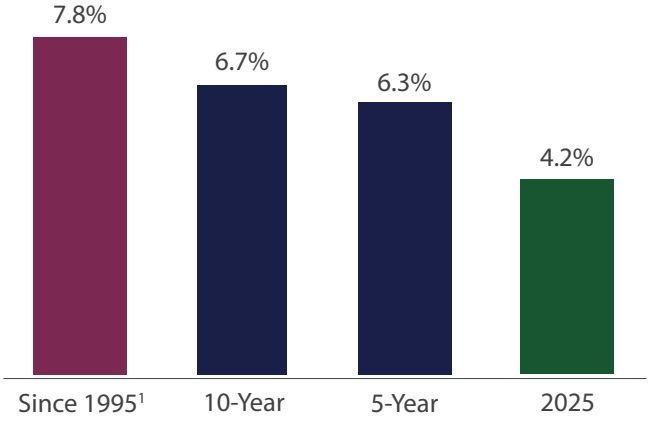
Canadian and global economies proved resilient despite tariff impacts. Public equity markets delivered strong returns across developed and emerging markets, supported by corporate earnings and continued enthusiasm for artificial intelligence. Canadian equities outperformed U.S. ones, helped by higher gold prices.

Gold had another exceptional year, while the U.S. dollar weakened. Canadian government bond prices were broadly steady as expectations for further rate cuts eased, while U.S. bonds benefited from falling yields.

Within the private markets, the challenges of the last few years largely persisted throughout 2025, although we began to see signs of improvement toward the end of the year. Investors remained cautious amidst ongoing economic uncertainty and a less favourable investing environment. This continued to weigh on new deal activity, depressing valuations and limiting the ability to generate liquidity.

Total Portfolio performance

Our Total Portfolio delivered a net return of 4.2 per cent in 2025, driven mostly by public equity and gold.



The Total Portfolio return is net of management fees, transaction costs and investment administration expenses.

[1] Return stream begins on December 31, 1994

Private markets (Illiquid assets)

Our private markets portfolios, including Private Equity, Infrastructure and Real Estate, are important components of the Total Portfolio, providing long-term return potential, as well as diversification, stability and partial inflation protection.

These portfolios delivered a total return of -0.8 per cent in 2025. The performance was influenced by persistent market uncertainty, higher interest rates, lower transaction volumes affecting valuations and realizations, and some portfolio-specific challenges that collectively impacted the overall outcome. Despite the modest one-year performance, our private markets portfolios have delivered 12.3 per cent over a ten-year period, contributing significantly to the Plan's strong funded status position.

As long-term investors, we are focused on looking through cycles. We remain confident in the long-term value creation potential in private markets, where disciplined investment strategies, strong partnerships, active management and a patient approach can generate sustainable returns over time.

Private equity

The private equity portfolio is expected to generate higher returns than public equity over the long term, while providing a smoother volatility profile.

In 2025, transaction activity continued to recover from the low observed in 2023. Despite ongoing market challenges, we announced several transactions, some of which were completed during the year, while others are expected to close in 2026.

After several years of strong performance, including returns of 52 per cent in 2021, returns have moderated as the portfolio continues to absorb valuation adjustments from peak levels in a more challenged operating and interest rate environment. Throughout the year, we worked closely with our partners and management teams to execute value creation initiatives aimed at driving future returns. The private equity portfolio generated a net return of 4.6 per cent.

Infrastructure

Infrastructure investments enhance diversification within the Total Portfolio, provide partial inflation protection, and are intended to deliver stable cash flows with long-term capital growth.

Following a period of strong performance, including returns of 33 per cent in 2021 and 21 per cent in 2022, infrastructure returns moderated in subsequent years. In 2025, we focused on supporting portfolio companies as they executed value creation initiatives and made a limited number of follow-on investments. We also capitalized on improving market conditions to pursue dispositions of select investments.

Performance was affected by weaker results in a small number of our more material assets, including several of our renewable energy investments. These assets have historically been strong long-term contributors, and we remain actively focused on enhancing their performance. The infrastructure portfolio generated a net return of 1.9 per cent.

Real estate

Real estate provides stable cash flows, partial inflation protection, and opportunities for value creation, while contributing diversification at the Total Portfolio level. This asset class has historically delivered strong performance, including double-digit returns of 19 per cent in 2021 and 15 per cent in 2022.

In 2025, the real estate portfolio returned –8.5 per cent. Performance reflected continued valuation pressure on certain development assets in the portfolio.

We remain focused on active management and advancing our development properties within a diversified portfolio. Our strategy emphasizes high-quality, income-producing assets and is intended to position our portfolio for sustained long-term performance.

Public markets (Liquid assets)

Liquid assets, which include government bonds, public equity and credit, absolute return strategies and commodities, provide flexibility to adjust the portfolio's risk profile and respond to changing market conditions. Our liquid assets ensure the Plan has sufficient liquidity to meet cash flow needs and adapt quickly to macroeconomic shifts. Liquid assets delivered a net return of 10.5 per cent.

Government bonds

Government bonds are held primarily to reduce fund volatility by offsetting the interest rate sensitivity of pension liabilities. While their return potential is modest, they can play a defensive role in stabilizing the Total Portfolio and supporting long-term funding objectives.

The government bond strategy portfolio continued to fulfill its core purpose, generating a 0.8 per cent return.

Liquid Completion Portfolio

This year, we've consolidated public equity, credit, multi-strategy investments and commodities into a single category called the Liquid Completion Portfolio. Under the Total Portfolio Approach, these returns are managed collectively as one, providing flexibility, liquidity and diversification, allowing us to fine-tune risk and return across the portfolio.

Public equity

Public equity was one of the best performing asset classes in 2025, with both developed and emerging markets delivering strong positive returns. Our diverse public equity strategies generated a net return of 18.2 per cent.

Credit

Credit investments provide a lower-volatility source of return for the Total Portfolio and can deliver stable cash flows. Credit spreads narrowed meaningfully after the de-escalation of the trade uncertainty in April. Our credit strategies generated a net return of 5.7 per cent.

Absolute Return Strategies

Absolute Return Strategies consist of a wide range of liquid strategies that provide return streams differentiated from traditional liquid and illiquid asset classes. They are designed to provide persistent returns, with a low correlation to market cycles. Our Absolute Return Strategies generated a net return of 9.7 per cent.

Commodities

Exposure to commodities can provide protection against inflation shocks and help build a more resilient Total Portfolio across different market regimes. In 2025, our commodity strategies returned 45.0 per cent, driven by gold's strong performance.

See page 23 for more on our successful transition to a single portfolio and the operating model that supports total portfolio decision-making.

Funding Portfolio

This portfolio manages the funding and liquidity reserves needed to implement our Total Portfolio and manage day-to-day liquidity requirements. Using moderate leverage allows us to access a more diversified set of strategies and achieve a better overall risk-return profile.

The -15.4 per cent weight of the Funding Portfolio reflects OPTrust's overall balance sheet leverage. This amount is expected to fluctuate to reflect the implementation of our investment strategies.

Asset mix and return by asset class and sub-portfolio

At December 31	2025 asset mix	2025 return[1]	5-year return[1]	10-year return[1,2]
Illiquid assets	**54.2%**	**-0.8%**	**10.4%**	**12.3%**
Private equity	18.7%	4.6%	15.7%	17.3%
Infrastructure	17.9%	1.9%	12.5%	10.6%
Real estate	16.9%	-8.5%	3.2%	5.5%
Incubation[3]	0.7%	-14.4%	13.1%	n/a
Liquid assets	**61.2%**	**10.5%**	**3.7%**	**4.5%**
Government bonds	27.3%	0.8%	-3.6%	1.1%
Public equity	16.6%	18.2%	9.3%	10.2%
Credit[4]	3.2%	5.7%	5.5%	n/a
Absolute Return Strategies	8.0%	9.7%	4.8%	2.5%
Commodities	6.1%	45.0%	10.9%	n/a
Funding Portfolio[5]	**-15.4%**	n/a	n/a	n/a
Total Portfolio	**100.0%**	**4.2%**	**6.3%**	**6.7%**

[1] All returns are expressed in CAD using time-weighted return methodology and include a currency hedge for applicable asset classes.

[2] Ten-year returns are shown where history is available.

[3] Incubation represents thematic and early-stage investments across emerging sectors, such as fintech, digital assets, and sustainability and climate technology.

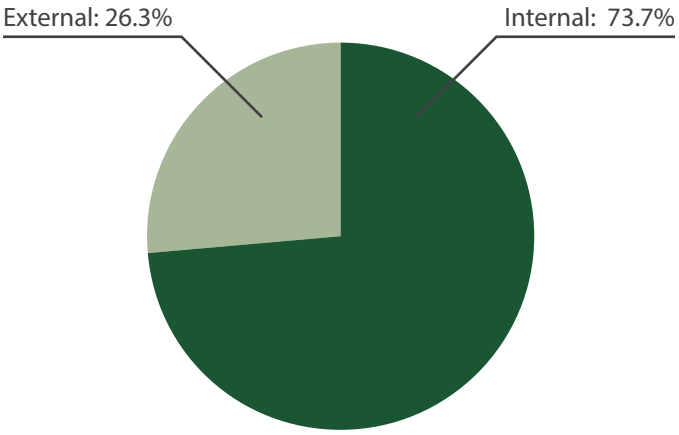
[4] Credit included the CDX portfolio until March 31, 2025.

[5] Funding Portfolio includes bond repurchase agreements and implied funding from derivatives and money markets securities.

How we invest

Our internal approach

We focus our internal resources on investment activities where we have the skills and scale to be most effective. For other investment activities, we leverage the expertise of partners. Our relationships with our investment partners, including fund and external managers, are crucial to our success. Moving forward, we will continue to seek opportunities to internally manage investment strategies where appropriate and strengthen relationships with our investment partners.



Exposure excludes funding that accounts for -15.4% of the Total Portfolio

Focus on active management

Active management is best deployed in areas where markets are less efficient and our team members have the greatest potential to create value. A diversified and cost-effective approach allows us to maintain the appropriate Total Portfolio risk profile and deliver on our mission to provide pension security.

Investing at home and internationally

Approximately 15.8 per cent of our investments are in Ontario, while about 36.2 per cent are in Canada. Our international footprint covers the U.S., Europe, Asia Pacific and Latin America. This global approach offers diversification and return-enhancement benefits to the Total Portfolio and is an important part of our investment program.

- Ontario: 15.8%
- Canada: 36.2%[1]
- U.S.: 41.9%
- Europe: 11.0%
- Asia Pacific: 10.4%
- Latin America: 0.5%

Based on country of risk, location of primary income or location of property. Gold, commodity and funding portfolios are excluded from exposures.
[1]Includes Ontario.

Cost effectiveness

OPTrust delivers solid risk-adjusted performance using a sophisticated asset mix that is implemented cost effectively.

Highlights for the five-year period ending in 2024—the most recent period assessed by CEM Benchmarking—include:

- Fewer than 10 per cent of global peers exceed our combination of both value-added performance and investment costs relative to benchmarks.
- Our average value-added performance was in the top quartile of Canadian peers.

OPTrust

2025 RESPONSIBLE INVESTING REPORT

2025 Highlights

Achieved our 2025 climate change strategy targets; continued to progress workstreams to build a more climate-resilient portfolio.

Completed our fourth year of COMPAS (our ESG data program); leveraged insights to strengthen our asset stewardship practices.

Voted at 700 company meetings in 30 countries.

Engaged 104 companies across 28 countries on key ESG issues.

Joined Climate Engagement Canada and the Labour Rights Investor Network.

OPTrust has a long-standing commitment to responsible investing (RI) that dates back to the earliest days of the Plan:

1997 Trustees adopt OPTrust's first Proxy Voting Guidelines.

2007 ESG formally integrated into the Statement of Investment Policies & Procedures.

2010 OPTrust endorses the UN Principles for Responsible Investment.

2022 OPTrust launches net-zero aligned climate change strategy.

2025 Achieved our interim climate change strategy targets and made advancements across our active ownership, ESG data and sustainable incubation portfolio initiatives.

Learn more about our climate change strategy, initiatives and progress in our ***2024-25 Task Force on Climate-related Financial Disclosures***.

OPTrust's RI program is an integral component of our investment strategy, playing a key role in ensuring sustainable pension security for our members. We recognize that environmental, social and governance (ESG) factors can materially affect investment risk, return and our reputation; every investment professional at OPTrust is responsible for including ESG risks and opportunities in their decision-making. We factor ESG considerations into every step of the investment lifecycle, from screening and due diligence through to investment monitoring and active ownership.

Since first incorporating ESG into our investment policies, we have been committed to continual improvement of our RI program in order to effectively manage sustainability factors in a rapidly evolving investment environment. We have built upon a foundation of ESG risk management to capture sustainable opportunities and create long-term value, supporting the fulfilment of our fiduciary duty.

Climate change strategy

Our commitment to long-term Plan sustainability spanning generations requires addressing climate change's impacts on our portfolio. By continuing to act proactively we are building a resilient portfolio that will support and align with the decarbonizing global economy while navigating the evolutions in regulatory, economic and investment aspects of the low-carbon transition.

We are now more than halfway through implementing **OPTrust's climate change strategy**, launched in 2022. Over the past year we made major advances across its four pillars (investment strategy and selection, asset management, portfolio analytics, and advocacy and disclosure), ensuring climate considerations are well-integrated in all aspects of our business. This includes:

- **Achieving all 2025 stewardship and process targets:** We have now instituted enhanced climate due diligence on every new direct investment and external partner commitment, phased in climate evaluations on all our existing, long-term fund managers, and engaged with all our core investment partners and higher-risk, directly owned assets to advocate for collecting and reporting emissions data. Since setting our engagement target in 2022 with the aim of improving our emissions data quality, the number of assets reporting actual emissions data in our direct private equity and infrastructure portfolios has tripled, and actual emission data coverage of our direct real estate portfolio has increased by nearly 20 per cent.
- **Continued progress towards our emissions reduction target:** We achieved a 23 per cent reduction in our carbon footprint between 2023 and 2024 (the most recent period for which emissions data is available) through decarbonization in several of our more carbon-intensive assets and strategies, as well as changes in portfolio composition. We will continue our climate-informed investment selection and asset management programs to ensure we maintain progress over the next five years and beyond, in line with our net zero by 2050 ambition.
- **Strengthened tools and analytics:** Over time we have developed a range of tools and approaches (including carbon footprinting, a climate taxonomy and climate scenario analysis) that equip us to comprehensively assess climate risks and opportunities. By working to consolidate these approaches, we can better understand climate-related factors across all asset classes and leverage these insights to sustain the fund's climate resilience.

What is COMPAS?

"Capturing OPTrust's Management and Progress Around Sustainability," or COMPAS, is our internal ESG data program. It is an important tool for investment monitoring and stewardship.

We established this program to systematically identify strengths and weaknesses in our management of ESG factors in our investments, in order to deepen our investment and stewardship capabilities.

We conducted our fourth cycle of ESG data collection across the total fund in 2025, collecting metrics across a range of portfolios and asset classes to measure our ESG performance in different investment strategies. We leveraged learnings from this year's data to facilitate investment team education sessions on material ESG themes (such as workplace safety and cybersecurity), guided by best practices gathered from portfolio companies and investment partners.

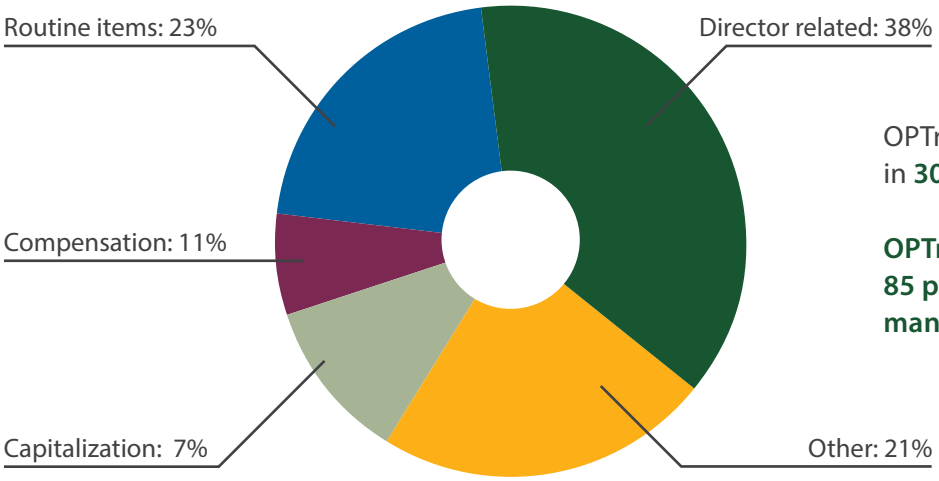
Active ownership and stewardship

Active ownership is a key lever for value creation and risk management in our long-term investment strategy. Good governance, including responsible management of environmental and human capital factors, is essential to sustainable performance and we employ our influence as an asset owner to direct positive advancements in our investments. Our investment stewardship takes many forms across our portfolios, ranging from holding board seats in private markets investments to proxy voting and corporate engagement in public markets.

Proxy voting

For all securities where we hold voting rights, we vote in accordance with our Board-approved **Proxy Voting Guidelines**. Our guidelines set out our expectations on a range of governance factors, including executive compensation, shareholder rights, board diversity and management of environmental and social issues — all with an eye to promoting strong long-term performance.

In 2025, OPTrust voted on **5768 proposals** in the following categories:



OPTrust voted at **700 meetings** in **30 countries.**

OPTrust voted with management on 85 per cent of proposals and **against management on 15 per cent.**

Public markets corporate engagement

We work with our engagement provider and investor associations (including the 30% Club and the Canadian Coalition for Good Governance) to engage with investee companies on meaningful ESG issues that materially impact performance.

2025 Engagement milestones:

Environmental stewardship: CRH / United States
CRH announced new 2030 targets for biodiversity in their latest sustainability report, aiming for application of net impact methodology to 100 per cent of extractive sites located in or near areas of high biodiversity value, and for over 1,000 locations to institute pollinator-promoting initiatives.

Climate change: RWE / Germany
RWE's executive remuneration report clearly linked long-term incentive plan compensation to the firm's carbon footprint, strengthening accountability for decarbonization and demonstrating industry leadership.

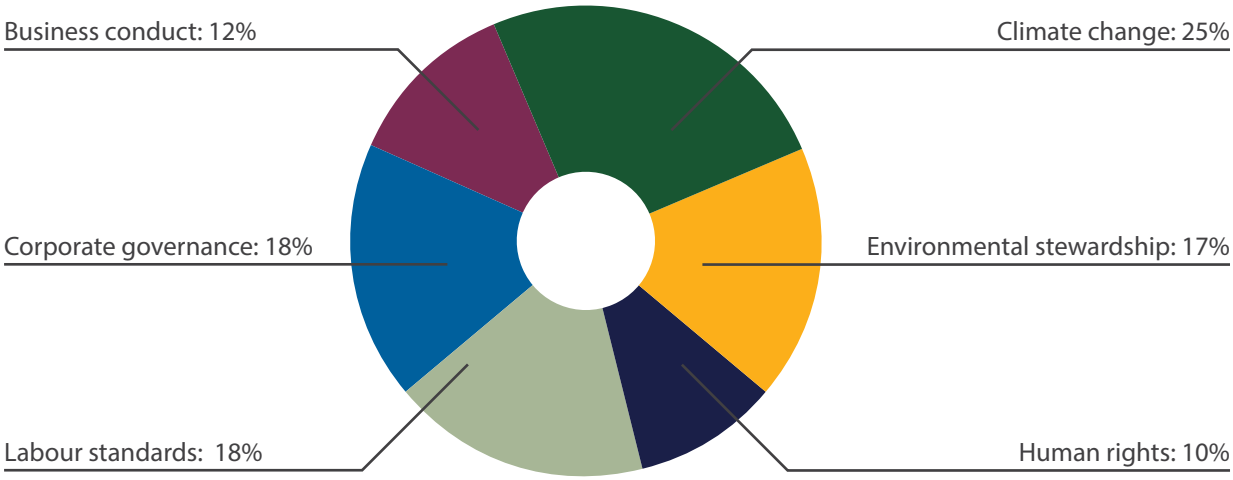
Climate change: General Motors / United States
General Motors announced a number of electric vehicle battery advancements, including a targeted eightfold increase in North American battery supply chain content by 2028 and expansion into the energy storage market.

Diversity and inclusion: Hana Financial Group / South Korea
Hana Financial Group appointed a second woman to the board following engagement on the need to increase their board gender diversity.

Human rights: SK Hynix / South Korea
SK Hynix developed a comprehensive strategy for managing human rights, adding transparency on how they address forced labour risks within their supply chain.

Corporate governance: Max Healthcare / India
Max Healthcare appointed a Lead Independent Director to their board and brought their Audit & Nomination and Remuneration Committees to 100 per cent independence, strengthening board governance and oversight.

OPTrust engaged with **104 companies**, across **28 countries,** in **302 engagements.**



We contribute to numerous collaborative industry initiatives with like-minded investors to drive advancements in RI strategy, corporate sustainability and regulatory initiatives. In 2025, we joined:

- **Climate Engagement Canada,** an initiative that drives dialogue between investors and Canadian public companies on climate change. With a global group of investment peers, we are engaging constructively with issuers to successfully transition to a net-zero economy through institution of robust climate governance, clear decarbonization planning and transparent disclosures.
- **The Labour Rights Investor Network,** a global investor network focused on workers' rights to freedom of association and collective bargaining, through which we can further internal education on labour issues and ensure integration of labour rights best practices in asset management.

OPTrust is a Limited Partner member of the **ESG Data Convergence Initiative** (EDCI), which sets standards for ESG metrics in the private equity (PE) industry and facilitates data collection and benchmarking. The data collected and reported through EDCI provides important transparency into portfolio companies' ESG performance and progress. Since joining EDCI, we have advocated for our PE fund partners to join and have seen a 20 per cent increase in participation across our portfolio. In 2025, we took part in a working group to add measurement of cybersecurity performance, ensuring the framework continues to reflect the evolving ESG landscape.

Sustainable Incubation Portfolio

Since 2021, we have been exploring emerging sustainability opportunities with our Sustainable Incubation Portfolio, where we invest in funds that allocate to decarbonization and sustainability solutions. These investments' innovations are contributing to the low-carbon transition in diverse sectors and generating long-term value for our members. Further, these partnerships provide early insights into sustainability breakthroughs that can inform fund-wide investment strategy on developments that are shaping the decarbonizing global economy.

For example, through this portfolio, we have invested in ArcTern Ventures, a Toronto-based venture capital firm investing in early growth-stage companies that are tackling urgent climate change and sustainability challenges across renewable energy, clean mobility, circular economy, sustainable food and industrial decarbonization. ArcTern is committed to maximizing emissions abatement through its deployments, partnering with mission-driven founders to scale revenue and decarbonization impact.

Investments in the fund include:

- **Hyperlume**, an Ottawa-based developer of high-performance optical interconnect technology to meet the growing data transmission needs of modern computing — particularly in the AI era — while reducing the energy intensity of data centres. Hyperlume's optical cables provide superior bandwidth, lower latency and improved thermal performance, enabling data centres to operate with less energy.
- **Cyclic Materials**, a Kingston-based company enabling the circular economy for critical minerals by recovering rare earth elements (REEs) from end-of-life products. These REEs are essential for the permanent magnets that power electric vehicles, wind turbines and other clean technologies. Cyclic Materials has developed a proprietary process to extract and recycle REEs, and by reintroducing these materials into the supply chain, the company reduces the need for new mining, lowers environmental impacts and supports the secure, domestic sourcing of critical minerals.

Green real estate development:

VAUGHAN400
Jane Shipwill Industrial Park

OPTrust has made a significant investment in Vaughan 400 — a cutting-edge, zero-carbon industrial project — that sets a new standard for green development. This project supports our climate change strategy goals and speaks to our long-standing leadership in environmental sustainability across our portfolio.

Vaughan 400 is a two-phase, 1.6 million square foot large bay industrial development in Vaughan, Ontario. The 510,000 square foot first phase is targeting completion in Q3 2026, featuring rooftop solar panels, electric vehicle charging stations, energy-efficient insulation and electric air-sourced heat pumps to heat and cool the building. In addition to its zero-carbon design, the first phase is pursuing a LEED (Leadership in Energy and Environmental Design) Zero Carbon Building Design and is also targeting LEED Gold certification.

This development represents a continuation of our Real Estate Group's industrial "build-to-core" program. Through this program, OPTrust develops state-of-the-art properties in major urban centres, rather than purchasing them at a premium, enabling us to build in first-rate sustainability elements and establish robust rental income streams for the fund.

OUR CULTURE

2025 Highlights

Received an Employer of the Year award from the **ONYX Initiative**.

Celebrated 11 years of **Movember** at OPTrust with over $93,000 raised to date.

Delivered learning-focused ERG events throughout the year, including a session on prioritizing mental wellness with **Dr. Samra Zafar**, psychiatrist and author of *Unconditional*.

Developed a Reconciliation Action Plan framework in partnership with **Creative Fire**.

Strengthened our inclusive recruitment pipeline by hiring talent through the **ONYX Initiative** and **CNIB's Connecting the Dots** program.

At OPTrust, our people drive our ability to deliver on our pension promise. United by shared values and a deep commitment to our members, our teams come together each day to support our mission. Our purpose-driven teams shape our priorities and reinforce a culture where people feel connected, supported and empowered to do their best work for our members.

We continue to invest in learning and development across the organization by expanding the programs and resources available to employees and leaders. This includes tailored leadership programs and development frameworks to help leaders meet our future needs.

Employees benefit from internal learning opportunities, like our mentorship program and dedicated professional development time each month, while pursuing external training and certifications that build individual skills in alignment with organizational goals.

Our strong focus on employee development and career progression is having tangible results — more than a quarter of opportunities at OPTrust are filled by internal candidates.

Our employee resource groups (ERGs):

- **BEAN (Black Employees and Allies Network)**
- **Country Newcomers**
- **PAAC (Pride Action and Awareness Collective)**
- **People with Disabilities**
- **Reconciliation Working Group**
- **WAGE (Women and Allies for Gender Equality)**

Inclusion, diversity and equity

Inclusion, diversity and equity (IDE) remain central to who we are and how we work. We believe that a workplace where people feel seen, valued and respected strengthens our ability to attract and retain top talent.

Incorporating IDE in all aspects of our organization deepens our understanding of the diverse communities we serve and enriches the decisions we make on behalf of our members. Our ERGs continue to support and help drive culture, connections and community within our workplace.

As we look ahead, we continue to evolve our programs and practices to reflect the changing needs of our people, our members and our organization. Our focus remains on fostering an inclusive workplace and building a resilient organization to continue to deliver exceptional service and meet the evolving needs of our members.

Giving back to the community

Our team members give back to the community through OPTrust Cares, an employee-led charitable giving program. Every year we partner with a different charitable organization to help raise awareness and promote OPTrust values through fundraising.

In 2025, OPTrust Cares supported **The Stop Community Food Centre**, one of Canada's first food banks. The Stop is a community hub dedicated to increasing access to healthy food in a way that promotes individual dignity, builds community and challenges inequality. OPTrust Cares also supports employee fundraising efforts for Movember.

Celebrating excellence

Every year, we give out the **Linda MacKinnon Award** in honour of Linda MacKinnon, a former member of OPTrust's Board of Trustees.

Since her passing in December 2015, her namesake award has been given out to celebrate an employee or team who have gone above and beyond over the past year to deliver excellence through impactful projects, initiatives and achievements.

For 2025, we were proud to recognize two recipients, each nominated by their peers for their contributions to our organization in distinct and important ways.

Laura Song, CFA, Principal, Sustainable Investing and Innovation, is recognized for her leadership of our responsible investment and climate strategies, strengthening our investment stewardship and portfolio resilience.

Peter Preradovic, Senior Project Leader, Finance and Facilities, is recognized for his collaborative leadership and commitment to continuous improvement in modernizing a key legacy process that safeguards trading compliance.

Congratulations to Laura and Peter. Thank you for the work you do to support our shared mission of delivering retirement security for our members.

MODERNIZATION AT OPTRUST – TECHNOLOGY

When I joined OPTrust nearly 30 years ago, the technology environment looked very different from what it is today. We relied on inherited legacy systems that were largely disconnected, with data stored in silos and many tasks completed manually. There was no intranet to connect us, security processes were still emerging, and the tools available to support our work were limited by the standards of the time.

Over the years, I have seen OPTrust take a deliberate and disciplined approach to modernization. Progress was never about moving quickly for the sake of change, but about making thoughtful, risk-informed decisions that strengthened our operations. This included streamlining enterprise platforms, building trusted professional partnerships, working closely with stakeholders, and modernizing systems critical to the administration of the Plan.

Today, OPTrust continues to advance its system modernization efforts, with a focus on cloud-based solutions, automation and the responsible enablement of emerging technologies, including artificial intelligence. These decisions are grounded in strong governance, privacy and security frameworks that lay the groundwork for future initiatives. Over time, we have reduced our physical technology footprint, consolidated and standardized productivity tools and improved system integration across the organization.

Recent milestones include the modernization of our human resources system and public website, with further work underway in pension administration, investment and financial systems. Throughout this journey, I have consistently seen a mindful, people-centered approach to adopting new technologies. One that recognizes that technology is most effective when it supports collaboration, strengthens operational resilience, and our ability to deliver pension security and services to members more effectively.

Sean Turner
Director, IT Operations
Information Technology Operations and Security (ITOS)
OPTrust employee since 1996

RISK MANAGEMENT AND COMPLIANCE

OPTrust recognizes that risk is inherent in our operations and in achieving our objectives. We continuously strengthen our approach to ensure risk management is embedded across policies, practices and processes. This proactive stance means members can have confidence that their pension plan is managed with resilience and foresight.

We view risk management not as a constraint, but as a strategic tool that supports our mission and long-term sustainability. By integrating risk considerations into every decision, we position OPTrust to navigate uncertainty while protecting members' retirement security.

We pay close attention to the risks we take when we invest. When we evaluate our investments, we don't look just at the investment type and how much to invest in each. We also consider how risky each type of investment is, and how the level of risk matches the intended goals of the allocation. We also keep a close eye on the total risk across the whole fund to be sure it fits within our risk appetite.

We also run different "what-if" scenarios, including economic and demographic stress tests, to see how the fund might perform in tough situations. Good investment returns are important for keeping the Plan strong, but so is managing the amount of risk we take to earn those returns.

Our goal is to foster a risk-conscious culture, where behaviours and decisions are guided by sound analysis and clear parameters.

Our **Risk Appetite Statement** continues to guide how we manage key risks within defined limits. In 2025, we refined this statement to reflect evolving market conditions, ensuring that our approach remains aligned with members' long-term interests.

A strong risk governance framework enables better decision-making and improved performance. In 2025, we enhanced this framework to align with our strategic priorities, ensuring that members benefit from a plan that is both stable and adaptable to changing market conditions.

Ethical and legal compliance remains a cornerstone of our governance. The Board and employees are committed to acting with integrity and adhering to laws and regulations. Our compliance program plays a critical role in mitigating legal and regulatory risks, supporting organizational sustainability and a positive workplace culture which contributes to the security of members' benefits.

We employ the 'Three Lines' model to establish clear roles and responsibilities in managing risk:

- **First line:** Business units own and manage risk through effective internal controls.
- **Second line:** Risk, legal, tax and compliance teams support, monitor, and challenge on risk-related matters.
- **Third line:** Internal audit provides independent assurance to the Board that systems are effective.

This structure ensures accountability and transparency, giving members confidence in the integrity of our operations.

Risk management and compliance are fully integrated into OPTrust's strategy and operations, involving experts and stakeholders across the organization. This collaborative approach ensures that every decision reflects a balance between opportunity and prudence — ultimately safeguarding members' interests.

GOVERNANCE AND ACCOUNTABILITY

Governance system

The Ontario Public Service Employees' Union Pension Plan (the OPSEU Pension Plan or the Plan) was established pursuant to a Sponsorship Agreement dated April 18, 1994, between the Province of Ontario (the Province) and the Ontario Public Service Employees Union/Syndicat des employés de la fonction publique de l'Ontario (OPSEU/SEFPO). The Plan is a successor to the Public Service Pension Plan for public servants who were members of OPSEU/SEFPO. Certain provisions of the Sponsorship Agreement were implemented by the *Ontario Public Service Employees' Union Pension Act, 1994*, which came into force on June 23, 1994.

The Plan is jointly governed by a Board of Trustees (the Board) established pursuant to an Agreement and Declaration of Trust established by OPSEU/SEFPO and the Province dated Oct. 25, 1994 (Trust Agreement). Consistent with the joint governance model, five Trustees are appointed by OPSEU/SEFPO and five by the Province. The Board serves solely as the legal administrator of the Plan and has no power to amend the Plan. Only the Province and OPSEU/SEFPO (the Sponsors) have the power to amend the Plan and any of the other founding documents. The Board and its employees operate under the business name OPTrust.

Under a joint governance system, the decisions and risks of the Plan are shared by the members and the employers who contribute to it. For decision-making purposes, OPSEU/SEFPO represents all Plan members and the Province represents all participating employers. This includes the members and participating employers of OPTrust Select, as a separate schedule of benefits under the Plan.

The joint governance model is built into every aspect of OPTrust's governance system. The Board Chair and Vice-Chair positions rotate between Trustees appointed by OPSEU/SEFPO and by the Province. The standing committees of the Board and any ad hoc committees are composed of equal numbers of Trustees appointed by OPSEU/SEFPO and by the Province. The Chairs of the standing committees rotate between Trustees appointed by OPSEU/SEFPO and by the Province.

Under the governance system established by the Board, the four standing committees of the Board serve a monitoring/supervisory function and make recommendations to the Board on matters that are assigned to them under their respective terms of reference.

The Board approves matters recommended by the committees and is directly responsible for strategic matters such as the strategic plan, organizational objectives, the annual business plan and the selection of the President and CEO.

Regulatory framework

The Plan is registered as a jointly sponsored pension plan with the Financial Services Regulatory Authority of Ontario under the *Pension Benefits Act* (Ontario). The Plan is also registered with the Canada Revenue Agency under the *Income Tax Act* (Canada). OPTrust is subject to numerous other statutes in Ontario and in jurisdictions where OPTrust invests and/or has offices (Australia and the U.K.).

Standing committees of the Board

The **Governance and Administration Committee (GAC)** monitors Plan administration and major pension initiatives and oversees the preparation of actuarial valuations. The GAC oversees various governance-related activities, and recommends and oversees governance reviews. It also recommends for Board approval the Funded Status Report.

The **Audit, Finance and Risk Committee (AFRC)** monitors the budget and provides oversight in the areas of financial reporting, tax, audits, internal controls, corporate insurance, information technology, data management, regulastory compliance and enterprise risk management.

The **Investment Committee (IC)** oversees the investment activities of OPTrust and monitors the progress of strategic investment initiatives. The IC also makes recommendations to the Board for approval of key investment metrics and investment policies.

The **Human Resources and Compensation Committee (HRCC)** provides oversight of OPTrust's people strategy and the management compensation system, and reviews and recommends to the Board the compensation of the President and CEO as well as the compensation of the Executive Team and certain other high earners in the organization.

Two additional committees have been established which operate on an as-needed basis: the **Adjudication Panel**, which gives Plan members access to a review process in the event of certain types of disputes, and the **Concern Assessment Panel**, which provides a forum for addressing complaints under OPTrust's *Whistle-Blowing Policy*. From time to time, the Board also establishes ad hoc working groups or committees to undertake specific projects.

Board appointments

Janel Perron was appointed to the Board effective January 2025.

Orientation and education

New Board members are provided with a comprehensive two-day orientation. Recognizing that Board members join with different levels of related experience, all Board members are encouraged to take a board effectiveness course (e.g. Institute of Corporate Directors) if they have not done so already. Board members receive an annual budget for conferences and courses, and regular in-house education sessions are built into the Board calendar.

Process for managing conflicts

Trustees are required to complete a *Conflict of Interest Disclosure and Attestation Form* when they join the Board and to update it on an annual basis or when there is a change in their circumstances, such as the assumption of a new role.

Management governance

Management has established the *Management Governance Charter*, which sets out the roles and responsibilities of the participants in the management governance system. The Executive Team, comprising the heads of each of the divisions at OPTrust, serves in an advisory capacity to the President and CEO. Four management committees aligned with the Board standing committees review and approve management policies and serve as information-sharing forums. Other organizational committees have been established to oversee key governance matters (e.g. the Reputational Risk Committee).

Compensation program

The contributions made by employees are critical to the successful achievement of OPTrust's mission. Our compensation program plays a key role in achieving our objectives by attracting, rewarding and retaining talented employees who work to deliver on our goals and live our values.

Compensation structures for bargaining unit staff are negotiated in the collective agreement. The current four-year agreement is effective as of Jan. 1, 2023 and runs through to Dec. 31, 2026.

For non-bargaining unit employees, our compensation program is comprised of base salary and variable compensation, including annual and long-term (where applicable) components.

Benefit and retirement programs

In addition to total compensation, total rewards for all employees include retirement programs, health benefits and wellness programs.

Management compensation principles and objectives

The OPTrust compensation principles provide a framework for the design of our compensation program. We strive to:

- Pay competitively compared to relevant external markets, while considering internal equity and cost effectiveness for our members.
- Align employee compensation with how well we achieve our organizational objectives.
- Focus on total fund and asset class performance measures and how well we achieve our organizational, divisional and individual objectives.
- Encourage effective risk management that is aligned with the organization's Risk Appetite Statement and other risk metrics.
- Have a variable pay structure that facilitates pay for performance and rewards employees commensurate with their ability to impact results.
- Promote OPTrust's values by focusing not just on what is achieved, but how it is achieved.
- Be perceived as fair and reasonable by internal and external stakeholders.

To ensure our management compensation program remains aligned with these principles and market competitive, we undertake regular comprehensive reviews.

Compensation framework for management

Base salary

Employees are assigned a salary to provide market-competitive compensation appropriate for the level of responsibility, knowledge and skill required for their role.

Variable compensation

OPTrust's variable compensation plan (called "One Plan") is based on performance assessments in the key areas outlined below. Performance metrics are established at the beginning of the year and the weighting for each category varies based on the level of the employee and their division.

Within the OPTrust Performance category, the four-year Retrospective Total Fund Performance is evaluated through three metrics: funded status, risk-adjusted return and cumulative value-add of active strategies. For the employees in the Investment Division, the Divisional Performance category includes an evaluation of the four-year Retrospective Asset Class Performance.

For all eligible employees, after the end of the year, performance is assessed against objectives at the individual, divisional and organizational levels to determine their payment. The payment is made as a combination of an annual component and, if eligible, a long-term component. The annual component is paid after the end of the performance year, while the long-term component is payable in equal installments over the two years after the annual payment is made.

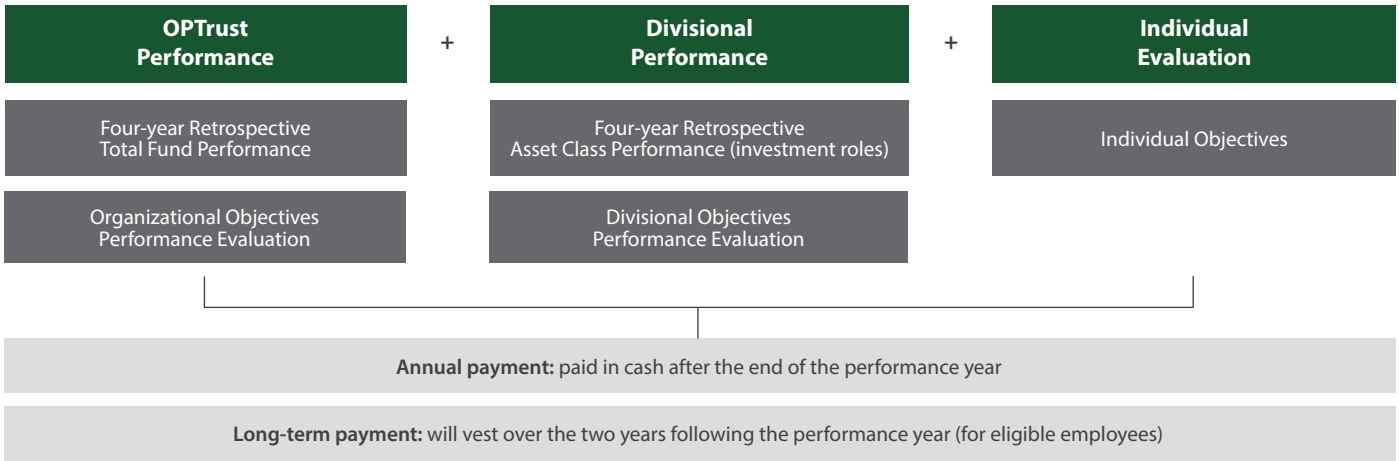
Compensation oversight

The Board approves the compensation principles and philosophy, the design of the compensation program, the performance factors, and the total aggregate base salaries and variable compensation for all management and exempt employees.

Additionally, the Board approves the salaries and variable compensation paid to the CEO, members of the Executive Team and the 10 highest-paid employees who are not on the Executive Team.

The Human Resources and Compensation Committee assists the Board in meeting its fiduciary duties by making recommendations to the Board on compensation-related matters and monitoring the implementation of the compensation program. The Board engages an independent compensation advisor to provide advice and assistance to the Human Resources and Compensation Committee and the Board in executing their responsibilities.

The CEO is responsible for overseeing the implementation of the compensation program and for making recommendations to the Board on the payment factors for the quantitative and qualitative metrics. The CEO makes recommendations to the Human Resources and Compensation Committee with respect to the salaries and variable compensation of members of the Executive Team and certain other highly paid employees and the aggregate compensation paid to all other members of management, based on a combination of the performance of the Plan and individual performance.



Compensation disclosure

The Board is committed to transparency with respect to the compensation of members of OPTrust's Executive Team. Details about the base salary and other compensation paid to the President and CEO, CFO and the other three highest-paid members of the Executive Team are below.

Compensation paid

($ thousands)	Fiscal Year	Base A	One Plan annual variable B	Long-term variable C	Other benefits D	Total A+B+C+D	Post-employment benefits E
Peter Lindley President and Chief Executive Officer *(Appointed September 2019)*	**2025**	**438**	**504**	**550**	**10**	**1,502**	**87**
	2024	425	540	539	8	1,512	82
	2023	400	560	530	7	1,497	75
Upton Jeans Chief Financial Officer *(Appointed May 2021)*	**2025**	**316**	**215**	**198**	**14**	**743**	**76**
	2024	307	193	208	13	721	86
	2023	299	204	176	8	687	90
James Davis Chief Investment Officer *(Appointed September 2015)*	**2025**	**464**	**755**	**781**	**17**	**2,017**	**129**
	2024	450	817	758	34	2,059	122
	2023	397	744	794	24	1,959	56
Stephen Solursh Senior Vice-President and General Counsel *(Appointed February 2020)*	**2025**	**311**	**218**	**229**	**21**	**779**	**36**
	2024	302	223	238	20	783	57
	2023	294	235	244	19	792	51
Dani Goraichy Senior Vice-President and Chief Risk Officer *(Appointed September 2019)*	**2025**	**296**	**189**	**198**	**14**	**697**	**46**
	2024	288	193	204	13	698	72
	2023	280	202	203	8	693	65

Definitions

Base: This represents the regular base salary received during 2025.

One Plan annual variable: Payments under OPTrust's variable compensation program are reported for the year in which they are earned but are paid in the subsequent calendar year. This payment represents Annual Variable compensation earned in 2025 to be paid in 2026.

One Plan long-term variable: For 2025, these payments reflect payment of the long-term component of the variable compensation under One Plan, awarded in the years 2023 and 2024. Long-term variable payments shown for 2024 also include variable compensation under One Plan, awarded in the years 2022 and 2023. For 2023, long-term variable payments shown include awards under One Plan for 2022 and 2021.

Other benefits and payments: The amounts disclosed include taxable benefits and the employer's share of all employee benefit premiums and contributions (excluding pension contributions) made on behalf of employees. One-off contractual payments may also be included.

Post-employment benefits: The disclosed executives all contribute to OPTrust's defined benefit pension plan. Employees who exceed the maximums under the *Income Tax Act* also participate in the Supplementary Benefit Plan. The post-employment benefits disclosed reflect the value of the benefits earned for the year under both plans. The value is reliant on a variety of factors, including pensionable earnings and years of service in the Plan.

Board of Trustees expenses

The Board of Trustees do not receive compensation from OPTrust. Reimbursement for Trustee-related incidental expenses and education received by Trustees totalled $163,180 in 2025 (2024: $145,833).

The Trustees appointed by the Province of Ontario receive a per diem paid directly by the Province. Trustees appointed by OPSEU/SEFPO receive limited time off to perform Board work and attend meetings. OPSEU/SEFPO reimburses the employer for the wages and benefits cost for the time.

Board advisors

External Board advisors provide expert guidance to Trustees on a range of topics.

Actuary
WTW

Investment Advisors
Janet Rabovsky
Stephen Hart

External Auditor
PricewaterhouseCoopers LLP

Internal Auditor
BDO Canada LLP

Compensation Advisor
Hugessen Consulting Inc.

Information Technology and Risk Advisor
Deloitte Canada

External Legal Advisor
Fasken Martineau DuMoulin LLP

Members of the Board of Trustees

At December 31

Richard Nesbitt, Chair[1]

Adjunct Professor at the Rotman School of Management, University of Toronto and Senior Visiting Fellow at the London School of Economics, United Kingdom

Appointed in September 2019, Chair since 2024

Governance and Administration Committee (Chair), Investment Committee, Adjudication Panel

Ram Selvarajah, Vice-Chair[2]

Senior Systems Analyst, Ministry of the Solicitor General

Appointed in April 2021, Vice-Chair since 2024

Investment Committee (Chair), Audit, Finance and Risk Committee, Human Resources and Compensation Committee

Lindsey Burzese[2]

Divisional Program Specialist, Ministry of the Environment, Conservation and Parks

Appointed in 2018, past Board Chair

Governance and Administration Committee, Investment Committee, Human Resources and Compensation Committee, Adjudication Panel

Aisha Jahangir[2]

Mental Health Nurse, Hamilton-Wentworth Detention Centre

Appointed in May 2023

Audit, Finance and Risk Committee (Chair), Governance and Administration Committee, Human Resources and Compensation Committee, Adjudication Panel (OPSEU/SEFPO alternative), Concern Assessment Panel

Deborah Leckman[1]

Senior Investment Professional

Appointed in January 2019

Audit, Finance and Risk Committee, Human Resources and Compensation Committee

Jason Mushynski[2]

Correctional Officer, Ministry of the Solicitor General

Appointed in January 2024

Governance and Administration Committee, Investment Committee

Sharon Pel[1]

Consultant and Board Member

Appointed in February 2017

Governance and Administration Committee, Investment Committee, Adjudication Panel

Janel Perron[2]

Advanced Care Paramedic

Appointed in January 2025

Audit, Finance and Risk Committee, Adjudication Panel

Robert Plamondon[1]

Consultant and Board Member

Appointed in January 2019

Human Resources and Compensation Committee (Chair), Governance and Administration Committee, Audit, Finance and Risk Committee, Concern Assessment Panel

Don Wilkinson[1]

Vice-Chair, Deloitte and Leader of National Asset Management Group (Retired)

Appointed in June 2017

Audit, Finance and Risk Committee, Investment Committee, Human Resources and Compensation Committee, Adjudication Panel (Government alternative)

[1] Appointed by the Government of Ontario

[2] Appointed by OPSEU/SEFPO

Members of the Executive Team

At December 31

Peter Lindley

President and Chief Executive Officer

Jesusa Chow

Senior Vice-President, Member Experience and Pension Operations

James Davis

Chief Investment Officer

Dani Goraichy

Chief Risk Officer and Senior Vice-President, Actuarial Services and Plan Policy

Tracy Hoskins

Senior Vice-President, People

Upton Jeans

Chief Financial Officer

Satwant Pannu

Senior Vice-President, Information Technology, Operations and Security

Stephen Solursh

Senior Vice-President and General Counsel

OPTrust

2025 FINANCIAL STATEMENTS

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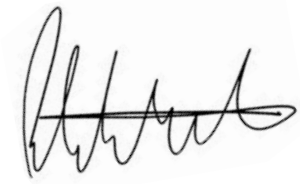
Management's responsibility for financial reporting

Management of the OPSEU Pension Plan Trust Fund (OPTrust) is responsible for the integrity and fairness of the data presented in the financial statements and the financial information presented in the Funded Status Report (FSR). The financial statements have been prepared in accordance with the Canadian *Chartered Professional Accountants of Canada Handbook* section 4600 — Pension Plans (s4600) and comply with the financial reporting requirements of the *Pension Benefits Act* (Ontario). In the selection of accounting policies that do not relate to its investment portfolio or pension obligations, OPTrust has chosen to comply on a consistent basis with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards), to the extent that those standards do not conflict with the requirements of s4600. The financial statements include amounts that must, as necessary, be based on the best estimates and judgment of management with appropriate consideration as to materiality. Where applicable, the financial information presented throughout the FSR is consistent with the financial statements.

Management has recognized the importance of OPTrust maintaining and reinforcing a high standard of conduct in all of its actions, including the preparation and publication of statements fairly presenting the financial position of the Ontario Public Service Employees' Union Pension Plan (the OPSEU Pension Plan or the Plan). Systems of internal control and supporting procedures are maintained to provide assurance that transactions are properly authorized, assets are safeguarded against unauthorized use or disposition and proper records are maintained. The systems are augmented by the careful selection and training of qualified staff, the establishment of organizational structures providing for a well-defined division of responsibilities, and the communication of policies and guidelines of business conduct throughout OPTrust.

The Board of Trustees has the ultimate responsibility for the financial statements presented to Plan members. The Audit, Finance and Risk Committee, consisting of Trustees appointed by each of the Province of Ontario and OPSEU/SEFPO, reviews the financial statements with management and the external auditor before such statements are recommended to the Board of Trustees for approval. The Audit, Finance and Risk Committee meets on a regular basis with management and the external auditor to review the scope of the audit, discuss auditor's findings, and satisfies itself that the Board of Trustees' responsibilities have been adequately discharged.

PricewaterhouseCoopers LLP, the Plan's external auditor, has conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion upon completion of such examination in their report to the Board of Trustees. The auditors have full and unrestricted access to management, the Audit, Finance and Risk Committee and the Board of Trustees to discuss their audit and related findings as to the integrity of the Plan's financial reporting and the adequacy of the systems of internal control.



Peter Lindley
President and
Chief Executive Officer

Michael Darcy
Chief Financial Officer
(Appointed CFO February 2, 2026)

March 5, 2026

Actuaries' opinion

Towers Watson Canada Inc. (WTW) was retained by the Board of Trustees of the Ontario Public Service Employees' Union Pension Plan (the Plan) to perform an actuarial valuation of the Plan as at December 31, 2025. The purpose of this valuation is to determine the pension obligations of the Plan as at December 31, 2025, for inclusion in the Plan's financial statements in accordance with Section 4600 of the *Chartered Professional Accountants of Canada (CPA Canada) Handbook*.

We have undertaken such a valuation and provided our related report. As this valuation was undertaken for purposes of the Plan's financial statements under the *CPA Canada Handbook* Section 4600, it might not be appropriate for other purposes and should not be relied upon or used for any other purpose.

The results of the valuation disclosed total going concern pension obligations of $22,492 million in respect of service accrued to December 31, 2025.

The valuation of the Plan's going concern pension obligations was based on:

- members' demographic data provided by OPTrust management as at September 26, 2025 for Primary Schedule members and for OPTrust Select members, projected to December 31, 2025 using management's estimates of experience for the intervening period;
- the actuarial cost method prescribed by the *CPA Canada Handbook* Section 4600; and
- best-estimate assumptions about future events (for example, economic factors such as future rates of inflation and returns on the pension fund, as well as demographic factors) which were developed by OPTrust management in consultation with WTW and have been adopted by OPTrust management and approved by the Board.

Changes have been made to the actuarial assumptions affecting the pension obligations since the previous valuation for the purpose of the Plan's financial statements at December 31, 2025, as described in the notes to the financial statements.

We have reviewed the data used for the valuation and have performed tests of reasonableness and consistency. In our opinion, for the purposes of the valuation,

- the membership data are sufficient and reliable;
- the assumptions adopted are appropriate;
- the methods employed in the valuation are appropriate; and
- the valuation has been completed in accordance with our understanding of the requirements of the *Chartered Professional Accountants of Canada (CPA Canada) Handbook* Section 4600.

Nonetheless, differences between future experience and the assumptions about such future events will result in gains or losses which will be revealed in future valuations, none of which have been anticipated at this time. Our valuation was prepared and our opinions given in accordance with accepted actuarial practice in Canada.

Towers Watson Canada Inc.

Suzanne Jacques
Fellow, Canadian Institute of Actuaries

Rémi Laroche
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
March 5, 2026

Independent auditor's report

To the Board of Trustees of OPSEU Pension Plan Trust Fund

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OPSEU Pension Plan Trust Fund (OPTrust) as at December 31, 2025 and 2024, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

What we have audited

OPTrust's financial statements comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of changes in net assets available for benefits for the years then ended;
- the statements of changes in pension obligations for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 report.

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the Funded Status Report.

Our opinion on the financial statements does not cover the other information and we do 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, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 OPTrust'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 OPTrust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OPTrust'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 these 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 OPTrust'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 OPTrust'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 OPTrust 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.

We 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 5, 2026

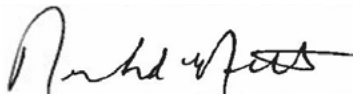
Statements of financial position

As at December 31 ($ millions)	**2025**	2024
ASSETS		
Investments (Note 3)	**27,807**	28,924
Contributions receivable (Note 7)	**68**	72
Other assets	**31**	26
	27,906	29,022
LIABILITIES		
Accounts payable and accrued charges	**65**	51
Investment-related liabilities (Note 3)	**618**	2,118
	683	2,169
NET ASSETS AVAILABLE FOR BENEFITS	**27,223**	26,853
PENSION OBLIGATIONS (Note 5)	**22,492**	22,474
SURPLUS (Note 6)	**4,731**	4,379
PENSION OBLIGATIONS AND SURPLUS	**27,223**	26,853

For the years ended December 31 ($ millions)	**2025**	2024
SURPLUS, BEGINNING OF YEAR	**4,379**	3,076
CHANGE IN SURPLUS		
Increase in net assets available for benefits	**370**	1,713
(Increase) in net pension obligations	**(18)**	(410)
NET INCREASE IN SURPLUS	**352**	1,303
SURPLUS, END OF YEAR	**4,731**	4,379

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

The financial statements were authorized for issue by the Board of Trustees on March 5, 2026 and were signed on its behalf by:



Richard Nesbitt
Chair

Ram Selvarajah
Vice-Chair

Statements of changes in net assets available for benefits

For the years ended December 31 ($ millions)	**2025**	2024
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**26,853**	25,140
Changes Due to Investment Activities		
Investment income (Note 4)	**550**	565
Net gain on investments (Note 4)	**662**	1,901
Investment management and administrative expenses (Notes 4 and 9)	**(94)**	(94)
	1,118	2,372
Changes Due to Pension Activities		
Contributions (Note 7)	**716**	781
Benefits paid (Note 8)	**(1,417)**	(1,395)
Pension administrative expenses (Note 9)	**(47)**	(45)
	(748)	(659)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	**370**	1,713
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**27,223**	26,853

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

Statements of changes in pension obligations

For the years ended December 31 ($ millions)	**2025**	2024
PENSION OBLIGATIONS, BEGINNING OF YEAR	**22,474**	22,064
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	**1,267**	1,280
Benefits accrued	**601**	659
Change in actuarial assumptions (Note 5)	**(361)**	234
	1,507	2,173
DECREASE IN PENSION OBLIGATIONS		
Benefits paid (Note 8)	**1,417**	1,395
Experience gains (Note 5)	**72**	368
	1,489	1,763
INCREASE IN NET PENSION OBLIGATIONS	**18**	410
PENSION OBLIGATIONS, END OF YEAR	**22,492**	22,474

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

Notes to the financial statements

1. Description of the Ontario Public Service Employees' Union Pension Plan

The Ontario Public Service Employees' Union Pension Plan (the OPSEU Pension Plan or the Plan) was established as a jointly sponsored defined benefit plan pursuant to a Sponsorship Agreement dated April 18, 1994 (the Agreement) between the Province of Ontario (the Province) and the Ontario Public Service Employees Union/Syndicat des employés de la fonction publique de l'Ontario (OPSEU/SEFPO) (collectively, the Sponsors), primarily for employees in the Ontario Public Service who were members of bargaining units represented by OPSEU/SEFPO. The *Ontario Public Service Employees' Union Pension Act*, *1994* (the OPSEU Act) enacted in June 1994 facilitated certain aspects of the Agreement.

The Plan's primary schedule (Primary Schedule) provides pension benefits mainly for employees of the Province and various crown agencies, boards, commissions, and certain other employers in the broader public sector in bargaining units represented by OPSEU/SEFPO. Pursuant to a letter of agreement executed by the Sponsors on April 19, 2018, a second schedule of benefits known as OPTrust Select was added to the Plan. OPTrust Select members are employees of participating employers in the broader public and nonprofit sectors.

The Plan and the related pension fund (Trust Fund) were established pursuant to an Agreement and Declaration of Trust dated October 25, 1994 (the Trust Agreement). The Trust Agreement also established the Board of Trustees (the Board) as the legal administrator of the Plan and the trustees of the Trust Fund. The Board is composed of five appointees of the Province and five appointees of OPSEU/SEFPO. The Board operates under the business name OPTrust. The Plan, Trust Fund and Board are collectively referred to in these financial statements as OPTrust. As permitted by the OPSEU Act, the Board's employees are also members of the Primary Schedule.

The Plan is registered under the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada) under registration number 1012046. The Plan is a registered pension plan as defined in the *Income Tax Act* (Canada) and is not subject to income tax in Canada. However, OPTrust, its entities and investments are subject to other federal, provincial and municipal taxes in Canada, and some are subject to tax in other countries.

These financial statements reflect OPTrust's financial position, including the net assets available for benefits, pension obligations and surplus.

The following is a summary description of the Plan. For more complete information, reference should be made to the Plan text.

A. FUNDING

Contributions and investment earnings fund Plan benefits. The determination of the value of the benefits and required contributions is based on actuarial valuations for funding purposes.

B. CONTRIBUTIONS

Under the Primary Schedule, the contribution rate for both employers and members since January 1, 2012 is 9.4% of pensionable salary up to the Year's Maximum Pensionable Earnings (YMPE) and 11% of pensionable salary above the YMPE.

Under OPTrust Select, the contribution rate for both employers and members is 3.0% of pensionable salary. For the first two years of participation, new employers are required to contribute an additional 0.2%.

C. PENSION BENEFITS

Pension benefits vest immediately under both schedules and include a lifetime pension payable at age 65.

Under the Primary Schedule, pensions are determined using a formula that considers a member's total pension service and annual salary rate averaged over 60 sequential months of membership. Members can retire early with an unreduced pension if their age plus years of pension service total 90 or if they are at least 60 years of age and have at least 20 years of pension service. Members who do not qualify for an early unreduced pension may start receiving a reduced pension between ages 55 and 65. Members who retire early also receive a temporary bridge benefit until age 65 or death, whichever occurs first.

Under OPTrust Select, there is no bridge benefit or early unreduced retirement provision. Members are entitled to an unreduced pension at age 65 and may start receiving a reduced pension between ages 55 and 65. The lifetime pension is determined by using a formula that considers a percentage of a member's pensionable pay in each year of membership plus any benefit upgrades granted by the Board.

D. INFLATION PROTECTION

Under the Primary Schedule, pensions and deferred pensions are adjusted annually for inflation based on changes to the Consumer Price Index (CPI), to a maximum of 8% in any one year. Where the inflation adjustment exceeds 8% in any one year, the excess is carried forward to any subsequent years when the adjustment is less than 8%.

Under OPTrust Select, pensions paid to retirees and pension benefits accrued for prior years by active members may be adjusted for inflation at the discretion of the Board.

E. DEATH BENEFITS

Under the Primary Schedule, a 60% survivor pension is provided at no cost to the pensioner if they have a spouse or children who qualify. Under OPTrust Select, the member's pension is reduced to pay for a spousal survivor pension. Under the Primary Schedule, a pre-retirement death benefit is provided to an eligible spouse, eligible children, the member's designated beneficiary, or estate (in that order of priority). Under OPTrust Select a pre-retirement death benefit is provided to an eligible spouse, the member's designated beneficiary, or estate.

F. DISABILITY PENSIONS

Under the Primary Schedule, a disability pension is available to members with a minimum of 10 years of pension service in the Plan who meet the established criteria. The amount of the disability pension depends on the years of pension service and the average salary of the disabled member. Disability pensions are not available under OPTrust Select.

G. DEFERRED PENSIONS

Members in the Primary Schedule and OPTrust Select who terminate membership in the Plan before retirement have the right to leave their entitlement in the Plan and receive a pension when they retire. Deferred pensions are increased annually for inflation under the Primary Schedule only.

H. TERMINATION PAYMENTS

Members who terminate membership in the Primary Schedule or OPTrust Select before they become eligible for early retirement are entitled to transfer the commuted value of their pension to a registered retirement vehicle, subject to limits under the *Income Tax Act* (Canada). In some cases, members may also receive a refund of contributions.

I. TRANSFERS

Under the Primary Schedule, members who transfer employment to most management positions or certain professional groups are subject to a mandatory transfer of service to the Public Service Pension Plan, administered by the Ontario Pension Board. In addition, a member of the Primary Schedule who terminates their membership may be entitled to transfer the value of their pension to another pension plan if they are under the age of 55 and the other plan agrees to accept the transfer or if they are under the age of 65 and OPTrust has a reciprocal transfer agreement with that plan. The prescribed transfer options under the *Pension Benefits Act* (Ontario) are available to OPTrust Select members.

2. Significant Accounting Policies

A. BASIS OF PRESENTATION

These financial statements are prepared in accordance with the *Chartered Professional Accountants of Canada Handbook* Section 4600 - Pension Plans (Section 4600). The recognition and measurement of OPTrust's assets and liabilities are consistent with the requirements of Section 4600. The financial statements also include disclosures required by Regulation 909 of the *Pension Benefits Act*.

In the selection of accounting policies, OPTrust has chosen to comply with *International Financial Reporting Standards*, as issued by the *International Accounting Standards Board* (IFRS Accounting Standards), to the extent that those standards do not conflict with the requirements of Section 4600.

These financial statements present the financial position of OPTrust as a separate financial reporting entity independent of participating employers, bargaining units, plan members, pensioners, and sponsors.

B. USE OF ESTIMATES

In preparing these financial statements, management must make certain estimates, judgments and assumptions that primarily affect the reported values of assets and liabilities, income and expenses, and related disclosures. Actual amounts could differ from these estimates. Significant estimates and judgments included in the financial statements relate to the valuation of real estate investments, private equity and infrastructure investments, certain fund investments and the determination of assumptions used in calculating the pension obligations.

C. INVESTMENTS

Investments, investment-related assets and investment-related liabilities are financial instruments and are recognized on a trade date basis and stated at fair value. OPTrust uses *IFRS 13 Fair Value Measurement* in determining fair value.

i) Valuation of Investments

The fair value of investments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The determination of fair value is based on market conditions at a specific point in time and may not be reflective of future values. Fair values determined using valuation models and techniques require the use of assumptions that may not be supported by observable market transactions or available market data. In such cases, fair values may be significantly impacted by the choice of assumptions.

Fair values are determined as follows:

Cash

Cost approximates fair value.

Short-term Investments

Fair value is determined using cost plus accrued interest or quoted closing mid-market prices. Short-term investments include commercial paper, certificates of deposits, treasury bills and bank deposits.

Government and Corporate Bonds

Fair value is generally determined using market quotes. Where quoted prices are not available, estimated values are calculated using discounted cash flows based on current market yields for comparable securities or market information.

Public Equity

Fair value is generally represented by the closing quoted market price. Where a listed market price is not available, fair value is determined using comparable market information. There is a process to assess any discounts required for listed investments held during a lock-up period.

Pooled and Hedge Funds

Fair value is determined through reference to the net asset values as reported by the external fund manager.

Real Estate, Private Equity and Infrastructure

Investments and related liabilities are valued at least annually using appropriate valuation methodologies and the valuator's best assessment of unobservable inputs.

Investments, net of related debt, exceeding predefined thresholds are valued externally at least once every three years, or annually for significant investments following the year of acquisition. Investments may also be selected for external valuation based on risk evaluation.

Fund investment and co-investment fair values are based on net asset values reported by the fund manager updated for significant and asset specific factors known to OPTrust at the valuation date.

The estimated value of mortgages held on real estate investments are valued using discounted cash flows based on indicative market yields of securities with comparable credit risk and term to maturity.

Where there is a binding or non-binding independent offer to purchase an existing investment, the offer is considered when determining fair value.

Derivative Instruments

Derivative instruments are financial contracts, the value of which is derived from changes in underlying assets, interest rates, foreign exchange rates, commodities or indices. Market prices are used for exchange-traded derivatives. Where quoted prices are not available, derivatives are valued using appropriate valuation techniques such as option pricing models and discounted cash flows. Inputs used in these valuations include, but are not limited to, spot prices, price volatilities, currency exchange rates, interest rate curves and credit spreads, in determining fair value.

Resell and Repurchase Agreements

Resell agreements (reverse repos) and repurchase agreements (repos) are transactions where OPTrust buys and sells securities and simultaneously agrees to sell and buy them back at a specified price at a future date. Resell and repurchase agreements are carried at cost, which together with accrued interest approximates fair value due to their short-term nature.

Collateral

Cash collateral provided by OPTrust is excluded from financial statement cash and an equivalent receivable amount is recognized as cash collateral pledged. Cash collateral received by OPTrust from counterparties is recognized as cash and a liability for the equivalent amount is recognized as cash collateral received.

When OPTrust pledges collateral in the form of securities to counterparties, the asset remains as an investment in OPTrust's financial statements. Collateral received in the form of securities is not recognized in OPTrust's financial statements as the risks and rewards of ownership do not transfer. OPTrust does not sell, repledge or otherwise use any securities collateral received from the securities lending program, but collateral received from transactions executed under resell agreements can be sold or repledged for the duration of each transaction.

ii) Income Recognition

Net investment income includes interest and dividend income from investments, realized gains and losses on disposal of investments, and unrealized gains and losses resulting from changes in the fair value of investments. Investment income is recognized on an accrual basis.

Realized gains and losses arise from the sale of the investment and represent the difference between net proceeds on disposal and cost. Unrealized gains and losses represent the change in the difference between the fair value and cost of the investment held.

iii) Transaction Costs

Transaction costs include incremental costs directly attributable to the acquisition, issue or disposal of investment assets or liabilities. These fees are expensed in the period on an accrual basis and reported as a component of net investment income.

iv) External Management and Performance Fees

External management fees for portfolio management are expensed when OPTrust is directly invoiced in the period incurred and recognized on an accrual basis. Performance fees are recognized on an accrual basis. Performance fees and management fees not directly invoiced are reported as a component of net investment income.

D. PENSION OBLIGATIONS

The value of pension obligations is determined based on actuarial valuations prepared by an independent actuarial firm and verified by OPTrust. Actuarial valuations are prepared every year for financial statement reporting (financial statement valuations) and at least every three years for purposes of determining funding requirements (funding valuations).

For financial reporting purposes, Section 4600 requires that pension plans report the actuarial value of pension obligations using management's best estimate assumptions and the projected unit credit method, prorated on service. This method calculates the actuarial value of pension benefits accrued up to the financial reporting date, after the projected benefits have been attributed equally to each year of a member's service. This method differs from the modified aggregate method, chosen by OPTrust and used for funding purposes only, which includes the members' and employers' expected future contributions, pension benefits to be earned after the reporting date and margins of conservatism in the setting of economic assumptions. The projected benefits for OPTrust Select include the value of future intended benefit enhancements that are currently targeted at full inflation protection (these benefits are provided on an ad hoc basis, at the discretion of the Board).

E. CONTRIBUTIONS

Contributions from members and employers that are due at year-end and transfers into the Plan, are recorded on an accrual basis. The carrying value of the receivable approximates fair value due to its short-term nature.

F. BENEFIT PAYMENTS

Payments of pensions, refunds and transfers are recorded on an accrual basis.

G. SURPLUS/DEFICIT

Surplus or deficit results from the excess or shortfall of the value of net assets available for benefits over the actuarial value of pension obligations.

H. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The fair value of investments and cash balances denominated in foreign currencies is translated at the rates in effect at year-end. The resulting unrealized gain or loss is included in the statement of changes in net assets available for benefits.

I. FAIR VALUE DISCLOSURES

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 - inputs are unadjusted quoted prices of identical assets or liabilities in active markets. Investments that are classified as Level 1 generally include cash, actively traded equity securities and exchange traded derivatives which are valued using quoted prices.

Level 2 - inputs are used, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Investments that are classified as Level 2 include short-term securities, resell agreements, repurchase agreements, government and corporate bonds, over-the-counter (OTC) derivatives and actively traded equity securities that are subject to restrictions on sale or transfer. For these investments, fair values are either derived from quoted prices from less actively traded markets, independent price sources, or pricing models that use observable market data.

Level 3 - one or more significant inputs used in valuation methodologies that are unobservable in determining fair values of the assets or liabilities. Investments that are classified as Level 3 include investments in most real estate, private equity, infrastructure, and pooled and hedge fund investments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The significance of a particular input to the fair value measurement requires judgment and evaluation of factors specific to the investment. The determination of an input's observability also requires considerable judgment.

J. FUTURE CHANGES TO ACCOUNTING POLICY AND DISCLOSURES

Amendments were made to *IFRS 9 Financial Instruments*, effective on or after January 1, 2026, permitting earlier derecognition of liabilities settled via electronic payment systems. OPTrust has concluded that we will not be applying this derecognition option and this will not have any impact on the disclosure presented in the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements. introduces new requirements for the presentation of income and expenses, including standardized subtotals, with clearer aggregation and disaggregation of line items. This standard is effective for annual reporting periods on or after January 1, 2027, with comparative information required for 2026. While there is no quantitative impact expected, OPTrust is currently assessing the impact of this standard on financial statement presentation.

During 2025, the Accounting Standards Board (AcSB) issued amendments to Section 4600 to update requirements for the presentation and disclosure of investments held by pension plans. These updates will be effective for fiscal periods beginning on or after January 1, 2027. Management is currently assessing the impact of these changes on the Plan's financial statements.

3. Investments

A. FAIR VALUE HIERARCHY

The following schedule presents the fair value of OPTrust's investments categorized within the fair value hierarchy as described in Note 2.

	2025					2024				
As at December 31 ($ millions)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Cost**	Level 1	Level 2	Level 3	Fair value	Cost[a]
Fixed income										
Cash	**882**	**—**	**—**	**882**	**883**	558	—	—	558	560
Short-term investments	**—**	**842**	**—**	**842**	**840**	—	874	—	874	871
Government and corporate bonds										
Canadian	**—**	**6,727**	**—**	**6,727**	**7,213**	—	6,305	—	6,305	6,697
	882	**7,569**	**—**	**8,451**	**8,936**	558	7,179	—	7,737	8,128
Public equity										
Canadian	**48**	**—**	**—**	**48**	**28**	47	—	—	47	37
Foreign	**341**	**—**	**—**	**341**	**393**	2,446	150	—	2,596	2,611
	389	**—**	**—**	**389**	**421**	2,493	150	—	2,643	2,648
Pooled and hedge funds	**—**	**—**	**3,061**	**3,061**	**2,267**	**—**	—	2,766	2,766	1,990
Real estate	**—**	**—**	**4,491**	**4,491**	**4,280**	—	—	4,239	4,239	3,400
Private equity	**—**	**—**	**5,228**	**5,228**	**3,334**	—	—	5,341	5,341	3,373
Infrastructure	**—**	**—**	**4,884**	**4,884**	**2,774**	**—**	—	4,505	4,505	2,755
	—	**—**	**17,664**	**17,664**	**12,655**	—	—	16,851	16,851	11,518
Investment-related assets										
Cash collateral pledged	**8**	**—**	**—**	**8**	**8**	137	—	—	137	137
Due from brokers	**—**	**—**	**—**	**—**	**—**	—	23	—	23	23
Derivative instruments	**—**	**160**	**—**	**160**	**36**	97	129	—	226	88
Resell agreements	**—**	**1,135**	**—**	**1,135**	**1,135**	—	1,307	—	1,307	1,307
	8	**1,295**	**—**	**1,303**	**1,179**	234	1,459	—	1,693	1,555
INVESTMENT ASSETS	**1,279**	**8,864**	**17,664**	**27,807**	**23,191**	3,285	8,788	16,851	28,924	23,849
Investment-related liabilities										
Cash collateral received	**(124)**	**—**	**—**	**(124)**	**(124)**	(56)	—	—	(56)	(56)
Due to brokers and other liabilities	**(46)**	**—**	**—**	**(46)**	**(46)**	(180)	(45)	—	(225)	(225)
Derivative instruments	**—**	**(54)**	**—**	**(54)**	**(22)**	—	(204)	—	(204)	(3)
Repurchase agreements	**—**	**(394)**	**—**	**(394)**	**(394)**	—	(1,633)	—	(1,633)	(1,633)
	(170)	**(448)**	**—**	**(618)**	**(586)**	(236)	(1,882)	—	(2,118)	(1,917)
NET INVESTMENTS	**1,109**	**8,416**	**17,664**	**27,189**	**22,605**	3,049	6,906	16,851	26,806	21,932

[a] During the period, OPTrust reassessed certain investments previously recognized within Infrastructure and Private equity and determined that a number of these investments met the derecognition criteria.OPTrust derecognized these investments and adjusted the comparative period. As a result, the opening cost balance for the prior year was reduced by $61M. This adjustment had no impact on profit or loss or equity for the current or comparative periods other than the reduction in the carrying amount of the affected assets.

B. CHANGES IN FAIR VALUE MEASUREMENT FOR INVESTMENTS IN LEVEL 3

The following table presents a reconciliation of financial instruments measured at fair value using significant unobservable inputs and included in Level 3 of the fair value hierarchy:

For the years ended December 31 ($ millions)	2025				
	Pooled and hedge funds[b]	**Real estate[b]**	**Private equity[b/c]**	**Infrastructure[b/c]**	**Total**
Balance, beginning of year	**2,766**	**4,239**	**5,341**	**4,505**	**16,851**
Net realized gains	**137**	**222**	**374**	**35**	**768**
Change in unrealized gains/(losses)	**18**	**(627)**	**(202)**	**186**	**(625)**
Purchases	**708**	**1,104**	**280**	**258**	**2,350**
Sales/Redemptions	**(568)**	**(447)**	**(565)**	**(100)**	**(1,680)**
Transfers in/(out)[a]	**—**	**—**	**—**	**—**	**—**
BALANCE, END OF YEAR	**3,061**	**4,491**	**5,228**	**4,884**	**17,664**
	2024				
Balance, beginning of year	3,888	4,436	4,729	4,222	17,275
Net realized gains	279	139	324	70	812
Change in unrealized gains/(losses)	236	(164)	618	326	1,016
Purchases	183	381	304	252	1,120
Sales/Redemptions	(1,820)	(403)	(634)	(365)	(3,222)
Transfers in/ (out)[a]	—	(150)	—	—	(150)
BALANCE, END OF YEAR	**2,766**	**4,239**	**5,341**	**4,505**	**16,851**

[a] Transfers between Levels are assumed to occur at the end of the year. As at December 31, 2024, transfer out of Level 3 into Level 2 was due to private real estate investment becoming publicly traded. For the year ended December 31, 2025 there were no transfers in nor out.

[b] Net realized gains include investment income of $20 million (2024 - $10 million) for Pooled and hedge funds, $127 million (2024 - $147 million) for Real estate, $47 million (2024 - $51 million) for Private equity and $31 million (2024 - $44 million) for Infrastructure.

[c] During the period, the Plan derecognized certain investments that had previously been written down to zero, with all losses recognized in prior years' Statement of Changes in Net Assets Available for Benefits; accordingly, the related changes in net unrealized losses and realized gains within the Level 3 reconciliation have been netted, resulting in no impact on the current period's change in net assets.

C. SENSITIVITY TO CHANGES IN ASSUMPTIONS

Sensitivity information is available for certain direct investments in real estate, private equity and infrastructure and is presented in the table below. Sensitivity changes are not provided for investments, where cost approximates fair value and where the Plan has limited access to information on the assumptions and methodologies used to determine the fair value of those investments.

As at December 31 ($ millions)	Key factor	2025			2024	
		Change in key factor	**Fair value**	**Increase/ (Decrease) to fair value**	Fair value	Increase/ (Decrease) to fair value
Real estate	Capitalization rate[a]	**+/- 0.25%**	**2,546**	**(279)/309**	1,754	(172)/191
Mortgages	Interest rate[b]	**+/- 0.50%**	**(1,327)**	**(30)/31**	(1,128)	(24)/24
Private debt[c]	Discount rate[b]	**+/- 0.50%**	**63**	**(0)/0**	524	(4)/4
Infrastructure	Discount rate[b]	**+/- 0.25%**	**3,761**	**(140)/162**	3,409	(165)/165
Private equity	EBITDA multiple[d]	**+/- 10%**	**1,726**	**232/(239)**	2,353	423/(423)

[a] A rate to derive the value of an investment property based on expected income.

[b] A rate used in discounted cash flow analysis to determine the present value of future cash flows. Counterparty credit risk is not contemplated as part of the sensitivity analysis.

[c] Private debt is held within the real estate asset class.

[d] EBITDA is defined as earnings before interest, taxes, depreciation and amortization. The EBITDA multiple is a metric used to determine the fair value of a company, using a market approach, based on the subject company's EBITDA.

D. DERIVATIVE CONTRACTS

OPTrust utilizes derivatives to manage its asset mix exposure, enhance returns and manage financial risk. Derivative contracts are transacted by OPTrust either directly with counterparties in the OTC market or on regulated exchanges and execution platforms. The following are the types of derivative contracts that OPTrust has entered into:

Futures

Futures are standardized contracts traded on regulated futures exchanges and are subject to daily cash settlement of changes in fair value. Futures contracts include the following:

Interest rate futures are contractual obligations to either buy or sell interest rate sensitive financial instruments or indices at a specified price at a future date. OPTrust utilizes interest rate futures contracts to manage its fixed income exposure.

Equity index futures are standardized contracts to either buy or sell a specific equity index at a specified price at a future date. OPTrust utilizes equity index futures contracts to manage its exposure to public equity markets.

Commodity futures are standardized contracts to either buy or sell a predetermined amount of a commodity at a specified price at a future date. OPTrust utilizes commodity futures contracts to manage its exposure to commodity markets.

Forwards

A forward contract is a contract between two parties to buy or sell an asset at a specified price at a future date. OTC currency forward contracts are contractual agreements between two parties to exchange a notional amount of one currency for another at a specified price for settlement at a future date. OPTrust utilizes foreign exchange forward contracts to modify currency exposure for both economic hedging and active currency management.

Options

Options are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option) a security, currency or another financial instrument at a specified price at or by a future date. They may be acquired in standardized amounts on regulated exchanges or may be customized and acquired in the OTCmarket. OPTrust utilizes options to manage its directional and volatility exposures for both economic hedging and active investing.

Swaps

Swaps are OTC contracts between two parties to exchange a series of cash flows. Swap contracts include the following:

An interest rate swap is a contractual agreement between two parties to exchange a series of fixed or floating cash flows based on a notional amount of principal. OPTrust utilizes interest rate swaps to manage interest rate exposures and duration exposures.

A credit default swap is a contractual agreement between two parties to provide protection against a change in value due to a credit event of referenced debt instruments. The purchaser pays premiums to the seller on the credit default swap in return for payment related to a change in value due to credit events. OPTrust utilizes credit default swaps to promote credit risk diversification.

A total return swap is a contractual agreement between two parties to provide the investment return on a referenced asset. The receiver of the total return on the asset pays a floating rate of interest to the payer of the asset total return. OPTrust utilizes total return swaps to promote asset risk diversification.

The notional amounts of derivative contracts represent the nominal or face amount that is used to calculate the cash payments made on that contract. The fair values of the derivative contracts included in the financial statements are determined by using the notional values and changes in the market rates or prices relative to the original terms of the contract. The notional values do not necessarily reflect the future cash flows to be exchanged nor do they indicate OPTrust's exposure to market or credit risk.

The following schedule presents the notional and fair value of OPTrust's derivative contracts held:

As at December 31 ($ millions)	2025 Notional amount	2025 Fair value assets	2025 Fair value liabilities	2024 Notional amount	2024 Fair value assets	2024 Fair value liabilities
Interest rate contracts						
Futures - long positions	**990**	**—**	**—**	2,433	—	—
Futures - short positions	**266**	**—**	**—**	2,523	—	—
Equity contracts						
Futures - long positions	**3,847**	**—**	**—**	1,503	—	—
Futures – short positions	**389**	**—**	**—**	—	—	—
Options - long positions	**906**	**24**	**—**	119	3	—
Options - short positions	**829**	**—**	**(22)**	126	—	(2)
Swaps	**398**	**—**	**(9)**	593	—	(3)
Commodity contracts						
Futures - long positions	**1,552**	**—**	**—**	1,550	—	—
Futures - short positions	**—**	**—**	**—**	280	—	—
Swaps	**137**	**1**	**—**	—	—	—
Currency contracts						
Forwards	**20,795**	**129**	**(23)**	23,062	126	(199)
Options - long positions	**1,480**	**6**	**—**	**—**	**—**	**—**
Credit contracts						
Credit default swaps - short positions	**—**	**—**	**—**	1,237	97	—
TOTAL DERIVATIVES	**31,589**	**160**	**(54)**	33,426	226	(204)

The following schedule presents the notional values of OPTrust's derivative positions by term to maturity:

As at December 31 ($ millions)	2025 Within 1 year	2025 1 to 5 years	2025 5 to 10 years	2025 Over 10 years	2025 Total	2024 Within 1 year	2024 1 to 5 years	2024 5 to 10 years	2024 Over 10 years	2024 Total
Interest rate contracts	**1,256**	**—**	**—**	**—**	**1,256**	4,078	878	—	—	4,956
Equity contracts	**6,369**	**—**	**—**	**—**	**6,369**	2,341	—	—	—	2,341
Commodity contracts	**1,689**	**—**	**—**	**—**	**1,689**	1,830	—	—	—	1,830
Currency contracts	**22,275**	**—**	**—**	**—**	**22,275**	23,062	—	—	—	23,062
Credit contracts	**—**	**—**	**—**	**—**	**—**	—	1,237	—	—	1,237
TOTAL	**31,589**	**—**	**—**	**—**	**31,589**	31,311	2,115	—	—	33,426

E. SIGNIFICANT INVESTMENTS

The following schedule presents OPTrust investments having a fair value or cost exceeding 1% of the fair value or cost of net investment assets as at December 31.

	2025			2024		
As at December 31 ($ millions)	**Number of investments**	**Fair value**	**Cost**	Number of investments	Fair value	Cost
Fixed income	**5**	**1,520**	**1,623**	8	2,071	2,153
Public Equity	**—**	**—**	**—**	1	2,137	2,161
Pooled and hedge funds	**2**	**1,061**	**863**	2	1,120	856
Real Estate	**3**	**1,213**	**1,242**	2	737	643
Private equity	**4**	**1,600**	**390**	5	1,756	415
Infrastructure	**6**	**3,242**	**1,439**	6	2,882	1,412

As at December 31, 2025, the investments where the individual investment has a fair value or cost exceeding 1% of the fair value or cost of net investment assets are as follows:

- **Fixed income** – Bonds issued by the Government of Canada and the Province of Ontario.
- **Pooled and hedge funds** – MAN FRM Bespoke Alpha LP., and Carlyle Ontario Credit Partnership, L.P.
- **Real estate** – Project Stewart LLC, OPTrust Senakw Investment Holdings Inc, and Unison Midgard Fund LP.
- **Private equity** – Kinetic Co Pty Limited, Atmosphere Aggregator Holdings II, L.P., ONEX Fox LP and SGU Holdings LP.
- **Infrastructure** – Globalvia Infraestructuras, S.A., BRUC OPT Energy Partners S.L., Kineticor Resources, Kin Power Group Pty Ltd., Firelight Infrastructure Partners, and Jaguar Transport Holdings, LLC.

F. RISK MANAGEMENT

OPTrust is subject to certain investment risks and engages in risk management practices to help ensure that sufficient assets will be available to fund pension benefits. OPTrust has identified our general approach to risk along with the level of risk we are willing to accept for each key risk category. We have also established a framework for effective risk management. This encompasses the monitoring, managing and reporting of enterprise risks including investment risks. Our risk approach, principles and framework are reviewed and approved by the Board.

The Board has delegated responsibility for managing risk to the President & Chief Executive Officer (CEO) but retains responsibility for approving OPTrust's approach to risk and monitoring risks identified by management as top enterprise risks, which have the potential to prevent OPTrust from meeting one or more of its strategic objectives. The CEO has delegated day-to-day responsibility for implementing the investment-related aspects of risk management to the Chief Risk Officer and Senior Vice President Actuarial Services and Plan Policy, who ensures investment risks are measured and monitored against limits and guidelines, and to the Chief Investment Officer, who ensures that the investment risks are accurately priced and incorporated into the investment decision-making process.

There is a potential risk that OPTrust will not have sufficient assets available to fund future pension benefits. OPTrust manages this risk by focusing on the funded status of the Plan, measured as the ratio of assets to liabilities. Since the funded status of the Plan is a function of both assets and liabilities, and both are affected by the investment environment, managing investment risks is central to ensuring assets will not fall short of liabilities.

Investment Risk

Investment risk includes the following types of risk:

- Market risk (including interest rate, foreign currency, equity price and commodity price risks)
- Credit risk; and
- Liquidity risk.

Market Risk

Market risk is the risk that the value of an investment will be adversely affected by changes in interest rates, foreign exchange rates, inflation rates, equity and commodity prices. OPTrust manages market risk through investment management practices designed to optimize the relationship between risk and return and the diversification of investments across a variety of asset classes. Risk mitigation strategies aimed at lowering the total fund's risk level are actively employed.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The potential exposure results from either changes in floating interest rates which increase or decrease cash flows or changes in the values of assets or liabilities for fixed rate instruments (e.g., bonds and mortgages). During periods of rising interest rates, the market value of the existing fixed rate instruments will generally decrease.

A 1% increase or decrease in interest rates, with all other variables held constant, would result in a decrease or increase in the value of the fixed income portfolio of $791 million (2024 - $836 million) respectively. The change in fair value will be offset by a change in the value of our pension liability which is also correlated to a change in interest rates.

The following table illustrates how fair value is allocated among the various types of interestbearing investments based upon the contractual maturity of the securities:

	2025					2024				
As at December 31 ($ millions)	**Within 1 year**	**1 to 5 years**	**5 to 10 years**	**Over 10 years**	**Total**	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
Short-term investments	**842**	**—**	**—**	**—**	**842**	874	—	—	—	874
Government and corporate bonds	**13**	**828**	**1,599**	**4,287**	**6,727**	—	250	1,828	4,227	6,305
Resell agreements	**1,135**	**—**	**—**	**—**	**1,135**	1,307	—	—	—	1,307
TOTAL	**1,990**	**828**	**1,599**	**4,287**	**8,704**	2,181	250	1,828	4,227	8,486

OPTrust manages interest rate risk relative to its liabilities by balancing investments between interest-sensitive investments and those subject to other risks. There are also certain real estate, private equity and infrastructure investments which may have interest rate components making them subject to interest rate exposure.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of foreign investments will be affected by changes in foreign currency exchange rates for Canadian dollars.

OPTrust's market value exposure to foreign currencies is as follows:

	2025			2024
As at December 31 ($ millions)	**Gross exposure**	**Impact of derivatives[a]**	**Net exposure**	Net exposure
Canadian Dollar	**13,490**	**11,147**	**24,638**	20,204
Foreign currency exposure				
United States	**8,704**	**(7,924)**	**780**	7,160
British Pound Sterling	**611**	**(259)**	**352**	6
Japanese Yen	**92**	**94**	**186**	(85)
Hong Kong dollar	**33**	**126**	**159**	(73)
New Taiwan Dollar	**45**	**99**	**144**	(44)
Euro	**2,315**	**(2,185)**	**130**	(265)
Europe-other	**69**	**159**	**228**	(236)
Asia Pacific	**1,669**	**(1,514)**	**155**	311
Emerging Markets	**161**	**257**	**417**	(172)
	13,699	**(11,147)**	**2,551**	6,602
NET INVESTMENTS	**27,189**	**—**	**27,189**	26,806

[a] The impact of derivatives reflects the foreign currency exposure represented by the notional amount economically hedged using currency forwards.

The impact of a 5% absolute change in the Canadian dollar against the top five currency exposures held at year-end, holding all other variables constant would have resulted in a $ +/-109 million change in net assets available for benefits as at December 31, 2025 (2024 - $ +/-360 million).

As at December 31 ($ millions)	Change versus Canadian Dollar	2025 Change in net assets available for benefits	2024 Change in net assets available for benefits
United States Dollar	**+/-5%**	**+/-68**	+/-369
British Pound	**+/-5%**	**+/-17**	+/-0
Japanese Yen	**+/-5%**	**+/-9**	+/-(-4)
Hong Kong dollar	**+/-5%**	**+/-8**	+/-(-3)
New Taiwan Dollar	**+/-5%**	**+/-7**	+/-(-2)
TOTAL		**+/-109**	+/-360

Currency risk is managed at the total OPTrust level. OPTrust economically hedges most of its currency exposure using currency forwards. The remaining unhedged exposures include currencies that are used to diversify total portfolio risk, emerging market currencies and opportunistic exposures.

(c) Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in equity market prices whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. OPTrust is exposed to equity price risk through its investment in public and private equities.

The table below shows the impact of a 10% change in public and private equity markets.

As at December 31 ($ millions)			2025	2024
Equity market[a]	**Market index**	**Change in market index[b]**	**Change in net assets available for benefits**	Change in net assets available for benefits
Public equities	MSCI World Developed Index	**+/-10%**	**+/-365**	+/-431
Private equities	MSCI World Developed Index	**+/-10%**	**+/-427**	+/-457
TOTAL			**+/-792**	+/-888

[a] Equity market is based on the specific exposure of the investment.
[b] For each equity category, the expected effect of a 10% change in the market index is estimated using market data since January 2004. Currency exchange rates are not affected by the change in market indices.

OPTrust manages equity price risk through adherence to approved policies and guidelines, which includes ensuring thresholds are being met through monitoring equity exposures in developed and emerging markets, as well as total fund.

(d) Commodity Price Risk

Commodity price risk is the risk that the fair value of investments will fluctuate due to changes in market prices of commodities.

The table below shows the impact of a 10% change in gold and broad commodity indices:

As at December 31 ($ millions)			2025	2024
Commodity market	**Market benchmark**	**Change in market index[a]**	**Change in net assets available for benefits**	Change in net assets available for benefits
Gold	S&P GSCI Gold Total Return Index	**+/-10%**	**+/-139**	+/-131
Broad commodity exposure	Bloomberg Commodity Index	**+/-10%**	**+/-19**	+/-(-14)
TOTAL			**+/-158**	+/-117

Credit risk

Credit risk is the risk of financial loss due to a counterparty, borrower, issuer, endorser or guarantor failing to make payments under its contractual obligations. OPTrust has exposure to credit risk through short-term investments, bonds, resell agreements and OTC derivatives.

The credit risk exposure by credit rating of our counterparties, without taking account of any collateral held is as follows:

	2025						2024					
As at December 31 ($ millions)	**Short-term investments**	**Bonds**	**Resell agreements**	**Derivatives[a]**	**Real estate debt**	**Total**	Short-term investments	Bonds	Resell agreements	Derivatives[a]	Real estate debt	Total
AAA/ R-1 high	**320**	**—**	**—**	**—**	**21**	**341**	375	—	—	—	23	398
AA/R-1 mid	**51**	**5,428**	**—**	**—**	**2**	**5,481**	258	6,304	—	—	6	6,568
A/R-1 low	**320**	**1,299**	**1,135**	**106**	**14**	**2,874**	130	1	1,307	129	14	1,581
BBB/ R-2 Low or lower[a]	**151**	**—**	**—**	**—**	**92**	**243**	111	—	—	—	119	230
Unrated	**—**	**—**	**—**	**—**	**343**	**343**	—	—	—	—	537	537
TOTAL	**842**	**6,727**	**1,135**	**106**	**472**	**9,282**	874	6,305	1,307	129	699	9,314

[a] Excludes exchange-traded derivatives.

OPTrust mitigates credit risk on debt securities through adherence to approved policies and guidelines, which includes guidelines on exposure to single issuers.

Credit risk from OTC derivatives and resell agreements is managed by requiring counterparties to post collateral in order to back the fair value of these derivative contracts.

Credit risk for investments is measured by the positive fair value of the contractual obligations with the counterparties less any collateral or margin received as at the reporting date. OPTrust also monitors how the positive fair value of OTC derivatives and resell agreements may change in the future to ensure adequate collateral is in place.

OPTrust's collateral arrangements that support certain investment activities are as follows:

(a) Derivatives

Collateral is received from and pledged to counterparties to manage credit risk from OTC derivatives in accordance with the Credit Support Annex (CSA), which forms part of the applicable International Swaps and Derivatives Association (ISDA) Master Agreement. All uncleared derivatives are subject to global regulatory requirements requiring a CSA in conjunction with an ISDA. All of the OTC derivatives OPTrust engages in are fully collateralized, and as a result OPTrust has a right to offset credit risk against collateral received due to a default, insolvency, bankruptcy or other early termination events. In the case of exchange-traded derivatives, there is no provision to offset against obligations to the same counterparty.

(b) Resell and repurchase agreements

Resell and repurchase agreements include collateral received and pledged from and to counterparties.

(c) Securities lending program

OPTrust participates in a securities lending agreement whereby it lends securities to approved borrowers. OPTrust secures its exposure through the receipt of security collateral of at least 105% of the value of the securities lent. All securities lent are recallable on demand at the option of OPTrust. Credit risk associated with the borrower is mitigated by requiring the borrower to provide collateral with market values exceeding the market value of the loaned securities. OPTrust continues to recognize securities on loan and does not recognize securities received as collateral.

The fair value of collateral received and pledged for derivatives, resell and repurchase agreements as well as for securities loaned as at December 31, is as follows:

As at December 31 ($ millions)	**2025**	2024
Derivatives		
Collateral received[a]	**(124)**	(44)
Collateral pledged[b]	**310**	470
Resell and repurchase agreements		
Associated receivable from resell agreements	**1,135**	1,307
Collateral received[c]	**(1,128)**	(1,290)
Associated liability from repurchase agreements	**(394)**	(1,633)
Collateral pledged[c]	**397**	1,616
Securities lending program		
Securities loaned	**30**	11
Collateral received	**(32)**	(12)

[a] Includes cash collateral (received) of $(124) million (2024 - $(44) million).
[b] Includes cash collateral pledged of $4 million (2024 - $131 million).
[c] Includes net cash collateral pledged/(received) of $4 million (2024 - $(6) million).

(d) Offsetting arrangements

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where OPTrust currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, OPTrust enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of the contracts.

The following table presents the recognized financial instruments that are offset, or subject to enforceable netting arrangements as at December 31, 2025 and 2024. Similar arrangements include repurchase agreements, resell agreements, securities lending and any related rights to financial collateral.

	2025				
				Related amounts not set-off in the statement of financial position	
As at December 31 ($ millions)	Gross amounts of recognized financial instruments	Gross amounts of recognized financial instruments set-off	Net amounts of financial instruments presented	Financial collateral (received)/pledged	Net amount
Financial assets					
Derivative instruments	215	(55)	160	(124)	36
Resell agreements	1,135	—	1,135	(1,128)	7
Securities lending	30	—	30	(30)	—
TOTAL FINANCIAL ASSETS	1,380	(55)	1,325	(1,282)	43
Financial liabilities					
Derivative instruments	(109)	55	(54)	54	—
Resell agreements	(394)	—	(394)	394	—
TOTAL FINANCIAL LIABILITIES	(503)	55	(448)	448	—

As at December 31 ($ millions)	2024				
Financial assets					
Derivative instruments	361	(135)	226	(44)	182
Resell agreements	1,307	—	1,307	(1,290)	17
Securities lending	11	—	11[a]	(11)	—
TOTAL FINANCIAL ASSETS	1,679	(135)	1,544	(1,345)	199
Financial liabilities					
Derivative instruments	(339)	135	(204)	204	—
Repurchase agreements	(1,633)	—	(1,633)	1,616	(17)
TOTAL FINANCIAL LIABILITIES	(1,972)	135	(1,837)	1,820	(17)

[a] These securities are included in public equity investments.

Liquidity Risk

Liquidity risk is the potential that OPTrust will not be able to meet payment obligations for pension payments, operating expenses or investment activities as they come due without the forced sale of assets. OPTrust has exposure to liquidity risk through its investment commitments, which are required to be funded in future periods, as well as through holding certain investments including pooled and hedge funds, private equity, infrastructure and real estate investments, which by nature are less liquid than public market assets (see Note 10). An additional source of liquidity risk exposure is OPTrust's use of derivatives with their potential margin calls which are impacted by daily market movements.

OPTrust forecasts and manages cash flows centrally to ensure it meets its obligations when due without unintended early liquidation of assets.

OPTrust's cash and liquidity positions are monitored daily for compliance with guidelines and limits established in a liquidity framework. Both short-term and long-term cash and liquidity requirements are assessed within this framework. In addition, OPTrust conducts various stress tests to examine how they may impact liquidity.

Liquidity risk is managed by holding cash and certain short-term investments, liquid money market securities and unencumbered high-quality liquid securities that can be sold under repurchase agreements to raise funds. A core liquidity reserve is maintained for deployment in the event of severe market disruption.

The remaining terms to contractual maturity of OPTrust's investment-related liabilities are as follows:

	2025				2024			
As at December 31 ($ millions)	**Within 1 year**	**1 to 5 years**	**5 to 10 years**	**Total**	Within 1 year	1 to 5 years	5 to 10 years	Total
Cash collateral received	**(124)**	**—**	**—**	**(124)**	(56)	—	—	(56)
Due to brokers and other liabilities	**(29)**	**(17)**	**—**	**(46)**	(206)	(19)	—	(225)
Derivative instruments	**(54)**	**—**	**—**	**(54)**	(204)	—	—	(204)
Repurchase agreements	**(394)**	**—**	**—**	**(394)**	(1,633)	—	—	(1,633)
TOTAL	**(601)**	**(17)**	**—**	**(618)**	(2,099)	(19)	—	(2,118)

OPTrust maintains unsecured credit facilities to meet potential liquidity requirements. As at December 31, 2025, $91 million (2024 - $137 million) was drawn on the credit facilities in the form of letters of credit, with $489 million (2024 - $244 million) being undrawn.

4. Net Investment Income

The following schedule presents the net investment income of OPTrust's investments by asset class:

	2025			2024		
For the years ended December 31 ($ millions)	**Investment income/ (loss)**	**Net gain/ (loss) on investments[a]**	**Net investment income/ (loss)[b/c]**	Investment income/ (loss)	Net gain/ (loss) on investments[a]	Net investment income/ (loss)[b/c]
Fixed income						
Cash and short-term investments	**58**	**(1)**	**57**	87	(8)	79
Government and corporate bonds						
Canadian	**246**	**(222)**	**24**	220	(94)	126
Foreign	**—**	**—**	**—**	(14)	(16)	(30)
	304	**(223)**	**81**	293	(118)	175
Public equity						
Canadian	**—**	**13**	**13**	1	11	12
Foreign	**21**	**(351)**	**(330)**	19	83	102
	21	**(338)**	**(317)**	20	94	114
Pooled and hedge funds	**20**	**135**	**155**	10	508	518
Real estate	**127**	**(533)**	**(406)**	147	(171)	(24)
Private equity	**47**	**125**	**172**	51	892	943
Infrastructure	**31**	**189**	**220**	44	352	396
Derivative instruments	**—**	**1,307**	**1,307**	—	344	344
	225	**1,223**	**1,448**	252	1,925	2,177
	550	**662**	**1,212**	565	1,901	2,466
Investment management expenses						
External manager fees[d]			**(2)**			(5)
Transaction costs			**(26)**			(24)
			(28)			(29)
NET INVESTMENT INCOME			**1,184**			2,437

[a] Includes net realized gain of $922 million and net unrealized loss of $(260) million in 2025 and net realized gain of $1,258 million and net unrealized gain of $643 million in 2024.

[b] Certain investment-related disbursements of $44 million in 2025 (2024 - $51 million) have been netted against net investment income/(loss).

[c] Net of management fees not directly invoiced and performance fees for portfolio management.

[d] OPTrust invests with external managers and their fees are primarily netted against investment income as noted in (c). These separately presented fees represent amounts paid directly by the Plan.

5. Pension Obligations

A. FINANCIAL STATEMENT VALUATION

OPTrust annually reviews the actuarial assumptions used in the financial statement valuation to ensure that they reflect management's best estimate of expected trends. The key economic assumptions used for the valuation are as follows:

As at December 31	**2025**	2024
Inflation rate	**2.00%**	2.00%
Discount rate (real)	**4.15%**	3.95%
Discount rate (nominal)	**6.15%**	5.95%
Salary increases (nominal)	**2.75%**	2.75%

The inflation rate is derived from long-term expected CPI increases. For the 2025 valuation, the assumed cost-of-living adjustment for pensions under the Primary Schedule remains 2.25% as of January 1, 2027.

The financial statement discount rate is based on the long-term expected return of plan assets proposed by management and approved by the Board. The nominal discount rate is 6.15% as at December 31, 2025 (2024 - 5.95%) which reflects current market conditions and return expectations.

Salary increases reflect the long-term inflation rate plus general Plan member salary increases.

The actuarial assumption change gain of $361 million (2024 - loss of $234 million) on the Plan's pension obligations is due to the changes in economic assumptions noted above, and a loss of $198 million due to the inclusion of the rate stabilization reserves (2024 - $0). The liabilities include a reserve of $423 million to reflect the potential impact of future longevity improvements (2024 - reserve of $421 million).

Net experience gains of $72 million (2024 - gain of $368 million) on the Plan's pension obligations are due to differences between actual experience and assumptions of which $136 million (2024 - $142 million) is due to cost-of-living adjustments being lower than expected.

B. FUNDING VALUATION

The funding valuation is based on the modified aggregate method. This method considers a time horizon that includes accumulation of benefits and receipt of contributions in respect of current members in future periods. Generally, the actuarial assumptions used to determine the pension obligations for funding purposes are more conservative than those used for the financial statement valuation. Pension obligations are valued using economic assumptions developed by reference to long-term market conditions. The funding valuation is used to identify gains or losses. Gains or losses are first split between the Primary Schedule and OPTrust Select based on the accrued liability. Gains and losses are shared equally between the Sponsors.

Gains attributed to the Primary Schedule will be allocated at the discretion of the Sponsors to fund benefit improvements, reduce contributions, or reduce any existing funding deficiencies. Funding deficiencies resulting from losses are funded over a maximum of 15 years from increased contributions.

Gains attributed to OPTrust Select are allocated at the discretion of the Sponsors after all intended benefit enhancements have been provided to members. The Sponsors can fund benefit improvements, reduce contributions, or reduce any existing funding deficiencies. Funding deficiencies resulting from losses primarily reduce the level of benefit enhancements from those intended.

In accordance with the *Pension Benefits Act,* the *Income Tax Act* and regulations, an actuarial valuation for funding purposes is required to be filed at least every three years to assess OPTrust's financial position, and to determine the funding requirements. In 2026, OPTrust is expected to file with the regulator the December 31, 2025 funding valuation, as prepared by Towers Watson Canada Inc., showing that the Plan is fully funded, and the next funding valuation will not be required to be filed until December 31, 2028.

6. Capital

OPTrust defines capital as the funded position of the Plan, whether in surplus or deficit. Surplus is generated during periods of favourable investment performance and drawn down during periods of unfavourable investment performance in order to maintain OPTrust's ability to pay its pension obligations without unduly affecting contribution levels. OPTrust is not under regulatory requirements as it relates to capital. The surplus was $4,731 million as of December 31, 2025 (2024 - $4,379 million). The objective of managing capital is to ensure the Plan is fully funded to pay the plan benefits over the long term. A funding valuation is used to manage capital by identifying gains or losses as described in Note 5. OPTrust prudently manages its investments to satisfy its long-term funding requirement in accordance with its *Statement of Investment Policies and Procedures* (SIP&P) and other policies and guidelines. The SIP&P is reviewed at least annually by the Board. In addition, funding risk is managed through strategic limits established in the *Risk Appetite Statemen*t (RAS).

7. Contributions

For the years ended December 31 ($ millions)	2025	2024
Members		
Current service[a]	**318**	288
Prior service	**19**	102
Long-term income protection[b]	**18**	19
	355	409
Employers		
Current service[a]	**318**	287
Prior service	**7**	46
Long-term income protection[b]	**19**	19
	344	352
Transfers from other plans	**17**	20
TOTAL CONTRIBUTIONS	**716**	781

[a] All contributions paid by members for current service are required contributions.
[b] The employer pays member contributions for long-term income protection.

As at December 31, 2025 employers' and members' contributions receivable were $42 million (2024 - $42 million) and $26 million (2024 - $30 million) respectively. OPTrust reconciles contributions for each employer on a member-by-member basis.

8. Benefits Paid

For the years ended December 31 ($ millions)	2025	2024
Retirement pensions	**1,139**	1,104
Transfers to Public Service Pension Plan	**200**	210
Refunds, commuted value transfers and death benefits	**68**	61
Transfers to other plans	**10**	20
TOTAL BENEFITS PAID	**1,417**	1,395

9. Administrative Expenses

Investment administrative expenses[a]

For the years ended December 31 ($ millions)	2025	2024
Administration	**61**	60
Professional services[b]	**4**	4
Custodial fees	**1**	1
TOTAL INVESTMENT ADMINISTRATIVE EXPENSES	**66**	65

Pension administrative expenses[a]

For the years ended December 31 ($ millions)	2025	2024
Administration	**38**	36
Professional services[b]	**2**	2
System development[c]	**7**	7
TOTAL PENSION ADMINISTRATIVE EXPENSES	**47**	45

[a] Includes corporate expenses.
[b] Total professional services include external audit expense of $737 thousand (2024 - $757 thousand), actuarial expense of $342 thousand (2024 - $309 thousand) and Trustee expenses of $163 thousand (2024 - $146 thousand) .

10. Commitments, Guarantees, Indemnifications and Contingencies

A. Commitments

In the normal course of business, certain OPTrust entities may enter into commitments to fund certain investments over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2025, these commitments totaled $2,258 million (2024 - $2,767 million). OPTrust also has future lease commitments for office premises.

B. Guarantees

OPTrust enters into guarantee agreements related to certain investments. OPTrust is required to make payments to a third party if the investment companies fail to pay or perform a stated obligation to that party.

OPTrust's investment commitments, guarantees and lease commitments are as follows:

As at December 31 ($ millions)	**2025**	2024
Investment commitments	**2,258**	2,767
Guarantees	**950**	991
Lease commitments	**25**	28
TOTAL INVESTMENT COMMITMENTS, GUARANTEES AND LEASE COMMITMENTS	**3,233**	3,786

C. Indemnifications

OPTrust indemnifies its Trustees and staff against certain claims that may be made against them to the extent that these individuals are not covered under other arrangements.

D. Contingencies

As at December 31, 2025, OPTrust is involved in litigation and claims which arise in the normal course of business. The outcome of such litigation and claims is often inherently difficult to predict. Any liability that may arise from litigation and claims has been recognized as appropriate or has been determined to have an insignificant impact on the financial statements.

11. Related Party Disclosures

In the normal course of business OPTrust purchased short-term investments and bonds at the prevailing market prices that were issued by the Province of Ontario, a sponsor of the Plan and whose employees are members of the Plan. The fair market value of these investments as at December 31, 2025, was $2,827 million (2024 - $2,479 million). Investment income recorded on these investments amounted to $101 million for the year-ended December 31, 2025 (2024 - $154 million).

OPTrust has a joint venture partnership with GWL Realty (GWL) in the ownership of its head office. In 2025, the amounts paid to the joint venture with GWL amounted to $5 million (2024 - $5 million). On June 20, 2022, OPTrust entered into a new 10-year lease for its head office, commencing on January 1, 2024 and expiring on December 31, 2033. The future minimum lease payments by year, and in aggregate, are as follows:

($ millions)	**Minimum Lease Payments**
2026	**3**
2027	**3**
2028	**3**
2029	**3**
Thereafter	**13**
TOTAL MINIMUM LEASE PAYMENTS	**25**

12. Key Management Personnel Compensation

Key management personnel consist of senior executives having authority and responsibility for planning and directing the activities of OPTrust. The aggregate key management personnel compensation is shown below:

For the years ended December 31 ($ thousands)	**2025**	2024
Salaries, short-term employee benefits and termination benefits	**6,337**	5,736
Other long-term benefits	**2,532**	2,958
Post-employment benefits	**455**	499
TOTAL	**9,324**	9,193

Ten-year financial review (unaudited)

As at December 31 ($ millions)	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
CHANGES IN NET ASSETS										
Changes due to investment activities	**1,118**	2,372	1,274	(580)	3,465	1,901	2,217	145	1,742	1,037
Changes due to pension activities	**(748)**	(659)	(777)	(690)	(598)	(545)	(464)	(498)	(497)	(391)
INCREASE/ (DECREASE) IN NET ASSETS	**370**	1,713	497	(1,270)	2,867	1,356	1,753	(353)	1,245	646
NET ASSETS										
Investments										
Cash and short-term investments	**1,724**	1,432	1,882	3,004	5,330	5,681	2,725	3,406	3,332	2,417
Government and corporate bonds and debentures	**6,727**	6,305	7,440	6,525	2,883	3,791	9,162	6,285	5,573	4,227
Real return bonds	**—**	—	—	453	1,391	1,355	1,059	866	430	438
Bank loan notes	**—**	—	—	—	—	—	—	—	—	168
Public equity	**389**	2,643	575	1,058	1,887	1,908	1,699	1,425	2,318	3,422
Pooled and hedge funds	**3,061**	2,766	3,888	4,274	3,554	2,936	4,866	5,863	4,573	2,597
Real estate	**4,491**	4,239	4,436	4,679	3,981	3,189	3,091	2,927	2,823	2,884
Private equity	**5,228**	5,341	4,729	4,012	4,017	3,178	2,797	2,288	1,920	1,595
Infrastructure	**4,884**	4,505	4,222	4,159	3,364	2,620	2,405	2,476	2,136	2,065
Investment-related assets	**1,303**	1,693	493	504	799	1,781	805	324	481	132
	27,807	28,924	27,665	28,668	27,206	26,439	28,609	25,860	23,586	19,945
Contributions receivable	**68**	72	62	56	56	52	49	52	48	53
Other assets	**31**	26	26	5	2	9	8	11	5	4
TOTAL ASSETS	**27,906**	29,022	27,753	28,729	27,264	26,500	28,666	25,923	23,639	20,002
Liabilities										
Accounts payable and accrued charges	**(65)**	(51)	(61)	(63)	(26)	(38)	(28)	(39)	(44)	(49)
Investment-related liabilities	**(618)**	(2,118)	(2,552)	(4,023)	(1,325)	(3,416)	(6,948)	(5,947)	(3,305)	(908)
TOTAL LIABILITIES	**(683)**	(2,169)	(2,613)	(4,086)	(1,351)	(3,454)	(6,976)	(5,986)	(3,349)	(957)
NET ASSETS AVAILABLE FOR BENEFITS	**27,223**	26,853	25,140	24,643	25,913	23,046	21,690	19,937	20,290	19,045
Pension obligations	**(22,492)**	(22,474)	(22,064)	(20,776)	(21,365)	(20,682)	(20,220)	(18,453)	(18,265)	(17,316)
SURPLUS	**4,731**	4,379	3,076	3,867	4,548	2,364	1,470	1,484	2,025	1,729

With net assets of over $27 billion, OPTrust invests and manages one of Canada's largest pension funds and administers the OPSEU Pension Plan (including OPTrust Select), a defined benefit plan with 118,000 members and retirees.

OPTrust

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This report summarizes certain provisions of the OPSEU Pension Plan. Please note that this report does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflict or omission, the legal requirements of the OPSEU Pension Plan will govern in all cases.

ISSN 1204-0525