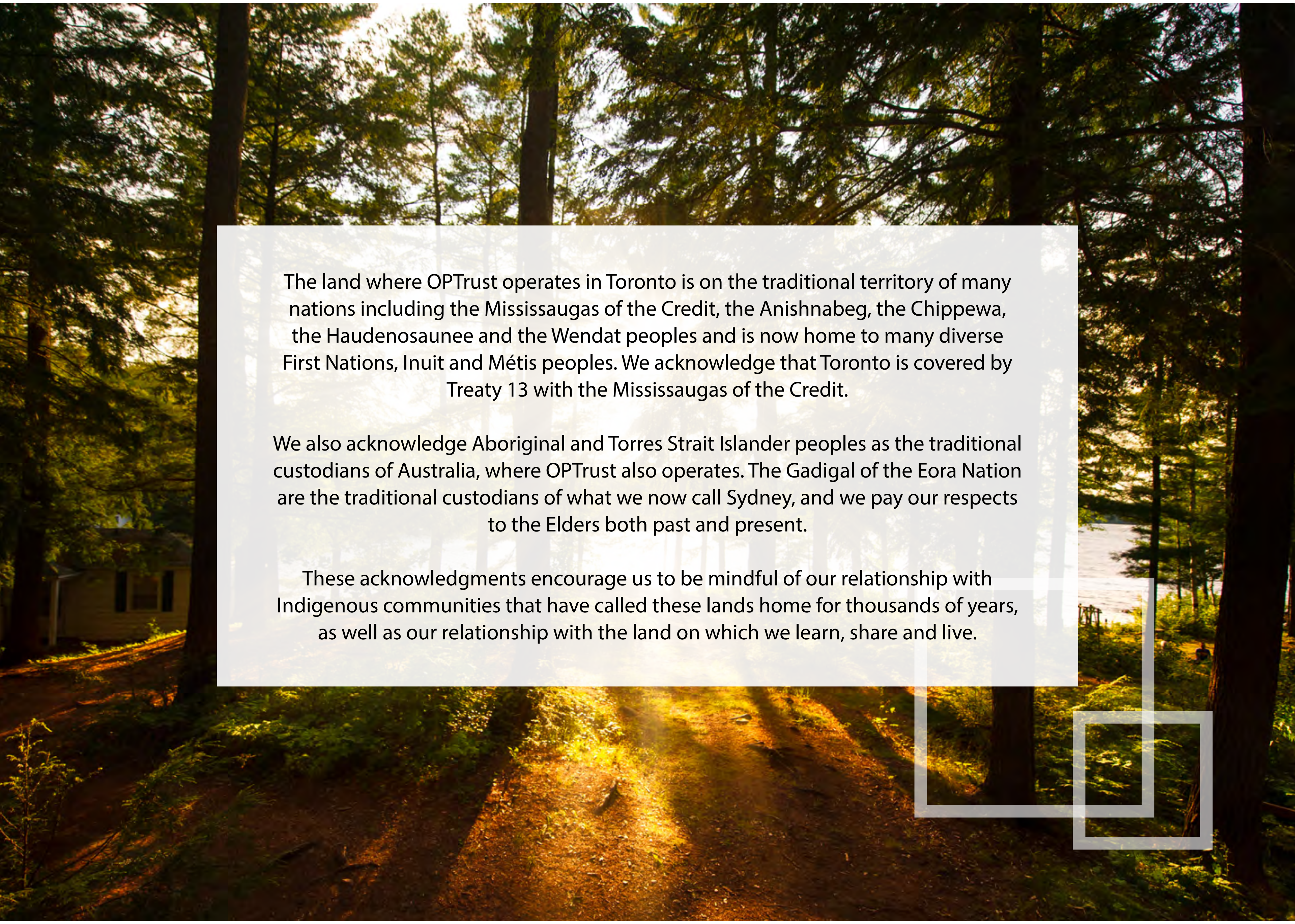
OPTrust

YOUR FUTURE. OUR MISSION.

2024 Funded Status Report



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.

Paying pensions today, preserving pensions for tomorrow.

“Having an OPTrust pension gives me confidence in my future as well as security and stability that I can count on — no matter what life brings.”

Andrea Taylor
Youth Services Officer
Ministry of Children, Community and Social Services

"Buying back my pension service was a smart move for my future. It's one of those decisions you look back on and truly appreciate. I encourage everyone to explore the buyback option as I found it to be beneficial."

Harry Friedman
Customer Service Representative
LCBO

“Accessing OPTrust’s online services keeps me informed about my pension. I like logging into my account to view my pension estimates and access information, which helps me set my financial goals.”

Akash Solanky
Senior Operational Policy Officer
Ministry of Transportation

"OPTrust Select is a game changer for employees working in the non-profit sector. The security of inflation-protected, defined benefit income makes planning decisions for the future so much easier."

Lana Wright
Director of Finance
(Retired December 2024)
Community Food Centres Canada

2024 HIGHLIGHTS

Members appreciate the service we provide — member service rating of **8.7/10**

$26.8 billion
in net assets

9.6%
one-year net investment return

7.0%
10-year average net investment return (2015 – 2024)

OPTRUST REMAINS **FULLY FUNDED** FOR THE **16TH CONSECUTIVE YEAR**

Funding highlights[1]

At December 31 ($ millions)

	2024 VALUATION	2023 VALUATION
Net assets available for benefits	$26,853	$25,140
Actuarial smoothing adjustment	12	390
Actuarial value of assets	26,865	25,530
Liabilities	(26,675)	(25,348)
Surplus	$190	$182

[1] The difference between funding and financial statement valuations is described on pages 17 and 18.

MESSAGE FROM THE CHAIR AND VICE-CHAIR

At OPTrust, our top priority remains delivering pensions today and preserving pensions for tomorrow.

This past year has had its challenges, as global unrest and economic pressures created uncertainties for families and communities worldwide. Despite these hurdles, the team at OPTrust rose to the occasion and provided pension security to our more than 114,000 members, while keeping the Plan fully funded for the 16th consecutive year.

The broader impact of pensions

The impact of our team's work extends far beyond our members and their families. A 2024 Conference Board of Canada study, which OPTrust commissioned with the Healthcare of Ontario Pension Plan and University Pension Plan, found that defined benefit pension plans like ours fuelled the economy by supporting over one million retirees in Ontario. These retirees spent about 98 per cent of their pension benefits within Canada, contributing $34.6 billion to Ontario's gross domestic product — equivalent to three per cent of the province's total GDP in 2023. In addition to retiree spending supporting local economies, OPTrust invests significantly here at home, with 34.8 per cent of our investments being in Canada, including 14.9 per cent in Ontario.

Advancing our strategy

The Board continues to oversee OPTrust's five-year strategic plan, which remains on track as it enters its third year. Among its key initiatives is PATH, the five-year transformation of our pension administration system and associated processes. This project will enable us to better administer pensions while offering better, more modern service to members and pensioners. OPTrust is also making great strides in its climate change strategy to achieve a net-zero portfolio by 2050.

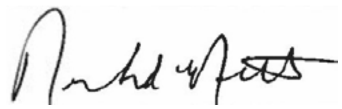
OPTrust's organizational culture seeks to foster growth and development opportunities for our employees, while a strong employee resource group network helps to build a more fulfilling workplace. By encouraging and supporting everyone to achieve their full potential, we will continue to provide outstanding customer service while preserving the long-term sustainability of the Fund.

Board governance

In November 2024, Lindsey Burzese completed her two-year term as Board Chair, and we thank her for her leadership and invaluable contributions. Lindsey has been reappointed to the Board as a Trustee. Richard Nesbitt, who served as Vice-Chair since 2022, assumed the role of Chair and Ram Selvarajah became Vice-Chair. In 2024, we also welcomed Jason Mushynski as a new Trustee and thanked Len Elliott for his contributions as he retired as a Trustee.

2025 outlook

As we move into 2025, we remain committed to furthering OPTrust's strategic plan and supporting our team to do their best work on behalf of our members. We thank the entire OPTrust team and our Trustees for their dedication and hard work throughout 2024. Together, we look forward to building a better future for our members.



Richard Nesbitt
Chair

Ram Selvarajah
Vice-Chair

MESSAGE FROM THE PRESIDENT AND CEO

Over the past year, we provided pension security and financial stability to our more than 114,000 members. Despite modest economic growth, inflation concerns and high interest rates affecting consumer spending and housing, OPTrust achieved a strong one-year net investment return of 9.6 per cent in 2024, bringing our 10-year net investment return to 7.0 per cent. For the 16th consecutive year, OPTrust is fully funded, and we are delivering on our mission even in uncertain times.

Our strong return in 2024 is a testament to the success of our diversified investment strategy and the skill of our investment team. As long-term investors, our strength lies in our ability to look past short-term noise to see long-term value in different assets and investment strategies. Thanks to our Member-Driven Investing strategy, long-term perspective and our world-class team of investment professionals, we have continued to deliver strong results on our investments and pension certainty for our members and retirees.

> We take pride in supporting members through all stages of their careers and into retirement, helping them better understand their pension options and associated benefits.

Supporting our members

We take pride in supporting members through all stages of their careers and into retirement, helping them better understand their pension options and associated benefits. Our members tell us they appreciate the services we provide, giving us a strong service rating year-over-year.

In 2024, the Member Experience and Pension Operations team worked diligently to keep members and former members affected by retroactive salary increases informed about their recalculated benefit entitlements. Recalculating these benefits, as data is received, will continue to be a top priority in 2025.

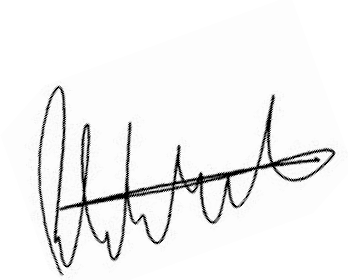
Investing in our team

We continue to invest in the development of our people through initiatives such as our leadership growth program, which empowers leaders at all levels to inspire teams and drive organizational excellence. We also launched OPTrust's mentorship program to provide mentors and mentees with tools and opportunities to grow both professionally and personally.

Looking ahead

As we conclude 2024, we mark another year of being fully funded and providing exceptional service to our members. These achievements reflect the dedication and passion of the entire OPTrust team and the guidance of our Executive Team. I extend my gratitude to the Board of Trustees and Plan Sponsors for their leadership and support throughout the year.

Looking ahead, our focus remains on ensuring pension security and delivering peace of mind in retirement to our members.



Peter Lindley
President and
Chief Executive Officer

OUR CULTURE

With the needs of our members constantly evolving, we know that our internal culture at OPTrust needs to be adaptable and dynamic.

Our core values — collaboration and teamwork, integrity, respect, flexibility, excellence and continuous improvement — are at the heart of our organization's ability to evolve and adapt to changing times. By coming together to learn and share, our teams reinforce their internal capacity while enhancing the overall strength of our organization.

We keep things relevant for our staff, offering a variety of learning opportunities including guest speakers, internal training and skill refreshers. Personalized professional development opportunities and structured mentoring give them the tools they need to advance their skills and careers in parallel with our organizational goals.

We know our strategy is working. Employee surveys show continued strong engagement that is above average compared to similar organizations, and internal advancement numbers show that our in-house expertise continues to grow while our employees develop in their careers.

Inclusion, diversity and equity

Inclusion, diversity and equity (IDE) is a core part of our culture. By fostering an inclusive environment, we broaden our recruitment opportunities, enhance decision-making by increasing the range of perspectives at the table and enrich our member service by mirroring the diversity found in our members and retirees.

Since launching a dedicated IDE strategy, we have seen the continued growth of our employee resource groups (ERGs). These employee-led groups are a valued part of the employee experience and help increase engagement and learning. IDE events and initiatives draw participation from across the organization and at all levels of leadership, including actively engaged executive partners.

As our IDE strategy matures and evolves, we are building on best practices while enhancing collaboration across internal networks, more fully integrating our inclusion initiatives into our broader business activities.

Our employee resource groups (ERGs) continue to drive culture, connection and community in the workplace:

- 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)

2024 Highlights

Launched a new, formal **mentorship program.**

Built organic relationships in the community, including hosting the ONYX Initiative for an evening of **career coaching and mentorship with students and recent grads**.

Maintained focus on mental health and wellness, including celebrating **10 years of Movember** at OPTrust and **raising over $87,000.**

Hosted ERG guest speakers including **Simone Wright** from Parting the Roots and **Deborah Rosati**, founder of Women Get On Board Inc.

Giving back to the community

The OPTrust team gives back to the community through OPTrust Cares, our 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 2024, OPTrust Cares partnered with **New Circles Community Services**, a non-profit grassroots agency that builds strong and caring communities by providing clothing and skills training programs to equity-deserving individuals. OPTrust Cares also supports employee fundraising efforts for **Movember**.

new circles | glow
clothing • connections • community

PENSION FUNDING

OPTrust's mission is paying pensions today, preserving pensions for tomorrow. The Plan's Sponsors — the Government of Ontario and OPSEU/SEFPO — set contribution and future benefit levels based on the Plan's funded status. OPTrust is fully funded for the 16th year in a row.

Plan sustainability

The Plan is sustainable if it continues to deliver a valuable benefit based on an acceptable range of contributions in the short, medium and long term. That means members' contribution levels will remain relatively steady through the years they are making those contributions to the Plan, and they will be paid their pensions when they retire. As of Dec. 31, 2024, the Plan has been fully funded for 16 consecutive years, yet ongoing challenges remain, including the investment environment, persistent elevated inflation, Plan maturity and longevity risk.

Under the primary schedule, pensions that are being paid and deferred pensions are granted automatic annual cost-of-living adjustments (COLA) based on inflation. The inflation assumption used for Plan valuations is based on long-term expectations.

Inflation moderated in 2024, yet continued to be slightly higher than the Bank of Canada's long-term target. As a result of the elevated inflation, we have carried over the short-term adjustment to the COLA assumption used for the 2023 valuation into the 2024 valuation.

Under OPTrust Select, on an annual basis at the discretion of the Board of Trustees, pensions that are being paid may be granted COLA, and active members may be granted accrued benefit upgrades to adjust for inflation. In 2024, the Board of Trustees granted benefit enhancements to both retirees and active members.

While the investment environment has improved in recent years as inflation and interest rates have moderated, risks related to geopolitics, trade and fiscal deficits have been rising. These risks can adversely impact asset returns and the Plan's funded status.

The demographics of the Plan are challenging because the proportion of retirees relative to active contributing members remains high. This situation means funding risk is borne by a smaller group of contributing members, which constrains the amount of investment risk the Plan can bear.

There are several methods to help maintain the Plan's funded status: our Member-Driven Investing (MDI) strategy; the risk tolerance specified in our Risk Appetite Statement; and our funding tools. As Plan challenges continue, the tools at our disposal are applied differently over time. This includes the way we use risk within the MDI strategy. Plan sustainability is directly influenced by how we manage challenges and the amount of risk we are willing to assume. For instance, the discount rate — which reflects the expected long-term return of plan — includes a margin to protect the Plan from future adverse events. This protective margin in our discount rate remains strong at the end of 2024.

We aim to foresee upcoming challenges that could affect Plan sustainability. We perform projections under varying economic environments, such as high inflation and low economic growth, or market collapses and rebounds, to help prepare for outcomes that may affect the level of future contributions and/or benefits.

Funding pensions

The pension commitment spans many decades. In keeping with that long-term horizon, short-term market events, whether positive or negative, should not lead to changes in contributions or benefits, or both. Such changes should only occur when economic conditions, member demographics or behaviours change the long-term expected cost of the benefit.

In setting the funding policy, we seek to maintain a balance between four goals: benefit security, contribution rate stability, fairness between the two schedules of benefits and intergenerational equity. Intergenerational equity means that every generation of members will pay a fair amount for the benefits they receive. Of these goals, the security of accrued benefits is the most important, which is why we strive to keep our commitment to members that they will receive their accrued benefits.

The Plan valuation is used to determine the adequacy of the contribution rate and the funded position of the Plan. Per regulatory requirements, the valuation is filed with regulators at least once every three years. The financial statements valuation is used for disclosure for the purpose of this report. Both actuarial valuations require many different assumptions about future economic conditions and events. "Best estimate" assumptions are unbiased and are based on Plan experience and the consideration of potential future outcomes.

Plan valuations

A Plan valuation presents the Plan's financial information in a manner approved by OPTrust's Board and in accordance with standards and regulations. It 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 Plan valuation and confirms the overall contribution requirements until the next valuation. The Plan 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. See Note 5 under Notes to the financial statements on page 69 for further discussion.

Financial statements valuations

OPTrust's financial statements rely on an actuarial valuation prepared in accordance with Canadian accounting standards for pension plans. The financial statements valuation is prepared using our best estimate assumptions. The valuation recognizes the increase in value of future obligations over time, and pension-related receipts and disbursements. Experience gains or losses (i.e. when actual experience differs from what we assumed) are recognized in the year incurred.

2024 Funding valuation

OPTrust engages independent actuaries to perform regular valuations of the Plan to ensure there are enough assets to meet the projected cost of members' lifetime pensions. OPTrust's 2024 valuation shows the Plan remained fully funded as of Dec. 31, 2024. The funding valuation also showed deferred (or smoothed) investment losses of $12 million, which will be recognized over the next four years. The Plan's real discount rate for the 2024 funding valuation was decreased to 2.90 per cent, net of inflation, down from 3.00 per cent in 2023. The effect of this change increased the total fund liabilities by $499 million. Changes in the Plan's actuarial assumptions can have a major impact on the projected cost of members' pensions and the Plan's funded status.

Funding valuation assumptions

	2024 VALUATION	2023 VALUATION
Inflation rate	2.00%[1]	2.00%[2]
Discount rate (real)	2.90%	3.00%
Discount rate (nominal)	4.90%	5.00%
Salary increases (nominal)[3]	2.75%	2.75%

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

[2] COLA for pensions under the primary schedule assumed to be 3.75%, 3.00% and 2.25% for 2024, 2025 and 2026, respectively.

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

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.

Sensitivity to actuarial assumption changes for the 2024 valuation

($ millions)	+0.5%	-0.5%
Impact of change in inflation-linked assumptions[1]	368	(375)
Impact of change in funding discount rate assumption[2]	2,458	(2,880)
Impact of change in assumed increase in salaries	(879)	767

[1] Assumes equivalent change in economic assumptions that are dependent on inflation excluding the COLA assumption for pensions under the primary schedule for 2025 and 2026 .

[2] Assumes all other assumptions remain unchanged.

SERVING MEMBERS

OPTrust invests and manages one of Canada's largest pension funds. OPTrust 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 non-profit, 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.

Delivering on our mission

We are passionate about delivering pensions to our members today and for generations to come. Our members continue to appreciate the service we provide, giving us a service rating of 8.7/10 in 2024. We are pleased to be within the top 10 globally for service among leading pension plans, as ranked by CEM Benchmarking Inc.

Our team is focused on educating our over 114,000 members about the value of their defined benefit pension, as it is never too early to start planning for retirement.

Helping members feel confident about their future

We provide tailored education and outreach to help members understand their pension and associated benefits. Whether they are starting their careers, are mid-career or are nearing retirement, our members can feel confident about their financial future.

Our dedicated Member Experience and Pension Operations team is skilled at guiding and supporting members through complex life decisions about their pension. Members can access their Annual Pension Statement to get a clear snapshot of their financial future, including their estimated pension benefits and their earliest retirement date. They can also use the online pension estimator to explore different retirement dates and scenarios to help them assess their financial goals.

We have refreshed our public website to empower members to easily find relevant pension information based on where they are in their careers and life journey. Members can also sign up for live and recorded online webinars to get the insights they need.

Updating member pension contributions and buyback costs

In 2024, about 61,000 current and former members received retroactive salary increases dating back to 2022. While some employers have already provided retroactive salary and contribution data, the timing for updates varies by employer and we will continue to receive updated financial information into 2025.

While this volume of retroactive recalculations is unusual, the Member Experience and Pension Operations team is committed to keeping members informed about their recalculated benefit entitlements based on when their employer submits the updates. We understand how important these recalculations are for members and continue to prioritize this work, as well as providing regular updates to members and retirees.

To help members maximize their pensions, we offer buyback options. For example, LCBO members received buyback cost quotes for the period they were on strike in July 2024, allowing them to increase their pension service and, in some cases, qualify earlier for an unreduced pension. By helping members understand and optimize their pension benefits, we instill confidence and peace of mind about their financial future.

Delivering pensions through OPTrust Select

OPTrust Select membership has grown to over 4,600 members and we added one new employer from the charitable, non-profit and broader public sector. Throughout the year, we prioritized continuous improvement, refining our processes and tools to better support our employers and members.

OPTrust remains **fully funded** for the **16th consecutive year**

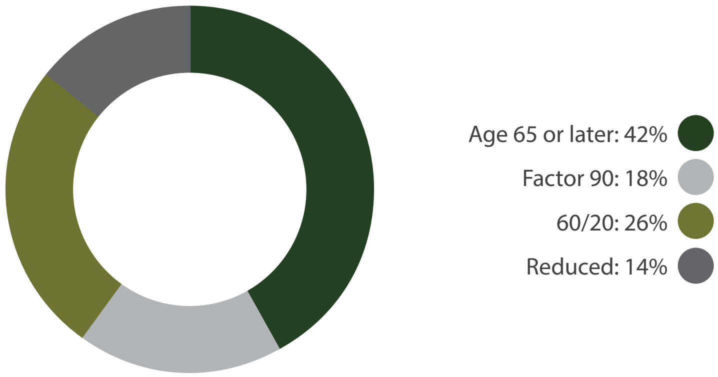
Member service rating of **8.7/10**

Top 10 CEM Benchmarking Inc. global ranking

Supported members through approximately **70,600** life events (member transactions)

$1.4 billion total entitlements paid

2024 Retirement snapshot



In 2024, OPTrust 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.

Membership statistics

At December 31	2024	2023	2022	2021	2020	2019
Active members	**53,930**	53,426	51,206	48,649	47,249	46,330
Average age	43.6	43.6	43.9	44.3	44.8	44.8
Average salary	$73,918	$70,612	$69,939	$69,388	$67,623	$65,605
Number of new members enrolled	6,995	8,381	7,841	6,146	4,523	3,799
Number of members terminated or retiring	6,491	6,161	5,284	4,746	3,604	3,823
Former members with entitlements in the Plan	**16,437**	14,514	13,030	12,008	11,036	11,137
Current retirees	**43,849**	43,192	42,483	41,370	40,198	39,008
Average age	74.0	73.5	73.1	72.8	72.4	72.0
Average annual pension	$25,173	$24,262	$22,968	$22,504	$22,321	$21,930
Total members and retirees	**114,216**	111,132	106,719	102,027	98,483	96,475

As at Dec. 31, 2024, the number of employers participating in the primary schedule and OPTrust Select was 24 and 63, respectively.

INVESTMENT STRATEGY AND PERFORMANCE

Investment returns account for more than 70% of the benefits we pay to members when they retire. To achieve this, we manage a globally diversified portfolio of assets and seek the best opportunities for value creation. Balancing return expectations against funding risks helps to ensure we have sufficient assets to pay pensions now and in the future.

Our Member-Driven Investing philosophy

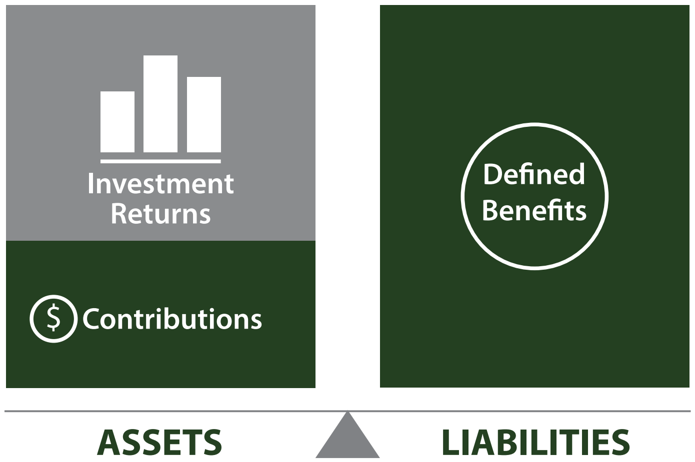
- We invest Plan assets to help deliver pension security for our members.
- Our Member-Driven Investing strategy is our unique application of a Total Portfolio Approach; our investment objective is to increase the likelihood of remaining fully funded by maximizing returns at an acceptable level of risk.
- We manage our longer-term funding risks by partially hedging our liabilities, earning diversified investment returns and adding value in asset classes where we have a competitive advantage.
- We strive to construct our portfolio to be resilient to 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 and opportunities impacting long-term plan sustainability, including climate change and other environmental, social and governance (ESG)-related factors.

Keeping the Plan in balance

Our Member-Driven Investing strategy aligns with 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 three components: investment returns and contributions 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.

Key accomplishments

- We maintained our fully funded status for the 16th consecutive year.
- Our five-year return of 7.2 per cent and 10-year return of 7.0 per cent continue to be strong.
- Our Total Portfolio delivered a return of 9.6 per cent in 2024.
- Most of our strategies delivered positive returns in 2024, with the largest contributors being public equity, private equity and risk-mitigating strategies, including gold.
- This year, we made significant progress on our responsible investing and climate change strategy commitments, completing our second year of cross-fund ESG data collection and strengthening our portfolio's climate resilience.



Investment environment

The investment environment in 2024 continued to improve compared to previous years. Throughout the year, inflation moderated, economic growth remained steady and central banks eased monetary policy across major developed economies. Overall, investor risk sentiment was generally positive for most of the year.

Asset pricing in 2024 reflected these positive developments in the economic environment. Government bond returns were mixed across developed markets, while riskier liquid assets such as public equities and credit performed strongly, supported by solid corporate earnings and overall economic resilience. Emerging market equities underperformed developed markets, despite early signs of a growth pickup fuelled by aggressive stimulus policies in China.

Illiquid asset markets experienced a slower pace of deal activity amid economic uncertainty and tighter-than-normal credit conditions. Some segments of the commercial real estate market continue to be challenged. The U.S. dollar remained strong against most major currencies, as interest-rate differentials and relative economic performance favoured the U.S. over other economies. Gold had an exceptional year, remaining an in-demand reserve asset among global central banks.

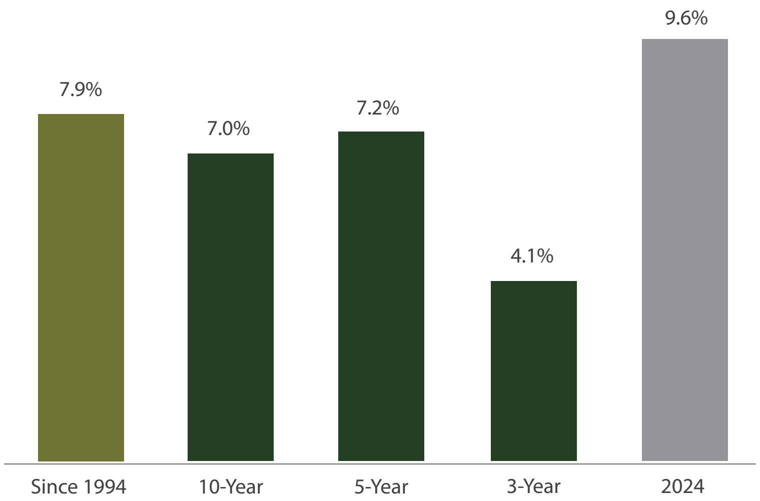
Overall, despite continued geopolitical tension and election uncertainties, 2024 delivered positive returns for balanced portfolios.

Total Portfolio performance

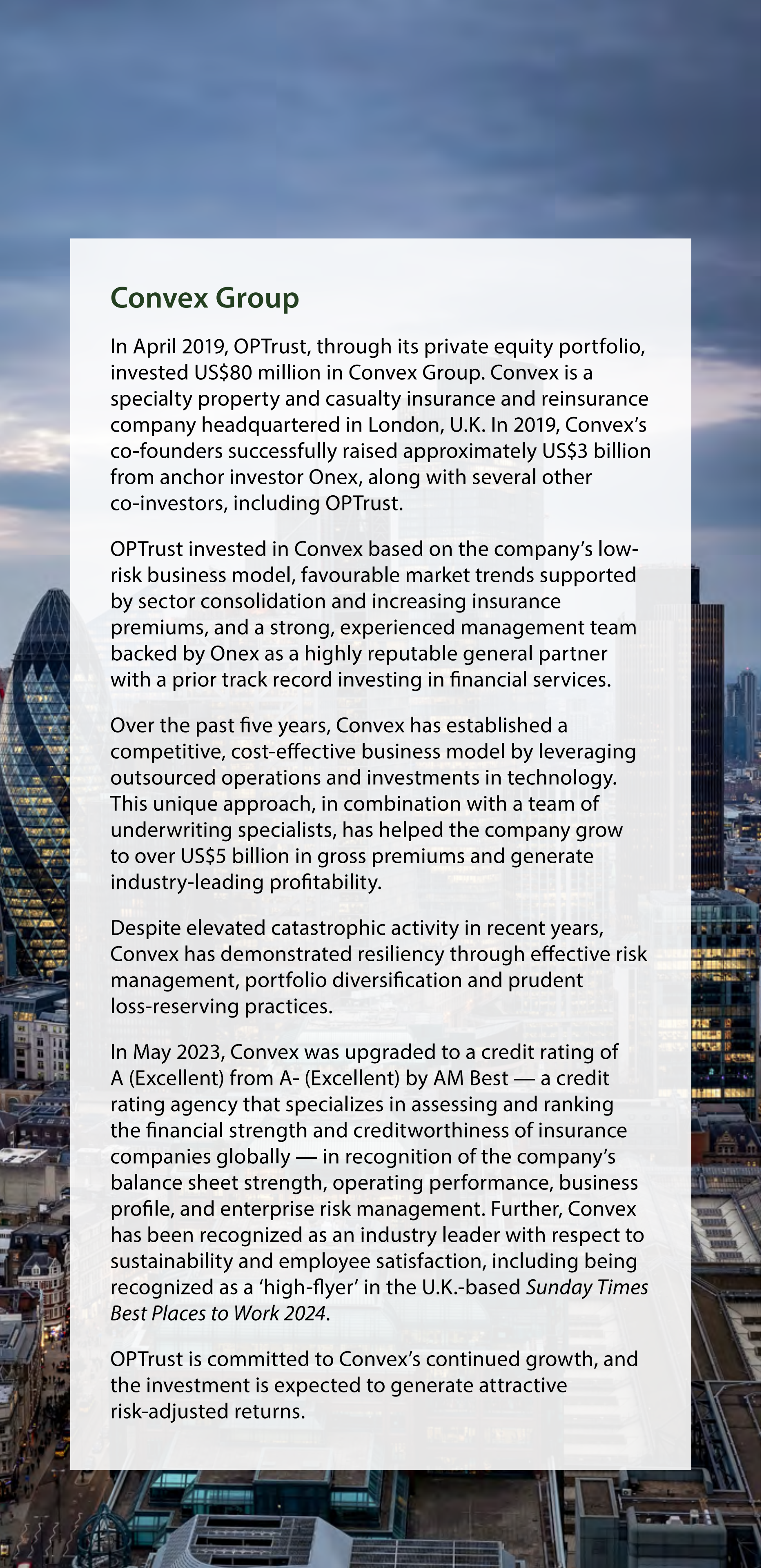
Our Total Portfolio delivered a net return of 9.6 per cent in 2024, driven mostly by public equities, private equity and risk-mitigating strategies including gold, while returns within our real estate portfolio were challenged.

We divide our Total Portfolio into four sub-portfolios — each with a specific purpose — to help us achieve our investment objective: the Liability Hedging Portfolio, the Return Seeking Portfolio, the Risk Mitigation Portfolio and the Funding Portfolio.

Total Portfolio investment performance



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



Convex Group

In April 2019, OPTrust, through its private equity portfolio, invested US$80 million in Convex Group. Convex is a specialty property and casualty insurance and reinsurance company headquartered in London, U.K. In 2019, Convex's co-founders successfully raised approximately US$3 billion from anchor investor Onex, along with several other co-investors, including OPTrust.

OPTrust invested in Convex based on the company's low-risk business model, favourable market trends supported by sector consolidation and increasing insurance premiums, and a strong, experienced management team backed by Onex as a highly reputable general partner with a prior track record investing in financial services.

Over the past five years, Convex has established a competitive, cost-effective business model by leveraging outsourced operations and investments in technology. This unique approach, in combination with a team of underwriting specialists, has helped the company grow to over US$5 billion in gross premiums and generate industry-leading profitability.

Despite elevated catastrophic activity in recent years, Convex has demonstrated resiliency through effective risk management, portfolio diversification and prudent loss-reserving practices.

In May 2023, Convex was upgraded to a credit rating of A (Excellent) from A- (Excellent) by AM Best — a credit rating agency that specializes in assessing and ranking the financial strength and creditworthiness of insurance companies globally — in recognition of the company's balance sheet strength, operating performance, business profile, and enterprise risk management. Further, Convex has been recognized as an industry leader with respect to sustainability and employee satisfaction, including being recognized as a 'high-flyer' in the U.K.-based *Sunday Times Best Places to Work 2024*.

OPTrust is committed to Convex's continued growth, and the investment is expected to generate attractive risk-adjusted returns.

Liability Hedging Portfolio

The Liability Hedging Portfolio (LHP) is designed to help manage funded status volatility by mitigating risk associated with changes to the discount rate of the Plan's pension liabilities. The Canadian federal and provincial government bonds in our LHP also serve as the main source of liquidity for the Plan. In 2024, the LHP saw a muted net return of 1.5 per cent, as Canadian government bond prices were little changed on the year despite considerable volatility throughout 2024.

Return Seeking Portfolio

The Return Seeking Portfolio (RSP) is designed to deliver a diversified source of return from riskier assets, helping to keep our Plan fully funded over the long term. This portfolio consists of illiquid assets such as private equity, infrastructure and real estate investments, and liquid assets such as public equity, credit and commodities investments. The RSP delivered a net return of 8.7 per cent in 2024.

Illiquid Assets

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. Our private equity strategy allows us to identify a broad range of investment opportunities and execute on those that offer the most attractive risk-adjusted returns. We invest directly in private companies, typically alongside partners, and indirectly through private equity funds.

In 2024, the global slowdown in transaction activity that began in 2022 persisted, although we have begun to see signs of improvement. The higher interest rate environment and general macroeconomic uncertainties experienced throughout the year have impacted mergers and acquisitions and initial public offering exits, resulting in lower-than-normal distributions to investors. Despite the challenging environment, we were able to monetize on select assets in the portfolio.

Within the portfolio, we continued to work with our investment partners and management teams to identify and execute value creation initiatives that will ultimately drive future investment returns. The private equity portfolio generated a net return of 14.4 per cent in 2024.

Infrastructure

Infrastructure investments add diversification to the Total Portfolio and act as a partial inflation hedge. They also aim to provide cash flow and the potential for return enhancement through long-term capital growth. Our infrastructure strategy focuses primarily on establishing and deploying capital through platform companies, investing directly into infrastructure assets and indirectly through funds.

The slowdown in market activity continued into 2024, given the varying market views on interest rate movements and growth prospects. We continued to focus on supporting and driving value through our platform companies and making selective investments in new sectors expected to drive future capital deployment opportunities.

The infrastructure portfolio has continued to deliver attractive risk-adjusted returns over the longer term despite some near-term volatility. The infrastructure portfolio generated a net return of 6.7 per cent in 2024.

Real estate

Real estate is an asset class that combines sensitivity to growth with sensitivity to interest rates and sits between equities and fixed income. While the near-term outlook for real estate is uncertain, the real estate portfolio remains an important diversifier for the Total Portfolio. Real estate can provide attractive risk-adjusted returns and is also a hedge against inflation over the long term.

In 2024, new investment activity within the real estate portfolio was modest. It centered on strategically allocating capital towards existing investments to support the execution of business plans and to make selective new investments, primarily in the real estate credit space. Our real estate strategy continues to seek investments that can deliver predictable and growing income profiles over the long term.

As interest rates decreased in the second half of 2024, liquidity started to return to the real estate capital markets. Transactions increased noticeably towards the end of the year. The real estate portfolio generated a net return of -4.5 per cent in 2024, reflecting the challenging conditions in some commercial real estate market segments.

Liquid Assets

Public equity

Our exposure to public equity complements our private equity strategy by providing additional, liquid and different sources of equity returns.

Within the public equity space, we have diverse exposure across developed and emerging markets through a mix of internally and externally managed strategies.

Public equity was one of the best-performing asset classes in 2024, driven by strong performance from U.S. equities. Other developed market and emerging market equities also delivered positive returns. Our public equity portfolio generated a net return of 21.3 per cent.

Credit

Credit investments provide a lower-volatility source of return for the Total Portfolio and can deliver stable cash flows. We invest in credit through a combination of external managers and internally managed strategies across public and less liquid markets.

Credit was one of the better-performing asset classes in 2024. Credit spreads narrowed meaningfully over the year due to improved risk sentiment. This supported credit returns even as underlying sovereign fixed-income returns were more muted. Our credit strategy generated a net return of 9.5 per cent.

Multi-strategy investments

Multi-strategy investments consist of a wide range of liquid strategies that provide return streams differentiated from traditional liquid and illiquid asset classes. They are broadly designed to provide persistent returns, with a low correlation to market cycles. These strategies can be more complex and dynamic, generally increasing the resilience of our Total Portfolio.

Within the multi-strategy investment portfolios, alternative risk premia and pure alpha strategies delivered strong returns. Overall, multi-strategy investments generated a net return of 9.8 per cent in 2024.

Commodities

Exposure to commodities can provide protection against inflation shocks and help construct a more resilient Total Portfolio through different market regimes.

Our exposure to commodities is dynamic, rather than a traditional buy-and-hold strategy. This approach is designed to deliver better returns by capturing the upside when the market cycle is favourable and limiting exposure otherwise. This strategy tends to perform best when commodities have persistent upward price trends and is challenged when commodity prices are highly volatile. Throughout 2024, commodity markets were unusually choppy, resulting in a lower net return for the strategy of 1.7 per cent in 2024.

Risk Mitigation Portfolio

Our Risk Mitigation Portfolio (RMP) is designed to enhance pension security by helping to reduce the long-term impact of severe market drawdowns on our funding ratio. The RMP is expected to contribute positively to long-term returns by smoothing the volatility of the Total Portfolio.

In 2024, the RMP produced strong returns of 33.9 per cent, significantly contributing to Total Portfolio returns. This was mostly driven by the RMP's exposure to gold, held in both static and dynamic strategies. Returns on our U.S. dollar holdings were also positive, while government bonds and trend-following strategies delivered weaker returns.

Funding Portfolio

This portfolio manages our funding and liquidity reserves needed to implement our investment strategy 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 -19.7 per cent weight of the Funding Portfolio reflects OPTrust's overall balance sheet leverage.

Asset mix and return by asset class and sub-portfolio

	Asset Mix	2024 Return	2023 Return	2022 Return	3-Year Return
Liability Hedging Portfolio	**25.2%**	**1.5%**	**7.7%**	**-20.6%**	**-4.6%**
Return Seeking Portfolio	**86.8%**	**8.7%**	**6.5%**	**2.7%**	**5.9%**
Public equity	16.6%	21.3%	16.6%	-17.6%	5.2%
Private equity	19.7%	14.4%	8.7%	4.8%	9.2%
Credit	8.1%	9.5%	12.0%	-3.5%	5.8%
Multi-strategy investments	4.9%	9.8%	7.0%	-1.4%	5.0%
Real estate	16.4%	-4.5%	-1.9%	15.0%	2.5%
Infrastructure	16.8%	6.7%	2.7%	21.1%	9.9%
Commodities[1]	3.6%	1.7%	-2.7%	-7.1%	-3.0%
Other[2]	0.7%	13.5%	43.8%	-54.5%	-9.4%
Risk Mitigation Portfolio	**7.7%**	**33.9%**	**-8.7%**	**-7.3%**	**4.3%**
Funding Portfolio[3]	**-19.7%**	-	-	-	-
Total Fund	**100.0%**	**9.6%**	**5.3%**	**-2.2%**	**4.1%**

[1] The three-year return for Commodities is annualized, since the inception date of OPTrust's Commodities program is March 28, 2022.

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

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

How we invest

Our internal approach

As of the end of 2024, our internally managed strategies amounted to 75 per cent of our Total Portfolio. We focus our internal resources on investment activities where we believe we can leverage our skills and scale to be most effective. For other investment activities, we choose to outsource.

Our relationships with investment partners, including fund and external managers, are crucial to our success. Moving forward, we will continue to seek opportunities to manage investment strategies internally where appropriate, while also working to strengthen our relationships with our investment partners.

Exposure excludes funding that accounts for -19.7% of the Total Portfolio

Focus on active management

Active management is best deployed in areas where markets are less efficient, where we have the greatest potential to create value. We believe this approach is best suited for illiquid asset classes, such as real estate, infrastructure and private equity. Within public markets, our asset mix exposures and Total Portfolio risk profile are actively managed and vary over time. At the public market asset class level, we employ active management where we believe value-creation opportunities exist, and otherwise pursue passive exposure in a cost-effective manner.

Exposure excludes funding that accounts for -19.7% of the Total Portfolio

Investing at home and internationally

We have access to a broad set of investment opportunities. About 14.9 per cent of our investments are in Ontario, while about 34.8 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: 14.9%
- Canada: 34.8%*
- U.S.: 46.0%
- Europe: 10.2%
- Asia Pacific: 8.4%
- Latin America: 0.6%

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

* Includes Ontario.

Cost effectiveness

According to the latest results from the CEM Benchmarking Inc. analysis, OPTrust delivered strong risk-adjusted performance using a sophisticated asset mix that was implemented cost effectively. Highlights for the five-year period ending in 2023 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.

2024 RESPONSIBLE INVESTING REPORT

Responsible investing (RI) is core to how we invest at OPTrust, rooted in the recognition that environmental, social and governance (ESG) factors can materially impact investment risk, returns, our reputation and ultimately our ability to provide pension security for our members.

Every OPTrust investment professional is accountable for understanding and managing ESG risks and opportunities in their investment decision-making at all points of the investment lifecycle, from screening and due diligence to monitoring and stewardship. Our RI approach enables more informed investing that positions the Fund for success over the long term and supports the fulfilment of our fiduciary duty to our members.

OPTrust has a long-standing commitment to RI, and we are dedicated to continual improvement of our program. Recently, we have focused on developing more systematic, strategic and data-driven RI practices through initiatives such as robust ESG due diligence frameworks, cross-fund measurement of ESG indicators and the implementation of our climate change strategy. We are pleased to share updates in this report on our RI activities and achievements from the past year.

2024 Highlights

Advanced our climate change strategy to **strengthen the fund's resilience** and **net-zero alignment.** See more in our ***2023-24 TCFD report***.

Published our ***Asset owner's toolkit for advancing inclusion, diversity and equity in investment portfolios***.

Achieved an **11% emissions intensity reduction.**

Voted at **882 company meetings** in **30 countries.**

Engaged **169 companies on key ESG issues.**

Invested **$400 million in green bonds** over the year.

Signed the **2024 Global Investor Statement to Governments on Climate Change.**

Continued to be an active voice in investor collaborative initiatives, including **UNPRI's Private Equity Advisory Committee**, **Thinking Ahead Institute**, **Ceres** and the **International Centre for Pension Management**.

Responsible investing governance

Just as we advocate for good governance at our portfolio companies, we believe that robust internal governance supports fulfilment of our responsibilities to our members and stakeholders. Our internal RI governance framework contributes to long-term value creation and ensures that we continually elevate our ESG practices across the Fund.

Board of Trustees: The Board and its Investment Committee oversee Fund performance, including RI activities. The Board monitors progress on our RI and climate change strategies and annually reviews and approves the Statement of Responsible Investing Principles (SRIP) and Proxy Voting Guidelines.

Chief Executive Officer (CEO) and Chief Investment Officer (CIO): The Board has delegated responsibility for implementing the SRIP to the CEO. In turn, the CEO has delegated to the CIO responsibility for overseeing and advancing OPTrust's RI program. The CIO has delegated day-to-day implementation to the Sustainable Investing and Innovation (SII) team.

Investment Division Management and Investment Committees: The Investment Division's management team is responsible for managing ESG-related risks that are taken in their portfolios, identifying ESG-related investment opportunities, adhering to the SRIP and working with the SII team to implement and strengthen the RI program over time. As part of the transaction approval process, all Investment Committees review, document and discuss prospective investments' ESG risks and opportunities.

Responsible Investing Committee (RIC) and RI Leaders Group (RLG): Implementation of our RI and climate change strategies at the management level is further supported by two committees:

- **Responsible Investing Committee:** The RIC provides strategic guidance for the RI and climate change programs and is comprised of the CIO and senior managing directors from all asset classes.
- **Responsible Investing Leaders Group:** The RLG advises on and executes projects to deliver on our RI and climate change objectives. The group includes representatives from SII, all asset classes and numerous corporate functional partners.

Clean Canadian power: Firelight

OPTrust has been a dedicated investor in the renewable energy sector over the past two decades. In that time, we have significantly increased our infrastructure portfolio's allocation to renewables (currently approximately 30 per cent).

One of our flagship renewable assets is Firelight Infrastructure Partners. Formed in 2007 with OPTrust as the lead investor, Firelight's aim was to develop a Canadian renewable power platform, partnering with experienced developers to build and operate high-quality renewable energy projects. Firelight was an early mover in Canada's renewable energy landscape, with the buildout of its portfolio beginning in 2008. Since then, we have incrementally increased our investment in the platform to fund its growth of clean power projects in Canada, including the development in 2013-14 of what, at that time, were three of Canada's largest rooftop solar projects.

Firelight currently has 190 MW of wind and solar assets in Canada — including two wind assets in Nova Scotia and a portfolio of over 70 rooftop solar projects and nine ground mount solar assets in Ontario — providing renewable energy to local communities and supporting Canada's transition to a net-zero economy.

Climate change strategy

With our multigenerational investment time horizon, we understand that investing sustainably for the long-term security of our Plan requires addressing climate change in our portfolio. Climate change represents a pervasive threat that demands urgent action, and we are committed to building a resilient portfolio aligned with the global economy's path towards net zero.

In 2022, we released an **enhanced climate change strategy** to guide our climate action journey and announced our ambition to achieve net-zero emissions in our portfolio. Our strategy strengthens our resiliency to climate risks and enables us to harness opportunities from the low-carbon transition by ensuring we embed climate considerations in the way we do business. We are progressing well on the strategy's implementation.

Read more about our climate change strategy and initiatives in our ***2023-24 Task Force on Climate-Related Financial Disclosures* report**.

Highlights from the past year include:

Increasing our portfolio's resilience to climate change

Our updated climate scenario analysis results show that our investment portfolio is better poised to withstand shocks from climate change than it was three years ago.

Improving our carbon footprinting

We increased the scope of assets where we are able to measure financed emissions from around 40 per cent to over 70 per cent of the Fund (as of 2023 year-end), covering all assets with footprinting methodology and data availability. We achieved an 11 per cent reduction in carbon emissions intensity compared to 2022 and are targeting an additional 20 per cent reduction on our 2023 baseline by 2030, as we progress toward net zero by 2050.

Building out more tools to better understand climate risk and opportunity

We developed enhanced due diligence toolkits to more effectively manage our assets' exposure to climate-related risks and opportunities and designed a customized taxonomy for infrastructure and private equity assets that will allow us to better steward these assets for the low-carbon transition.

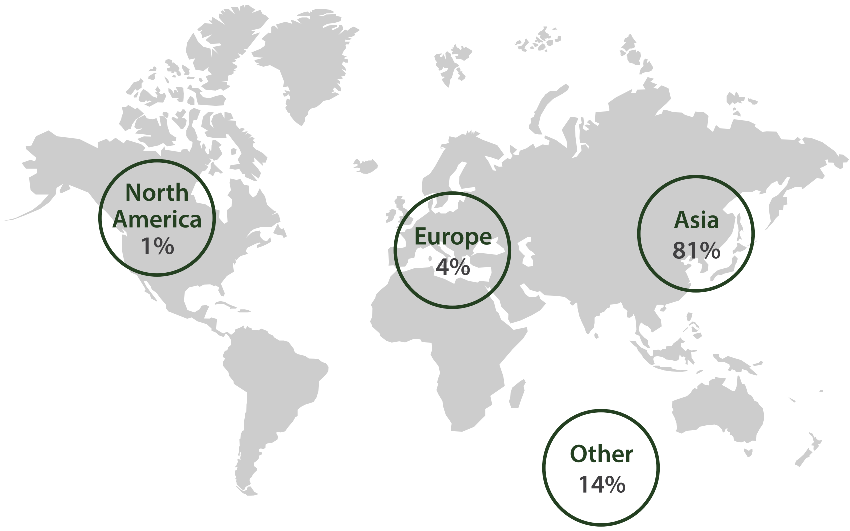
Advancing our risk management practices

We enhanced our climate risk governance by implementing a monitoring process that tracks various climate risk metrics across the portfolio.

Active ownership and stewardship

Our responsible investing approach extends beyond evaluating ESG factors in buy and sell decisions. With our portfolio companies, we practice active ownership as a key lever for value creation and risk management, contributing to long-term investment success. We exercise our governance rights across our asset classes, whether through board representation in our private markets investments or proxy voting and corporate engagement in public equity, to achieve positive change at portfolio companies.

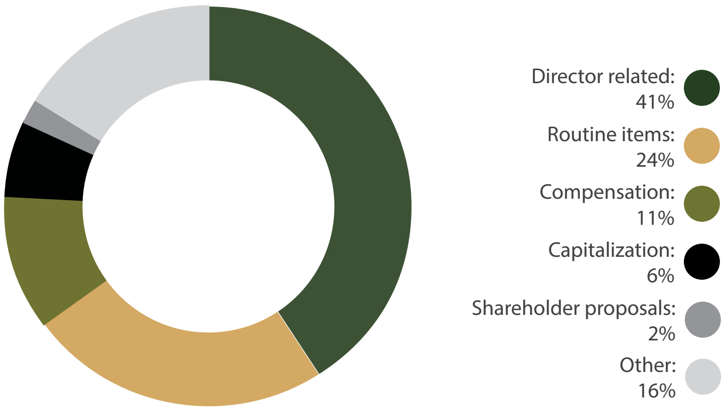
In 2024, OPTrust voted at **882 meetings** in **30 countries**:



Proxy voting

We actively vote at all company meetings where we hold voting rights according to our Board-approved **Proxy Voting Guidelines**. Our voting activity promotes sound corporate governance practices at portfolio companies and holds them accountable for their performance.

OPTrust voted on **6,578 proposals** in the following categories:



OPTrust voted with management on **84%** of proposals, against on **16%**.

Corporate engagement

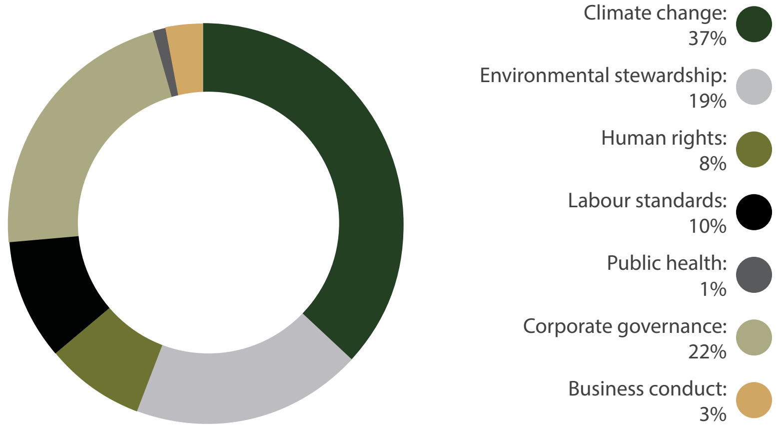
Corporate engagement is another important lever in our asset stewardship toolbox. We partner with our engagement provider and investor associations to engage in dialogue with boards and management teams and advocate for improvements on sustainability topics. These discussions between companies and active owners like OPTrust support alignment on long-term performance and help drive change across the capital markets, including the milestones listed below.

2024 engagement milestones:

- **Climate change:** Marriott set near-term emissions reduction targets for Scope 1, 2 and 3 emissions that are validated by the Science Based Targets initiative.
- **Environmental stewardship:** Following engagements around Cemex's water and nature strategy, the company published freshwater withdrawal reduction targets in its 2023 annual report.
- **Corporate governance:** Sendas Distribuidora revised its remuneration structure, implementing a number of measures that enhance alignment with shareholders. These include the introduction of stock ownership guidelines for the CEO and increased weighting of long-term performance in the compensation structure.
- **Diversity and inclusion:** Novatek Microelectronics nominated three female directors to the board in April 2024, increasing its gender diversity ratio from 12.5 per cent to 37.5 per cent.
- **Labour practices:** Anta Sports signed on to the UN Global Compact's Forward Faster Initiative for Living Wages, which requires working with contractors, supply chain partners and other key stakeholders to achieve living wages for all employees.

Engagement thematic areas

169 companies engaged across **26 countries**



ESG data

ESG data plays an important role in responsible investing, but sourcing high quality and consistent data remains a challenge for all investors — including OPTrust — given our globally diversified and multi-asset portfolio. Progress requires engagement and leadership from asset owners like ourselves. We have taken an active role in supporting advancement in this area in our own portfolio and capital markets more broadly.

COMPAS (Capturing OPTrust's Management and Progress Around Sustainability) is our internal cross-fund ESG data program, established to identify strengths and weaknesses in our management of ESG issues, strengthen investment decision-making over time and proactively respond to evolving stakeholder expectations around ESG disclosure. Building on our 2022 baseline, we conducted our second cycle of ESG data collection across the total fund as of 2023 year-end. managers through our legal agreements. Alignment of our requirements sends a clear message to our investment partners reinforcing the importance of transparency on ESG performance to the asset owner community.

We are pleased to see progress on many of the metrics we are tracking, indicative of our positive influence as an asset owner and advancement of sustainability practices across the market. We are also able to initiate action plans to tackle areas of opportunity identified in the data. As we collect more years of data, we are sharpening our view of ESG risks and opportunities across our portfolios and are better able to benchmark performance.

Collective leadership

Recognizing the importance of partnership with like-minded investors to move the investment industry forward, we are also active participants in collaborative investor initiatives on this topic:

- In 2024, we participated in the Canadian Sustainability Standard Board's (CSSB) consultation on their exposure drafts for Canadian sustainability disclosures, submitting an individual response and **a joint response** with many of our Canadian pension peers. We commended the development of rigorous and consistent ESG reporting standards for the Canadian market and called on the CSSB to maintain alignment with the globally recognized International Sustainability Standards Board's standards.
- We collaborated with Canadian pension peers on an initiative to standardize disclosure of ESG information from investment managers through our legal agreements. Alignment of our requirements sends a clear message to our investment partners reinforcing the importance of transparency on ESG performance to the asset owner community.
- We are a Limited Partner member of the ESG Data Convergence Initiative, which is driving standardization of ESG data in the private equity industry. We engage with our investment partners to encourage participation in the initiative. As uptake across our portfolio progresses, we look forward to using the data to better understand our partners' ESG outcomes and benchmark performance.

COMPAS highlights:

- **90%+** of our external managers have an ESG policy
- **60%** of our external managers provide ESG reporting **(+6% since 2022)**
- **80%+** of our direct real estate assets hold sustainability certifications
- **80%+** of our direct private equity and infrastructure assets have an ESG policy

Opportunities in sustainability

ESG issues are typically viewed as risks, but they can also present meaningful opportunities for investors. Notably, the low-carbon transition, marked by a fundamental shift in how energy is produced and consumed globally, is anticipated to require the largest capital outlay in recent history, creating compelling investment opportunities across asset classes and sectors. Our long-standing investments in renewable energy and sustainable real estate (totalling $3.6 billion) are just two examples of how we have positioned our portfolio to align with this evolution.

In addition, since 2021 we have been investing in funds that are poised to reap long-term benefits from this global shift toward decarbonization. In this thematic investing strategy, we have cultivated a portfolio of funds that support a greener economy and reduce emissions through investments in novel technologies and sustainability solutions across diverse sectors, including energy, mobility and the circular economy. This strategy has yielded strong partnerships that provide valuable learning opportunities for OPTrust by providing insights into early-stage innovation and emerging sustainability themes that can be leveraged across our asset classes.

RISK MANAGEMENT AND COMPLIANCE

OPTrust recognizes there are risks that exist within our operations and activities, as well as in the execution of our objectives. We see risk management as a valuable tool to advance our mission and strategy. A strong risk governance and management framework helps us make better decisions, achieve our strategic and operational objectives, and enhance overall performance.

Our goal is to ensure that risk management is well-understood and integrated throughout the organization, including in policies, practices and processes. Risk management is integrated into all aspects of OPTrust's strategy, operations, and decision-making processes, involving appropriate stakeholders and subject matter experts, and following industry best practices.

OPTrust manages critical risks in accordance with our Risk Appetite Statement, which defines our risk tolerance and is approved annually by the Board. Our team members, including Board Trustees, are committed to conducting their affairs ethically and in compliance with applicable laws, regulations and corporate policies. Our compliance program plays a critical role in managing legal and regulatory risks to ensure the organization's sustainability and positive work experience for employees.

A 'three lines of defence' approach to risk governance and management

- The business is the **first line** of defence and owns the risks and the responsibility for managing them through maintaining effective internal controls.
- The **second line** of defence comprises the enterprise risk management, investment risk, legal, tax and compliance functions, which are responsible for facilitating and monitoring the implementation of risk management and compliance practices by the various business lines.
- The **third line** of defence is internal audit, which provides independent assurance to the Board that risk management systems and reporting have been effectively implemented.

Risk management and compliance governance are deeply rooted in OPTrust's culture and corporate values and are aligned with the principles of the Code of Conduct, integrated into business processes, and tailored to our organization's mission, size and environment. This approach helps us establish a risk-conscious culture with an emphasis on appropriate behaviours, risk analysis and managing risks within approved parameters.

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, the corporate 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.).

Board appointments

Jason Mushynski was appointed to the Board effective January 2024. Janel Perron was appointed to the Board effective January 2025. Len Elliott retired from the Board at the end of 2024, after serving since 2019. Lindsey Burzese was reappointed to the Board effective January 2025.

Effective Nov. 1, 2024, Richard Nesbitt was appointed Chair of the Board and Chair of the GAC, and Ram Selvarajah was appointed Vice-Chair of the Board and Chair of the IC. Aisha Jahangir was appointed Chair of the AFRC and Bob Plamondon was appointed Chair of the HRCC.

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.

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, regulatory 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.

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 — bargaining unit, non-bargaining unit and management — 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 is 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

The OPTrust 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 returns 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.

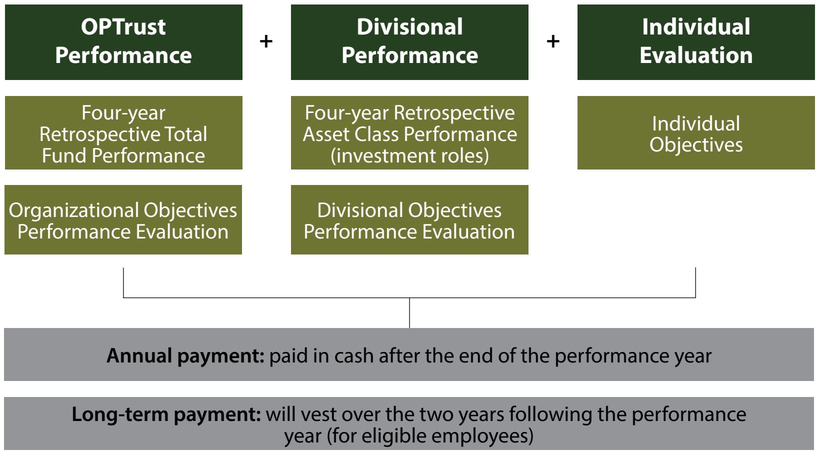
Compensation oversight

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 members of 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[a] President and Chief Executive Officer *(Appointed September 2019)*	**2024**	**425**	**540**	**539**	**8**	**1,512**	**82**
	2023	400	560	530	7	1,497	75
	2022	375	519	458	6	1,358	61
Upton Jeans Chief Financial Officer *(Appointed May 2021)*	**2024**	**307**	**193**	**208**	**13**	**721**	**86**
	2023	299	204	176	8	687	90
	2022	290	213	71	8	582	85
James Davis[a] Chief Investment Officer *(Appointed September 2015)*	**2024**	**450**	**817**	**758**	**34**	**2,059**	**122**
	2023	397	744	794	24	1,959	56
	2022	385	777	754	24	1,940	17[c]
Stephen Solursh[b] Senior Vice-President and General Counsel *(Appointed February 2020)*	**2024**	**302**	**223**	**238**	**20**	**783**	**57**
	2023	294	235	244	19	792	51
	2022	285	242	218	19	764	42
Dani Goraichy[a] Senior Vice-President and Chief Risk Officer *(Appointed September 2019)*	**2024**	**288**	**193**	**204**	**13**	**698**	**72**
	2023	280	202	203	8	693	65
	2022	270	209	142	8	629	58

[a] Long-term payments in 2022 include a payment awarded under the prior compensation plan for 2020.

[b] Long-term payments in 2022 include payments awarded under the prior compensation plan for 2020. The compensation plan awards received in 2022 reflect service in Stephen Solursh's previous role before his appointment as Senior Vice-President and General Counsel in February 2020.

[c] This figure was incorrectly reported in the 2022 Funded Status Report as $53,000.

Definitions

Base: This represents the regular base salary received during 2024.

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 2024 to be paid in 2025.

One Plan long-term variable: For 2024, these payments reflect payment of the long-term component of the variable compensation under One Plan, awarded in the years 2022 and 2023. Long-term variable payments shown for 2023 also include variable compensation under One Plan, awarded in the years 2021 and 2022. For 2022, long-term variable payments shown include an award under One Plan for 2021 and the final tranche of the Long-Term Incentive Payments (LTIP) under the prior compensation plan for the plan year 2020.

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 the OPTrust defined benefit pension plan. Employees who exceed the maximums under the *Income Tax Act* also participate in the Supplementary Benefit Arrangement. 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 $145,833 in 2024 (2023: $84,200).
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 and are reimbursed for lost wages. 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 a Visiting Professor 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, Concern Assessment Panel

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

Len Elliott[2]

Supervisor, Pensions & Benefits, Health & Safety and OPS Negotiations, OPSEU/SEFPO

Appointed in April 2019

Audit, Finance and Risk 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)

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

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

Karen Danylak

Vice-President, Strategy, Communications and Stakeholder Relations

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

2024 FINANCIAL STATEMENTS

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

Upton Jeans
Chief Financial Officer

March 6, 2025

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, 2024. The purpose of this valuation is to determine the pension obligations of the Plan as at December 31, 2024, 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 $22,474 million in respect of service accrued to December 31, 2024.

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

- members’ demographic data provided by OPTrust management as at September 20, 2024 for Primary Schedule members and for OPTrust Select members, projected to December 31, 2024 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, 2024, 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.

Philip Morse

Philip A. Morse
Fellow, Canadian Institute of Actuaries

Suzanne Jacques

Suzanne Jacques
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
March 6, 2025

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, 2024 and 2023, 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, 2024 and 2023;
- 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 6, 2025

Statements of financial position

As at December 31 ($ millions)	**2024**	2023
ASSETS		
Investments (Note 3)	**28,924**	27,665
Contributions receivable (Note 7)	**72**	62
Other assets	**26**	26
	29,022	27,753
LIABILITIES		
Accounts payable and accrued charges	**51**	61
Investment-related liabilities (Note 3)	**2,118**	2,552
	2,169	2,613
NET ASSETS AVAILABLE FOR BENEFITS	**26,853**	25,140
PENSION OBLIGATIONS (Note 5)	**22,474**	22,064
SURPLUS (Note 6)	**4,379**	3,076
PENSION OBLIGATIONS AND SURPLUS	**26,853**	25,140

For the years ended December 31 ($ millions)	**2024**	2023
SURPLUS, BEGINNING OF YEAR	**3,076**	**3,867**
CHANGE IN SURPLUS		
Increase/(Decrease) in net assets available for benefits	**1,713**	**497**
(Increase)/Decrease in net pension obligations	**(410)**	**(1,288)**
NET INCREASE/(DECREASE) IN SURPLUS	**1,303**	**(791)**
SURPLUS, END OF YEAR	**4,379**	**3,076**

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 6, 2025, 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)	**2024**	2023
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**25,140**	24,643
Changes Due to Investment Activities		
Investment income (Note 4)	**565**	433
Net gain (loss) on investments (Note 4)	**1,901**	917
Investment management and administrative expenses (Notes 4 and 9)	**(94)**	(76)
	2,372	1,274
Changes Due to Pension Activities		
Contributions (Note 7)	**781**	620
Benefits paid (Note 8)	**(1,395)**	(1,353)
Pension administrative expenses (Note 9)	**(45)**	(44)
	(659)	(777)
INCREASE/(DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	**1,713**	497
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**26,853**	25,140

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

Statements of changes in pension obligations

For the years ended December 31 ($ millions)	**2024**	2023
PENSION OBLIGATIONS, BEGINNING OF YEAR	**22,064**	20,776
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	**1,280**	1,222
Benefits accrued	**659**	510
Change in actuarial assumptions (Note 5)	**234**	604
	2,173	2,336
DECREASE IN PENSION OBLIGATIONS		
Benefits paid (Note 8)	**1,395**	1,353
Experience gains/(losses) (Note 5)	**368**	(305)
	1,763	1,048
(DECREASE)/INCREASE IN NET PENSION OBLIGATIONS	**410**	1,288
PENSION OBLIGATIONS, END OF YEAR	**22,474**	22,064

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 child(ren) 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, real return 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 private equity, infrastructure, real estate, 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.

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.

	2024					2023				
As at December 31 ($ millions)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Cost**	Level 1	Level 2	Level 3	Fair value	Cost
Fixed income										
Cash	**558**	**–**	**–**	**558**	**560**	526	–	–	526	526
Short-term investments	**–**	**874**	**–**	**874**	**871**	–	1,356	–	1,356	1,350
Government and corporate bonds										
Canadian	**–**	**6,305**	**–**	**6,305**	**6,697**	–	6,481	–	6,481	6,780
Foreign	**–**		**–**			–	959	–	959	1,079
	558	**7,179**	**–**	**7,737**	**8,128**	526	8,796	–	9,322	9,735
Public equity										
Canadian	**47**	**–**	**–**	**47**	**37**	44	–	–	44	42
Foreign	**2,446**	**150**	**–**	**2,596**	**2,611**	531	–	–	531	483
	2,493	**150**	**–**	**2,643**	**2,648**	575	–	–	575	525
Pooled and hedge funds	**–**	**–**	**2,766**	**2,766**	**1,990**	–	–	3,888	3,888	3,348
Real estate	**–**	**–**	**4,239**	**4,239**	**3,400**	–	–	4,436	4,436	3,458
Private equity	**–**	**–**	**5,341**	**5,341**	**3,425**	–	–	4,729	4,729	3,427
Infrastructure	**–**	**–**	**4,505**	**4,505**	**2,764**	–	–	4,222	4,222	2,805
	–	**–**	**16,851**	**16,851**	**11,579**	–	–	17,275	17,275	13,038
Investment-related assets										
Cash collateral pledged	**137**	**–**	**–**	**137**	**137**	32	–	–	32	32
Due from brokers	**–**	**23**	**–**	**23**	**23**	–	–	–	–	–
Derivative instruments	**97**	**129**	**–**	**226**	**88**	–	381	–	381	32
Resell agreements	**–**	**1,307**	**–**	**1,307**	**1,307**	–	80	–	80	80
	234	**1,459**	**–**	**1,693**	**1,555**	32	461	–	493	144
INVESTMENT ASSETS	**3,285**	**8,788**	**16,851**	**28,924**	**23,910**	1,133	9,257	17,275	27,665	23,442
Investment-related liabilities										
Cash collateral received	**(56)**	**–**	**–**	**(56)**	**(56)**	(265)	–	–	(265)	(268)
Due to brokers and other liabilities	**(180)**	**(45)**	**–**	**(225)**	**(225)**	(59)	(13)	–	(72)	(73)
Derivative instruments	**–**	**(204)**	**–**	**(204)**	**(3)**	–	(99)	–	(99)	–
Repurchase agreements	**–**	**(1,633)**	**–**	**(1,633)**	**(1,633)**	–	(2,116)	–	(2,116)	(2,146)
	(236)	**(1,882)**	**–**	**(2,118)**	**(1,917)**	(324)	(2,228)	–	(2,552)	(2,487)
NET INVESTMENTS	**3,049**	**6,906**	**16,851**	**26,806**	**21,993**	809	7,029	17,275	25,113	20,955

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:

	2024					2023				
For the years ended December 31 ($ millions)	**Pooled and hedge funds[b]**	**Real estate[b]**	**Private equity[b]**	**Infrastructure[b]**	**Total**	Pooled and hedge funds	Real estate[b]	Private equity[b]	Infrastructure[b]	Total
Balance, beginning of year	**3,888**	**4,436**	**4,729**	**4,222**	**17,275**	3,882	4,679	4,012	4,159	16,732
Net realized gains/(losses)	**279**	**139**	**324**	**70**	**812**	109	175	103	111	498
Change in unrealized gains/(losses)	**236**	**(164)**	**618**	**326**	**1,016**	96	(306)	199	(85)	(96)
Purchases	**183**	**381**	**304**	**252**	**1,120**	464	348	609	290	1,711
Sales/redemptions	**(1,820)**	**(403)**	**(634)**	**(365)**	**(3,222)**	(663)	(460)	(194)	(253)	(1,570)
Transfers in/(out)[a]	**–**	**(150)**	**–**	**–**	**(150)**	–	–	–	–	–
BALANCE, END OF YEAR[a]	**2,766**	**4,239**	**5,341**	**4,505**	**16,851**	3,888	4,436	4,729	4,222	17,275

[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, 2023, there were no transfers in nor out.

[b] Net realized gains include investment income of $10 million (2023 - $5 million) for pooled and hedge funds, $147 million (2023 - $132 million) for real estate, $51 million (2023 - $15 million) for private equity and $44 million (2023 - $40 million) for infrastructure.

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 the Plan has limited access to information on the assumptions and methodologies used to determine the fair value of those investments.

		2024			2023	
As at December 31 ($ millions)	**Key Factor**	**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%**	**1,754**	**(172)/191**	1,947	(175)/195
Mortgages	Interest rate[b]	**+/-0.50%**	**(1,128)**	**(24)/24**	(822)	(19)/19
Private debt[c]	Discount rate[b]	**+/-0.50%**	**524**	**(4)/4**	531	(5)/4
Infrastructure	Discount rate[b]	**+/-0.25%**	**3,409**	**(165)/165**	3,418	(164)/174
Private equity	EBITDA multiple[d]	**+/-10%**	**2,353**	**423/(423)**	1,967	342/(342)

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

[b] The 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 used to determine the fair value of a company 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.

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 payor 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)	2024 Notional amount	2024 Fair value assets	2024 Fair value liabilities	2023 Notional amount	2023 Fair value assets	2023 Fair value liabilities
Interest rate contracts						
Futures						
– long positions	**2,433**	**–**	**–**	3,963	–	–
– short positions	**2,523**	**–**	**–**	–	–	–
Equity contracts						
Futures						
– long positions	**1,503**	**–**	**–**	1,953	–	–
– short positions	**–**	**–**	**–**	21	–	–
Options						
– long positions	**119**	**3**	**–**	–	–	–
– short positions	**126**	**–**	**(2)**	–	–	–
Swaps	**593**	**–**	**(3)**	865	72	–
Commodity contracts						
Futures						
– long positions	**1,550**	**–**	**–**	1,009	–	–
– short positions	**280**	**–**	**–**	179	–	–
Currency contracts						
Forwards	**23,062**	**126**	**(199)**	18,443	182	(99)
Credit contracts						
Credit default swaps						
– short positions	**1,237**	**97**	**–**	2,128	127	–
TOTAL DERIVATIVES	**33,426**	**226**	**(204)**	28,561	381	(99)

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

As at December 31 ($ millions)	2024 Within 1 year	2024 1 to 5 years	2024 5 to 10 years	2024 Over 10 years	2024 Total	2023 Within 1 year	2023 1 to 5 years	2023 5 to 10 years	2023 Over 10 years	2023 Total
Interest rate contracts	**4,078**	**878**	**–**	**–**	**4,956**	3,918	45	–	–	3,963
Equity contracts	**2,341**	**–**	**–**	**–**	**2,341**	2,839	–	–	–	2,839
Commodity contracts	**1,830**	**–**	**–**	**–**	**1,830**	1,188	–	–	–	1,188
Currency contracts	**23,062**	**–**	**–**	**–**	**23,062**	18,443	–	–	–	18,443
Credit contracts	**–**	**1,237**	**–**	**–**	**1,237**	–	2,128	–	–	2,128
TOTAL	**31,311**	**2,115**	**–**	**–**	**33,426**	26,388	2,173	–	–	28,561

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.

	2024			2023		
As at December 31 ($ millions)	**Number of investments**	**Fair value**	**Cost**	Number of investments	Fair value	Cost
Fixed income	**8**	**2,071**	**2,153**	12	3,201	3,222
Public equity	**1**	**2,137**	**2,161**	–	–	–
Pooled and hedge funds	**2**	**1,120**	**856**	4	2,345	2,073
Real estate	**2**	**737**	**643**	3	806	641
Private equity	**5**	**1,756**	**415**	2	808	269
Infrastructure	**6**	**2,882**	**1,412**	4	2,634	1,350

As at December 31, 2024, 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 Provinces of Ontario and Quebec.

Public equity – SPDR S&P 500 ETF TRUST.

Pooled and hedge funds – MAN FRM Bespoke Alpha LP and Carlyle Ontario Credit Partnership, L.P.

Real estate – Unison Midgard Fund LP. and Westbank Holdings Ltd. (represents three different debt investments alongside Westbank Holdings Ltd.).

Private equity – Kinetic TCo Pty Limited, Atmosphere Aggregator Holdings II, L.P., ONEX Fox LP, SGU Holdings LP and MRO Parent Corporation.

Infrastructure – Globalvia Infraestructuras, S.A., BRUC OPT Energy Partners S.L., Kineticor Resources, Jaguar Transport Holdings, LLC, Post Road Digital Infrastructure Fund I LP and Firelight Infrastructure Partners.

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 and 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 $836 million (2023 - $1,000 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 interest-bearing investments based upon the contractual maturity of the securities:

	2024					2023				
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	**874**	**–**	**–**	**–**	**874**	1,356	–	–	–	1,356
Government and corporate bonds	**–**	**250**	**1,828**	**4,227**	**6,305**	57	611	2,055	4,717	7,440
Resell agreements	**1,307**	**–**	**–**	**–**	**1,307**	80	–	–	–	80
TOTAL	**2,181**	**250**	**1,828**	**4,227**	**8,486**	1,493	611	2,055	4,717	8,876

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.

With the cessation of the Canadian Dollar Offered Rate (CDOR) in 2024 and transition to Alternative Benchmark Rates (ABR), as at December 31, 2024, OPTrust no longer holds non-derivative assets referencing CDOR (2023 – $25 million).

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:

	2024			2023
As at December 31 ($ millions)	**Gross exposure**	**Impact of derivatives**[a]	**Net exposure**	Net exposure
Canadian Dollar	**11,526**	**8,678**	**20,204**	19,798
Foreign currency exposure				
United States Dollar	**10,516**	**(3,356)**	**7,160**	5,136
Australian Dollar	**1,546**	**(1,183)**	**363**	(12)
Euro	**2,218**	**(2,483)**	**(265)**	(298)
Swiss Franc	**11**	**(177)**	**(166)**	73
Chinese Yuan Renminbi	**15**	**(134)**	**(119)**	(3)
Europe-other	**648**	**(713)**	**(65)**	228
Asia Pacific	**193**	**(426)**	**(233)**	(106)
Emerging Markets	**133**	**(206)**	**(73)**	297
	15,280	**(8,678)**	**6,602**	5,315
NET INVESTMENTS	**26,806**	–	**26,806**	25,113

[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 $+/-360 million change in net assets available for benefits as at December 31, 2024 (2023 - $+/-265 million).

		2024	2023
As at December 31 ($ millions)	**Change versus Canadian dollar**	**Change in net assets available for benefits**	Change in net assets available for benefits
United States Dollar	**+/-5%**	**+/-369**	+/-275
Australian Dollar	**+/-5%**	**+/-17**	+/-(0)
Euro	**+/-5%**	**+/-(-12)**	+/-(-13)
Swiss Franc	**+/-5%**	**+/-(-8)**	+/-3
Chinese Yuan Renminbi	**+/-5%**	**+/-(-6)**	+/-(0)
TOTAL		**+/-360**	+/-265

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)			**2024**	2023
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%**	**+/-431**	+/-317
Private equities	MSCI World Developed Index	**+/-10%**	**+/-457**	+/-416
TOTAL			**+/-888**	+/-733

[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)			**2024**	2023
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%**	**+/-131**	+/-83
Broad commodity exposure	Bloomberg Commodity Index	**+/-10%**	**+/-(-14)**	+/-(3)
TOTAL			**+/-117**	+/-80

[a] The expected effect of a 10% change in the commodity market index is estimated using market data since January 2004. Currency exchange rates are not affected by the change in market indices.

OPTrust manages commodity price risk through adherence to approved policies and guidelines, which includes ensuring thresholds are being met through monitoring commodity exposures in the Total Fund.

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:

	2024						2023					
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	**375**	**–**	**–**	**–**	**23**	**398**	–	–	–	–	20	20
AA/R-1 mid	**258**	**6,304**	**–**	**–**	**6**	**6,568**	527	4,712	–	–	5	5,244
A/R-1 low	**130**	**1**	**1,307**	**129**	**14**	**1,581**	829	2,728	80	381	3	4,021
BBB/R-2 low or lower[a]	**111**	**–**	**–**	**–**	**119**	**230**	–	–	–	–	95	95
Unrated	**–**	**–**	**–**	**–**	**537**	**537**	–	–	–	–	645	645
TOTAL	**874**	**6,305**	**1,307**	**129**	**699**	**9,314**	1,356	7,440	80	381	768	10,025

[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)	2024	2023
Derivatives		
Collateral received[a]	**(44)**	(163)
Collateral pledged[b]	**470**	443
Resell and repurchase agreements		
Associated receivable from resell agreements	**1,307**	80
Collateral received[c]	**(1,290)**	(81)
Associated liability from repurchase agreements	**(1,633)**	(2,116)
Collateral pledged[c]	**1,616**	2,095
Securities lending program		
Securities loaned	**11**	34
Collateral received	**(12)**	(37)

[a] Includes cash collateral (received) of $(44) million (2023 - $(163) million).
[b] Includes cash collateral pledged of $131 million (2023 - $32 million).
[c] Includes net cash collateral pledged/(received) of $(6) million (2023 - $(102) 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, 2024 and 2023. Similar arrangements include repurchase agreements, resell agreements, securities lending and any related rights to financial collateral.

	2024				
				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	**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)**

	2023				
Financial assets					
Derivative instruments	456	(75)	381	(163)	218
Resell agreements	80	–	80	(81)	(1)
Securities lending	34	–	34[a]	(34)	–
TOTAL FINANCIAL ASSETS	570	(75)	495	(278)	217
Financial liabilities					
Derivative instruments	(174)	75	(99)	99	–
Repurchase agreements	(2,116)	–	(2,116)	2,095	(21)
TOTAL FINANCIAL LIABILITIES	(2,290)	75	(2,215)	2,194	(21)

[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:

		2024		
As at December 31 ($ millions)	**Within 1 year**	**1 to 5 years**	**5 to 10 years**	**Total**
Cash collateral received	**(56)**	–	–	**(56)**
Due to brokers and other liabilities	**(206)**	**(19)**	–	**(225)**
Derivative instruments	**(204)**	–	–	**(204)**
Repurchase agreements	**(1,633)**	–	–	**(1,633)**
TOTAL	**(2,099)**	**(19)**	–	**(2,118)**

		2023		
Cash collateral received	(265)	–	–	(265)
Due to brokers and other liabilities	(54)	(18)	–	(72)
Derivative instruments	(99)	–	–	(99)
Repurchase agreements	(2,116)	–	–	(2,116)
TOTAL	(2,534)	(18)	–	(2,552)

OPTrust maintains unsecured credit facilities to meet potential liquidity requirements. As at December 31, 2024, $137 million (2023 - $101 million) was drawn on the credit facilities in the form of letters of credit, with $244 million (2023 - $249 million) being undrawn.

4. Net investment income

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

For the years ended December 31 ($ millions)	**2024** Investment income/(loss)	**2024** Net gain/(loss) on investments[a]	**2024** Net investment income/(loss)[b/c]	2023 Investment income/(loss)	2023 Net gain/(loss) on investments[a]	2023 Net investment income/(loss)[b/c]
Fixed income						
Cash and short-term investments	**87**	**(8)**	**79**	100	(5)	95
Government and corporate bonds						
Canadian	**220**	**(94)**	**126**	120	311	431
Foreign	**(14)**	**(16)**	**(30)**	(19)	(20)	(39)
Real-return bonds						
Canadian	**–**	**–**	**–**	11	(11)	–
	293	**(118)**	**175**	212	275	487
Public equity						
Canadian	**1**	**11**	**12**	1	(17)	(16)
Foreign	**19**	**83**	**102**	28	97	125
	20	**94**	**114**	29	80	109
Pooled and hedge funds	**10**	**508**	**518**	5	204	209
Real estate	**147**	**(171)**	**(24)**	132	(264)	(132)
Private equity	**51**	**892**	**943**	15	287	302
Infrastructure	**44**	**352**	**396**	40	(10)	30
Derivative instruments	–	**344**	**344**	–	345	345
	252	**1,925**	**2,177**	192	562	754
	565	**1,901**	**2,466**	433	917	1,350
Investment management expenses						
External manager fees[d]			**(5)**			(8)
Transaction costs			**(24)**			(9)
			(29)			(17)
NET INVESTMENT INCOME			**2,437**			1,333

[a] Includes net realized gain of $1,258 million and net unrealized gain of $643 million in 2024 and net realized gain of $169 million and net unrealized gain of $748 million in 2023.

[b] Certain investment-related disbursements of $51 million in 2024 (2023 - $47 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 ($ millions)	**2024**	2023
Inflation rate	**2.00%**	2.00%
Discount rate (real)	**3.95%**	3.90%
Discount rate (nominal)	**5.95%**	5.90%
Salary increases (nominal)	**2.75%**	2.75%

The inflation rate is based on the long-term expected CPI rate increases. Note for the 2024 valuation, the cost-of-living adjustments for pensions under the Primary Schedule are assumed to be 3.00% and 2.25% for 2026 and 2027 respectively to incorporate an elevated rate of inflation expected in the short-term (2023 – 3.75%, 3.00% and 2.25% for 2024, 2025 and 2026 respectively).

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 5.95% as at December 31, 2024 (2023 – 5.90%), 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 loss of $234 million (2023 – loss of $604 million) on the Plan's pension obligations is due to the changes in economic assumptions noted above, and includes an estimated loss of $421 million to reflect the potential impact of future longevity improvements being higher than our current assumptions.

Experience gains of $368 million (2023 – loss of $305 million) on the Plan's pension obligations are due to differences between actual experience and assumptions and includes an estimation of $245 million (2023 –$399 million) of the potential remaining impact of retroactive pay increases related to Bill 124.

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 2025, OPTrust is expected to file with the regulator the December 31, 2024 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, 2027.

6. Capital

OPTrust defines capital as the funded position of the Plan, whether in surplus or deficit. Surplus is generated during periods of favourable economic performance and drawn down during periods of unfavourable economic 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 $4,379 million as of December 31, 2024 (2023 - $3,076 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, funded status risk is managed through strategic limits established in the *Risk Appetite Statement* (RAS).

7. Contributions

For the years ended December 31 ($ millions)	2024	2023
Members		
Current service[a]	**288**	273
Prior service	**102**	15
Long-term income protection[b]	**19**	17
	409	305
Employers		
Current service[a]	**287**	272
Prior service	**46**	7
Long-term income protection[b]	**19**	17
	352	296
Transfers from other plans	**20**	19
TOTAL CONTRIBUTIONS	**781**	620

[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, 2024 employers' and members' contributions receivable were $42 million (2023 – $35 million) and $30 million (2023 – $27 million) respectively. OPTrust reconciles contributions for each employer on a member-by-member basis.

8. Benefit paid

For the years ended December 31 ($ millions)	2024	2023
Retirement pensions	**1,104**	1,046
Transfers to Public Service Pension Plan	**210**	225
Refunds, commuted value transfers and death benefits	**61**	74
Transfers to other plans	**20**	8
TOTAL BENEFITS PAID	**1,395**	1,353

9. Administrative expenses

Investment administrative expenses[a]

For the years ended December 31 ($ millions)	2024	2023
Administration	**60**	54
Professional services[b]	**4**	4
Custodial fees	**1**	1
TOTAL INVESTMENT ADMINISTRATIVE EXPENSES	**65**	59

Pension administrative expenses[a]

For the years ended December 31 ($ millions)	2024	2023
Administration	**36**	37
Professional services[b]	**2**	3
System development	**7**	4
TOTAL PENSION ADMINISTRATIVE EXPENSES	**45**	44

[a] Includes corporate expenses.

[b] Total professional services include external audit expense of $757 thousand (2023 – $820 thousand), actuarial expense of $309 thousand (2023 – $385 thousand) and Trustee expenses of $146 thousand (2023 – $84 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, 2024, these commitments totaled $2,767 million (2023 – $3,022 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:

For the years ended December 31 ($ millions)	2024	2023
Investment commitments	**2,767**	3,022
Guarantees	**991**	593
Lease commitments	**28**	31
TOTAL INVESTMENT COMMITMENTS, GUARANTEES AND LEASE COMMITMENTS	**3,786**	3,646

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, 2024, 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, 2024, was $2,479 million (2023 – $3,372 million). Investment income recorded on these investments amounted to $154 million for the year-ended December 31, 2024 (2023 – $109 million).

OPTrust has a joint venture partnership with GWL Realty (GWL) in the ownership of its head office. In 2024, the amounts paid to the joint venture with GWL amounted to $5 million (2023 – $3 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
2025	**3**
2026	**3**
2027	**3**
2028	**3**
Thereafter	**16**
TOTAL MINIMUM LEASE PAYMENTS	**28**

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)	2024	2023
Salaries, short-term benefits and termination benefits	**5,736**	5,197
Other long-term benefits	**2,958**	2,620
Post-employment benefits	**499**	427
TOTAL	**9,193**	8,244

Ten-year financial review (unaudited)

As at December 31 ($ millions)	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
CHANGES IN NET ASSETS										
Changes due to investment activities	**2,372**	1,274	(580)	3,465	1,901	2,217	145	1,742	1,037	1,311
Changes due to pension activities	**(659)**	(777)	(690)	(598)	(545)	(464)	(498)	(497)	(391)	(393)
INCREASE/ (DECREASE) IN NET ASSETS	**1,713**	497	(1,270)	2,867	1,356	1,753	(353)	1,245	646	918
NET ASSETS										
Investments										
Cash and short-term investments	**1,432**	1,882	3,004	5,330	5,681	2,725	3,406	3,332	2,417	1,460
Government and corporate bonds and debentures	**6,305**	7,440	6,525	2,883	3,791	9,162	6,285	5,573	4,227	3,854
Real return bonds	**–**	–	453	1,391	1,355	1,059	866	430	438	468
Bank loan notes	**–**	–	–	–	–	–	–	–	168	156
Public equity	**2,643**	575	1,058	1,887	1,908	1,699	1,425	2,318	3,422	5,497
Pooled and hedge funds	**2,766**	3,888	4,274	3,554	2,936	4,866	5,863	4,573	2,597	959
Real estate	**4,239**	4,436	4,679	3,981	3,189	3,091	2,927	2,823	2,884	2,857
Private equity	**5,341**	4,729	4,012	4,017	3,178	2,797	2,288	1,920	1,595	1,691
Infrastructure	**4,505**	4,222	4,159	3,364	2,620	2,405	2,476	2,136	2,065	2,350
Investment-related assets	**1,693**	493	504	799	1,781	805	324	481	132	108
	28,924	27,665	28,668	27,206	26,439	28,609	25,860	23,586	19,945	19,400
Contributions receivable	**72**	62	56	56	52	49	52	48	53	51
Other assets	**26**	26	5	2	9	8	11	5	4	5
TOTAL ASSETS	**29,022**	27,753	28,729	27,264	26,500	28,666	25,923	23,639	20,002	19,456
Liabilities										
Accounts payable and accrued charges	**(51)**	(61)	(63)	(26)	(38)	(28)	(39)	(44)	(49)	(54)
Investment-related liabilities	**(2,118)**	(2,552)	(4,023)	(1,325)	(3,416)	(6,948)	(5,947)	(3,305)	(908)	(1,003)
TOTAL LIABILITIES	**(2,169)**	(2,613)	(4,086)	(1,351)	(3,454)	(6,976)	(5,986)	(3,349)	(957)	(1,057)
NET ASSETS AVAILABLE FOR BENEFITS	**26,853**	25,140	24,643	25,913	23,046	21,690	19,937	20,290	19,045	18,399
Pension obligations	**(22,474)**	(22,064)	(20,776)	(21,365)	(20,682)	(20,220)	(18,453)	(18,265)	(17,316)	(16,756)
SURPLUS	**4,379**	3,076	3,867	4,548	2,364	1,470	1,484	2,025	1,729	1,643

With net assets of over $26 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 over 114,000 members.

OPTrust

1 Adelaide Street East, Suite 2900
Toronto, ON M5C 3A7

Member Experience and Pension Operations

Tel: **416-681-6100** in Toronto
1-800-637-0024 toll-free in Canada

General information

Tel: **416-681-6161** in Toronto
1-800-906-7738 toll-free in Canada

optrust.com | email@optrust.com

Connect with us

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

OPTrust

OPTrust's publications and other information are available online at optrust.com.