HOOPP

Strong. Secure. Sustainable.

HOOPP 2025 **Annual Report**



65 YEARS



HOOPP member from Scarborough Health Network

HOOPP members from Women's College Hospital

Building a stronger financial future for the healthcare community

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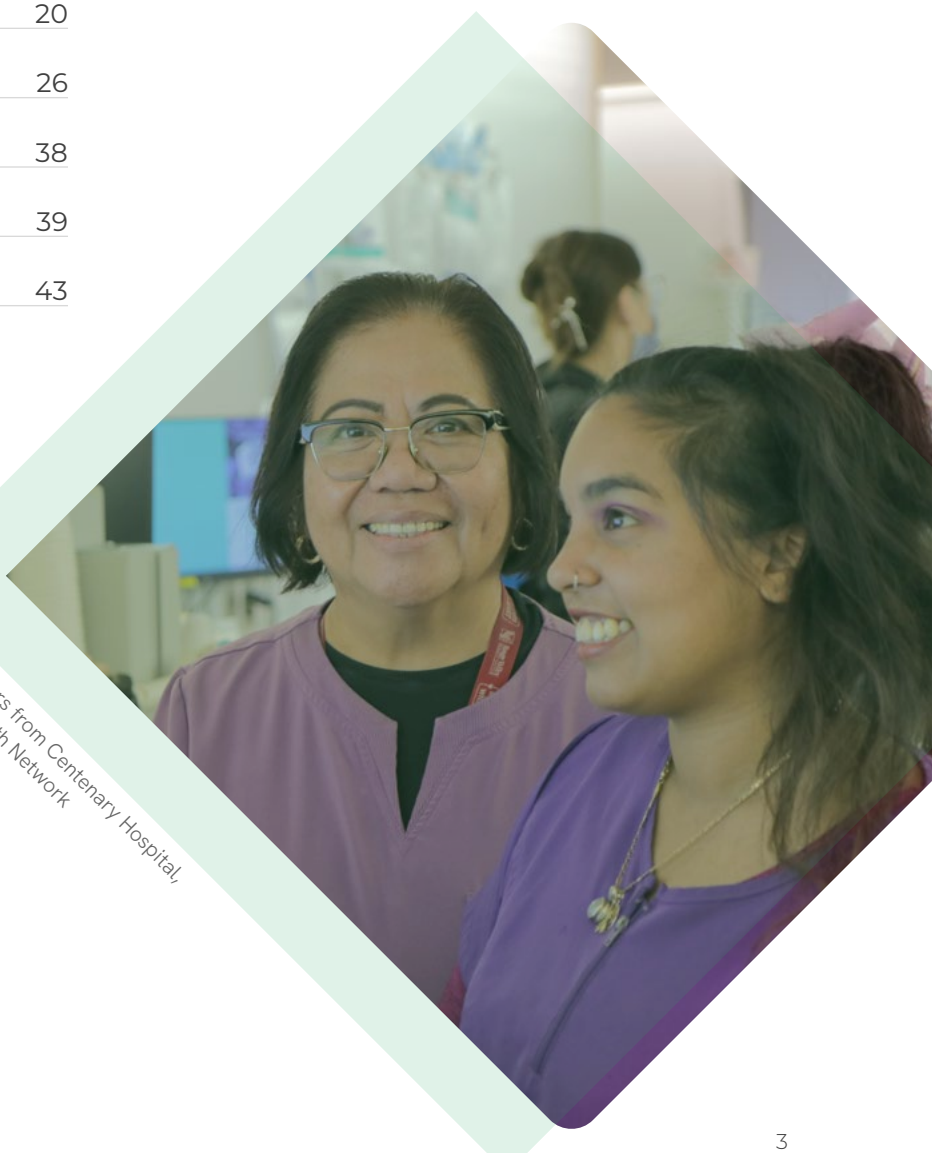
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HOOPP members from Centenary Hospital, Scarborough Health Network



HOOPP members from Women's College Hospital



HOOPP members from Ontario Shores Centre for Mental Health Sciences

65 YEARS

About HOOPP

The Healthcare of Ontario Pension Plan (HOOPP or the Plan), one of Canada's leading defined benefit (DB) pension plans, provides dedicated retirement security for Ontario's healthcare community. For more than 65 years, HOOPP has helped healthcare workers build strong and reliable foundations for financially secure futures.

The Plan is a contributory, defined benefit, multi-employer pension plan registered under the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada) and is regulated as a jointly sponsored pension plan under the *Pension Benefits Act*.

In 1960, the Ontario Hospital Association (OHA) established HOOPP to provide Ontario hospital staff with a better way to plan and save for retirement. It was then known as the Hospitals of Ontario Pension Plan, reflecting its original focus on hospitals.

In 1993, HOOPP became an independent, private trust with a jointly sponsored Board of Trustees (the Board) representing the OHA and four settlor unions governing the Plan. The unions include: Ontario Nurses' Association (ONA), the Canadian Union of Public Employees (CUPE), the Ontario Public Service Employees Union (OPSEU) and the Service Employees International Union (SEIU).

As Ontario's healthcare system evolved, so did HOOPP. In 2010, the Plan adopted its current name, the Healthcare of Ontario Pension Plan, reflecting a broader membership that now spans hospitals, long-term care homes, community health organizations, physician practices and other Ontario healthcare employers.

Today, more than 504,000 members and 870 employers rely on HOOPP. With more than 65 years of strong, independent governance, HOOPP remains committed to delivering on its pension promise and building a strong financial future for Ontario's healthcare community.

HOOPP's mission, vision and values

Mission

To deliver on our pension promise

Vision

Building a stronger financial future for the healthcare community

Values

Accountable

Take responsibility for delivering exceptional outcomes.

Compassionate

Show empathy and respect for each other and our members.

Trustworthy

Be honest, reliable and follow through on our commitments.

HOOPP members from Centenary Hospital, Scarborough Health Network



2025 Highlights

as at December 31, 2025

$131.9B
Net assets

109%
Funded status

7.7%
2025 net return

504,237
Total members

871
Total employers

$4.1B
Total pension benefits paid in 2025



HOOPP head office — One York, Toronto, Ontario


HOOPP member

HOOPP member from Centenary Hospital, Scarborough Health Network



Anthony Dale, 2025 Board Chair, HOOPP



Dan Anderson, 2025 Board Vice Chair, HOOPP

Message from the Chair and Vice Chair

We are pleased to share this year's results and reflect on HOOPP's continued commitment to delivering retirement security for Ontario's healthcare community through a pension plan that remains strong, secure and sustainable. In 2025, HOOPP marked 65 years of serving Ontario's healthcare workers, a milestone that underscores the durability and purpose of the Plan.

With net assets of $131.9 billion, the Fund delivered a net return of 7.7% and ended the year 109% funded. This strong financial position supports stable contribution rates and secure benefits, reinforcing HOOPP's value to members and employers across Ontario's healthcare sector.

Governance oversight

Amid continued global uncertainty, HOOPP demonstrated the enduring value of a well-managed defined benefit pension plan — one that provides stability today and confidence for the future.

HOOPP's independent governance structure remains one of its greatest strengths. It ensures that all decisions are made in the best interests of HOOPP members and are guided by prudent risk management, rigorous oversight and a long-term perspective.

Throughout the year, the Board of Trustees (the Board) worked closely with management to assess the evolving economic and financial market environment and adapt as needed to ensure that HOOPP's strategy, investments and operations remain aligned with its mission. This disciplined approach to governance, grounded in collaboration, accountability and expertise, continues to support the long-term sustainability of the Plan and safeguard the financial security of its members.

Strategic direction and long-term vision

Both the healthcare and investment landscapes continue to evolve amid significant and ongoing changes. Demand for healthcare services across Ontario is steadily increasing, shaped by demographic shifts and growing complexity of care. At the same time, the global economy continues to be shaped by persistent inflationary pressures, heightened geopolitical risk and accelerated technological disruption. In this environment, HOOPP's long-term focus, agility and organizational stability are more important than ever.

Throughout 2025, the Board played a pivotal role in ensuring HOOPP continued to adapt and meet future needs. The launch of HOOPP's 2030 Strategic Plan marked an important milestone. Developed with contributions from the Board and employees across the organization, the plan sets a clear direction for the next five years. It ensures HOOPP will continue to evolve alongside the healthcare sector it serves, so the Plan remains resilient, responsive and aligned with the needs of current and future members.

Executive leadership continuity

In early 2025, the Board appointed Annesley Wallace as HOOPP's President and Chief Executive Officer and supported her seamless onboarding, ensuring strong continuity in executive leadership and positioning the organization for continued success. Annesley brings a distinguished track record of leadership in investment management and pension administration and is well equipped to advance HOOPP's mandate of delivering secure, lifelong pensions to Ontario's healthcare workers.

The Board is confident that, under Annesley's leadership, HOOPP's strategy, governance framework and dedicated team will continue to effectively navigate future opportunities and challenges, while safeguarding and enhancing the value of the Plan.

The Board also extends its sincere gratitude to Jeff Wendling, who retired in 2025 after more than 26 years of dedicated service to HOOPP, including five years as President and Chief Executive Officer. Under Jeff's leadership, the Plan maintained a strong funded status, navigated significant market challenges and maintained stable contribution rates while enhancing member benefits.

Delivering on our pension promise

Since 1960, HOOPP has provided healthcare workers with confidence in their retirement security. The Plan continues to deliver exceptional value: contribution rates have remained unchanged for more than two decades, full annual cost-of-living adjustments continue to be granted and benefit improvements have been provided when supported by the Plan's financial position.

As Ontario's healthcare system evolves, this value becomes increasingly important. A strong and reliable pension plan supports the financial well-being of healthcare workers and plays a meaningful role in attracting and retaining those who deliver essential care to Ontarians every day.

This is the enduring strength of the defined benefit model — a reliable promise supported by sound governance, disciplined management and a shared sense of purpose.

Thank you

As Laura Dumoulin (OPSEU appointee) and Nick Zelenczuk (OHA appointee) conclude their time on the Board, we offer our sincere appreciation for their valued leadership and contributions to HOOPP. We are equally grateful to all members of the Board of Trustees for their dedication and thoughtful stewardship, to HOOPP's leadership team and employees for their continued excellence, and to our members and employers for their trust and partnership.

Together, we remain committed to ensuring that HOOPP continues to deliver on its pension promise.



Anthony Dale,
2025 Board Chair



Dan Anderson,
2025 Board Vice Chair



Annesley Wallace, President and CEO, HOOPP

Message from the President and CEO

As HOOPP celebrated its 65th anniversary in 2025, the Plan remained strong, secure and sustainable. This reflects our commitment to those in the healthcare community who dedicate their lives to caring for others.

At the heart of our success is a mission that has remained steadfast for more than six decades: delivering on our pension promise. To carry this legacy forward, we have introduced a new vision focused on building a stronger financial future for the healthcare community.

Over the past year, I had the privilege of meeting with healthcare workers, HOOPP employers and partners across the province. Each conversation reminded me of why our work matters. Every pension we deliver represents retirement security for someone who has spent their career caring for Ontarians. These relationships continue to inspire and ground all HOOPP employees in our collective purpose.

As I look back on the past year, I am proud of what we have accomplished together in service of our members and Ontario's healthcare community.

Strength through disciplined investment

In 2025, the global macroeconomic environment was shaped by slower growth, persistent inflationary pressures and elevated levels of public debt. Geopolitical tensions and policy uncertainty contributed to heightened market volatility and a wider range of potential economic outcomes. In this environment, we remained focused on disciplined risk management and a resilient, long-term investment approach.

Against this backdrop, HOOPP delivered a net return of 7.7% in 2025 and generated $9.7 billion in net investment income. We managed $131.9 billion in net assets and invested across a globally diversified

portfolio, while maintaining our commitment to investing in Canada. Our scale and diversification support patient capital through market cycles, effective risk management and the ability to pursue opportunities aligned with our long-term objectives.

HOOPP has been fully funded since 2009, and as of December 31, 2025, the Plan was 109% funded. This means that for every dollar owed in pension benefits, now and in the future, the Plan held $1.09 in assets. This sustained funded strength supports stable contributions, secure benefits and long-term confidence for our members and employers alike.

Our strength is built on a clear foundation: our scale, our disciplined investment approach, our independent governance model and our people. These attributes have helped us navigate uncertainty and deliver on our commitments year after year. Looking ahead, despite continued economic and market complexity, we remain well positioned to protect the Plan's strength and deliver long-term retirement security for Ontario's healthcare community.

Our 2030 Strategic Plan: A roadmap for the future

The launch of HOOPP's 2030 Strategic Plan marks the beginning of an important new chapter in our journey. Built on decades of financial strength and operational discipline, the strategic plan provides a roadmap for navigating an increasingly complex world while remaining focused on delivering retirement security for our members.

The strategy is anchored by three core pillars:

- **Maximizing the value of the Plan for members** by enhancing the benefits and services that matter most, while recognizing today's realities.
- **Improving the resilience and adaptability of the portfolio** through a Total Portfolio Approach (TPA) to investing that balances long-term returns with flexibility in a rapidly changing environment.
- **Evolving with Ontario's healthcare community** by thoughtfully growing our membership and ensuring HOOPP remains the pension plan of choice for healthcare workers and employers across the province.

Maximizing the value of the Plan for members

HOOPP's strong funded position enabled us to provide a full cost-of-living adjustment for 2024, helping retired members maintain their standard of living amid rising costs. We also maintained contribution rates that are among the lowest of Canada's major pension plans.

In June, we announced that these rates will remain stable until at least the end of 2027, extending a remarkable record of unchanged rates since 2004. This long-term stability remains one of the most meaningful ways we support affordability, predictability and retirement confidence for both members and employers.

Improving the resilience and adaptability of the portfolio

As higher interest rates, geopolitical shifts and technological change reshape global markets, we are evolving how we invest. Our transition to TPA reflects an evolution in how we allocate capital and manage risk across the Fund. This more integrated and flexible framework strengthens decision making, improves our ability to respond to changes and supports sustainable long-term value creation, ensuring the portfolio remains resilient through market cycles.

Evolving with Ontario's healthcare community

2025 was a period of meaningful growth for HOOPP. We welcomed our 500,000th member, a milestone that reflects the continued strength of the Plan. Earlier in the year, Waterloo Regional Health Network expanded HOOPP eligibility to allow all employees to join the Plan, demonstrating the Plan's growing reach. This momentum continued with The Hospital for Sick Children (SickKids) joining HOOPP effective December 29, 2025. This was a significant achievement that means all hospitals in Ontario are now part of the Plan.

Our network of participating healthcare employers has expanded to more than 870 across the province, including eligible incorporated physicians and their employees. Each new member and employer reinforces the value of a collective approach to retirement security and demonstrates that our strategy is working: expanding access, supporting those who care for others and building a stronger financial future for Ontario's healthcare community.

Looking ahead

To our members, employers and partners: thank you. Your trust, collaboration and commitment make everything we do possible. It is a privilege to serve those who dedicate their lives to the health and well-being of others.

As we look to the future, we remain focused on evolving responsibly, investing wisely and delivering our pension promise, so that our members can look ahead with confidence.

Together, we are building a financial future for Ontario's healthcare community that is *strong*, *secure* and *sustainable* — for today, tomorrow and generations to come.

Annesley Wallace.

Annesley Wallace,
President and Chief Executive Officer
Healthcare of Ontario Pension Plan



HOOPP employer — The Hospital for Sick Children, Toronto

HOOPP employer — Centenary Hospital, Scarborough Health Network

2030 Strategic Plan

In 2025, HOOPP launched its 2030 Strategic Plan — a forward-looking roadmap designed to strengthen our ability to deliver on our pension promise in an increasingly complex environment.

The strategy outlines how we will advance our vision of **building a stronger financial future for Ontario's healthcare community.** The strategy is anchored in three pillars:

Maximizing the value of the Plan for members

We will seek to maximize the Plan's value by consistently delivering a strong value proposition and exemplary service throughout our members' pension journey.

How we will do it

We will protect and enhance benefits while thoughtfully modernizing Plan features. We will strengthen education around HOOPP's value proposition, adapt services to evolving member and employer needs and act as a trusted advisor — empowering members to make informed decisions.

Our goals

80%+
member satisfaction

Member confidence in HOOPP's ability to deliver long-term retirement security

Improving the resilience and adaptability of the portfolio

We will ensure the Plan remains resilient and well positioned in a changing global economic landscape.

How we will do it

We will enhance long-term resilience by implementing TPA and maintaining diversification across geographies, asset classes and risk factors. Operating within our Liability-Aware Investing (LAI) framework, we will strengthen liquidity and funding management and advance our sustainable investing approach to support strong, risk-adjusted outcomes over time.

Our goals

4.5–6.5%
long-term real returns

110–115%
funded ratio

Evolving with the Ontario healthcare community

We will continue to evolve alongside Ontario's healthcare community to remain its pension plan of choice.

How we will do it

We will evolve and grow within the healthcare sector by expanding participation among existing employers, increasing part-time membership and welcoming new members and employers across Ontario's healthcare system.

Our goals

600,000+
members

1,000+
employers

Critical enablers to our success

Two critical enablers underpin our strategic pillars, ensuring we have the capacity and capability to execute our strategy and deliver on our pension promise over the long term.

Investing in our people

We will attract, develop and retain top talent by fostering a skills-based, continuous learning environment. Through leadership development, succession planning and advancing equity, diversity and inclusion, we will strengthen HOOPP's position as an employer of choice and equip our people to meet the evolving needs of members and employers.

Leveraging technology

We will continue to modernize our technology foundation to deliver secure, reliable and personalized experiences for members and employers. By enhancing our enterprise data platform to support TPA, strengthening cyber resilience and leveraging artificial intelligence, we will enable investment and operational effectiveness.

Benefits Canada Workplace Benefits Awards 2025

Greater Toronto's Top 2025 Employers

Brandon Hall Group HCM Excellence Award – Learning and Development – Bronze 2025

Brandon Hall Group HCM Excellence Award – Leadership Development – Gold 2025

Brandon Hall Group HCM Excellence Award – Diversity, Equity and Inclusion – Gold 2025



HOOPP team members



HOOPP team members at a United Way event

Engaged in our community

Our culture of care extends beyond the workplace and into the community we serve. In 2025, HOOPP employees raised over $464,000 in support of United Way Greater Toronto through donations, volunteerism and a week of coordinated fundraising activities. Through United Way's network of more than 300 agencies, including several HOOPP employers, these contributions will support efforts to address poverty, hunger, homelessness and gender-based violence across the region. Our annual United Way campaign underscores our purpose and commitment to supporting the communities where members and employers live and work.

Equity, diversity and inclusion at HOOPP

HOOPP's five Employee Resource Groups (ERGs) continue to foster belonging, professional development and community. Through year-round programming and signature events, the ERGs bring employees together to build connections, celebrate diverse experiences and strengthen engagement across the organization.

BLACK

Culture Champions

making HERstory

MAPLE

OUT and PROUD



HOOPP team members at an international lunch ERG event



HOOPP team members at an ERG open house event



HOOPP member

Management's Discussion and Analysis

Member Service

HOOPP's members, the foundation of our mission, are the heart of Ontario's healthcare system — people dedicating their careers to caring for others across hospitals, clinics and community settings. Delivering on the Plan's pension promise means providing lasting financial security to those supporting Ontario's health and well-being throughout their working lives.

504,237
Number of members

871
Number of employers

308,506
Number of active members

138,778
Number of retired members

56,953
Number of deferred members

25,358
Net new members

81.3%
Member Satisfaction Score*

2.6M
Number of member interactions

*Eight quarter rolling average of members who are "highly satisfied" with HOOPP (8+ survey ratings)



"I'm 27 and work part-time as a nurse, and honestly, having my HOOPP pension just makes me feel so much more at ease. Healthcare can be kind of all over the place, and my schedule definitely isn't always predictable, but my pension is. It's reassuring to know I'm still building something solid for my future, even working part-time. That peace of mind is huge in this field."

– Hannah Osagie,
active HOOPP member



"Healthcare workers dedicate their lives to caring for others, and it is up to us to ensure their retirement is handled with the same level of care and respect. We treat every interaction with empathy and compassion because we know we are supporting our healthcare community."

– Ellice O'Brien,
Senior Specialist, Member Services, HOOPP

Maximizing the value of the Plan for members

HOOPP's members have careers, family structures and financial needs that look different than they did when the Plan was founded in 1960. Remaining relevant and responsive requires continuous adaptation as Canadians navigate an increasingly complex and less predictable world with pressures felt across the healthcare sector.

Insights from HOOPP's ***2025 Canadian Retirement Survey*** underscore the growing importance Canadians place on financial security in retirement. Even amid affordability pressures and global economic uncertainty, the desire for a stable, reliable retirement income remains extremely strong. Nearly nine-in-10 Canadians say they would contribute 9% of their salary — matched by their employer — into a defined benefit pension plan in exchange for secure retirement income.

This insight reinforces the importance of the first pillar of HOOPP's 2030 Strategic Plan: maximizing the value of the Plan for members. As HOOPP focuses on delivering benefits and services that matter most, our objective is clear: ensure the Plan always meets the needs of those dedicating their lives to caring for others, today and in the years ahead.

Member satisfaction

HOOPP's member satisfaction score reached 81.3% in 2025, a record high reflecting more progress in how the Plan serves its membership across their pension journey. The score reflects member satisfaction, measured as the percentage of members who reported being highly satisfied with HOOPP (a rating of eight or higher on a 10-point scale), based on average results from the past eight quarters. This helps provide a consistent and reliable view of member sentiment over time.

While member satisfaction with service quality remains an important indicator, we are evolving how we measure member value. Beginning in 2026, we will introduce a new member value metric to understand what is most important to members. The metric will assess both overall confidence in the pension promise and the strength of the key drivers that support it, such as financial security, institutional trust and member experience, providing a more comprehensive view of how the Plan is performing for members over time.

2025 member service highlights

Through the Member Services team, HOOPP provides direct, personalized support to members at every stage of their pension journey. The team simplifies complex pension decisions by offering clear guidance, timely service and practical tools — online, by phone and in person. By actively listening to feedback and continuously improving education, communications and digital services, we help members make informed choices about their pensions.

2025 highlights included:

Strengthening financial literacy

We continued to advance our three-part financial literacy program, designed to support members' financial wellness throughout their careers. The program blends digital tools, practical financial education and expert advice. In 2025, additional Member Services staff earned Financial Services Regulatory Authority of Ontario (FSRA)–recognized designations, and the team welcomed a Certified Financial Planner (CFP) to deepen HOOPP's pension and retirement education resources.



"Having a pension means that I have stability and a sense of security. Being a HOOPP member makes me feel so supported, not just in my career today but in the life that I am building in the future."

– Melissa Dodaro,
active HOOPP member



"I was able to retire at 55, and the transition was seamless, with no unnecessary stress. My HOOPP payments started right when they said they would, and the COLA increases, along with my bridge benefit, were a pleasant surprise. Without a doubt, being a part of HOOPP was one of the best decisions I've made, both financially and for my life in general."

– Monica McCabe,
retired HOOPP member

Enhancing digital tools

We expanded our suite of digital tools to help members make informed decisions about their financial futures. In 2025, over 14,000 members used the Survivor Benefit Tool to understand how best to support loved ones, an increase of over 40% in average monthly unique members compared to the prior year. HOOPP also launched the Join HOOPP Tool, an interactive experience that helps potential members explore the value of joining the Plan while estimating their future pension, supporting both members and employers in understanding the advantages of participation.

Improving disability benefits support

We simplified the disability benefits experience, ensuring members receive timely and accessible support during challenging periods in their lives. Members on approved disability leaves continue to build pensions as if they were still working, with contributions paused for both members and employers. These benefits provide reassurance and financial continuity, while easing administrative demands on the healthcare community by limiting required medical documentation.



HOOPP members at Ontario Shores Centre for Mental Health Sciences



"Being a HOOPP employer is a tremendous advantage for us. HOOPP strengthens our ability to attract exceptional talent, retain experienced staff, and build a workplace where people feel invested in for the long term."

– Jess Rogers,
CEO, Association of Family Health Teams of Ontario



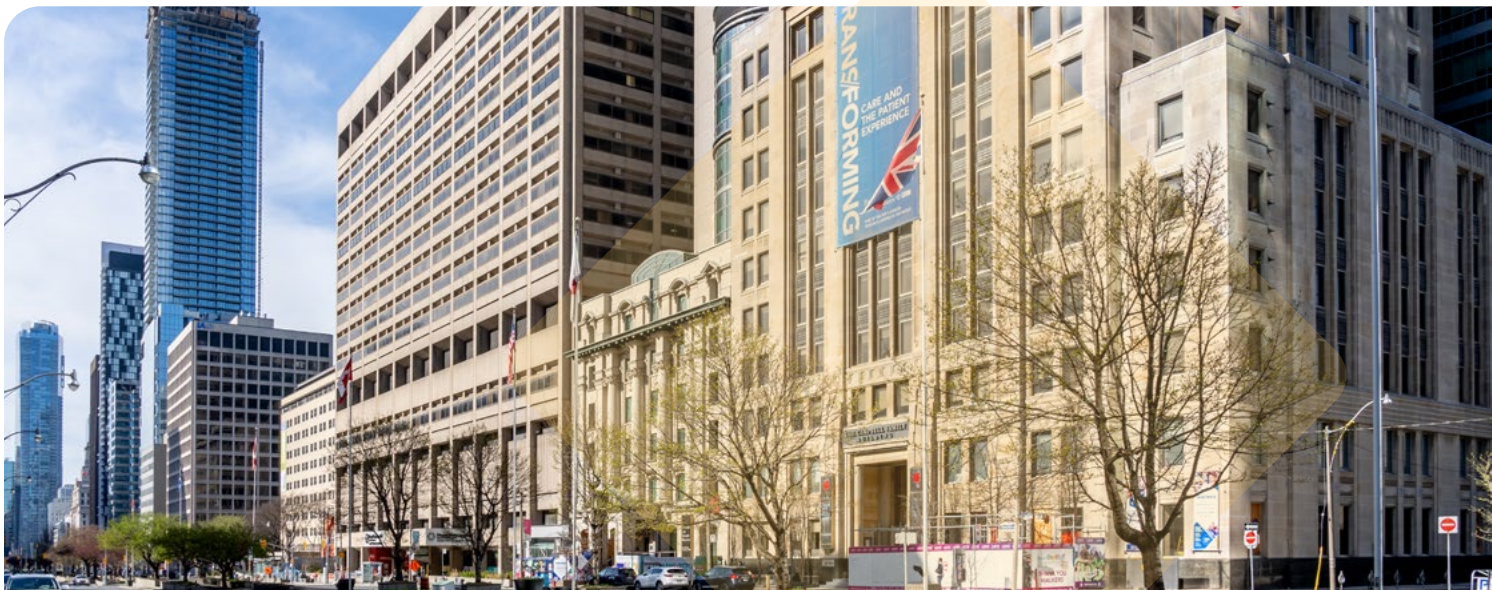
"HOOPP is a significant competitive advantage in our recruitment and retention efforts. ICL employees work hard to strengthen Canada's healthcare system, so it's great that HOOPP works just as hard for them, providing peace of mind and retirement security. We deeply appreciate the knowledgeable and passionate HOOPP team who support us."

- Shams Akhundova,
Human Resources Director, In-Common Laboratories (ICL)

Employer services

In 2025, HOOPP evolved with Ontario's healthcare community by adding a record number of new employers and expanding access within existing ones. Eligibility was extended to incorporated physicians, and Waterloo Regional Health Network increased eligibility to allow all employees to join, increasing access to retirement security across the healthcare sector. With the addition of The Hospital for Sick Children (SickKids), HOOPP achieved a significant milestone: every Ontario hospital is now part of the Plan. Together, these additions extend secure retirement benefits to an even broader community of healthcare workers, helping them build a stable financial future.

Throughout the year, we strengthened our employer supports by enhancing tools and resources to help employers attract and retain employees, recognizing the Plan's role as an important component of total compensation. We also worked proactively with employers to support effective plan administration and deliver employee education through in-person seminars, webinars and updated resources.



HOOPP employer — Princess Margaret Hospital, Toronto

Plan Funding and Liabilities

Plan funding management

Delivering on HOOPP's pension promise involves prudently managing risks to ensure funded status remains at acceptable levels.

We balance three main factors to ensure strong funded status:

- the level of pension benefits provided at retirement
- contribution rates from Plan members and their employers
- total investment assets and future expected investment returns

HOOPP's objective in managing benefit levels is to provide members with a stable and predictable pension income that, together with other sources, supports a secure retirement. In setting contribution rates, the Board seeks to maintain stability for members and employers. Contribution rates have not changed since 2004 and will remain at current levels until at least the end of 2027.

We carefully consider how our investment decisions affect the Plan's ability to pay pensions, both in the short and long term. Investment returns are a key source of funding for the Plan, accounting for more than 70% of the benefits expected to be paid. For this reason, management focuses on achieving strong investment returns while managing risk, under the oversight of the Board.



HOOPP employer — Milton District Hospital, Milton

Funded status

as at December 31, 2025

HOOPP's funded status compares Plan assets to liabilities (i.e. pension obligations) and is a key indicator of the Plan's health and ability to pay pensions and provide members with future cost-of-living adjustments (COLA).

For regulatory filings purposes, HOOPP reports funded status using a smoothed asset value basis. This approach reflects the long-term nature of the Plan's pension promise by gradually smoothing investment returns over five years. Smoothing helps reduce the impact of short-term market volatility and supports more stable, long-term funding and benefit decisions.

While the funded status is reported on a smoothed asset value basis, it is also useful to consider the funded status on a net asset value basis. This measure indicates how the funded status would change as any unamortized investment gains or losses are reflected in Plan assets.

The Plan's funded status, both on a smoothed asset value and a net asset value basis, is presented below.

109%

2025 smoothed asset value basis
2024 value: 111%

109%

2025 net asset value basis
2024 value: 109%

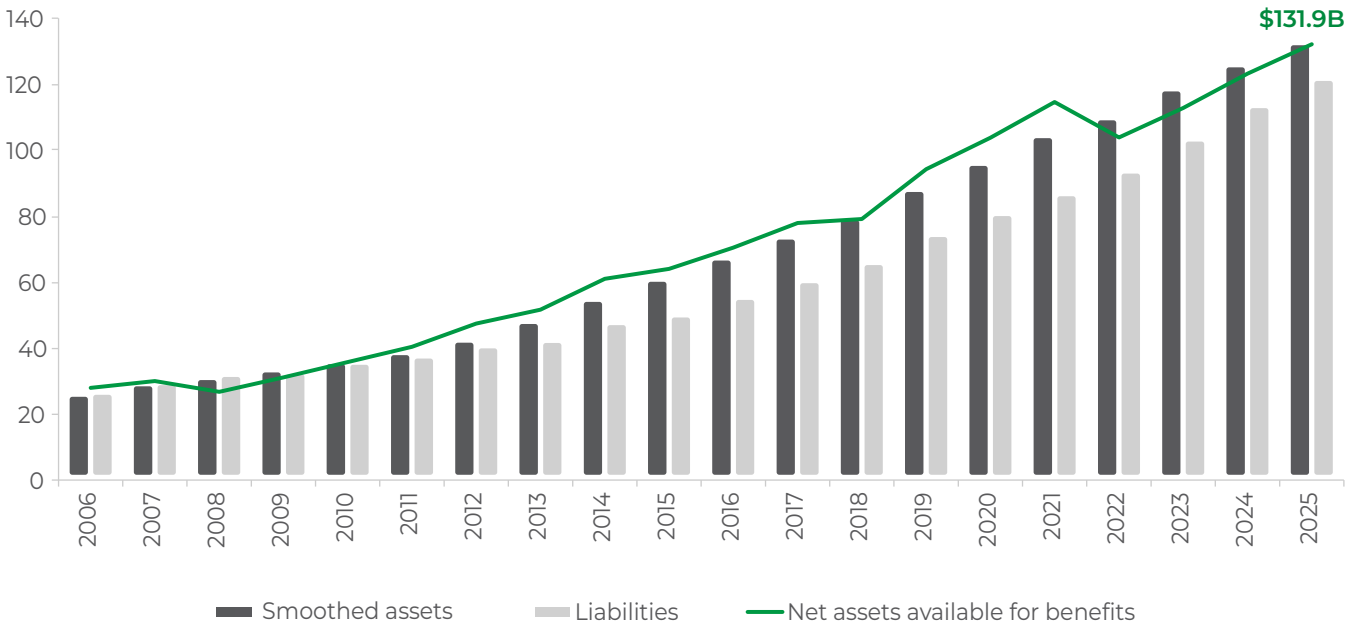
The following table provides a detailed breakdown of HOOPP's assets, pension obligations and funded ratios at the end of 2024 and 2025.

($ billions)	2025	2024
Net asset value	131.9	123.0
Asset smoothing adjustment	-0.3	2.0
Smoothed asset value	131.6	125.0
Pension obligations	120.8	112.6
Surplus using smoothed asset value	10.8	12.4
Funded ratio using smoothed asset value	109%	111%
Funded ratio using net asset value	109%	109%

The graph that follows shows the Plan's net and smoothed assets against its liabilities over time. At the end of 2025 the Plan reported a surplus (i.e. more assets than liabilities) for the 16th consecutive year.

20-year history — assets and liabilities

($ billions)



Funding valuation assumptions

HOOPP's pension obligation represents the value today of the benefits that will be paid to members in the future. The pension obligation is based on assumptions related to future returns, inflation, wage growth, retirement ages and life expectancy. Using these and other assumptions, together with actual member data, the annual benefits owed to Plan members are projected almost 80 years into the future. Actual economic and demographic experience differing from these assumptions can lead to changes to the funded status in the future.

Among these assumptions, one of the most critical is the discount rate, which is crucial in calculating a pension plan's funded status as it determines future pension liabilities' present value, translating long-term benefit promises into today's dollars.

Because liabilities stretch decades into the future, the discount rate reflects the time value of money and the expected return on assets considered appropriate for valuing those obligations. A higher discount rate reduces the present value of liabilities and can make the Plan appear better funded, while a lower rate increases liabilities and can reveal funding shortfalls.

Therefore, the discount rate directly influences funded status and the overall assessment of the Plan's financial health. The real discount rate assumption is the difference between the discount rate assumption and the inflation rate assumption. HOOPP's 2025 discount rate, approved by the Board of Trustees, remained unchanged from 2024 at 5.65%.

The sum of the inflation rate and real discount rate assumptions is the discount rate assumption as outlined below.

Assumption	2025	2024
Inflation rate[1]	2.00%	2.00%
Real discount rate	3.65%	3.65%
Discount rate	5.65%	5.65%

[1] Assumed inflation protection: 100% of Consumer Price Index (CPI) for all years of service, notwithstanding its discretionary nature.

Pension obligations are sensitive to changes in assumptions, particularly the discount rate. The table below shows how an increase or decrease of one percentage point in the discount rate assumption would affect HOOPP's pension obligations.

Change in assumption	Discount rate assumption	Pension obligations ($ billions)	Change in pension obligations
+1.00%	6.65%	104.1	-14%
	5.65%	120.8	
-1.00%	4.65%	142.6	18%

Drivers of the change in funded position

HOOPP's funded status, measured on both a smoothed and net asset value basis, ended the year at 109%.

The smoothed funded ratio declined modestly from 2024, reflecting higher-than-assumed wage growth for members which, despite causing upward pressure on liabilities, represents a positive economic experience for HOOPP members. The continued recognition of investment losses from 2022, which are smoothed over a five-year period, was also a factor. All else being equal, the funded ratio is expected to decline again in 2026 as the remaining investment losses from 2022 are recognized. This expected movement is mechanical in nature and reflects the effects of asset smoothing rather than a deterioration in the Plan's underlying financial health.

The funded status on a net asset value basis remained unchanged from the prior year as investment gains in 2025 offset the increase in liabilities related to higher-than-assumed wage growth.

The table below summarizes the change in the Plan's funded status compared to 2024, based on changes in net assets and pension obligations as well as the smoothing adjustment for each year.

For more information, see the *Consolidated Statements of Changes in Pension Obligations* and accompanying *Notes to the Consolidated Financial Statements*.

($ billions)	2025	2024
Net investment income	9.7	11.1
Changes due to operations[1]	-0.8	-0.7
Total change in net assets available for benefits	8.9	10.4
Change in pension obligations	-8.2	-10.1
Net change in surplus on a net asset value basis	0.7	0.3
Funded ratio on a net asset value basis	109%	109%
Change in smoothing adjustment	-2.3	-3.0
Funded ratio on a smoothed asset value basis	**109%**	**111%**

[1] Includes contributions, benefit payments and operating expenses.

Plan maturity

Plan maturity influences how pension plans respond to market volatility and recover from periods of weaker investment performance. As plans mature, more benefit payments are funded through investment income rather than ongoing contributions, underscoring the importance of prudent funding and investment management decisions.

A key plan maturity indicator — the ratio of active to retired members — reflects the balance between those contributing to a plan and those receiving benefits. As this ratio declines, the plan becomes more mature and increasingly relies on investment income to make pension payments.

HOOPP's ratio of active to retired members declined gradually from 2.5 in 2005 to 2.2 in 2015 and remained unchanged at 2.2 at the end of 2025.

HOOPP's ratio of active to retired members

as at December 31, of stated year





HOOPP member from Centenary Hospital, Scarborough Health Network



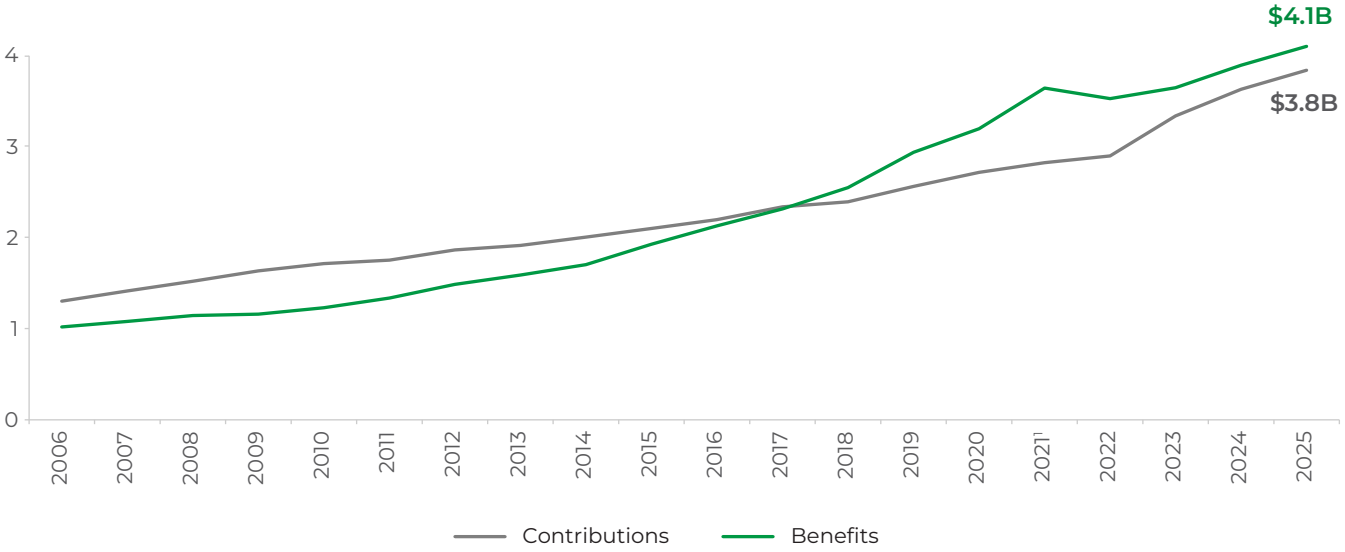
HOOPP employer — Women's College Hospital

Another important measure of plan maturity is net cash flow, the difference between contributions received and pension benefits paid. As pension plans mature, benefit payments typically exceed contributions, increasing reliance on investment income and sensitivity to market movements.

The following chart illustrates HOOPP's net cash flow over the past 20 years based on total contributions and benefits, including past service purchases, transfers to and from other plans, and lump-sum transfers upon termination or death. Although HOOPP's benefit payments currently exceed contributions, its strong funded position gives it the ability to pay promised pensions from accumulated assets rather than relying on higher contribution rates. This pattern represents a natural and well-managed stage in the Plan's maturity.

Contributions vs. benefits

($ billions)



[1] Total benefit payments were higher in 2021 due to an increase in lump sum commuted value payments in that year.

HOOPP remains fully funded and well positioned to meet its obligations over the long term. The Plan's maturity does not constrain its ability to pay benefits; instead, it underscores the strength of its funding model and disciplined approach to risk management. Maturity is actively monitored and deliberately incorporated into HOOPP's funding, investment and risk management decisions, supporting the continued security and sustainability of members' pensions.

For more information about how HOOPP manages funding risk, see the *Risk Management* section.

Investments

Investment approach

HOOPP's investment objective is to deliver on our pension promise by maintaining a fully-funded Plan and managing funding risk through market cycles. Every investment decision is evaluated through a balance sheet lens with a focus on generating strong, long-term, risk-adjusted returns to support the sustainability of contribution rates and the security of member benefits.

The investment strategy is grounded in broad diversification, active risk management and a clear understanding of the Plan's liabilities and cash-flow profile. A disciplined governance framework, including a Board-approved Risk Appetite Framework (RAF) and guardrails for market, credit, liquidity and concentration risks, ensures each investment decision is aligned with the Plan's long-term objectives and funding requirements.

Effective January 1, 2026, HOOPP adopted a Total Portfolio Approach (TPA) to investing and portfolio construction. TPA supports dynamic capital allocation across the portfolio, breaks down traditional asset-class silos and improves our ability to adapt to changing market conditions while preserving clear accountability and rigorous risk discipline. This evolution formalizes an approach HOOPP has long followed — delivering strong outcomes for members by integrating opportunities across the entire portfolio. As global markets grow more complex, TPA provides a more connected and agile decision-making framework.

Under TPA, we continue to apply our Liability-Aware Investing (LAI) approach, managing assets and liabilities as one integrated balance sheet. Together, these frameworks strengthen portfolio resilience, provide a more holistic perspective across market environments and support long-term funded status by aligning investment decisions with liability characteristics, inflation sensitivity and funding objectives.

Liquidity management is a core component of HOOPP's portfolio construction and risk management. It ensures the Plan can reliably make benefit payments while continuing to pursue long-term, return-enhancing investments. By maintaining sufficient liquidity, HOOPP can allocate to illiquid assets without risking forced sales during market stress, fund private market capital calls and rebalance effectively in volatile conditions. Liquidity therefore functions as a critical design constraint that supports both benefit security and long-term performance.



HOOPP investment — Manzanillo Terminal, Mexico (Carrix)

Strategic partnerships are also vital to our ability to deliver long-term value for members. These relationships enable HOOPP to intentionally build deep, trusted connections with leading investment partners and reflect its collaborative approach to accessing scale, specialized expertise and global opportunity sets. Through shared insights, operational capabilities and disciplined execution, these partnerships support strong investment outcomes and provide access to high-quality opportunities across both public and private markets. Collectively, they enhance our ability to implement TPA by enabling broad, flexible global exposure and informed decision making across the portfolio.

HOOPP's scale, long-term investment horizon and integrated operating model — bringing together investment, risk and finance expertise — support disciplined execution and enable the Fund to pursue opportunities where long-term risk premiums are appropriately compensated.

Global investment environment

In 2025, global economic conditions were shaped by slowing growth, persistent inflation and elevated geopolitical and trade uncertainty. Outcomes diverged across HOOPP's primary investment regions — Canada, the U.S. and Europe — reinforcing the importance of diversification, liquidity and resilience.

In Canada, equity markets demonstrated resilience despite a challenging macroeconomic environment. Shifting global trade conditions and tariff-related uncertainty weighed on exports and business investment, while rate cuts by the Bank of Canada helped stabilize market sentiment and support rate-sensitive sectors. The S&P/TSX 60 reached record highs during the year, led by the financials, materials and energy sectors. Fiscal policy also played a stabilizing role, with the Canadian federal government introducing new spending focused on major capital investments. While pushing to diversify exports beyond the U.S., the federal government accelerated a broader nation-building agenda: cutting taxes, reducing internal trade barriers, fast-tracking major energy, artificial intelligence (AI) and infrastructure projects and committing to higher defence spending. These efforts reflect a shift toward greater economic self-reliance because of ongoing trade and cyclical headwinds.

In the U.S., growth in 2025 was supported by strong AI-driven investment, robust earnings and resilient consumer spending, which bolstered technology and advanced manufacturing sectors. Yet, this strength occurred amid escalating Liberation Day tariffs, which revived inflation concerns and heightened geopolitical frictions. The Federal Reserve pivoted to rate cuts as inflation moderated, helping to steady markets. Overall, 2025 highlighted the U.S. economy's adaptability, even as trade, fiscal and geopolitical risks remained prominent.

In Europe, economic growth remained subdued but broadly stable. Activity was constrained by lingering effects of previously higher interest rates, softer global demand and geopolitical uncertainty. However, easing inflation and the prospect of monetary policy support improved financial conditions over the course of the year. European markets benefited from policy initiatives aimed at strengthening industrial capacity, energy security and longer-term competitiveness, contributing to gradual stabilization rather than strong growth.

Across regions, trade and geopolitical developments — particularly tariff uncertainty and supply chain realignment — continued to weigh on global growth and investment confidence. Persistent policy uncertainty reinforced fragmented trade patterns and underscored the importance of diversification, liquidity management and resilience in portfolio construction.



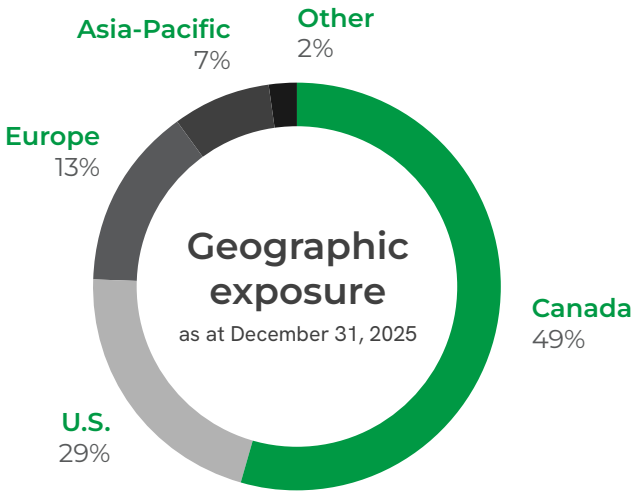
HOOPP investment — Delta iPort, Delta, British Columbia

Geographic exposure

Geographic diversification is an important component of HOOPP's investment strategy, anchored by a strong commitment to Canada as the Plan's home market. Investing domestically supports economic activity where HOOPP members live and work and aligns long-term capital with the needs of Ontario's healthcare community.

At the end of 2025, approximately 49% of the Fund's exposure was in Canada. The U.S. represented 29% of total exposure, providing access to the world's largest and most dynamic capital markets, while Europe represented 13%, offering diversification across developed economies and sectors. Asia-Pacific and other regions accounted for a combined 9%, further broadening the Fund's opportunity set.

Geographic exposures remained broadly consistent with 2024, reflecting a disciplined, long-term approach to diversification rather than short-term market positioning. This balanced regional exposure supports HOOPP's ability to manage risk, capture opportunities across global markets and deliver sustainable, long-term value for members.



$131.9B

Net assets

$9.7B

Net income

7.7%

Net return

7.8%

10-year annualized net return

2025 investment performance

In 2025, HOOPP delivered a net return of 7.7% supporting the Plan's long-term funding objectives in a year marked by elevated macroeconomic uncertainty and shifting monetary policy. The Fund's real return was 5.3%, within the 4.5%–6.5% real return target set out in HOOPP's 2030 Strategic Plan.

While investment returns can vary year to year, HOOPP's performance is best assessed over longer horizons. As shown in the table that follows, the Fund has delivered strong results exceeding its benchmark on a long-term basis and demonstrating the effectiveness of our diversified investment approach.

	2025	2024	10-year	20-year
Net return[1]	7.7%	9.7%	7.8%	8.4%
Consumer Price Index	2.4%	1.8%	2.8%	2.2%
Net real return	**5.3%**	**7.9%**	**5.0%**	**6.2%**
Net return[1]	7.7%	9.7%	7.8%	8.4%
Benchmark[2]	8.6%	8.7%	5.9%	6.7%
Relative performance	**-0.9%**	**1.0%**	**1.9%**	**1.7%**

[1] Returns are reported net of all investment costs (investment operating expenses, fees and transaction costs).
[2] Benchmarks are established to measure the performance of investment strategies relative to the risk taken.

Investment performance in 2025 varied across asset classes. Public equity exposures benefited from resilient earnings, easing monetary policy and improved market sentiment. In contrast, private market performance was muted, reflecting valuation pressures, particularly in private equity and real estate. Asset-specific factors also affected select investments across the portfolio, contributing to modest underperformance relative to the benchmark for the year.

Against this backdrop, portfolio positioning remained disciplined as interest rate and inflation dynamics evolved. Allocations were adjusted to maintain alignment with the Plan's liabilities, including increased exposure to inflation-linked securities, enhancing inflation protection and moderating sensitivity to movements in nominal yields.

Strong liquidity further reinforced portfolio resilience, enabling the Fund to meet capital requirements seamlessly, navigate periods of market volatility and retain flexibility to deploy capital as opportunities emerged. The sections that follow provide further detail on performance and key developments across each asset class.

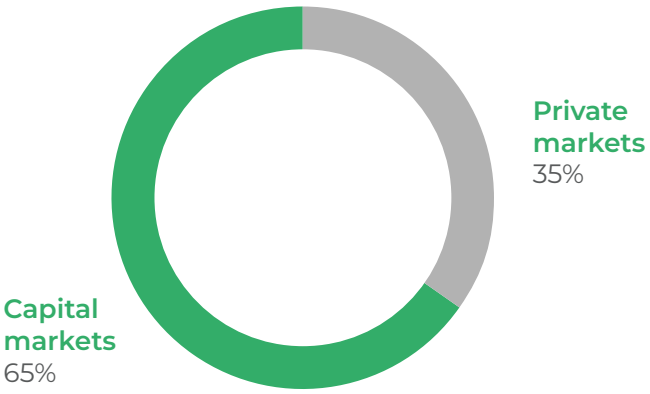
Performance by asset class

HOOPP's investment portfolio is constructed to support the Plan's long-term funding objectives through a diversified mix of public equities, fixed income and private market assets. Each asset class plays a defined role within the portfolio, contributing to return generation, risk management, liquidity and alignment with pension liabilities. Performance in 2025 reflected disciplined execution within this framework in a year marked by macroeconomic uncertainty and shifting monetary policy.

The table below shows performance and contribution to net investment income by asset class for 2025 and 2024.

Total fund asset allocation

as at December 31, 2025



	2025		2024	
	Net investment income	Net investment return	Net investment income	Net investment return
($ billions)				
Capital markets				
Fixed income	1.4	2.1%	1.1	1.9%
Public equities	7.1	22.2%	5.3	17.9%
Other capital markets	0.2	N/A	1.1	N/A
Total capital markets	**8.7**	**11.7%**	**7.5**	**10.9%**
Private markets				
Real estate	0.2	1.1%	0.2	1.4%
Private equity	0.6	3.6%	1.9	12.7%
Infrastructure	0.1	1.8%	0.8	12.3%
Private credit	0.1	0.9%	0.7	11.3%
Total private markets	**1.0**	**2.1%**	**3.6**	**8.4%**
Total Fund	**$9.7**	**7.7%**	**$11.1**	**9.7%**

Note: Asset class returns and net investment income are calculated before deducting investment operating expenses.

Capital markets

Fixed income

HOOPP's fixed income portfolio forms the foundation of its LAI strategy, providing stable and predictable income and mitigating pension liabilities' sensitivity to changes in interest rates and inflation. It also supplies high-quality collateral to support other investment activities across the Fund.

The portfolio includes a mix of fixed-rate and inflation-linked securities. Inflation-linked bonds continue to play an important role, providing protection against inflation and supporting real return objectives. With real yields remaining attractive relative to long-term history, these assets remain well-aligned with the Plan's inflation-sensitive liabilities.

Macroeconomic conditions in 2025 were characterized by moderating inflation and slower growth across developed markets. Building on the easing that began in 2024, the Bank of Canada reduced its policy rate by a cumulative 100 basis points, ending the year at 2.25%. Bond yields remained within a relatively muted range compared to recent years.

In this environment, the fixed income portfolio delivered a net return of 2.1%, generating $1.4 billion in net investment income. Performance was supported by strong results in provincial bonds, U.S. treasuries, inflation-linked bonds and federally guaranteed mortgage bonds. Provincial credit remained a core portfolio overweight, reflecting prudent fiscal policies and an increased demand from international investors.



Investing in Canada: HOOPP's Canadian bond portfolio

HOOPP's investments in federal and provincial bonds continue to be a core component of the Plan's long-term, LAI strategy and a direct way to support Canada's and Ontario's economic strength. By providing stable, long-term capital to governments, we help fund essential public services, infrastructure and priority initiatives that benefit communities where our members live and work.

These high-quality investments support the Fund's fixed income portfolio, generating stable and predictable income, reducing the sensitivity of pension liabilities to changes in interest rates and inflation, and providing high-quality collateral to support other investment activities across the broader portfolio.

Public equities

HOOPP's public equities portfolio provides low-cost exposure to global economic growth and remains a key driver of long-term return generation. In 2025, global equity markets delivered strong returns, despite a sharp correction between mid-February and early April that saw the S&P 500 decline by close to 20%. The sell-off followed tariff increases and major trade policy changes announced by the second Trump administration, leading investors to reassess supply-chain risks, costs and the economic outlook. Markets stabilized later in the year as policy clarity improved, earnings remained resilient and the Federal Reserve resumed interest rate cuts in September.

Against this backdrop, the public equities portfolio delivered a 22.2% net return and contributed $7.1 billion of net investment income to the Fund. Returns reflect broad-based market-driven gains supported by earnings growth and valuation expansion.

Investing in Canada's insurance sector through Definity Financial

HOOPP invested in Definity Financial in November 2021 as a cornerstone investor to support its demutualization, subsequent initial public offering on the Toronto Stock Exchange and long-term growth. As a leading Canadian property and casualty insurance company, Definity provides essential protection that helps Canadian families, businesses and communities adapt and thrive.

Definity and HOOPP are purpose-driven organizations focused on protecting the financial future of Canadians, making this an ideal investment opportunity for us. Definity's insurance business is expected to provide diversification benefits due to its lower correlation with much of HOOPP's risk-oriented asset portfolio. Management's strategy to improve efficiency supports long-term earnings growth, and we recognize the potential for disciplined acquisitions to enhance value over time.

In May 2025, Definity announced a transformative strategic acquisition, which we supported through participation in the related equity issuance. We expect Definity to continue creating long-term value for stakeholders and strengthening the financial resilience of Canadians through essential insurance protection.



Other capital markets

Other capital markets strategies provide diversification that is complementary and uncorrelated with HOOPP's traditional asset classes. These strategies are designed to enhance risk-adjusted returns and improve portfolio resilience.

This category includes a range of strategies, including liquid credit, discretionary derivatives, structured credit, equities-linked investments such as convertible bonds and merger arbitrage, alternative investments, foreign exchange (FX) overlay and balance sheet financing programs.

Despite the April market sell-off, overall market conditions were favourable. Performance was strong across alternative investments and gold exposures. Gains in these areas were largely offset by the impact of balance sheet financing and FX overlay-related losses. Taken together, these strategies resulted in net investment income of $0.2 billion.

Private markets

Real estate

HOOPP's real estate portfolio is designed to deliver stable cash flows and long-term capital appreciation through diversified exposure to high-quality assets across industrial, office, retail, residential and select alternative sectors, including student housing. HOOPP invests in real estate primarily through direct ownership of assets and co-investments with trusted strategic partners.

In 2025, HOOPP established HOOPP Realty Finance Trust (HRFT) to be the primary investment and funding vehicle for the Canadian real estate portfolio. HRFT launched an unsecured debt program in November, achieving a DBRS rating of AA (Low). The inaugural $500 million bond issuance was five times over-subscribed and set recent benchmark lows for spreads for comparable issuers. The program is expected to be an efficient long-term funding source for the Canadian real estate portfolio at attractive spreads relative to traditional asset level financing.

The real estate portfolio delivered a net return of 1.1% contributing $0.2 billion in net investment income. Income performance remained resilient, supported by contractual cash flows, while valuations outcomes were mixed as higher interest rates and broader macroeconomic uncertainty continued to weigh on valuations across several segments of the portfolio.



HOOPP investment — Marine Gateway, Vancouver, British Columbia



Station House, Toronto, Ontario

Strengthening Canadian communities through purpose-built housing

As part of a joint venture, HOOPP has begun work on Station House, a multi-family residential development at the southwest corner of Bloor and Dufferin in Toronto. The project includes two towers and a mid-rise building delivering 1,140 rental apartments, commercial and retail space, a new public park and a community hub including a daycare centre. The development was designed to exceed required sustainability and emissions standards, with first occupancy anticipated at the end of 2026.

Station House offers attractive risk-adjusted returns for the Fund while upgrading the quality of its existing residential portfolio. The project also presented us with a meaningful opportunity to develop much-needed, high-quality rental housing within an undersupplied Toronto community.

Other HOOPP real estate developments in progress that will strengthen its real estate portfolio and deliver much needed housing supply in the Canadian market include three residential towers at The Amazing Brentwood in Burnaby, B.C., an undergraduate student residence project at McMaster University and additional rental townhomes at the Towns at York Mills in Toronto.

Private equity

HOOPP's private equity investments provide exposure to private capital opportunities with the potential to generate attractive long-term, risk-adjusted returns. We invest through a combination of funds, co-investments, secondaries and direct investments across buyouts, growth equity and venture capital. The portfolio is positioned to provide long-term, patient capital to companies seeking funding to grow and transform their business.

We partner with founders, management teams and like-minded institutional investment partners to support private companies pursuing activities such as expansion and strategic growth initiatives and acquisitions.

In 2025, HOOPP advanced a robust investment pipeline while remaining disciplined in selectively adding new investments. Building on early successes of our London, United Kingdom, office, which opened in 2024, we continue to deepen in-market relationships, supporting future direct investment opportunities.

In a year marked with macroeconomic uncertainty and valuation pressure, the private equity portfolio delivered a net return of 3.6%, generating $0.6 billion in net investment income. Performance reflected mixed outcomes across the portfolio, with strong contributions from select direct investments partially offset by more muted results in other areas, reflecting valuation pressures, a more cautious outlook and currency impacts.

Backing Canadian innovation through venture investing

Radical Ventures

Through HOOPP's private equity venture capital program, we seek exposure to transformative technologies by partnering with top-tier managers. In 2024, we partnered with Toronto-based Radical Ventures, a leading global AI investment firm founded by experienced entrepreneurs with deep roots in Canada's AI ecosystem — the origin of much of today's foundational AI research.

Radical's expertise and network provide differentiated access to highly sought-after AI investment opportunities. Its Canadian portfolio includes Cohere, an enterprise-focused large language model company, Waabi, an autonomous trucking company, and Xanadu, a photonic quantum computing company that is currently progressing toward a public listing. Beyond investment access, Radical has become a valued thought partner, offering insights as we assess the implications of artificial intelligence across our portfolio.

KOHO Financial

Our investment in KOHO Financial reflects our conviction in Canadian innovation and our commitment to supporting a strong and resilient financial ecosystem. With more than two million accounts, KOHO is a meaningful participant in Canada's fintech sector, delivering fully digital financial services focused on efficiency and accessibility.

KOHO operates a diversified platform with strong customer engagement and retention, supported by top-decile unit economics relative to the sector. Its scalable model and operational discipline position it well within a competitive and evolving banking environment. By providing alternatives to traditional institutions, KOHO enhances choice and competition in retail financial services, aligning with HOOPP's long-term approach of investing in fundamentally sound Canadian businesses with sustainable growth potential.

Infrastructure

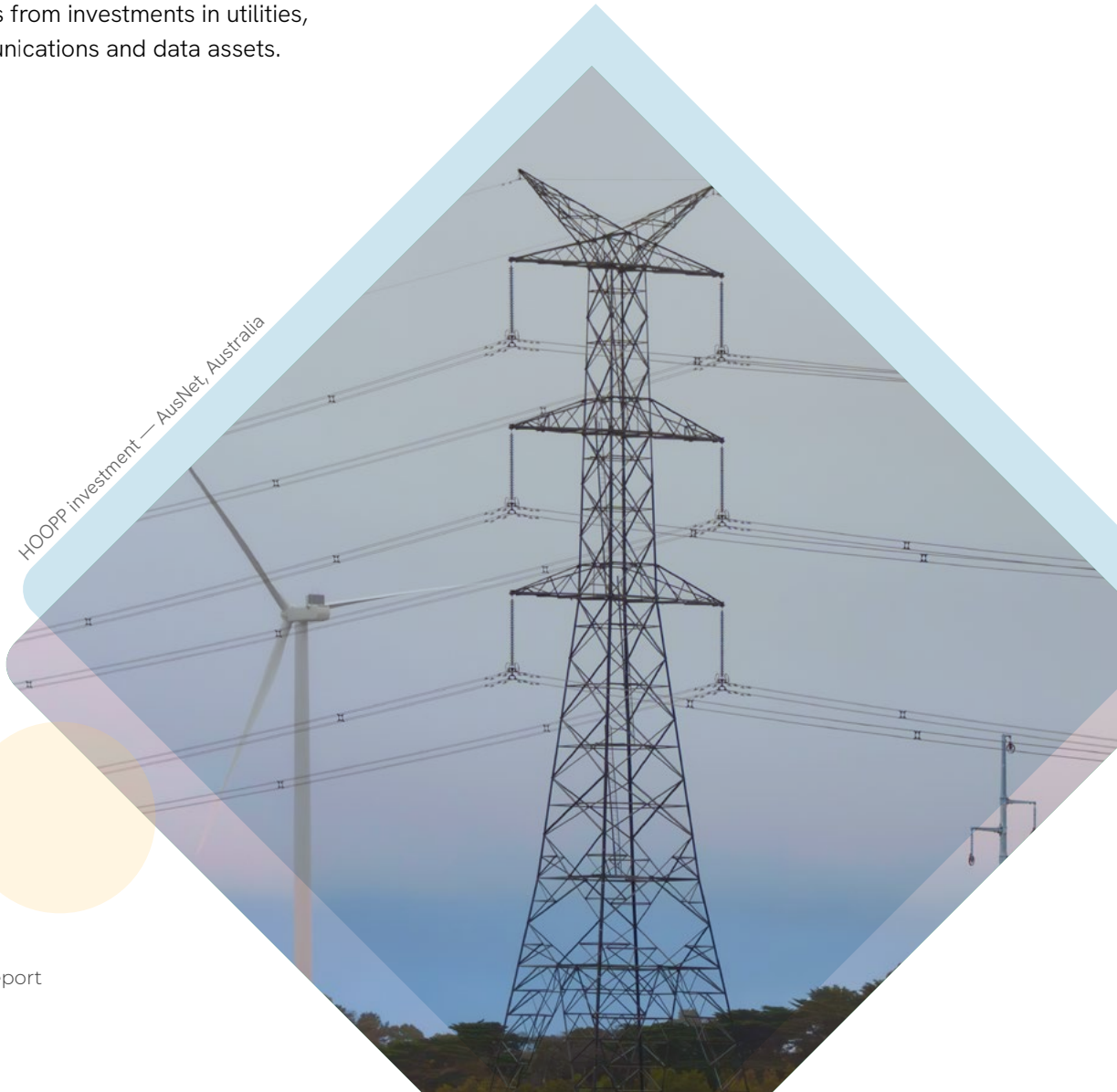
Infrastructure investments contribute to growth, diversification and income stability, offering partial inflation protection, low volatility and low correlation with other asset classes. HOOPP invests through direct investments, co-investments and fund partnerships, focusing on core to core-plus assets in rule-of-law jurisdictions. Through selective, high-impact relationships with leading external managers, strategic partners and institutional peers, HOOPP continues to benefit from early access to proprietary and high-value infrastructure investing opportunities.

Infrastructure investments delivered a net return of 1.8% and $0.1 billion in net investment income in 2025. Overall performance was negatively impacted by challenges related to a single investment, including the evolving regulatory and policy dynamics in the U.S. renewable power sector. Excluding this impact, the infrastructure portfolio performed well, with stable income supported by contractual cash flows and solid contributions from investments in utilities, transportation, communications and data assets.

Private credit

Private credit provides stable income and diversification by accessing privately originated lending opportunities that offer an additional return for illiquidity and complexity. Investments are made through a combination of direct loans, fund commitments and co-investments, with a focus on sectors with durable business models and recurring revenue, including technology-enabled services, software, healthcare, consumer finance and industrial businesses with stable demand.

Private credit generated a 0.9% return in 2025, contributing $0.1 billion in net income. Underlying performance in direct lending — which represents the majority of the portfolio — was supported by strong borrower cash flows and scheduled repayments. Overall results were moderated by issuer-specific performance challenges in a single credit investment during the year.



HOOPP investment — AusNet, Australia

Reconciliation of net investment income

The classification of net investment income for the asset class performance presented in this *Management's Discussion and Analysis (MD&A)* differs from the presentation in the *Consolidated Financial Statements* prepared in accordance with *Generally Accepted Accounting Principles* (GAAP). The following table sets out the reconciliation of net investment income for each financial instrument as reported in Note 4 of the *Consolidated Financial Statements*, to each asset class as reported in this MD&A.

Consolidated Financial Statements		Derivatives[1]	Equities, alternative investments and private assets[2]	Fixed income investments[3]	Cash collateral, repurchase agreements and loans[4]		Management Discussion & Analysis
(Canadian $ millions)							
Cash and pending trades	**(88)**	-	-	-	88	**-**	
Repurchase agreements	**(542)**	-	-	-	542	**-**	
Short-term securities	**6**	-	-	-	(6)	**-**	
Bonds	**2,264**	258	-	(855)	(239)	**1,428**	Fixed income
	-	48	(6)	(5)	28	**65**	Private credit
Loans	**53**	-	-	-	(53)	**-**	
Public equities	**8,035**	6,649	(7,578)	50	(9)	**7,147**	Public equities
Private equities	**681**	86	(174)	-	-	**593**	Private equity
Real estate	**233**	58	28	-	(145)	**174**	Real estate
Infrastructure	**184**	(40)	(10)	-	-	**134**	Infrastructure
Commodities	**1**	-	(1)	-	-	**-**	
Alternative investments	**536**	-	(536)	-	-	**-**	
Derivative instruments	**(1,643)**	1,643	-	-	-	**-**	
	-	(8,702)	8,277	810	(206)	**179**	Other capital markets
Net Investment Income	**$9,720**	-	-	-	-	**$9,720**	**Net Investment Income**

[1] Net investment income from derivatives is classified as derivatives in the *Consolidated Financial Statements*, and is classified based on the asset class to which the derivatives relate in this *MD&A*.

[2] Net investment income from public equities, private equities and alternative investments is presented separately in the *Consolidated Financial Statements* and is classified based on the asset class to which the equity investments relate in this *MD&A* (reclassified mainly to other capital markets and private credit).

[3] Net investment income from bonds is presented separately in the *Consolidated Financial Statements* and is classified based on the asset class to which the bonds relate in this *MD&A* (reclassified mainly to fixed income and other capital markets).

[4] Interest expense and currency translation gains and losses on net cash collateral received/pledged and assets sold/received under repurchase agreements are presented separately in the *Consolidated Financial Statements*, and are classified based on the asset class to which the funding relates in this *MD&A*.

Investment and Plan Administration Costs

We are committed to delivering strong long-term investment returns, net of all investment costs, in support of the Plan's funding objectives and pension promise. Cost efficiency is an important component of this objective and requires investment and administration costs to be managed deliberately to ensure they are appropriate and aligned with long-term value creation.

HOOPP maintains a disciplined approach to cost oversight and governance. Annual operating budgets are aligned with strategic priorities through a rigorous planning process, ensuring that resources are deployed where they add the greatest value. External manager relationships are reviewed regularly to assess value for cost and alignment with long-term objectives, while compensation programs are designed to reinforce accountability by linking pay to performance outcomes. Investment and plan administration costs are also benchmarked against peer pension plans, and comprehensive expense policies and internal controls support prudent cost management consistent with the Plan's fiduciary responsibilities.

Investment costs

Investment operating expenses, which include compensation, facilities, technology and other costs required to operate the Fund, totalled $382 million or 30 bps in 2025, up from $335 million or 28 bps in 2024. The increase reflects ongoing investments in technology, data and governance capabilities to support a larger and more complex portfolio, the first full year of operations at HOOPP's London office and organizational changes to support the implementation of our 2030 Strategic Plan.

HOOPP also incurs fees when investing through external managers to access specialized expertise and achieve scale across certain strategies and markets. In addition, transaction costs directly related to the purchase or sale of investments are incurred in the course of the Fund's investment activities. These direct investment costs are expensed as incurred and are reflected in net investment income. In 2025, HOOPP incurred $406 million in management fees and transaction costs, compared to $423 million in 2024. The decrease primarily reflects lower management fees driven by timing differences in fee recognition.

HOOPP's net investment return of 7.7% in 2025 is reported net of all investment costs, reinforcing management's accountability for delivering sustainable, long-term returns after expenses in support of members' benefits.

Plan administration costs

In 2025, HOOPP incurred $157 million ($142 million in 2024) in costs to administer the Plan. Cost increases reflect ongoing investments in technology, governance and other capabilities to support our growing membership. We remain focused on prudent spending to deliver on our pension promise in a cost-effective manner.

Sustainable Investing

Sustainable Investing (SI) integrates environmental, social and governance (ESG) considerations into traditional financial analysis where these factors are material to investment risk and return. We launched our inaugural SI approach in 2020.

Since then, the external environment has evolved significantly, marked by heightened geopolitical uncertainty and accelerating climate-related impacts. At the same time, we have advanced our strategic direction through the launch of our 2030 Strategic Plan, including a move toward a Total Portfolio Approach to investing. Together, these developments prompted a refresh of the SI strategy to ensure continued alignment with the Plan's long-term objectives and an increasingly integrated portfolio framework.

HOOPP's Sustainable Investing Strategy is delivered through a three-pillar framework that links asset-level analysis with portfolio-level decision making:

- **Sustainable Insights**
  Advancing portfolio resilience through actionable sustainability insights.
- **Sustainable Opportunities**
  Driving investment innovation by identifying sustainability and energy-transition opportunities.
- **Sustainable Portfolio**
  Strengthening portfolio value through active stewardship and sustainability risk management.

Grounded in our continued belief that sustainability factors can be financially material, the objective of the SI program remains unchanged: to improve the resilience and adaptability of the Plan across market environments.

For more information about HOOPP's SI approach, visit **hoopp.com**.



HOOPP's investments in Canadian green and sustainable bonds

Under the Sustainable Opportunities pillar, we seek to identify green investment opportunities that generate attractive risk-adjusted returns and help achieve the Plan's net-zero portfolio emissions goal. At the end of 2025, HOOPP's Canadian bond portfolio included more than $1.2 billion in federal, provincial and municipal green and sustainable bonds, demonstrating our efforts to support Canada's transition to a more resilient and low-carbon economy. These investments help finance projects across the country, including initiatives to expand and modernize public transit infrastructure, produce and distribute renewable power, and support pollution prevention and control measures.

Stewardship

In an environment of heightened uncertainty, protecting the Plan's long-term value remains a priority. Active stewardship, an important component of HOOPP's SI strategy under the Sustainable Portfolio pillar, enables the Fund to proactively manage risks and opportunities across the portfolio. Through stewardship, we seek to influence corporate behaviour and support sustainable, long-term value creation.

Stewardship activities include engaging with companies and exercising voting rights to promote strong governance, appropriate risk oversight and alignment between performance and compensation.

In 2025, HOOPP voted on over 8,800 proposals at shareholder meetings. Consistent with prior years, more than two-thirds of all proposals related to board directors' elections. Electing the right directors is important as boards are responsible for a company's governance, providing oversight and direction to management. HOOPP may withhold support for director candidates if there is a lack of alignment with long-term shareholder value or ineffective governance.

For more information on HOOPP's approach to proxy voting, refer to **HOOPP's Proxy Voting Guidelines**.



- Director related / director election | **71%**
- Compensation | **12%**
- Audit related / routine business | **10%**
- Environmental and Social | **2%**
- Takeover related / strategic transactions | **2%**
- Capitalization | **2%**
- Other | **1%**



HOOPP head office — One York, Toronto, Ontario

Climate Change Strategy

HOOPP recognizes that climate change presents material long-term risks and opportunities that must be considered to ensure the Plan's resilience.

In early 2023, we released our **Climate Change Strategy** which outlines our goal to achieving net-zero[1] portfolio emissions by 2050. Our plan to achieve net-zero portfolio emissions is a multi-decade goal. To achieve that long-term goal, we designed interim 2025 and 2030 targets that work in tandem, with each reinforcing the other.

The 2025 interim targets are activity-based and lay the foundation for 2030's outcome-oriented targets. For example, improving the availability and quality of carbon emissions data enables portfolio companies to identify their main sources of emissions and subsequently develop credible transition plans to reduce them.

Climate governance oversight

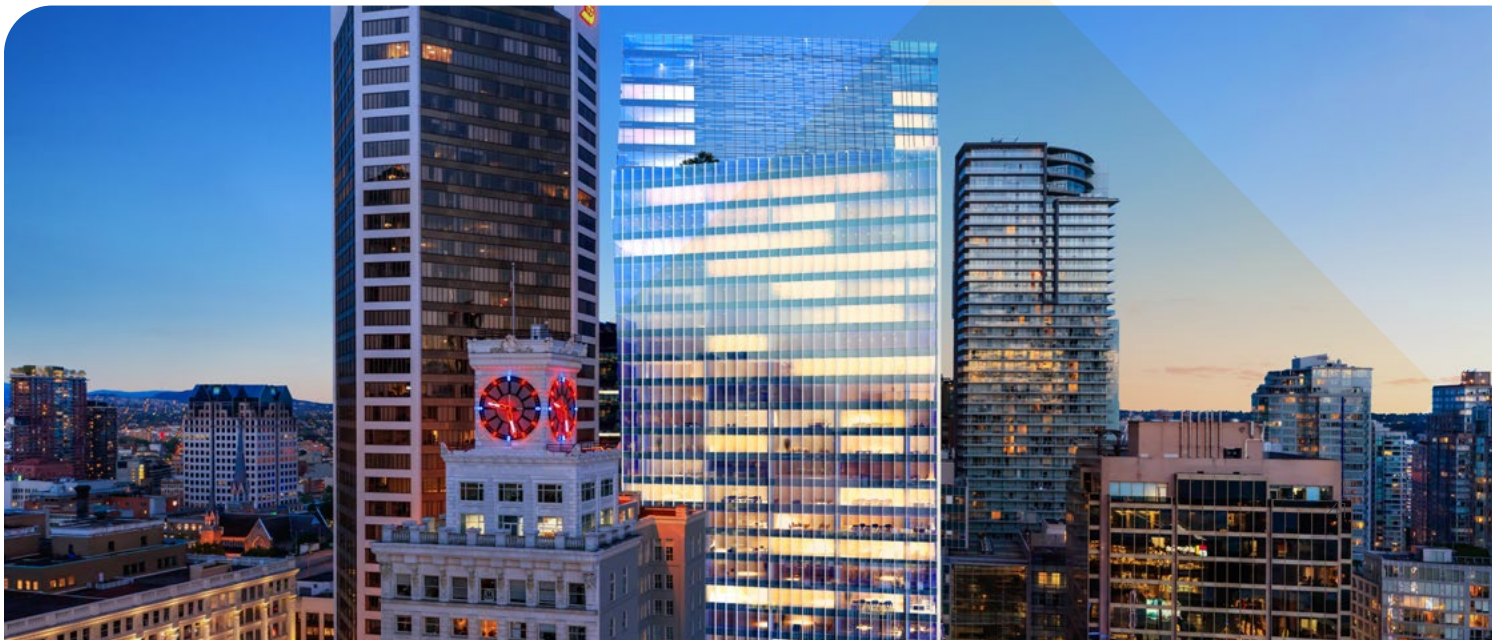
The Board oversees climate-related risks and opportunities, including HOOPP's Climate Change Strategy, supported by the Governance, Asset-Liability and Audit and Finance Committees. Climate-related objectives are embedded in annual Investment Management performance goals and linked to compensation under the Board's oversight. Management oversight is led by the Investment Risk Committee, chaired by the President and Chief Executive Officer, which reviews all investment decisions with consideration of relevant climate factors. A Sustainable Investing and Sustainability Reporting Sub-Committee oversees implementation of the Climate Change Strategy, including the net-zero portfolio plan, climate disclosures and related policies, strategies and frameworks.

Performance against HOOPP's interim targets

HOOPP evaluates progress towards our interim targets bi-annually. 2025 was a milestone year, and we are proud to have achieved all our 2025 interim targets. With these foundational elements in place, we are focused on translating progress into measurable outcomes.

2025 also marked another reduction in our portfolio carbon footprint (PCF), surpassing our 2030 target. While encouraging, we do not expect the trajectory of our PCF to follow a linear path, and we will continue working to reduce it. We also made progress towards our 2030 green investments and credible transition plan targets.

[1] Our net-zero portfolio plan covers our investments' Scope 1 and Scope 2 greenhouse gas emissions and was developed by referencing guidance from the Science Based Targets initiative (SBTi) and the Net-Zero Asset Owner Alliance.



HOOPP investment — Vancouver Centre II, Vancouver, British Columbia

By 2025, we targeted and achieved

80%

80% of assets providing reported carbon emissions[1] for more accurate calculations, from a 2021 baseline of 62%.

2025 result

83% coverage achieved.

Commence Scope 3 portfolio emissions tracking.

2025 result

Scope 3 portfolio emissions tracking initiated, now covering 30% of the investments within the PCF, supporting enhanced assessment of transition risks.

Exclude new direct investments in private thermal coal and oil exploration and production companies.

2025 result

No new direct private investments were made, consistent with our commitment.

All 2025 figures are reported as at December 31, 2025.
[1] Scope 1 and 2 emissions.

HOOPP remains on track to achieve our 2030 climate targets

28
$tCO_2eq/\$M$

Reducing our portfolio's carbon footprint to 28 $tCO_2eq/\$M$, compared to our baseline of 41 $tCO_2eq/\$M$ at the end of 2021.

50%
transition plans

50% of our infrastructure and private equity portfolios covered by credible transition plans.

$23B
green investments

Committing over $23 billion towards green investments.

Reducing our real estate portfolio's emissions by 50% on an absolute basis versus a 2019 baseline through direct decarbonization efforts at our owned properties under our operational controls.

For additional details, including how we define certain terms and the methodologies used to calculate the climate metrics above, refer to HOOPP's **Climate Change Strategy** and the *Climate Disclosures Supplement* section of this report.

Risk Management

Our commitment to delivering secure and reliable pensions is supported by a disciplined, well-established risk management culture. Risk management is embedded across HOOPP — from strategic planning and investment decision making to operational practices — enabling us to identify potential challenges, respond to evolving conditions and safeguard the Plan's long-term financial health.

By maintaining a prudent, integrated and forward-looking approach to risk, we ensure that the Plan remains well positioned to meet pension obligations today and for generations to come.

2025 risk management highlights

Strengthening risk management practices remains a top priority for management and the Board. In 2025, we advanced several key initiatives aimed at reinforcing a strong risk culture and supporting sustainable long-term performance, including:

- Deepening the integration of risk considerations into strategic planning and front-office decision making, further supporting informed and disciplined risk-taking aligned with our strategic objectives.
- Enhancing investment governance through strengthened risk guardrails, promoting consistency, accountability and discipline across portfolio decisions.
- Advancing risk analytics and monitoring tools and enhancing oversight of market and liquidity risks, improving the organization's ability to respond effectively to changing conditions.

Integrating strategy and risk

At HOOPP, strategy and risk are part of an integrated approach to navigating uncertainty and building resilience. The strategy and risk functions provide independent foresight, insight and oversight to how we plan, decide and adapt across the organization.

By connecting strategy, risk and execution, we ensure that decisions are made with a clear understanding of both opportunity and exposure.

This integrated approach connects long-term strategy with risk appetite, investment choices under HOOPP's Total Portfolio Approach to investing and organizational capabilities. This approach supports proactive identification of emerging risks and opportunities, including those related to technology, markets, regulation and societal change. It ensures that decisions remain aligned with HOOPP's fiduciary duties and our goal of strengthening the Ontario healthcare community's financial future.

Risk governance

HOOPP's governance framework ensures that risk management is effective, transparent and aligned with members' interests. Oversight begins with the Board, which is ultimately responsible for the overall risk management framework and the approval of the Plan's Risk Appetite Framework (RAF). The Audit and Finance Committee has primary responsibility for HOOPP's overall risk management, while the Asset-Liability Committee oversees financial risks, investment policies and ongoing investment risk monitoring.

Management identifies, assesses and manages risks in line with the Board-approved frameworks and policies. This is supported by a three-lines-of-defense model that promotes clarity of roles, accountability and independence:

First line

Management
Owns and manages risks in day-to-day operations, ensuring decisions align with HOOPP's policies and the Board-approved RAF. The first line includes business units that manage investments, administer the pension plan and deliver operational and corporate support.

Second line

Risk and compliance functions
Provide independent oversight, challenge and guidance to ensure effective risk management and regulatory compliance. It also supplies the Board with risk-based insights to support its oversight responsibilities.

Third line

Internal audit
Provides independent assurance on the design and operating effectiveness of internal controls.

Together, the three lines of defense work in partnership to manage risk proactively across HOOPP and reinforce a culture of integrity, accountability and continuous improvement.



HOOPP team members

Enterprise risk management

HOOPP's Enterprise Risk Management (ERM) framework supports disciplined decision making under uncertainty and helps ensure HOOPP delivers on our pension promise over the long-term.

A central component of the ERM is the RAF, which defines the types and levels of risk HOOPP is willing to accept or avoid in pursuit of our mission. The RAF ensures that risks are managed within the Plan's capacity while maintaining stability and sustainability.

The RAF aims to achieve an appropriate balance between risk and reward by:

- ensuring risks are within defined capacity and tolerance levels
- establishing risk tolerances that enable proactive management and timely response to changing conditions
- promoting consistent monitoring, reporting and escalation protocols

The ERM framework connects strategy, risk appetite and execution by identifying the uncertainties that matter most, clarifying accountability for managing them and tracking how exposures and conditions evolve over time.

Risk oversight is organized across two primary categories in the ERM:

Foundational and strategic risks

Foundational risks are enterprise wide and could impact HOOPP's ability to achieve its core mandate or threaten our ability to successfully deliver on the 2030 Strategic Plan.

Primary among these are risks to funding. Funding risk refers to the risk that the Fund does not earn sufficient investment returns to support the growth of pension liabilities within its defined risk tolerance. In general, funding risk is driven primarily by two broad factors: investment risk and demographic risk.

Investment risk

Investment risk is the possibility that the Fund's investment strategy and portfolio performance are insufficient to meet current and future pension obligations. It includes market, credit, liquidity and concentration risks.

We manage investment risk through a comprehensive Investment Risk Management program that combines quantitative analysis, expert judgment and strong governance aligned with the Board-approved RAF. Key practices include scenario analysis and stress testing to assess impacts on funded status and liquidity, as well as advanced risk analytics to measure exposures and evaluate diversification.

Liquidity risk is managed conservatively to ensure the Fund can meet pension payment, capital commitment, collateral requirement and other obligations under stressed market conditions.

For a more detailed discussion of market, credit and liquidity risk see Note 6 in the *Consolidated Financial Statements*.

For information on climate-related risks — including transition risk and physical risk — see the *Climate Disclosures Supplement* section.

Demographic risk

Demographic risk arises from changes in member characteristics over time, such as increasing life expectancy and retirement trends. While these risks evolve gradually, they are important to the Plan's long-term sustainability.

Demographic assumptions are reviewed annually by the Board with support from the Plan Actuary. For a large plan like HOOPP, year-over-year changes are generally modest and the Plan's demographic profile is expected to remain relatively stable in the foreseeable future.

Operating risks

These risks arise from failures related to people, processes, systems, third parties or external events that could affect service delivery, benefit administration or operational resilience. This includes technology and information security risk, such as system disruptions, data integrity issues and cybersecurity threats, including unauthorized access to sensitive member, employer or investment information. We manage these risks through controls, monitoring and incident response capabilities, alongside oversight of key service providers and continuity planning.

Tax and regulatory risk

HOOPP is exposed to operational risk related to complex and evolving tax laws and regulatory requirements across the multiple jurisdictions in which it operates. These may change over time and be subject to differing interpretations. Changes in legislation, guidance or regulatory rulings could also affect the structure, returns or administration of certain investments. Tax risk is managed as part of HOOPP's overall risk management and investment governance framework. We take a prudent approach to ensure tax positions comply with applicable tax laws and engage with relevant authorities, with support from independent experts, where differing interpretations arise.

HOOPP is involved in tax proceedings in certain European countries related to legacy dividend tax refund claims filed between 2011 and 2018, as described in Note 17 of the *Consolidated Financial Statements*. These matters will not impact HOOPP's ability to pay pensions.

Financial reporting risk

HOOPP is exposed to the risk that its financial statements or related note disclosures may not accurately reflect its financial position, results of operations or funded status due to error, judgment or process failure. Inaccurate financial reporting could undermine stakeholder confidence, affect decision making by the Board and management, and impair transparency for members and sponsors.

We align our reporting practices with the standards outlined in National Instrument 52-109 published by the Canadian Securities Administrators for reporting issuers, notwithstanding that these requirements are not binding on HOOPP. HOOPP's President and Chief Executive Officer and Chief Financial Officer are responsible for ensuring that procedures are in place to maintain appropriate internal controls over financial reporting (ICFR) and financial statement note disclosures. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting, including the preparation of financial statements for external purposes in accordance with Canadian accounting standards for pension plans.

In 2025, management concluded that these controls were appropriately designed and operating effectively, providing reasonable assurance over the reliability of HOOPP's financial reporting in accordance with Canadian accounting standards for pension plans.

Governance

Strong governance permits the HOOPP Board of Trustees (the Board) to oversee the organization with a clear focus on long-term sustainability, prudent stewardship and the interests of Plan members and beneficiaries.

The Board is comprised of 16 voting members, reflecting the Plan's jointly sponsored nature. The Ontario Hospital Association (OHA) appoints eight trustees and settlor unions each appoint two. The settlor unions are:

- Ontario Nurses' Association (ONA)
- Canadian Union of Public Employees (CUPE)
- Ontario Public Service Employees Union (OPSEU)
- Service Employees International Union (SEIU)

In addition, up to eight non-voting observers may be appointed to the Board — four by the OHA and one by each union.

Each board member has a fiduciary duty to act in the best interests of Plan members and beneficiaries. This commitment to fiduciary responsibility guides the Board's oversight and decision-making activities.

The governance of the Plan and the Fund is grounded in the *Agreement & Declaration of Trust* (ADT) originally dated November 22, 1993, and most recently amended and restated effective December 1, 2021. The ADT, entered into by the OHA and four settlor unions, establishes and empowers the Board, providing the foundation for HOOPP's governance framework.

The Board's focus is the administration of the Plan and overseeing the investment and management of the Fund's assets. Its key duties include:

- approving changes to the Plan
- setting contribution levels
- establishing investment policy
- overseeing investment performance
- approving annual operating budgets

The Board is supported by five committees that operate within delegated authority to provide recommendations and help the Board fulfil its duties. Each committee carries out the responsibilities outlined in its mandate and reports directly to the Board. In performing their duties, all committee members continue to uphold the fiduciary obligations of Trustees under the *Pension Benefits Act*. The five committees are:

- Asset-Liability Committee
- Audit and Finance Committee
- Governance Committee
- Human Resources and Compensation Committee
- Plan Committee

For more information about HOOPP's Board committees, please visit **hoopp.com**.



HOOPP investment — 25 York Street, Toronto, Ontario

Governance activities

Effective governance requires regular reviews to ensure structures, mandates, policies, practices and procedures continue to meet organizational needs and respond to changes in HOOPP's regulatory and operating environment. In 2025, the Board advanced several important governance and organizational initiatives that support the Plan's long-term sustainability and reflect the ongoing adaptation required for HOOPP to evolve and continue to deliver on our pension promise.

Key activities included:

- **Leadership continuity:** The Board appointed and supported the seamless onboarding of Annesley Wallace as President and Chief Executive Officer (CEO), ensuring strong executive leadership continuity and positioning the organization for continued success.
- **Strategic oversight:** In close collaboration with management, the Board approved the 2030 Strategic Plan, establishing clear long-term priorities and overseeing the implementation of a new operating plan to strengthen organizational alignment, execution and accountability.
- **Investment governance:** The Board continued to enhance investment governance and management through the advancement of the Total Portfolio Approach, strengthening decision making, risk management and capital allocation in an increasingly complex investment environment.
- **Compensation governance:** The Board helped shape and approve a redesigned compensation framework aligned with HOOPP's strategy, reinforcing accountability and performance alignment.

These initiatives build on the Board's ongoing oversight of risk management, investment performance, member and employer service, operations and organizational culture. Progress achieved in 2025 reflects strong stewardship and positions HOOPP to navigate future challenges while continuing to deliver secure pensions.

Delegations of authority

The Board delegates authority for the Plan's day-to-day administration and Fund management to the Plan Manager, who holds the title of HOOPP's CEO. This delegation is reviewed and approved annually by the Board. In turn, the CEO delegates authority to designated employees for specific investment and operational purposes. These delegations are also regularly reviewed to ensure they remain appropriate and effective.



HOOPP's Board of Trustees
Seated (L to R): Debra Alves, Wendy Lee, Treena Hollingworth (Observer), Sharon Richer, Julie Cays, Karim Mamdani
Standing (L to R): Kristof Barocz, Kevin Cook, Matthew Stout (Observer), John Sinclair, Anthony Dale, Dan Anderson, Cam Nelson, Poul Winslow (Observer), William Moriarty, Dinaz Dadyburjor, Andrea Kay
Absent: Karli Farrow, Sandi Blancher, Sarah Correia (Observer), Sara Labelle (Observer)

Board advisors

The Board may retain professional advisors to support the fulfillment of its fiduciary duties. The roles, responsibilities and accountabilities of HOOPP's advisors and other service providers are set out in agreements with each party. During the year, the Board may have engaged one or more of the following external advisors:

- Plan actuary
- External auditor
- Legal counsel
- Compensation advisor
- Climate change advisor

Board membership changes

Several changes in Board membership occurred during 2025. Laura Dumoulin (OPSEU appointee) completed her seven-year term on June 30, 2025, and Nick Zelenczuk (OHA appointee) concluded his five-year term on March 31, 2025. The Board extends its sincere thanks to Laura and Nick for their leadership, insight and dedicated service to HOOPP.

To address resulting vacancies, new appointments were made in 2025. Wendy Lee (OPSEU) was appointed to a three-year term as a Trustee effective July 1, 2025. In addition, Debra Alves (OHA appointee) transitioned from Board observer to Trustee, effective January 1, 2025, in accordance with her term agreement. Dinaz Dadyburjor (OHA) transitioned from Board observer to Trustee effective April 1, 2025, to fill an OHA vacancy; this change reflected a continuation of her existing OHA term, originally effective August 2024 through March 31, 2028.

The Board's new Trustees bring valuable experience in healthcare and pension governance, further strengthening the Board's ability to provide effective oversight and steward the long-term health of the Plan.



HOOPP investment — Marine Gateway, Vancouver, British Columbia

Audited Consolidated Financial Statements

year ended December, 31, 2025

Management's Responsibility for Financial Reporting

The consolidated financial statements of the Healthcare of Ontario Pension Plan (the Plan) and the accompanying notes, which are an integral part of the consolidated financial statements, have been prepared by management and approved by the Board of Trustees (the Board).

Management is responsible for the integrity and fairness of the information presented, including amounts that are based on best estimates and judgments. These consolidated financial statements have been prepared in accordance with the Canadian accounting standards for pension plans and are compliant with the requirements of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting, specifically Section 4600, Pension Plans, and the relevant sections of the Canadian accounting standards for private enterprises (ASPE) in Part II of the CPA Canada Handbook - Accounting. The consolidated financial statements also comply with the financial reporting requirements of the *Pension Benefits Act* (Ontario) and Regulations (PBA). The significant accounting policies are disclosed in note 1 to the consolidated financial statements and the financial information presented throughout the annual report is consistent with that found in the consolidated financial statements.

Systems of internal control and supporting procedures have been established and maintained to provide assurance that transactions are authorized, assets safeguarded and proper records maintained. These controls include an organizational structure that provides a well-defined division of responsibilities, a corporate code of conduct, accountability for performance and the timely communication of policies and guidelines throughout the organization.

The consolidated financial statements have been prepared by management and approved by the Board. The Audit & Finance Committee, consisting of four members who are not officers or employees of the Plan, reviews the consolidated financial statements and recommends them to the Board for approval. The Audit & Finance Committee also assists the Board in its responsibilities by reviewing recommendations from the external and internal auditors, and management's action plans to respond to recommendations for improvements in internal control over financial reporting arising from their audits. The Audit & Finance Committee meets regularly with management and the external and internal auditors to review the scope and timing of their audits, findings, and recommendations for improvement, and to satisfy itself that it has appropriately discharged its responsibilities.

The Plan's external auditor, PricewaterhouseCoopers LLP, was appointed by the Board and is directly responsible to the Audit & Finance Committee. The Plan's external auditor has conducted an independent examination of the consolidated financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as they consider necessary to express an opinion in their Independent Auditor's Report. The external auditor has full and unrestricted access to management and the Audit & Finance Committee to discuss their audit approach and any findings arising from their audits of the consolidated financial statements that relate to the integrity of the Plan's financial reporting and the adequacy of the systems of internal control.



Annesley Wallace
President & Chief Executive Officer

Reena Carter
Chief Financial Officer

March 10, 2026

Actuaries' Opinion

Mercer (Canada) Limited (Mercer) was retained by the Board of Trustees of the Healthcare of Ontario Pension Plan (the Board) to perform an actuarial valuation of the Plan as at December 31, 2025. The purpose of this valuation is to determine pension obligations of the Plan as at December 31, 2025, for inclusion in the Plan's consolidated financial statements in accordance with Section 4600, Pension Plans, of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting.

We have undertaken such a valuation and provided the Board with our related report. As this valuation was undertaken for purposes of the Plan's consolidated financial statements under the CPA Canada Handbook Section 4600, Pension Plans, 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 $120,833 million in respect of service accrued to December 31, 2025 and a smoothed value of net assets of $131,607 million determined at the same date.

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

- members' demographic data provided by HOOPP management as at October 1, 2025 and members' pay data provided as at December 31, 2024, all of which was projected to December 31, 2025, using management's estimates of experience for the intervening periods;
- the benefits specified by the terms of the Plan including the 2025 CPI adjustment which will become effective April 1, 2026 in respect of all pensioners' and deferred vested members' benefits;
- subsequent events, if any, that were known by January 28, 2026, the date when our related report was completed, and that materially impacted the valuation; and
- 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 Plan management in consultation with Mercer and have been adopted by Plan 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 consolidated financial statements at December 31, 2025, as described in the notes to the consolidated financial statements.

The smoothed value of the Plan's net assets was based on financial information provided by HOOPP management and the asset smoothing method adopted by Plan management which smoothes out short-term market fluctuations.

We have reviewed the data used for the valuation and have performed tests of reasonableness and consistency.

In our opinion,

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

Nonetheless, differences between future experience and our assumptions about such future events will result in gains or losses which will be revealed in future valuations.

Our valuation was prepared and our opinions given in accordance with accepted actuarial practice in Canada.

Mercer (Canada) Limited



Luc Girard

Fellow, Canadian Institute of Actuaries

Joseph Fung

Fellow, Canadian Institute of Actuaries

March 10, 2026

Independent auditor's report

To the Board of Trustees of Healthcare of Ontario Pension Plan

Our opinion

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

What we have audited

HOOPP's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of changes in net assets available for benefits for the years then ended;
- the consolidated statements of changes in pension obligations for the years then ended; and
- the notes to the consolidated 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 consolidated 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 HOOPP in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing HOOPP'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 HOOPP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing HOOPP's financial reporting process.

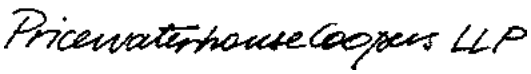
Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 HOOPP'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 HOOPP'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 consolidated 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 HOOPP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within HOOPP as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.



Chartered Professional Accountants,
Licensed Public Accountants

Toronto, Ontario

March 10, 2026

Consolidated Statements of Financial Position

As at December 31	2025	2024
(Canadian $ millions)		
Assets		
Investment assets (note 2)	**$ 272,195**	$ 239,876
Contributions receivable		
Employers	**153**	150
Members	**121**	111
Other assets (note 7)	**416**	360
	272,885	240,497
Liabilities		
Investment liabilities (note 2)	**(140,692)**	(117,256)
Other liabilities	**(257)**	(224)
	(140,949)	(117,480)
Net assets available for benefits	**131,936**	123,017
Pension obligations (note 11)	**(120,833)**	(112,579)
Surplus (note 11)	**$ 11,103**	$ 10,438

See accompanying Notes to the Consolidated Financial Statements.

ON BEHALF OF THE BOARD OF TRUSTEES

Dan Anderson
2026 Chair, Board of Trustees

Anthony Dale
2026 Vice Chair, Board of Trustees

Karim Mamdani
2026 Chair, Audit & Finance Committee

March 10, 2026

Consolidated Statements of Changes in Net Assets Available for Benefits

For the years ended December 31	2025	2024
(Canadian $ millions)		
Net assets available for benefits, beginning of year	**$ 123,017**	$ 112,635
Investment operations		
Net investment income (note 4)	**9,720**	11,123
Investment operating expenses (note 10)	**(382)**	(335)
	9,338	10,788
Plan operations		
Contributions (note 8)		
Employers	**2,084**	1,965
Members	**1,750**	1,661
Benefits paid (note 9)	**(4,096)**	(3,890)
Plan operating expenses (note 10)	**(157)**	(142)
	(419)	(406)
Change in net assets available for benefits	**8,919**	10,382
Net assets available for benefits, end of year	**$ 131,936**	$ 123,017

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Changes in Pension Obligations

For the years ended December 31		2025		2024
(Canadian $ millions)				
Pension obligations, beginning of year	**$**	**112,579**	$	102,454
Changes in pension obligations				
Interest accrued on benefits		**6,368**		5,825
Benefits accrued		**4,374**		3,978
Amendments to the plan (note 11)		**—**		604
Changes in actuarial assumptions (note 11)		**(99)**		3,337
Experience losses (note 11)		**1,707**		271
Benefits paid (note 9)		**(4,096)**		(3,890)
		8,254		10,125
Pension obligations, end of year	**$**	**120,833**	$	112,579

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Description of the Plan

The following description of the Healthcare of Ontario Pension Plan (HOOPP or the Plan) is a summary only. A complete description of the Plan provisions can be found in the *HOOPP Plan Text*, the official Plan document.

General

The Plan is a contributory defined benefit jointly sponsored pension plan, where factors, such as earnings and years of service, define members' benefits. The Plan is established under an Agreement and Declaration of Trust (as amended) for the benefit of eligible employees of participating employers.

The Board of Trustees (the Board), consisting of 16 voting members, governs HOOPP. The Ontario Hospital Association (OHA) appoints eight Trustees, while four unions, namely the Ontario Nurses' Association (ONA), the Canadian Union of Public Employees (CUPE), the Ontario Public Service Employees Union (OPSEU) and the Service Employees International Union (SEIU), each appoints two Trustees. Each Trustee has a legal obligation to administer the Plan in the best interests of all its members, regardless of their union or other affiliation.

HOOPP is registered with the Financial Services Regulatory Authority of Ontario (FSRA), and with the Canada Revenue Agency (CRA) under Registration Number 0346007. HOOPP is comprised of a Registered Pension Plan (RPP) and a Retirement Compensation Arrangement (RCA). HOOPP is not subject to income taxes in Canada. The Plan may be liable for taxes on income earned in other jurisdictions.

The Board is responsible for administering the Plan in accordance with the PBA, the *Income Tax Act* (Canada) and *Regulations* (ITA), the *Plan Text* and HOOPP's policies and procedures.

Funding

Plan benefits are funded by contributions and net investment income. The Board's Funding Decision Framework aims to secure our pension promise and achieve long-term stability in contribution rates for both employers and members. Actuarial funding valuations are conducted periodically to determine pension obligations, the funded position, and contribution requirements of the Plan.

Under the terms of the Plan, contributions are set by the Board to cover the total annual cost of benefits. This includes the current service cost of benefits plus special payments required to amortize unfunded pension obligations less any surplus amortization amounts, if applicable.

Retirement pensions

A retirement pension is based on the member's contributory service, the highest average annualized earnings during any consecutive five-year period, and the most recent five-year average year's maximum pensionable earnings (YMPE) preceding the date a member ceases to be an employee.

Members can receive an unreduced pension at the earlier of age 60 or as soon as they have completed 30 years of eligibility service, provided they have attained at least 55 years of age. Members are eligible to retire at age 55, usually with a reduced pension.

Members who retire early will receive a bridge benefit until age 65 or death, whichever occurs first. The bridge benefit supplements a member's basic HOOPP pension until age 65.

Members who choose to work beyond age 65 can continue to earn benefits until November 30 of the calendar year in which the member turns age 71, when they must begin to receive their pension.

Disability benefits

Disability benefits are available to members with a disability who meet the eligibility requirements. A waiver of contributions permits those members to accumulate contributory service while on an eligible health leave.

In addition, HOOPP offers a disability pension, based on the member's contributory service and average annualized earnings earned to the date of disability to eligible members who have been assessed as permanently disabled, with no reduction for early pension commencement and no entitlement to a bridge benefit.

Death benefits

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of a member. Depending on eligibility requirements, the benefit may take the form of a survivor pension or lump-sum payment.

Portability

Members who terminate employment shall be entitled to receive a deferred pension. They may also opt to transfer the commuted value of the benefit out of HOOPP to another pension plan or registered retirement vehicle, subject to locking-in provisions and certain age restrictions.

Members wanting to purchase eligible periods of past service can transfer the funds to HOOPP, provided the transfer meets all eligibility requirements.

Inflation protection

Retirement pensions and deferred pensions are adjusted annually by an amount equal to 75% of the previous year's increase in the Canadian Consumer Price Index (CPI) for all contributory service earned through to the end of 2005. The Board may approve an annual increase above the guaranteed level up to 100% of the increase in the previous year's CPI, to an annual maximum of 10%.

For retirements and deferred retirements occurring after 2005, the Board may approve an annual increase of up to 100% of the increase in CPI in respect of pensions earned for service after 2005. In all cases, the increases in CPI are limited to an annual maximum of 10%.

Retirement Compensation Arrangement

In conjunction with its RPP, HOOPP operates a Retirement Compensation Arrangement (RCA). The RCA provides supplementary pension benefits to members whose earnings result in a pension that exceeds the maximum pension permitted under the ITA for RPPs. The RCA is funded by member and employer contributions, as well as investment earnings, and is administered as part of the overall Plan; however, its assets are held in a segregated account. The allocation of contributions to the RCA and RPP are driven by the requirements of the ITA in a manner that is expected to be sufficient to pay the benefits as they come due. Additional information on the RCA is disclosed in note 13.

Contributions received and income earned in the RCA are subject to tax, which is disclosed in note 7 as refundable withholding tax on contributions. Depending on the contributions received, benefit payments made, and investment income earned through the RCA, a portion of taxes may be refunded each year.

Note 1 – Summary of significant accounting policies

Basis of presentation

These consolidated financial statements are prepared in accordance with the Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting (referred to herein as the "Handbook"), Section 4600 *Pension Plans* (Section 4600). For accounting policies that do not relate to its investment portfolio or pension obligations, HOOPP follows the relevant sections of the Canadian accounting standards for private enterprises (ASPE) in Part II of the Handbook. These consolidated financial statements are presented in Canadian dollars.

These consolidated financial statements also comply with the financial reporting requirements of the PBA Regulation 909, Section 76) and address certain disclosure requirements maintained by FSRA.

As required by Section 4600, all investment assets and investment liabilities, including investments in entities over which HOOPP has control or significant influence, are measured at fair value and presented on a non-consolidated basis. HOOPP consolidates HOOPP Thames Limited (HTL), a wholly owned subsidiary of HOOPP, which provides investment management services to HOOPP and does not hold investment assets and investment liabilities.

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below.

Investments

Valuation of investments

Investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

The quoted market price, when available, is used to measure fair value. When the quoted market price is not available, management uses appropriate valuation techniques to determine fair value. The valuation techniques include discounted cash flows, earnings multiples, prevailing market rates for comparable instruments with similar characteristics and/or in similar industries, pricing models and management's best estimates. Inputs used to determine fair values include contractual cash flows and interest rates, interest rate discount curves, credit spreads, implied volatilities and others. The output of any pricing model is an approximation of fair value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the investments held. Other factors, including liquidity and redemption restrictions or lock up periods, may also be taken into consideration in the determination of fair value for both quoted and unquoted investments where applicable.

The fair values of investments are determined as follows:

i. Cash and cash overdraft is recorded at cost, which is equivalent to fair value.

ii. Securities purchased under resell agreements and securities sold under repurchase agreements are recorded at cost, which together with accrued interest approximates fair value due to their short-term nature.

iii. Short-term securities are generally valued at quoted market prices if they exist. Otherwise, they are recorded at cost or amortized cost, which together with accrued interest approximates fair value due to their short-term nature.

iv. Bonds are generally valued based on quoted mid-market prices obtained from independent, multi-contributor third party pricing sources. Where quoted prices are not available, fair values are calculated using either discounted cash flows based on current market yields on comparable securities, or prices or valuations provided by independent third parties.

v. Loans include unsecured and secured loans, term loans and other loan facilities. These loans are valued at quoted market prices if they exist. Where quoted prices are not available, fair values are calculated using discounted cash flows based on current market yields on comparable securities, or prices or valuations provided by independent third parties. In some instances, certain loans may be valued at cost plus accrued interest, which approximate fair value, where appropriate.

vi. Public equities are valued at quoted closing market prices. When quoted closing market prices are not available, appropriate valuation techniques and pricing models are used to estimate fair value.

vii. Investments in private equities, real estate and infrastructure include directly held investments, investments in limited partnership funds and co-investments with limited partnership funds.

a. Directly held private equity investments are valued using valuation techniques such as capitalized earnings, discounted cash flow methodologies or valuations provided by independent third parties.

b. Directly held real estate investments are valued at estimated fair values using valuation techniques such as capitalized earnings, discounted cash flow methodologies or observable pricing for comparable investments by independent appraisers accredited under the locally prevailing professional governing bodies. Mortgages held on direct real estate investments and debt instruments issued to finance real estate investments are valued using discounted cash flow methodologies based on current market yields on comparable securities.

c. Directly held infrastructure investments are valued using valuation techniques such as discounted cash flow methodologies where projected cash flows generated by the investments are discounted using a risk-adjusted discount rate.

d. Investments in limited partnership funds and co-investments are valued at estimated fair value based on financial information reported by the General Partners or fund administrators (unless a specific reason exists to vary from the value provided by the General Partners or fund administrators).

e. In the year of acquisition, cost is used as an approximation for fair value, unless there is evidence of a significant change in value.

viii. Commodities include investments in emission allowances, such as carbon offset credits. The fair value of commodities is based on quoted closing market prices or, for carbon offset credits which do not have quoted prices, recent prices established through regulated auctions among registered participants.

ix. Alternative investments include investments in hedge funds, insurance funds and reinsurance funds and are valued at estimated fair value based on net asset values reported by the General Partners or fund administrators (unless a specific reason exists to vary from the value provided by the General Partners or fund administrators).

x. Exchange-traded derivatives are valued based on quoted closing market prices. For over-the-counter derivatives, where quoted closing prices are not available, either valuations from independent third parties or appropriate valuation techniques, primarily pricing models, are used to estimate fair value. These pricing models are based on generally accepted valuation models, use observable market prices and inputs that are actively quoted, and can be validated with external sources, including industry data and pricing services. Depending on the types and contractual terms of derivatives, fair value can be modeled using a series of techniques that are consistently applied. The valuation techniques used by HOOPP require one or more of the following key inputs:

- bond prices – quoted prices are generally available from pricing services for government bonds and most corporate bonds;
- credit spreads – obtained from independent pricing services or derived based on other credit-based instruments;
- foreign currency exchange rates – forward and spot exchange rates are obtained from an independent data service;
- implied volatilities – obtained or derived from independent data services;
- interest rates – quoted rates obtained from central banks and from swap, bond and futures markets; and
- public equity and equity indices prices – based on quoted closing market prices.

xi. Investment receivables and investment payables include cash collateral pledged or received, pending trades, accrued investment income and accrued investment liabilities. These investments are recorded at cost or amortized cost, which approximates fair value due to their short-term nature.

Initial recognition of investments
All investment transactions are recorded when the risks and rewards of ownership are transferred. Investment transactions relating to marketable securities and derivatives are recorded as of the trade date.

Investment income
Investment income consists of net interest income, recognized on an accrual basis, net dividend income, recognized on the ex-dividend date, and net operating income from investments in private equity, real estate, infrastructure and alternative investments, recognized on an accrual basis. Investment income also includes realized and unrealized gains (losses).

Management fees and performance fees
Management fees and performance fees related to investments in real estate, private equity, infrastructure and alternative investments are expensed to net investment income as incurred.

Transaction costs
Transaction costs, which include incremental and directly attributable broker commissions, legal and other professional fees for the acquisition, issue or disposal of investments, are expensed to net investment income as incurred.

Foreign currency translation
Investment assets and investment liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the year-end date. Investment income and expenses are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. The realized and unrealized gains and losses arising from these foreign currency translations are included in net realized and unrealized gains (losses).

Pension obligations

Pension obligations are determined based on an actuarial valuation prepared by an independent actuarial firm. These pension obligations are measured in accordance with accepted actuarial practice using actuarial assumptions and methods adopted by HOOPP for the purpose of establishing the long-term funding requirements of the Plan. The year-end valuation of pension obligations is based on data extrapolated to the current valuation date of December 31, 2025. The valuation uses the projected accrued benefit actuarial cost method and management's estimate of certain future events.

The pension obligations included in these consolidated financial statements are consistent with the results that would be used for a December 31, 2025 regulatory filing valuation if one were to be completed.

Contributions

Contributions from members and employers are recorded on an accrual basis. Contributions for past service purchases and transfers from other plans are recorded when received.

Benefits paid

Benefits paid consist of retirement pensions, bridge benefits, commuted value transfers, disability benefits, death benefits as well as refunds and transfers to other plans. These are payments to members and pensioners, which are recorded in the period in which they are paid. Any benefit payment amounts accrued and not yet paid are reflected in the pension obligations.

Fixed assets and intangible assets

Fixed assets and intangible assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. For costs related to elements of cloud computing arrangements, the simplification approach is followed and amounts are expensed as incurred.

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates that may affect the reported amounts of assets and liabilities, income and expenses, pension obligations and related disclosures. Significant estimates and judgments are used primarily in the measurement of pension obligations (note 11) and the fair value of certain investments (note 2b).

While management makes its best estimates and assumptions, actual results could differ from those estimates. Judgments, estimates and assumptions are reviewed periodically and revisions to accounting estimates are recognized prospectively.

Related party transactions

The Board, management, and subsidiaries are considered related parties according to the Handbook. Any transactions between these related parties and HOOPP are not significant for the purposes of these consolidated financial statements, except for those disclosed in note 14.

Contingencies

Provisions for contingent liabilities are recognized when it is likely that a liability existed at the date of the consolidated financial statements and the amount can be reasonably estimated. Liabilities for uncertain tax positions are recognized when it is more likely than not that a tax authority will not accept a tax treatment and the resulting amount can be reasonably estimated. Contingent assets are not recognized in the consolidated financial statements.

Future accounting standards

During 2025, the Accounting Standards Board (AcSB) issued amendments to Section 4600 to update requirements for the presentation and disclosure of investments held by pension plans. These updates will be effective for fiscal years beginning on or after January 1, 2027.

Management is currently assessing the impact of these changes on the Plan's consolidated financial statements.

Note 2 – Investments

a. Investment fair value and cost

The Plan's investment assets and investment liabilities are presented in the table below.

	2025		2024	
(Canadian $ millions)	Fair Value	Cost	Fair Value	Cost
INVESTMENT ASSETS				
Cash	**$ 37**	**$ 37**	$ 50	$ 50
Securities purchased under resell agreements (note 5)	**11,258**	**11,298**	6,674	6,659
Fixed income				
Short-term securities	**559**	**559**	543	542
Bonds				
Canadian	**76,137**	**79,292**	70,661	72,873
Non-Canadian	**29,194**	**29,252**	23,427	22,752
Loans				
Canadian	**6**	**7**	14	13
Non-Canadian	**1,636**	**1,619**	1,143	1,039
	107,532	**110,729**	95,788	97,219
Equities				
Public equities				
Canadian	**12,797**	**10,847**	6,855	6,201
Non-Canadian	**69,262**	**63,799**	60,835	56,092
Private equities				
Canadian	**398**	**359**	451	457
Non-Canadian	**23,771**	**17,184**	23,774	16,598
	106,228	**92,189**	91,915	79,348
Real assets				
Real estate	**19,693**	**16,974**	19,847	16,828
Infrastructure	**7,456**	**5,917**	7,611	5,698
	27,149	**22,891**	27,458	22,526
Commodities	**85**	**84**	75	76
Alternative investments	**7,021**	**5,192**	6,920	5,481
Derivative instruments (notes 3 & 5)	**3,946**	**1,007**	4,140	1,033
Investment receivables				
Cash collateral pledged (note 5)	**769**	**769**	1,079	1,079
Pending trades	**7,407**	**7,413**	5,074	5,043
Accrued investment income	**763**	**763**	703	703
	8,939	**8,945**	6,856	6,825
Total investment assets	**272,195**	**252,372**	239,876	219,217
INVESTMENT LIABILITIES				
Cash overdraft	**—**	**—**	(295)	(295)
Securities sold under repurchase agreements (note 5)	**(56,418)**	**(56,976)**	(47,827)	(47,199)
Short-term securities sold short (note 5)	**—**	**—**	(1,124)	(1,124)
Bonds sold short (note 5)	**(12,725)**	**(12,771)**	(10,314)	(10,236)
Equities sold short (note 5)	**(26,392)**	**(23,433)**	(17,967)	(13,591)
Derivative instruments (notes 3 & 5)	**(3,560)**	**(1,178)**	(4,262)	(964)
Investment payables				
Cash collateral received (note 5)	**(39,134)**	**(39,134)**	(33,999)	(33,999)
Pending trades	**(1,332)**	**(1,332)**	(844)	(844)
Accrued investment liabilities	**(1,131)**	**(1,114)**	(624)	(637)
	(41,597)	**(41,580)**	(35,467)	(35,480)
Total investment liabilities	**(140,692)**	**(135,938)**	(117,256)	(108,889)
NET INVESTMENTS	**$ 131,503**	**$ 116,434**	$ 122,620	$ 110,328

b. Fair value hierarchy

Investment assets and investment liabilities are measured at fair value and classified using a fair value hierarchy that is based on the methods and assumptions used to determine their fair values. The fair value hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The fair value hierarchy has the following three levels:

- *Level 1* – unadjusted quoted prices in active markets for identical assets or liabilities;
- *Level 2* – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- *Level 3* – inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

In some cases the inputs used to measure the fair value of an investment asset or investment liability might be categorized within different levels of the fair value hierarchy. In those cases, the classification for each asset or liability is determined based on the lowest level input that is significant to the entire assessment. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement requires judgment and evaluation of factors specific to the investment asset or investment liability being considered. Determining whether an input is observable also requires considerable judgment. Observable data is considered to be market data that is readily available, regularly distributed and updated, easily corroborated and obtained from independent sources that are actively involved in that particular market.

Investments that are classified as Level 1 include actively traded equity investments and exchange traded derivatives. These investments are valued at quoted, unadjusted, closing market prices. Cash is also included as Level 1.

Investments that are classified as Level 2 include securities purchased under resell agreements, securities sold under repurchase agreements, short-term securities, equity investments not actively traded, most bonds, over-the-counter derivatives, certain commodities, investment receivables and investment payables. For most of these investments, fair values are either derived from a number of prices that are provided by independent price sources or from pricing models that use observable market data such as swap curves, credit spreads and volatilities.

For the year ended December 31, 2025, there were no transfers between Level 2 and Level 1 (year ended December 31, 2024: no transfers between Level 2 and Level 1). Transfers between Level 2 and Level 1 occur when unadjusted quoted market prices are used for valuing an investment asset or investment liability that was previously valued using valuation techniques with significant observable inputs.

Investments that are classified as Level 3 include investments in private equity, real estate, infrastructure, alternative investments, loans, some over-the-counter derivatives and some bonds. For these investments, trading activity is infrequent and fair values are derived using valuation techniques. The valuation of Level 3 investments involves significant judgment as the significant inputs used in the pricing models are either not observable or assumptions are made about significant inputs.

Transfers from Level 2 to Level 3 occur when an investment asset's or investment liability's fair value, which was determined previously through the use of a valuation technique with significant observable inputs, is now determined using a valuation technique with significant unobservable inputs. Transfers from Level 3 to Level 2 occur when techniques used for valuing the investment involve significant observable inputs that were previously unobservable. Transfers from Level 1 to Level 3 occur when an investment asset's or investment liability's fair value, which was determined previously through unadjusted quoted prices in active markets is now determined using a valuation technique with significant unobservable inputs. Transfers from Level 3 to Level 1 occur when unadjusted quoted market prices are used for valuing an investment asset or investment liability that was previously valued using a valuation technique with significant unobservable inputs.

Transfers between Level 2 and Level 3, and/or between Level 1 and Level 3, if any, are disclosed in note 2c.

The table below presents the Plan's investment assets and investment liabilities described in note 2a within the fair value hierarchy.

	2025			
(Canadian $ millions)	Level 1	Level 2	Level 3	Total
Investment assets				
Cash	$ 37	$ —	$ —	$ 37
Securities purchased under resell agreements	—	11,258	—	11,258
Short-term securities	—	559	—	559
Bonds	—	102,644	2,687	105,331
Loans	—	339	1,303	1,642
Public equities	81,984	75	—	82,059
Private equities	—	343	23,826	24,169
Real estate[1]	—	—	19,693	19,693
Infrastructure	—	—	7,456	7,456
Commodities	—	85	—	85
Alternative investments	—	—	7,021	7,021
Derivative instruments	184	3,511	251	3,946
Investment receivables	—	8,939	—	8,939
	82,205	127,753	62,237	272,195
Investment liabilities				
Securities sold under repurchase agreements	—	(56,418)	—	(56,418)
Bonds sold short	—	(12,725)	—	(12,725)
Equities sold short	(26,392)	—	—	(26,392)
Derivative instruments	(27)	(3,439)	(94)	(3,560)
Investment payables	—	(41,597)	—	(41,597)
	(26,419)	(114,179)	(94)	(140,692)
Net Investments	$ 55,786	$ 13,574	$ 62,143	$ 131,503

(1) As at December 31, 2025, HOOPP held $8,771 million in real estate (net of borrowings) through HOOPP Realty Finance Trust (a Master Trust). The Master Trust was established on June 27, 2025 and HOOPP transferred its Canadian real estate investments into the Master Trust on September 30, 2025. HOOPP is the sole beneficiary of the Master Trust.

	2024			
(Canadian $ millions)	Level 1	Level 2	Level 3	Total
Investment assets				
Cash	$ 50	$ —	$ —	$ 50
Securities purchased under resell agreements	—	6,674	—	6,674
Short-term securities	—	543	—	543
Bonds	—	91,466	2,622	94,088
Loans	—	115	1,042	1,157
Public equities	67,625	65	—	67,690
Private equities	—	556	23,669	24,225
Real estate	—	—	19,847	19,847
Infrastructure	—	—	7,611	7,611
Commodities	—	75	—	75
Alternative investments	—	—	6,920	6,920
Derivative instruments	126	3,795	219	4,140
Investment receivables[1]	—	6,856	—	6,856
	67,801	110,145	61,930	239,876
Investment liabilities				
Cash overdraft[1]	—	(295)	—	(295)
Securities sold under repurchase agreements	—	(47,827)	—	(47,827)
Short-term securities sold short	—	(1,124)	—	(1,124)
Bonds sold short	—	(10,314)	—	(10,314)
Equities sold short	(17,967)	—	—	(17,967)
Derivative instruments	(34)	(4,123)	(105)	(4,262)
Investment payables[1]	—	(35,467)	—	(35,467)
	(18,001)	(99,150)	(105)	(117,256)
Net Investments	$ 49,800	$ 10,995	$ 61,825	$ 122,620

(1) The comparative amounts have been reclassified from Level 1 to Level 2.

c. Changes in fair value measurement for investments in Level 3

The following table presents the changes in fair value measurement for investments included in Level 3 during the years ended December 31.

2025

(Canadian $ millions)	Fair Value Dec 31, 2024	Total Gains (Losses) Included in Net Income[1]	Purchases and Issues	Sales and Settlements	Transfers In[2]	Transfers Out[2]	Fair Value Dec 31, 2025
Bonds	$ 2,622	$ (184)	$ 1,204	$ (955)	$ —	$ —	$ 2,687
Loans	1,042	(69)	935	(605)	—	—	1,303
Private equities	23,669	588	4,126	(4,557)	—	—	23,826
Real estate[3]	19,847	(449)	303	(409)	401	—	19,693
Infrastructure	7,611	(1)	633	(787)	—	—	7,456
Alternative investments	6,920	517	667	(1,083)	—	—	7,021
Derivative instruments – assets	219	41	122	(131)	—	—	251
Derivative instruments – liabilities	(105)	(12)	(23)	46	—	—	(94)
Total	$ 61,825	$ 431	$ 7,967	$ (8,481)	$ 401	$ —	$ 62,143

(1) For those investment assets and investment liabilities held at the end of the year, the total losses were $469 million.
(2) Transfers between Level 2 and Level 3 are assumed to occur at the end of the year. Transfers from Level 1 to Level 3 occurred on September 30, 2025 due to $401 million of real estate investments transferred into the Master Trust.
(3) Drawdowns and repayments of real estate borrowings of $1,054 million and $90 million are netted in Purchases and Issues and Sales and Settlements, respectively. In addition, $500 million of proceeds from the issuance of unsecured note obligations by the Master Trust are included in Sales and Settlements.

2024

(Canadian $ millions)	Fair Value Dec 31, 2023	Total Gains (Losses) Included in Net Income[1]	Purchases and Issues	Sales and Settlements	Transfers In[2]	Transfers Out[2]	Fair Value Dec 31, 2024
Bonds	$ 942	$ 177	$ 1,619	$ (443)	$ 327	$ —	$ 2,622
Loans	638	112	810	(486)	—	(32)	1,042
Private equities	19,827	3,558	4,335	(4,051)	—	—	23,669
Real estate[3]	18,673	611	1,185	(622)	—	—	19,847
Infrastructure	5,742	1,001	980	(112)	—	—	7,611
Alternative investments	5,720	1,159	1,589	(1,548)	—	—	6,920
Derivative instruments – assets	197	39	228	(245)	—	—	219
Derivative instruments – liabilities	(114)	—	(101)	110	—	—	(105)
Total	$ 51,625	$ 6,657	$ 10,645	$ (7,397)	$ 327	$ (32)	$ 61,825

(1) For those investment assets and investment liabilities held at the end of the year, the total gains were $5,352 million.
(2) Transfers between Level 2 and Level 3 are assumed to occur at the end of the year. Transfers into Level 3 from Level 2 were $327 million, and transfers out of Level 3 to Level 2 were $32 million.
(3) Drawdowns and repayments of real estate borrowings of $279 million and $18 million are netted in Purchases and Issues and Sales and Settlements, respectively.

d. Sensitivity to changes in assumptions for investments in Level 3

The following table illustrates the impact to fair value for certain investments in Level 3 when significant inputs are changed to reasonably possible alternative assumptions.

			2025		2024	
(Canadian $ millions)	Significant Inputs	Change in Reasonably Possible Alternative Assumptions	Fair Value	Increase/ (Decrease) to Fair Value	Fair Value	Increase/ (Decrease) to Fair Value
Private equity	EBITDA multiple	+/- 10%	**$ 1,537**	**$ 205/(205)**	$ 1,619	$ 212/(212)
	Discount rate	+/- 1%	**134**	**(19)/26**	710	(26)/29
Private debt[1]	Discount rate	+/- 1%	**659**	**(19)/20**	1,352	(56)/57
Infrastructure	Discount rate	+/- 0.25%	**1,955**	**(73)/77**	1,538	(59)/62
Real estate	Capitalization rate	+/- 0.25%	**11,855**	**(557)/611**	12,119	(570)/992
Real estate borrowings [2]	Interest rate	+/- 1%	**(2,420)**	**(26)/27**	(1,251)	(1)/1

(1) Included within private equities and infrastructure in note 2a.
(2) Real estate is reported in note 2a, net of mortgage borrowings and $500 million of unsecured note obligations issued by HOOPP Realty Finance Trust which are not guaranteed by the Plan.

The above sensitivity analysis excludes investments where cost is used as an approximation for fair value (e.g., newly acquired real estate properties, private equity and infrastructure investments). In addition, it excludes certain investments where quantitative unobservable inputs are not developed by the Plan (including when independent third-party pricing information is used without adjustment) and excludes investments where fair values are based on information provided by general partners or external fund administrators, as the Plan has limited or no access to the inputs, assumptions and methodologies used to determine the fair value of these investments. For other investments included in Level 3, management's judgment is that changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

e. Offsetting financial assets and financial liabilities

The following financial instruments are subject to enforceable master netting arrangements or similar agreements and/or may require the transfer of collateral. HOOPP presents these financial instruments as gross amounts in the consolidated statements of financial position, since the netting provisions contained in the respective agreements apply in limited circumstances. However, where HOOPP has a legally enforceable right to set-off the recognized amounts and intends to settle on a net basis, HOOPP offsets financial assets and financial liabilities and presents the net amount in the consolidated statements of financial position. If the effect of these arrangements, together with the collateral pledged or received were taken into consideration, the potential impact on HOOPP's financial position would be as follows:

(Canadian $ millions)	Gross Amounts of Recognized Financial Instruments	Amounts Set Off in the Statements of Financial Position	Net Amounts of Financial Instruments Presented (note 2a)	Amounts Subject to Enforceable Master Netting Arrangements or Similar Agreements[1]	Cash and Securities Collateral Pledged (Received)[2]	Net Amount
	2025					
Financial assets						
Securities purchased under resell agreements[3]	$ 20,743	$ (2,672)	$ 18,071	$ (17,586)	$ (475)	$ 10
Securities on loan[4]	45,102	—	45,102	—	(45,016)	86
Derivative instruments[5]	4,390	—	4,390	(3,094)	(763)	533
Total financial assets	70,235	(2,672)	67,563	(20,680)	(46,254)	629
Financial liabilities						
Securities sold under repurchase agreements[3]	(59,940)	2,672	(57,268)	17,586	39,621	(61)
Derivative instruments[5]	(3,932)	—	(3,932)	3,094	659	(179)
Total financial liabilities	$ (63,872)	$ 2,672	$ (61,200)	$ 20,680	$ 40,280	$ (240)

(1) Refer to note 6 for additional information on master netting arrangements.
(2) Refer to note 5 for additional information on cash and securities collateral.
(3) Includes pending trade receivables and payables of $6,813 million and $850 million, respectively.
(4) Included within fixed income and public equity investment assets in note 2a.
(5) Includes pending trade receivables and payables of $444 million and $372 million, respectively.

(Canadian $ millions)	Gross Amounts of Recognized Financial Instruments	Amounts Set Off in the Statements of Financial Position	Net Amounts of Financial Instruments Presented (note 2a)	Amounts Subject to Enforceable Master Netting Arrangements or Similar Agreements[1]	Cash and Securities Collateral Pledged (Received)[2]	Net Amount
	2024					
Financial assets						
Securities purchased under resell agreements[3]	$ 10,825	$ (862)	$ 9,963	$ (8,888)	$ (1,067)	$ 8
Securities on loan[4]	35,353	—	35,353	—	(35,052)	301
Derivative instruments[5]	4,380	—	4,380	(3,456)	(726)	198
Total financial assets	50,558	(862)	49,696	(12,344)	(36,845)	507
Financial liabilities						
Securities sold under repurchase agreements	(48,689)	862	(47,827)	8,888	38,883	(56)
Derivative instruments[5]	(4,546)	—	(4,546)	3,456	761	(329)
Total financial liabilities	$ (53,235)	$ 862	$ (52,373)	$ 12,344	$ 39,644	$ (385)

(1) Refer to note 6 for additional information on master netting arrangements.
(2) Refer to note 5 for additional information on cash and securities collateral.
(3) Includes pending trade receivables of $3,289 million.
(4) Included within fixed income and public equity investment assets in note 2a.
(5) Includes pending trade receivables and payables of $240 million and $284 million, respectively.

f. Significant investments

Individual investments, excluding short sales and derivative exposures, where the cost or fair value exceeds 1% of the cost or fair value of the Plan, being approximately $1,160 million and $1,310 million respectively, as at December 31, 2025 (2024: $1,100 million and $1,220 million respectively), are as follows:

	2025	
(Canadian $ millions)	**Fair Value**	**Cost**
Fixed income		
Canadian bonds[1]	**$ 18,125**	**$ 18,147**
Non-Canadian bonds[2]	**7,734**	**7,645**
Equities		
Canadian public equities	**4,924**	**3,543**
Non-Canadian public equities[3]	**27,637**	**23,680**

(1) Includes Canadian government and inflation-linked bonds.
(2) Includes non-Canadian government and inflation-linked bonds.
(3) Includes shares of exchange-traded funds.

	2024	
(Canadian $ millions)	**Fair Value**	**Cost**
Fixed income		
Canadian bonds[1]	$ 13,562	$ 13,027
Non-Canadian bonds[2]	3,382	3,204
Equities		
Canadian public equities	1,348	498
Non-Canadian public equities[3]	20,494	17,502

(1) Includes Canadian government and inflation-linked bonds.
(2) Includes non-Canadian inflation-linked bonds.
(3) Includes shares of exchange-traded funds.

Note 3 – Derivative financial instruments

Derivatives are financial contracts, the value of which is derived from changes in the underlying asset, index of prices or rates, interest rate or foreign exchange rate.

The Plan's investment objectives for the use of derivatives are to enhance returns by facilitating changes in the investment asset mix, to enhance equity and fixed income portfolio returns, and to manage financial risk. Derivatives may be used in all of HOOPP's permitted asset classes. The Plan utilizes the following derivative financial instruments:

Forwards

Forwards are contractual agreements between two parties to either buy or sell an asset at a predetermined price on a specified future date. HOOPP invests in currency forwards and bond forwards. Currency forwards are used to modify the Plan's exposure to currency risk. Bond forwards are used to manage the Plan's exposure to market risk and to enhance returns.

Futures

Futures are standardized agreements, which can be purchased or sold on a regulated futures exchange. HOOPP invests in commodity, equity, and interest rate futures. Equity and commodity futures are agreements to either buy or sell at a predetermined date and price, a single equity or commodity, an equity or commodity index, or a basket of equities. Interest rate futures are agreements to either buy or sell an interest rate-sensitive instrument, such as bonds, on a predetermined future date at a specified price. These types of derivatives are used to modify exposures efficiently without actually purchasing or selling the underlying asset.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option) a financial instrument at a predetermined price on or before a specified future date. The seller receives a premium from the purchaser for this right. HOOPP invests in interest rate options, swaptions, foreign currency options, equity options, options on futures and options on credit default swaps. Options are used to manage exposures to market risks and to enhance returns.

Swaps

Swaps are contractual agreements between two counterparties to exchange a series of cash flows. HOOPP utilizes the following swap instruments:

- Equity swaps are agreements between two parties to exchange a series of cash flows based on the return of an equity, a basket of equities or an equity index. One party typically agrees to pay a floating interest rate in return for receiving the equity return. HOOPP also invests in equity-based swaps such as variance, volatility, and dividend swaps. These equity-based swaps are used for yield enhancement purposes and to adjust exposures to particular indices without directly purchasing or selling the securities that comprise the index.
- Interest rate swaps and cross-currency swaps are agreements between two parties to exchange a series of fixed or floating cash flows in the same currency or different currencies based on the notional amount. Interest rate swaps are used to manage interest rate exposures and cross-currency swaps are used to manage both interest rate and currency exposures.
- Credit default swaps are agreements between two parties where the buyer of the credit protection pays a premium to the seller in exchange for payment of the notional amount from the seller against delivery of the related/relevant debt securities if a credit event such as a default occurs. Instead of physical settlement, credit default swaps can also be cash settled. Credit default swaps are used to promote credit diversification and for risk mitigation.

- Commodity swaps are agreements between two parties to exchange a series of cash flows based on the return of a commodity index. One party typically agrees to pay a fixed or floating interest rate in return for receiving the commodity return. These commodity-based swaps are used for yield enhancement purposes and for risk mitigation.

Warrants

Warrant certificates give the holder the right, but not the obligation, to buy shares in a company at a certain price on or before a specified future date. The key difference between warrants and options is that warrants are issued by the company itself as a way to raise capital.

a. Derivative notional and fair values

The following table summarizes the notional and fair values of the Plan's derivative positions.

	2025		
		Fair Value[2]	
(Canadian $ millions)	Notional value[1]	Assets	Liabilities
Commodity derivatives			
Futures	$ 251	$ 1	$ (2)
Swaps	1,142	—	—
Credit derivatives			
Credit default swap options	27,942	7	(13)
Credit default swaps[3]	9,754	216	(146)
Currency derivatives			
Forwards	46,760	634	(48)
Options	6,365	23	(5)
Swaps	10,357	93	(206)
Equity derivatives			
Futures	24,159	136	(14)
Options	26,804	1,750	(1,497)
Swaps	140,988	892	(880)
Warrants	582	29	—
Interest rate derivatives			
Futures	11,216	—	(1)
Options	30,696	8	(4)
Swaps	52,757	153	(744)
Swaptions	3,089	4	—
Total	$ 392,862	$ 3,946	$ (3,560)

(1) Notional values represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as assets or liabilities in these consolidated financial statements. Notional values are also the basis on which the fair values of the contracts and the returns are determined. Notional values do not necessarily represent the future cash flows to be exchanged, nor do they indicate the Plan's exposure to market or credit risk.

(2) Contracts with a positive fair value are recorded as investment assets while contracts with a negative fair value are recorded as investment liabilities in note 2.

(3) Includes the sale of credit protection, which HOOPP indirectly guarantees the underlying reference obligations. The notional amount of credit protection sold is $3,068 million and the fair values of related assets and liabilities are $161 million and $49 million, respectively. The majority of these contracts mature within 5 years.

	2024		
		Fair Value[2]	
(Canadian $ millions)	Notional value[1]	Assets	Liabilities
Commodity derivatives			
Futures	$ 130	$ —	$ —
Swaps	768	—	—
Credit derivatives			
Credit default swap options	36,599	25	(23)
Credit default swaps[3]	10,092	219	(156)
Currency derivatives			
Forwards	40,160	85	(582)
Options	5,590	55	(32)
Swaps	10,340	181	(532)
Equity derivatives			
Futures	20,898	97	(19)
Options	21,799	1,555	(1,468)
Swaps	113,277	1,670	(957)
Warrants	263	16	—
Interest rate derivatives			
Futures	5,983	—	(2)
Options	27,154	5	(4)
Swaps	30,916	213	(483)
Swaptions	3,932	19	(4)
Total	$ 327,901	$ 4,140	$ (4,262)

(1) Notional values represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as assets or liabilities in these consolidated financial statements. Notional values are also the basis on which the fair values of the contracts and the returns are determined. Notional values do not necessarily represent the future cash flows to be exchanged, nor do they indicate the Plan's exposure to market or credit risk.

(2) Contracts with a positive fair value are recorded as investment assets while contracts with a negative fair value are recorded as investment liabilities in note 2.

(3) Includes the sale of credit protection, which HOOPP indirectly guarantees the underlying reference obligations. The notional amount of credit protection sold is $3,963 million and the fair values of related assets and liabilities are $125 million and $60 million, respectively. All of these contracts mature within 5 years.

b. Derivative notional values by term to maturity

The following table summarizes the notional values for the Plan's derivative positions by term to maturity.

2025				
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Commodity derivatives				
Futures	$ 251	$ —	$ —	$ 251
Swaps	1,142	—	—	1,142
Credit derivatives				
Credit default swap options	27,942	—	—	27,942
Credit default swaps	250	8,372	1,132	9,754
Currency derivatives				
Forwards	46,658	102	—	46,760
Options	4,200	2,165	—	6,365
Swaps	2,287	6,830	1,240	10,357
Equity derivatives				
Futures	23,085	1,074	—	24,159
Options	17,581	9,223	—	26,804
Swaps	123,264	14,198	3,526	140,988
Warrants	126	418	38	582
Interest rate derivatives				
Futures	8,842	2,374	—	11,216
Options	30,696	—	—	30,696
Swaps	10,603	37,634	4,520	52,757
Swaptions	2,745	310	34	3,089
Total	$ 299,672	$ 82,700	$ 10,490	$ 392,862

2024				
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Commodity derivatives				
Futures	$ 130	$ —	$ —	$ 130
Swaps	768	—	—	768
Credit derivatives				
Credit default swap options	36,599	—	—	36,599
Credit default swaps	361	9,364	367	10,092
Currency derivatives				
Forwards	40,059	101	—	40,160
Options	4,217	1,373	—	5,590
Swaps	746	8,787	807	10,340
Equity derivatives				
Futures	19,365	1,533	—	20,898
Options	15,077	6,594	128	21,799
Swaps	86,549	23,978	2,750	113,277
Warrants	36	220	7	263
Interest rate derivatives				
Futures	3,735	2,248	—	5,983
Options	26,422	732	—	27,154
Swaps	4,119	22,771	4,026	30,916
Swaptions	3,482	342	108	3,932
Total	$ 241,665	$ 78,043	$ 8,193	$ 327,901

Note 4 – Net investment income

Net investment income based on investment assets and investment liabilities

The Plan's net investment income for the years ended December 31, presented by investment assets and investment liabilities, is as follows:

	2025			2024[5]		
(Canadian $ millions)	Net Interest and Dividend Income	Net Gain (Loss) on Investments [1][2]	Net Investment Income[3]	Net Interest and Dividend Income	Net Gain (Loss) on Investments [1][2]	Net Investment Income[3]
Cash and pending trades	**$ (1,493)**	**$ 1,405**	**$ (88)**	$ (1,165)	$ (2,012)	$ (3,177)
Repurchase agreements	**(1,770)**	**1,228**	**(542)**	(1,490)	(1,580)	(3,070)
Fixed income						
Short-term securities	**7**	**(1)**	**6**	85	(1)	84
Bonds						
Canadian	**2,296**	**(982)**	**1,314**	2,513	307	2,820
Non-Canadian	**1,288**	**(338)**	**950**	702	972	1,674
Loans						
Canadian	**1**	**(1)**	**—**	1	1	2
Non-Canadian	**130**	**(77)**	**53**	95	115	210
	3,722	**(1,399)**	**2,323**	3,396	1,394	4,790
Equities						
Public equities						
Canadian	**746**	**2,615**	**3,361**	399	(13)	386
Non-Canadian	**131**	**4,543**	**4,674**	409	4,721	5,130
Private equities						
Canadian	**29**	**(39)**	**(10)**	32	49	81
Non-Canadian	**404**	**287**	**691**	610	3,434	4,044
	1,310	**7,406**	**8,716**	1,450	8,191	9,641
Real assets						
Real estate[4]	**761**	**(528)**	**233**	572	541	1,113
Infrastructure	**203**	**(19)**	**184**	139	976	1,115
	964	**(547)**	**417**	711	**1,517**	2,228
Commodities	**—**	**1**	**1**	—	(6)	(6)
Alternative investments	**19**	**517**	**536**	28	1,157	1,185
Derivative instruments	**—**	**(1,643)**	**(1,643)**	—	(468)	(468)
Total	**$ 2,752**	**$ 6,968**	**$ 9,720**	$ 2,930	$ 8,193	$ 11,123

(1) Includes net realized gains from investments of $4,106 million (2024: $1,188 million), net of management fees of $356 million (2024: $381 million) and transaction costs of $50 million (2024: $42 million). The change in unrealized gains from investments was $2,862 million (2024: $7,005 million).
(2) Includes gain (loss) from foreign exchange.
(3) Net of performance fees.
(4) For 2025, net of amounts paid or payable to the auditors for HOOPP Realty Finance Trust pertaining to audit services of $752,000 (2024: $nil) and audit-related services of $187,000 (2024: $nil).
(5) The comparative amounts have been reclassified to conform with the current year's presentation.

Note 5 – Transfers of financial assets

Financial assets transferred to HOOPP's counterparties

Transfers of financial assets result from HOOPP's arrangements with its counterparties, whereby the Plan:

- transfers the contractual rights to receive the cash flows of the financial assets; or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

For HOOPP, transfers of financial assets to counterparties occur directly through securities lending arrangements. HOOPP also transfers financial assets indirectly through collateral pledged to counterparties as a result of investment strategies such as repurchase agreements, securities borrowing arrangements and derivatives. Transferred financial assets continue to be recognized as HOOPP's assets on the consolidated statements of financial position if the risks and rewards of ownership remain with HOOPP.

The following describes HOOPP's transactions that may result in the direct or indirect transfer of financial assets:

Securities lending program and other transfers of financial assets (direct)

The Plan participates in a securities lending program where it lends securities that it owns directly to third parties in exchange for a fee. The borrower provides cash or marketable securities of higher value as collateral which mitigates the credit risk associated with the program. The Plan also lends securities through a third party, in accordance with a securities lending agreement, in exchange for a fee.

The Plan also transfers financial assets received from HOOPP's counterparties as a result of various transactions. These financial assets have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.

Collateral pledged (indirect)

i. Repurchase agreements

The Plan enters into repurchase agreements, whereby the Plan effectively sells securities and simultaneously agrees to buy them back at a specified price at a future date. The net position represents the fair value of collateral pledged, as a result of the change in value of the securities sold under repurchase agreements.

ii. Securities borrowing arrangements

The Plan enters into short positions, where it agrees to sell securities that it does not already own, to reduce or eliminate economic exposures as part of certain active management strategies and as an offset to long positions in some derivative strategies. The Plan borrows securities, or uses securities received through other strategies, to facilitate the taking of short positions. For securities borrowed, the Plan is required to pledge cash or marketable securities of higher value as collateral, which mitigates the counterparty's credit risk associated with the program.

iii. Derivatives

A transfer of financial assets only occurs when the Plan pledges collateral, typically in the form of cash, fixed income or equities, for obligations incurred in the ordinary course of trading in derivatives.

When the Plan pledges cash collateral for any of the above investment strategies, this cash is derecognized from the consolidated statements of financial position. A receivable for the equivalent amount is then recognized to reflect this cash collateral due from the Plan's counterparties.

In most cases, when collateral is pledged, the counterparty has the right to re-pledge, loan or use it under repurchase agreements in the absence of default by the owner of the collateral.

Financial assets received from HOOPP's counterparties

Securities are received from HOOPP's counterparties directly through securities borrowing arrangements, or indirectly through investment strategies such as securities lending arrangements, resell agreements, and derivatives, which give rise to the counterparty transferring or pledging collateral with HOOPP. These securities are only recognized as HOOPP's assets on the consolidated statements of financial position if the risks and rewards of ownership are transferred to HOOPP.

The following describes HOOPP's transactions that may result in financial assets received from its counterparties:

Securities borrowing arrangements (direct)
The Plan borrows securities, or uses securities received through other strategies, to facilitate the taking of short positions. For securities borrowed, the Plan is required to pledge cash or marketable securities of higher value as collateral which mitigates the counterparty's credit risk associated with the program.

Collateral received (indirect)

i. Resell agreements

The Plan enters into resell agreements, whereby the Plan effectively purchases securities and simultaneously agrees to sell them back at a specified price at a future date. The net position represents the fair value of collateral received, as a result of the change in value of the securities under resell agreements.

ii. Securities lending program

For securities lent, the borrower provides cash or marketable securities of higher value as collateral which mitigates the credit risk to the Plan, associated with the program.

iii. Derivatives

The Plan receives collateral, typically in the form of cash, fixed income or equities, for receivables recognized in the ordinary course of trading in derivatives.

When the Plan receives cash collateral for any of the above investment strategies, this cash is recognized on the consolidated statements of financial position. A liability for the equivalent amount is recognized to reflect this cash collateral due to the Plan's counterparties.

In most cases, when collateral is received, the Plan has the right to re-pledge, loan or use it under repurchase agreements in the absence of default by the owner of the collateral. On termination of the agreement, the Plan is obligated to return the collateral received to the owner. As at December 31, 2025, the fair value of total collateral rehypothecated by the Plan is $1,843 million (2024: $1,965 million).

Net position of financial assets transferred to and received from HOOPP's counterparties

As at December 31, the fair values and carrying amounts of HOOPP's direct and indirect transferred financial assets, their associated liabilities and receivables and the financial assets received from counterparties were as follows:

	2025		
(Canadian $ millions)	Repurchase Agreements	Securities Lending/Borrowing and Other Transfers	Derivatives
Fair value/carrying amount of financial assets transferred out[1]	$ —	$ 56,688	$ —
Fair value/carrying amount of collateral pledged[2]	59,848	46,553	13,907
Fair value/carrying amount of financial assets received[3]	—	(18,913)	—
Fair value/carrying amount of collateral received[4]	(13,960)	(42,375)	(10,715)
Fair value/carrying amount of associated receivables (note 2)	11,258	—	3,946
Fair value/carrying amount of associated liabilities[5]	(56,418)	(39,228)	(3,560)
Net position	$ 728	$ 2,725	$ 3,578

(1) Includes securities lent, both directly and through a third party, of $45,102 million, which have not been derecognized from HOOPP's consolidated statements of financial position as the risks and rewards remain with HOOPP. The remaining amount of $11,586 million represents other transfers of financial assets received from various transactions, which have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(2) Includes cash collateral pledged of $769 million. The remaining amount represents securities that have not been derecognized from HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP.
(3) These securities have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(4) Includes cash collateral received of $39,134 million. The remaining amount represents securities that have not been recognized on HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP's counterparty, or the third party's counterparty in accordance with the securities lending agreement.
(5) Includes $111 million of accrued investment liabilities relating to investments sold short. Amounts for repurchase agreements and derivatives are presented in note 2.

	2024		
(Canadian $ millions)	Repurchase Agreements	Securities Lending/Borrowing and Other Transfers	Derivatives
Fair value/carrying amount of financial assets transferred out[1]	$ —	$ 49,723	$ —
Fair value/carrying amount of collateral pledged[2]	49,699	44,216	7,842
Fair value/carrying amount of financial assets received[3]	—	(25,062)	—
Fair value/carrying amount of collateral received[4]	(7,994)	(36,829)	(5,845)
Fair value/carrying amount of associated receivables (note 2)	6,674	—	4,140
Fair value/carrying amount of associated liabilities[5]	(47,827)	(29,495)	(4,262)
Net position	$ 552	$ 2,553	$ 1,875

(1) Includes securities lent, both directly and through a third party, of $35,353 million, which have not been derecognized from HOOPP's consolidated statements of financial position as the risks and rewards remain with HOOPP. The remaining amount of $14,370 million represents other transfers of financial assets received from various transactions, which have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(2) Includes cash collateral pledged of $1,079 million. The remaining amount represents securities that have not been derecognized from HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP.
(3) These securities have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(4) Includes cash collateral received of $33,999 million. The remaining amount represents securities that have not been recognized on HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP's counterparty, or the third party's counterparty in accordance with the securities lending agreement.
(5) Includes $90 million of accrued investment liabilities relating to investments sold short. Amounts for repurchase agreements and derivatives are presented in note 2.

Note 6 – Risk management

HOOPP's mission is to deliver on our pension promise. In order to accomplish this, the Plan must actively manage its net funded position (i.e., surplus or deficit). There are two major components to the net funded position, the Plan's pension obligations and the Plan's net investments, which HOOPP manages and measures in concert.

The Plan's investments are exposed to financial risks (i.e., market risk, credit risk and liquidity risk) through its investment activities.

HOOPP's Board is responsible, with the assistance of management, agents and advisors, for prudently managing, investing and administering the Plan in order to deliver on our pension promise. This requires Board oversight of the investments and pension obligations to ensure they are being managed in the best interests of HOOPP members. The Board has established a policy framework, which outlines the Board's risk tolerances, and which guides the development of investment strategies to meet HOOPP's overall objectives.

The cornerstone of the policy framework is the Funding Decision Framework. The Funding Decision Framework sets out criteria to be considered when contemplating changes to contribution rates and/or benefits levels, and establishes a target range for the Plan's funded ratio, which is the ratio of the Plan's net investments to its pension obligations. HOOPP's investment policy and strategic asset mix will also impact the Plan's funded ratio and can be altered to support the management of HOOPP's funded position.

Broadly, the Plan manages funding risk by:

- utilizing a long-term, liability-aware investing (LAI) strategy, under which characteristics of pension liabilities are considered when investing in Plan assets;
- setting and managing to a minimum and a target expected range for the Plan's funded ratio;
- annually reviewing the actuarial assumptions underlying the Plan's pension obligations to ensure continued appropriateness; and
- complying with the PBA, the ITA, the Plan's Agreement and Declaration of Trust, and the Plan Text.

The Board provides a framework for the investment of the Plan's investments through the following key documents, which collectively form HOOPP's policy framework, and which the Board reviews and approves at least annually:

- Investment Risk Framework – the Board's view of the Plan's risk tolerance;
- Statement of Investment Policies and Procedures (SIP&P) – investment guidelines for the management of the Plan, including objectives and how they will be reached; and
- Investment Policies and Guidelines (IP&G) – the Plan's policy benchmark, policy asset mix and detailed investment limits.

The Investment Management Division provides advice and recommendations to the Board about the investing of Plan investments to meet the Plan's target funding ratio and they design and execute investment strategies, in compliance with HOOPP's policy framework. The Strategy and Risk Division, which is independent from the Investment Management Division, monitors the limits set out in the IP&G. Compliance reporting is provided quarterly to the Board's Asset-Liability Committee (ALC) and the Board.

The ALC oversees the management and investment of the Plan's investments and pension obligations. It monitors and evaluates the investment management process and performance of the Plan and reviews and recommends to the Board asset liability management policies. The ALC also reviews, monitors and makes recommendations to the Board on matters such as actuarial valuations and the appointment and performance of the Board's external actuarial advisors.

The Board's Plan Committee (Plan Committee) oversees the Plan's benefits design and administration. It reviews, monitors and makes recommendations to the Board on matters such as proposed changes to benefits, Plan amendments, and contribution rates, as well as benefit administration. The Plan Committee also monitors compliance with legislative and regulatory requirements and the Board's policies.

Funding risk

The primary risk that HOOPP faces is funding risk - the risk that the Plan does not earn sufficient investment returns to support the growth of pension obligations within its defined risk tolerance, resulting in an unfunded liability (i.e., a funding deficit). If the funding deficit reaches a certain level, or persists, it may need to be eliminated by reducing benefits, raising contributions, or a combination of both.

The Plan's net funded position can change relatively quickly if there are changes in the value of the Plan's net investments or pension obligations, which may result in a mismatch between the Plan's net investments and its pension obligations. The most significant economic contributors to funding risk are as follows:

- declines in interest rates;
- equity markets failing to achieve expected returns; and
- unexpected increases in inflation.

In addition to the economic contributors to funding risk listed above and further described in the Financial Risk Management section below, the Plan's pension obligations are also affected by non-economic factors such as changes in member demographics.

As at December 31, 2025, the Plan had a surplus for financial statement purposes of $11,103 million (2024: $10,438 million) based on the difference between the fair value of net assets available for benefits and the pension obligations. On a regulatory filing basis at December 31, 2025, the Plan had a regulatory filing surplus of $10,774 million, compared to $12,377 million as at December 31, 2024 (based on the smoothed asset value of net assets described in note 11).

The Board manages funding risk by monitoring and reviewing the funded ratio on an ongoing basis, relying on the results of various scenarios, to ensure it remains in the targeted range. If and when the future funded ratio falls outside the range, the Board determines whether changes to the investment policy, strategic asset mix, and contribution rates and/or benefits may be required.

When formulating the investment policy to effectively manage both risk and the net funded position, HOOPP must consider investment strategies that are suitable for the Plan's pension obligations. Failing to do this would result in greater volatility in the Plan's funded status, leading to a greater risk of making changes to benefits and/or contribution rates.

The Board's external actuary performs an annual valuation to determine the Plan's funded status and also forecasts future results.

HOOPP is registered with FSRA and is required to file a regulatory filing valuation periodically. It last filed a regulatory filing valuation for the year ended December 31, 2024. See note 12 for more information on HOOPP's regulatory filing valuation.

Financial risk management

The Plan's investment activities expose it to financial risks, which include:

- market risk (including interest rate risk, foreign currency risk and other price risk);
- credit risk; and
- liquidity risk.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market.

i. Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Plan is exposed to interest rate risk as a result of the policy decision to invest in interest rate sensitive instruments as part of the LAI approach to investing. The Plan's interest rate sensitive portfolio comprises mainly of investments in fixed income products (including short-term securities, bonds and loans), fixed income exchange-traded funds, derivatives, bonds and securities sold short and securities purchased and sold under repurchase agreements.

Risk measurement

The Plan's interest rate sensitive portfolio is reviewed to ensure compliance to policy. The ALC receives quarterly reports, which include interest rate exposure for the interest rate sensitive portfolio. Based on the interest rate sensitive portfolio as at December 31, 2025, a 1% increase in interest rates would have decreased the Plan's net assets available for benefits by $6,038 million (2024: $6,215 million); a 1% decrease in interest rates would have increased the Plan's net assets available for benefits by $7,096 million (2024: $7,181 million).

In addition, the Plan is impacted by changes in interest rates through its investments in limited partnership funds, private debt and real estate borrowings (as described in note 2d), loan commitments, cash collateral pledged and cash collateral received.

While the increase/decrease in interest rates would have decreased/increased the value of the Plan's assets, longer-term trends in increases/decreases in interest rates would have also decreased/increased the value of the Plan's pension obligations.

Risk management

While the Plan's interest rate sensitive products are exposed to interest rate risk, this risk has been assumed purposefully as part of the LAI approach to offset the interest rate risk inherent in the Plan's pension obligations. The Plan uses duration to measure the sensitivity of the fair value of the fixed income investments to changes in market interest rates. The Plan manages its exposure to investment interest rate risk by ensuring the duration of the fixed income mandates align with the duration of the Plan's pension obligations as stipulated in the IP&G, and the overall asset mix remains within the approved policy weights specified in the IP&G. This is accomplished by rebalancing the portfolio on a regular basis and through the use of derivatives, including interest rate swaps, cross-currency swaps and interest rate futures.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument denominated in a foreign currency will fluctuate due to changes in applicable foreign exchange rates. While HOOPP pension benefits are paid in Canadian dollars, some of the Plan's investments are denominated in other currencies. The Plan's significant foreign currency exposure (including through non-monetary items and derivatives) as at December 31 is presented below. The table also includes the Canadian dollar equivalent impact of a 5% increase/decrease in the applicable foreign exchange rate on the Plan's net assets available for benefits.

(millions)	2025 Local Currency	Canadian Dollar Equivalent	Impact of +/- 5% Change
British Pound	**75**	**$ 139**	**$ 7/(7)**
Japanese Yen	**36,585**	**320**	**17/(17)**
United States Dollars	**9,256**	**12,702**	**634/(628)**
Other[1]		**21**	**2/(2)**
Total		**$ 13,182**	**$ 660/(654)**

(1) Comprised of insignificant exposures to other foreign currencies not separately disclosed.

(millions)	2024 Local Currency	Canadian Dollar Equivalent	Impact of +/- 5% Change
Chinese Yuan	(758)	$ (149)	$ (5)/11
Japanese Yen	(18,368)	(168)	(4)/11
United States Dollars	10,839	15,591	796/(776)
Other[1]		(41)	(1)/5
Total		$ 15,233	$ 786/(749)

(1) Comprised of insignificant exposures to other foreign currencies not separately disclosed.

Risk measurement

The exposures to foreign currency are measured and monitored daily for compliance purposes. Each quarter, management provides the Board with reports and analysis of key risk metrics, which include the impact of changes in foreign currency rates on the Plan's net assets available for benefits.

Risk management

While certain limited risk-taking activities are permitted, the Plan manages its exposure to foreign currency risk by ensuring the exposures from monetary and non-monetary items are effectively hedged in accordance with the limits stipulated in the IP&G. These limits generally require the Plan's foreign currency exposure to be hedged within a 15% (2024: 15%) tolerance of the Plan's net asset value. This is accomplished through the use of derivatives, which include foreign exchange forward contracts, cross-currency swaps, and foreign currency options.

iii. Other price risk

The Plan is also exposed to other price risk, which is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The Plan's primary exposure to other price risk, which includes equity price risk, is through its investment in public equities (including investments in equity-focused exchange-traded funds) and equity derivative instruments. As at December 31, 2025, the Plan's total exposure to price risk on public equities and equity derivatives is $37,822 million (2024: $29,568 million) and a 10% increase/decrease in the equity prices would increase/(decrease) the Plan's net assets available for benefits by $3,824 million / ($3,558 million) (2024: $2,979 million / ($2,902 million)).

The Plan also invests in catastrophe bonds, limited partnership funds and securities linked to insurance contracts. The Plan is exposed to losses stemming from higher than expected insurance claims. As at December 31, 2025, the total fair value of investments linked to insurance contracts is $1,970 million (2024: $1,898 million).

The Plan is also exposed to other price risk through its investments in commodities, commodity exchange-traded funds and commodity derivatives. As at December 31, 2025, the Plan's total exposure to commodity prices is $1,127 million (2024: $753 million). A 10% increase/decrease in underlying commodity prices would increase/(decrease) the Plan's net assets available for benefits by $113 million / ($113 million) (2024: $75 million / ($75 million)).

The Plan is also exposed to other price risk through its investments in private equity, real estate, infrastructure and alternative investments (including investments in limited partnership funds and co-investments) as described in note 2d.

Risk measurement

HOOPP measures risk daily by monitoring exposure levels to Board approved limits, which include total equity exposure, single-name limits and stress tests. Compliance limit reporting is provided to the Board on a quarterly basis. Stress testing is performed to measure the impact of equity market changes and other market risk factors, to ensure risk metrics are within IP&G limits.

Risk management

HOOPP manages equity risk through diversification, by investing in major equity markets with benchmarks approved by the Board, and through physical and derivative markets in order to minimize non-systemic risk. Rebalancing occurs regularly to ensure the weighting of the equity investments, in respect to the overall value of the Plan, remains within the limits established by the Board. Stress testing is monitored daily to ensure compliance with IP&G limits.

Credit risk

Credit risk is the risk of financial loss associated with an obligor's potential inability or unwillingness to fulfill its contractual obligations. Counterparty credit risk is the risk of loss in the event the counterparty (excluding clearing houses) defaults on a transaction, or otherwise fails to perform under the terms of a contract.

The Plan assumes credit risk exposure primarily through its investments in fixed income securities, private debt investments and preferred shares with credit-like features. The Plan's maximum exposure to credit risk from these investments by credit rating, without taking account of collateral held, other credit enhancements or netting agreements and liabilities that do not qualify for offset as at December 31, is as follows:

	2025					
(Canadian $ millions)	Short-term securities[1]	Bonds[1][2][4]	Loans[2]	Other[3]	Total	%
AAA	$ —	$ 50,902	$ —	$ —	$ 50,902	47.0 %
AA	—	40,628	—	—	40,628	37.4 %
A	541	8,418	394	—	9,353	8.6 %
BBB	18	2,301	135	67	2,521	2.3 %
BB or below	—	2,648	1,122	685	4,455	4.1 %
Not rated	—	560	—	75	635	0.6 %
Total	$ 559	$ 105,457	$ 1,651	$ 827	$ 108,494	100.0 %

(1) Short-term securities and bonds include sovereign bonds issued or guaranteed by governments.
(2) Includes accrued interest of $608 million and $9 million under bonds and loans, respectively.
(3) Includes private debt investments presented in note 2d.
(4) Excludes insurance-linked catastrophe bonds of $482 million presented in bonds in note 2a.

	2024[5]					
(Canadian $ millions)	Short-term securities[1]	Bonds[1][2][4]	Loans[2]	Other[3]	Total	%
AAA	$ —	$ 43,950	$ —	$ —	$ 43,950	45.2 %
AA	543	39,812	—	—	40,355	41.5 %
A	—	6,178	164	—	6,342	6.5 %
BBB	—	1,699	4	—	1,703	1.7 %
BB or below	—	2,257	873	944	4,074	4.2 %
Not rated	—	229	122	558	909	0.9 %
Total	$ 543	$ 94,125	$ 1,163	$ 1,502	$ 97,333	100.0 %

(1) Short-term securities and bonds include sovereign bonds issued or guaranteed by governments.
(2) Includes accrued interest of $549 million and $6 million under bonds and loans, respectively.
(3) Includes private debt investments presented in note 2d.
(4) Excludes insurance-linked catastrophe bonds of $512 million presented in bonds in note 2a.
(5) The comparative amounts have been revised to exclude bond futures that are settled daily and investment liabilities which do not qualify for offset. These changes increased the Plan's maximum exposure to credit risk disclosed as at December 31, 2024 by $10,801 million. In addition, certain prior year credit ratings have been reclassified to conform with a revised hierarchy for credit ratings provided by approved credit rating agencies.

The Plan's maximum exposure to credit risk from fixed income instruments is reduced by purchasing credit risk protection through credit derivatives and certain short positions included in note 3 and note 2a, respectively. The maximum credit risk exposure from the sale of credit derivatives is the notional amount of written derivatives as detailed in note 3a footnote 3.

The Plan is also exposed to credit risk through its cash and cash equivalents (included in note 2a), investments in limited partnership funds, co-investments, fixed income exchange-traded funds and loan commitments. For loan commitments, the maximum exposure to credit risk is the committed undrawn amount under the agreements included in note 15.

The Plan also assumes credit risk through its contributions receivable.

Counterparty credit risk is introduced through transfers of financial assets as detailed in note 5. The maximum counterparty credit risk exposure is the fair value of the financial assets transferred out, which is offset by the fair value of cash collateral and financial assets received. HOOPP has investment policies and procedures in place, which specify the requirements for using collateral to reduce the total counterparty credit risk exposure to individual corporate entities. Only collateral of a certain quality is considered acceptable. Contracts with various counterparties are in place and define the terms under which collateral is transferred. Terms may include minimum transfer amounts or thresholds, eligible securities, and rules for the settlement of disputes. The collateral pledged and received is the only recourse available to the counterparties of these transactions.

Risk measurement

The Plan monitors its exposure to credit risk based on Board-approved credit limits, which include overall exposure limits, single-name limits, and counterparty exposure. Single name limits are adjusted depending on the issuer credit rating and to ensure limited concentration of credit risk. Stress testing is performed for portfolio credit risk to ensure compliance with Board-approved limits.

Counterparty credit risk exposure for financial contracts 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. Compliance reporting is provided quarterly to the ALC and the Board. Investments in any one issuer are limited to 5% of the total net assets of the Plan.

Risk management

The Plan's policy is to manage issuer specific credit risk by placing and monitoring limits on individual issuers (whether investment-grade or below-investment-grade debt) and diversifying credit holdings. Limits are defined by the Board in the IP&G. The Plan assigns and maintains issue credit ratings for its fixed income instruments as determined by approved credit rating agencies, where available. Where issue credit ratings are not available from an approved credit rating agency:

- For fixed income instruments, other than sovereign debt, HOOPP assigns credit ratings based on an internal rating process.
- For fixed income instruments issued or guaranteed by sovereign governments, HOOPP assigns issuer credit ratings for these securities.

Portfolio obligor credit risk is aggregated and monitored using internal credit risk metrics that are subject to Board-approved limits.

The Plan mitigates counterparty credit risk by transacting exchange-traded derivative contracts and, when required, by dealing primarily with over-the-counter derivatives counterparties with an investment grade rating, as determined by an approved credit rating agency. The Plan also uses an internal credit-limit monitoring process and has master netting arrangements in place and the right to obtain collateral, all of which mitigate counterparty credit risk. Exposure to any counterparty with whom the Plan has non-exchange traded derivative contracts shall not exceed the limits specified and approved by the Board in the IP&G. Counterparty exposure is determined daily and collateral is either requested or delivered in accordance with the agreements in place. Note 5 provides more information on collateral.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Risk measurement

Liquidity risk is assessed through stress testing that is monitored daily and designed to evaluate the Plan's resilience to severe but plausible market stress, including a single extreme stress event and a range of adverse historical scenarios. In addition, an illiquidity ratio, together with an associated limit, is monitored daily to assess whether allocations to illiquid assets remain aligned with the Plan's overall risk appetite.

Risk management

Liquidity risk is managed through the maintenance of a prudent level of unencumbered high-quality liquid assets (HQLA), primarily high-quality government bonds and public equities, and through a governance and risk management framework intended to support the Plan's ability to meet its financial obligations as they come due.

The framework includes Board-approved risk limits and management-level limits that are monitored daily. These limits are designed to support the early identification of emerging liquidity risks and to inform timely investigation and management action, as appropriate. Collectively, these controls contribute to ongoing oversight of liquidity risk across a range of market conditions.

As at December 31, 2025, the plan held $45,223 million (2024: $45,390 million) of HQLA, after adjusting for related financial assets transferred or pledged, available to meet its obligations and liquidity requirements. The prior year's amount has been reduced by $353 million.

The maturity analysis of the Plan's investment-related liabilities is set out below. The Plan determines the maturity of investment-related derivative and non-derivative liabilities based on the earliest period in which the liabilities are expected to be settled. When a counterparty has a choice of when an amount is paid, the

liability is allocated to the earliest period in which the Plan can be required to pay. As the Plan may settle derivative liabilities at fair value prior to their contractual maturity, these liabilities are considered to mature within one year.

	2025			
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Securities sold under repurchase agreements	**$ (56,418)**	**$ —**	**$ —**	**$ (56,418)**
Bonds sold short	**(12,725)**	**—**	**—**	**(12,725)**
Equities sold short	**(26,392)**	**—**	**—**	**(26,392)**
Derivative instruments	**(3,560)**	**—**	**—**	**(3,560)**
Investment payables	**(41,597)**	**—**	**—**	**(41,597)**
Total	**$ (140,692)**	**$ —**	**$ —**	**$ (140,692)**

	2024			
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Cash overdraft	$ (295)	$ —	$ —	$ (295)
Securities sold under repurchase agreements	(47,827)	—	—	(47,827)
Short-term securities sold short	(1,124)	—	—	(1,124)
Bonds sold short	(10,314)	—	—	(10,314)
Equities sold short	(17,967)	—	—	(17,967)
Derivative instruments	(4,262)	—	—	(4,262)
Investment payables	(35,467)	—	—	(35,467)
Total	$ (117,256)	$ —	$ —	$ (117,256)

Other liabilities included in the Consolidated Statements of Financial Position of $257 million (2024: $224 million) and loan commitments of $352 million (2024: $112 million) are mainly due within 1 year.

Note 7 – Other assets

As at December 31, other assets consist of the following amounts:

(Canadian $ millions)	2025	2024
Refundable withholding tax on contributions	**$ 370**	$ 315
Fixed assets and intangible assets	**36**	36
Other	**10**	9
Total	**$ 416**	$ 360

Note 8 – Contributions

Contributions received are reconciled annually, within one year, to ensure the appropriate amounts have been remitted. To perform this reconciliation, HOOPP requires each employer to verify and update HOOPP's records for each of their member's service and contributions. With this information, HOOPP performs a reconciliation for each employer to determine if the correct amount of contributions has been remitted to HOOPP. Once this reconciliation is complete, HOOPP is able to calculate the amount of any differences related to contributions. Any shortfalls are recovered from the employer and any overpayments are refunded or credited towards future remittances.

Contributions received or receivable during the years ended December 31 were comprised of the following:

(Canadian $ millions)	2025	2024
Employers		
Current service contributions	**$ 2,084**	$ 1,965
Members		
Current service contributions	**1,653**	1,559
Voluntary past service contributions from members	**54**	49
Voluntary transfers from other plans	**43**	53
	1,750	1,661
Total	**$ 3,834**	$ 3,626

Note 9 – Benefits paid

Benefits paid during the years ended December 31 were comprised of the following:

(Canadian $ millions)	2025	2024
Retirement pension and bridge benefits	**$ 3,530**	$ 3,315
Death benefits	**236**	218
Disability benefits	**75**	77
Commuted value transfers	**208**	211
Refunds and transfers to other plans[1]	**47**	69
Total	**$ 4,096**	$ 3,890

(1) Includes transfers to other plans of $17 million (2024: $27 million).

Note 10 – Operating expenses

For the years ended December 31, HOOPP incurred operating expenses for Investment and Plan related activities as follows:

	2025	2024
(Canadian $ millions)		
Investment[1]		
Administration	**$ 359**	$ 320
Legal, actuarial and other professional fees[2]	**17**	11
Custodial	**6**	4
	382	335
Plan[1]		
Administration	**153**	137
Legal, actuarial and other professional fees[2]	**4**	5
	157	142
Total	**$ 539**	$ 477

(1) Based on an allocation of corporate expenses that includes direct and indirect expenses associated with Investment and Plan related activities. Costs are allocated using estimates of time associated with each activity.

(2) Includes amounts paid or payable to the auditors for HOOPP and its consolidated subsidiary pertaining to statutory audit services of $1,731,000 (2024: $1,754,000), audit-related services of $804,000 (2024: $560,000) and non-audit services of $14,000 (2024: $289,000). Also includes amounts paid or payable to the Plan's actuarial advisor pertaining to actuarial services of $656,000 (2024: $407,000).

Note 11 – Pension obligations

Pension obligations

The pension obligations are based on management's assumptions and include a provision for expenses. The Plan provisions considered in the valuations were those in effect at the valuation dates.

Estimates used for financial reporting purposes reflect management's expectations of long-term economic and demographic conditions. The primary economic assumptions include the discount rate, salary escalation rate and price inflation. The non-economic assumptions include considerations such as mortality, withdrawal and retirement rates.

The discount rate is based on the long-term expected fund return and includes a margin for conservatism, as appropriate for a funding valuation. The price inflation rate is based on the expected CPI rate.

Net impact from changes to non-economic and economic assumptions resulted in an actuarial gain of $99 million (2024: actuarial loss of $3,337 million).

Changes to non-economic assumptions

There were no changes to the demographic assumptions in 2025. Studies of the demographic assumptions were undertaken in 2024 with updates to certain assumptions being adopted as at December 31, 2024. The updates included the adoption of custom base mortality tables that reflect HOOPP member experience, and the adoption of the proposed mortality improvement scale published in 2024 by the Canadian Institute of Actuaries. These changes involved significant judgment by management and were reviewed by the Plan's actuarial advisor for reasonableness and approved by the Board.

Changes to economic assumptions

To determine the pension obligations as at December 31, 2025 and December 31, 2024, the following economic assumptions were analyzed and reviewed by management and the Plan's actuarial advisor for reasonableness and approved by the Board for financial reporting purposes:

	2025	2024
Discount rate[1]	**5.65 %**	5.65 %
Rate of price inflation[2]	**2.00 %**	2.00 %
Real discount rate	**3.65 %**	3.65 %
Salary escalation rate	**3.50 %**	3.50 %

(1) Net of allowance for investment and plan expenses of 0.40% (2024: 0.40%).
(2) Assumed inflation protection: 100% of CPI for all years of service, notwithstanding its discretionary nature (2024: 100% of CPI for all years of service, notwithstanding its discretionary nature).

Actuarial methodology for financial reporting

For the determination of the actuarial present value of the pension obligations as at December 31, 2025, an actuarial valuation was conducted by Mercer (Canada) Limited. The valuation uses the projected accrued benefit actuarial cost method with respect to all benefits and assumes that the Plan will continue on a going concern basis. The data used in the valuation was based on members' demographic data provided by HOOPP management as at October 1, 2025 and members' pay data provided as at December 31, 2024, all of which were projected to December 31, 2025 using management's estimates of experience for the intervening periods. The pensionable earnings estimates were determined based on 2024 experience and estimate assumptions.

Using this method and data, the pension obligations (or going concern actuarial pension obligations) as at December 31, 2025, were $120,833 million (2024: $112,579 million).

Experience gains and losses

Experience gains and losses represent the change in the pension obligations due to the difference between actual economic and demographic experience and assumed economic and demographic experience. The Board has the discretion to provide ad hoc inflation protection for retirees and deferred retirees and the experience gains and losses include discretionary ad hoc inflation increases granted by the Board that differ from the ad hoc inflation increases assumed in the pension obligation at the prior year end.

The net experience loss for 2025 is $1,707 million (2024: loss of $271 million).

Plan provisions

There were no amendments to the Plan that impacted the pension obligations in 2025.

During 2024, the Board approved an amendment to the Plan provisions for eligible active members in the Plan on or after July 1, 2024, which increased the benefit formula accrual rate in respect of contributory service in 2023. The additional impact for this improvement was an increase to the pension obligations of $604 million as of January 1, 2024. During 2024, the Board also approved an amendment to the Plan provisions to include an option for incorporated physicians to join the Plan effective January 1, 2025. This amendment had no impact on the pension obligations as of December 31, 2024.

Surplus

According to the Handbook, the surplus for consolidated financial statement presentation purposes is the difference between the value of net assets available for benefits and the pension obligations. The surplus for consolidated financial statement purposes on December 31, 2025, was $11,103 million (2024: $10,438 million).

The net assets value used for regulatory filing purposes, referred to as the "smoothed" value of net assets, is determined in a manner that reflects long-term market trends consistent with assumptions underlying the

actuarial present value of pension obligations. The smoothed value of net assets is determined by taking an average of the current market value of net assets and the market values for the four preceding years. The market values for the four preceding years are adjusted for contributions and benefit payments. They are also adjusted to include assumed investment return, which is based on long-term expected fund returns. The regulatory filing surplus on December 31, 2025, was $10,774 million (2024: $12,377 million).

The market value of net assets available for benefits is greater than the smoothed value of net assets, resulting in a difference between the surplus for consolidated financial statement purposes and that for regulatory filing purposes of $329 million at December 31, 2025 (2024: the market value of net assets available for benefits was less than the smoothed value of net assets by $1,939 million).

Note 12 – Regulatory filing valuation

In accordance with the PBA and the ITA, an actuarial valuation is required to be filed at least every three years to estimate the Plan's surplus or deficit, and to determine the Plan's minimum funding requirements. Mercer (Canada) Limited, prepared the last actuarial valuation for regulatory filing purposes, as at December 31, 2024, and a copy of that valuation was filed with FSRA and CRA. The effective date of the next required valuation is December 31, 2027.

The funding valuation method used to determine the pension obligations is the projected accrued benefit actuarial cost method. Under this method, the pension obligations are determined by calculating the actuarial present value of benefits based on service at the valuation date and projected final average earnings. The actuarial current service cost of benefits is determined based on benefits (with projected final average earnings) in respect of service in the year following the valuation date, a portion of which is covered by member contributions.

Mercer (Canada) Limited, in consultation with management, recommended the actuarial assumptions to be used for the regulatory filing valuation. The economic assumptions used for the December 31, 2024 regulatory filing valuation were as follows:

Economic Assumptions	Rates
Discount rate[1]	**5.65 %**
Rate of price inflation[2]	**2.00 %**
Real discount rate	**3.65 %**
Salary escalation rate	**3.50 %**

(1) Net of allowance for investment and plan expenses of 0.40%.
(2) Rate of price inflation: 2.0% per annum. Assumed inflation protection: 100% of CPI for all years of service, notwithstanding its discretionary nature.

The most recent regulatory filing valuation conducted as at December 31, 2024, disclosed a smoothed value of net assets of $124,956 million with accrued going concern pension obligations of $112,579 million, resulting in a going concern regulatory filing surplus of $12,377 million. In accordance with the PBA, the solvency deficiency as at December 31, 2024 was $nil.

Note 13 – Retirement compensation arrangement

Under the RCA, total pension benefits are calculated using the pension formula disclosed under the Description of the Plan based on a member's total pensionable earnings. Benefits payable from the RCA are then determined as those which exceed amounts permitted under the ITA for an RPP. The net asset value available for RCA benefits as at December 31, 2025 was $729 million (2024: $582 million).

Note 14 – Related party transactions

As at December 31, the Plan and its consolidated subsidiary lease office space in two buildings that are partially owned by non-consolidated investment holding entities. The lease payments are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties in the lease agreements. For the year ended December 31, 2025, total expenses incurred under these lease agreements, including common area maintenance, utilities, tenant inducements and property taxes were $15 million (2024: $11 million).

The future minimum lease payments by year, and in aggregate, are as follows:

	2025
(Canadian $ millions)	
2026	**$ 8**
2027	**11**
2028	**12**
2029	**12**
2030	**12**
Thereafter	**75**
Total minimum lease payments	**$ 130**

	2024
(Canadian $ millions)	
2025	$ 7
2026	8
2027	9
2028	9
2029	9
Thereafter	73
Total minimum lease payments	$ 115

Note 15 – Commitments

As part of normal business operations, the Plan directly or through certain of its non-consolidated investment holding entities has committed to enter into investment and other transactions including funding of real estate, private equity, infrastructure and alternative investments. The Plan also extended credit in the form of loans and entered into a commitment to simultaneously purchase and sell securities valued at $2,745 million (2024: $nil) under linked repurchase and resell agreements. These commitments will be funded over the next several years in accordance with agreed-on terms and conditions. As at December 31, the Plan's commitments, excluding those commitments that are deemed insignificant to be disclosed, are as follows:

		2025		2024
(Canadian $ millions)				
Funding commitments	**$**	**18,002**	$	16,344
Loan commitments		**352**		112
Total	**$**	**18,354**	$	16,456

Note 16 – Capital

HOOPP defines its capital as the Plan's surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded in order to meet the pension obligations over the long term. Refer to note 6 for further disclosure on HOOPP's capital.

Note 17 – Guarantees, indemnifications and contingencies

Guarantees are contracts under which the guarantor is required to make payment to a third party where a principal obligor fails to pay or perform a stated obligation owed to that party. Indemnification agreements are similar to guarantees in that the indemnifying party may be required to make payments to the indemnified party in the event that the indemnified party incurs certain specified losses or expenses, often as a result of the act or omission of the indemnifying party.

Guarantees

The Plan indirectly guarantees the underlying reference obligations when it sells credit protection (i.e., it commits to compensate the counterparty in the event of a default in relation to the reference obligation). The maximum potential exposure is the notional amount of credit protection sold. However, when carefully structured and coupled with other hedging instruments, the exposure can be limited with certainty. The notional amount, fair value and the term to maturity of the credit protection sold by the Plan are disclosed in note 3. The nature of any assets held as collateral is disclosed in note 5.

The Plan also has guaranteed certain loans provided to partially owned real estate investments and received some indemnifications. As at December 31, 2025, the maximum exposure for guarantees issued by the Plan on behalf of third parties is $356 million (2024: $32 million).

Indemnifications

According to the Agreement and Declaration of Trust, the Plan may indemnify its trustees and employees against certain claims that may be made against them. In addition, the Plan may in certain circumstances in the course of the Plan's investment activities and its normal course of operations, agree to indemnify a contractual counterparty. Under the terms of these various arrangements, the Plan may be required to compensate counterparties for costs incurred because of various contingencies such as legal claims or changes in laws and regulations. The number of such agreements, the range of indemnifications and the contingent nature of the liabilities in such agreements, prevent HOOPP from making a reasonable estimate of the maximum amount that would be required to pay all such indemnifications. As at December 31, 2025, the amount recorded as a liability for claims under these arrangements was $nil (2024: $nil).

Contingencies

As at December 31, 2025, the Plan was involved in defending against certain claims or asserting claims against third parties. The outcome and possible impact on the Plan of such litigation or claims is inherently difficult to predict. It is the opinion of management that any impact that may result would not have a significant adverse effect on the Plan's consolidated financial statements.

European tax matters

The Plan is subject to income tax laws in jurisdictions where it operates. The Plan is currently involved in civil tax proceedings in some European countries in connection with legacy tax issues stemming from dividend tax refunds that were filed during the period 2011 to 2018.

In addition, the authorities in the Netherlands have summoned HOOPP over dividend tax reclaims of 229 million euros (approximately $370 million) filed during the period 2013 to 2018. Management remains of the view that the Plan's tax claims at issue were legitimate.

However, due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these tax proceedings generally or to determine the amount of losses, if any, that may be incurred in connection with any final judgment on these matters.

Climate Disclosures Supplement

HOOPP's 2025 climate disclosures are informed by the International Sustainability Standards Board's (ISSB) and Canadian Sustainability Standards Board's (CSSB) climate-related disclosure standards.

Strategy

Climate-related risks and opportunities and the impact on HOOPP's strategy

We recognize climate change poses material risks that may affect investment values over the short-, medium- and long-term. These risks include:

- Physical risks, such as increased frequency and severity of extreme weather events, rising sea levels, and shifts in climate patterns.
- Transition risks, which arise from policy, regulatory, technological and market changes, that may increase costs for carbon-intensive companies while creating opportunities for carbon-efficient alternatives.

Climate change also presents investment opportunities across sectors and asset classes, including clean energy, decarbonization technologies and climate-resilient infrastructure.

HOOPP integrates climate-related risks and opportunities into strategic planning and investment processes to protect portfolio value and pursue attractive risk-adjusted returns.

Resilience of HOOPP's strategy to climate-related scenarios

HOOPP has integrated climate risk into its investment risk management framework through:

- Bottom-up assessments, aimed to identify investments more susceptible to potential physical and transition risks, with a focus on longer duration holdings, such as direct investments in real estate, infrastructure and private equity, and larger public equities exposures.
- Top-down climate scenario analysis, conducted at least annually across all major asset classes.

Our scenario analysis methodology transforms climate scenarios into macroeconomic and financial variables, which are used to produce climate-adjusted risk-return metrics by asset class and sector. In 2025, our analysis incorporated five climate scenarios aligned in severity with the Network for Greening the Financial System (NGFS) scenarios. Across all five climate scenarios, the Fund experiences negative impacts, with the timing and size of the potential impact to the projected funded ratio increasing with the severity of the climate scenario.

The five scenarios are:[1]

1.6°C	1.6°C	1.9°C	2.7°C	3.9°C
Net-Zero	**Net-Zero Financial Crisis**	**Delayed Net-Zero**	**Limited Action**	**High Warming**
Explores **risks/ opportunities** under a highly ambitious but **orderly net-zero** scenario	Explores **disruptive reaction** from financial markets under a highly ambitious **net-zero** scenario	Explores **disruption** from a delayed transition with a step-up in policy action from 2030	Explores **falling short of meeting emissions targets** and high exposure to physical risks	Explores **severe physical** risks under current policies

Climate scenario analysis provides directional insight and is inherently dependent on underlying assumptions and methodologies. It is one of several tools used to assess and manage climate risk. HOOPP will continue to refine its approach as global standards and best practices evolve.

Risk management

Climate-related risks are integrated into HOOPP's overall risk management and investment frameworks and are considered alongside other key risks to the Fund. These risk frameworks are regularly reviewed by the Board of Trustees. The Strategy and Risk division ensures our risk management systems, practices and monitoring continue to evolve.

Climate-related risks and opportunities are assessed during due diligence with oversight from the Strategy and Risk division. Assessments may include physical risk analysis, decarbonization opportunities and evaluation of risks that could impact asset values. For externally managed funds, HOOPP reviews the external manager's approach to climate risk assessment.

Climate-risk analysis is also performed once HOOPP is invested in a company. For example, when exercising our voting rights, HOOPP may withhold support for directors where companies do not adequately disclose or manage climate-related risks. HOOPP also engages investee companies directly and through collaborative investor initiatives, like **Climate Engagement Canada**, to encourage climate risk management and business resilience.

HOOPP continues to monitor emerging best practices and evaluate tools to enhance its climate risk capabilities.

Portfolio carbon footprint scope and metrics

Scope of investment assets for portfolio carbon footprint (PCF) metrics

In scope	Out of scope
Passive public equity portfolio[2] (public assets)	Short-term investments
Direct and fund private equity investments[3]	Alternative and other investment funds
Direct and fund infrastructure investments[3]	Securities purchased under resale agreements
Direct real estate investments[3]	Fixed income
	Other derivatives
	Real estate funds and REITs
	Private credit investments

We aim to increase the coverage of our PCF metrics over time to include asset classes that are currently out of scope.

PCF metrics

The table below includes metrics by year and by asset class category.

	Public Assets			Private Assets			Total		
	2025	**2024**	**2021** (baseline)	**2025**	**2024**	**2021** (baseline)	**2025**	**2024**	**2021** (baseline)
Portfolio carbon footprint (tCO_2e/ million dollars invested)	**33**	38	54	**18**	18	24	**26**	28	41
Absolute greenhouse gas emissions (tCO_2e)[4]	**1,150,567**	1,218,038	1,820,096	**645,679**	657,572	629,331	**1,796,246**	1,875,610	2,449,427
Percentage of in-scope investments with company-reported emissions[5]	**92%**	86%	75%	**75%**	63%	44%	**83%**	74%	62%
Partnership for Carbon Accounting Financials data quality score[6]	**1.5**	2.3	2.5	**2.5**	2.7	3.3	**2.0**	2.5	2.8
Exposure value of assets in-scope for the PCF metrics ($ million)[7]	**34,458**	31,669	33,567	**35,767**	36,431	26,262	**70,225**	68,100	59,829

In 2025, our PCF decreased by 7% and 37% compared to 2024 and 2021, respectively. This decline is attributed to changes in regional portfolio allocations and lower emissions intensity in select public asset sectors. The percentage of investments with company-reported emissions increased by 9% and 21% compared to 2024 and 2021, respectively. This increase is due to a higher number of public and private investments reporting greenhouse gas (GHG) data, in many cases due to HOOPP's engagement with investee companies to produce this information.

Portfolio carbon footprint methodology

HOOPP calculates its PCF using the enterprise value method recommended by the Partnership for Carbon Accounting Financials[8] (PCAF). PCF metrics include the Scope 1 and Scope 2 emissions of the in-scope investments. While HOOPP has initiated the estimation of Scope 3 portfolio emissions, these are excluded from PCF metrics at this time due to estimation uncertainty.

PCF metrics are calculated as at December 31 using year-end net asset values of in-scope investments for the reported years. Due to differences in reporting timelines, investee companies may provide GHG emissions data[9] and enterprise value data[10] after publishing their financial data. Therefore, the most up-to-date GHG data and enterprise value data available at the time of calculation may be up to two years behind the current reporting year. HOOPP expects this reporting lag to reduce as climate disclosure standards are adopted globally. When GHG emissions are considered outdated or not available, estimates are derived using comparable publicly listed companies or industry sector averages.

To calculate the PCF, HOOPP applies the following formula:

$$\textbf{Portfolio carbon footprint} = \frac{\sum_i [(\text{Ownership share}) * (\text{Scope 1 + 2 emissions})]_i}{\text{Asset value (\$ million)}}$$

At the individual investment level i, ownership share for:

- infrastructure, private equity and directly held public equity is HOOPP's equity divided by the enterprise value including cash (EVIC) of the investment
- derivative instruments in public assets is HOOPP's notional value divided by EVIC of the instrument
- real estate is HOOPP's equity divided by the Gross Asset Value (GAV) of the property

Scope 1 + 2 emissions are calculated in tonnes of carbon dioxide equivalent (tCO_2e).[11,12]

For infrastructure, private equity, real estate and directly held public equity instruments, asset value is measured using Net Asset Value (NAV). For derivative instruments in public assets, asset value is measured using the notional value.

PCF metrics are impacted by a variety of factors including, but not limited to, government policy, technology and market developments, and do not represent a complete measure of climate risk. PCFs are backward-looking metrics and, as such, do not factor in forward-looking plans to reduce emissions. Where emissions data is not available or is outdated, estimates are required. PCF may also fluctuate due to changes in market pricing, rather than changes in emissions levels or holding size.

Green Investments scope and methodology

HOOPP seeks to identify and invest in attractive green investment opportunities, including green bonds, clean energy and technology, energy efficiency and conservation, and more. Green investments provide an opportunity to generate attractive risk-adjusted returns while contributing to progress towards our net-zero portfolio emissions goal. As at December 31, 2025, green investments totaled $14.8 billion.

For publicly traded assets including derivatives in our beta portfolio, green investments are defined using a third party that maps companies' activities to climate-related United Nations Sustainable Development Goals. As at December 31, 2025, HOOPP had approximately $1 billion of exposure to publicly traded green investments through derivatives. We also consider investments in green and sustainability bonds, typically developed in accordance with the International Capital Market Association's Green Bond Principles and Sustainability Bonds Guidelines.

For private assets, HOOPP references the Climate Bonds Initiative taxonomy, a globally recognized framework used to identify investments which contribute to addressing climate change. Beginning in 2025, green real estate investments also include assets aligned with the decarbonization pathways established by the Carbon Risk Real Estate Monitor, assets that have obtained the Zero Carbon Building Standard certification and other real estate sustainability certification programs. Assets captured under these additional criteria resulted in an increase of approximately $2 billion in green investments for the year ended December 31, 2025.

Credible Transition Plans scope and methodology

Investee companies with credible transition plans enhance the resilience of HOOPP's portfolio to climate change risk. We assess the credibility of these plans using criteria informed by external frameworks. Key criteria include having near-term targets that are based on a science-based trajectory to net-zero, coverage across core business activities and major sources of GHG emissions and reporting on progress at least annually.

External frameworks referenced are the Science Based Targets Initiative, United Nations Environment Program, IIGCC Corporate Climate Transition Plans: A guide to investor expectations, TCFD Guidance on Metrics, Targets and Transition Plans, Climate Policy Initiative Credible Transition Plans.

Cautionary statements regarding sustainability-related data, metrics and forward-looking statements

This annual report contains forward-looking information and statements that are intended to enhance the reader's ability to assess the future financial and business performance of HOOPP. Forward-looking information and statements include all information and statements regarding HOOPP's current beliefs, targets, intentions, plans and expectations concerning its objectives, future performance, strategies and financial results, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "trend," "potential," "opportunity," "believe," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," "aim," "plan," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions. Because the forward-looking information and statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond HOOPP's control or are subject to change, actual results or events could be materially different. Although HOOPP believes that the estimates and assumptions inherent in the forward-looking information and statements are reasonable, such information and statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such information or statements due to the inherent uncertainty therein. HOOPP's forward-looking information and statements speak only as of the date of this annual report or as of the date they are made and should be regarded solely as HOOPP's current plans, estimates and beliefs. HOOPP does not intend or undertake to publicly update such statements to reflect new information, future events and changes in circumstances or for any other reason.

In connection with our multi-faceted climate strategy, we have set certain goals and targets ("Targets"). In establishing our Targets, we relied on various laws, guidelines, taxonomies, methodologies, frameworks, market practices and other standards (collectively, "Standards") and have also made good faith assumptions and estimates in establishing our Targets. Given the complex and evolving nature of the global response to climate change, these Standards may change over time, and our assumptions and estimates may prove incorrect or inaccurate for reasons we cannot foresee or predict. To monitor and report on our progress toward our Targets, we rely on data obtained from our portfolio companies and other third-party sources. Although we believe these sources are reliable, we have not independently verified this data, or assessed the assumptions underlying such data, and cannot guarantee its accuracy or completeness. We also attempt to improve accuracy in the data through an independent limited assurance review. The data may be of varying quality or usefulness and may change over time as Standards evolve. These factors could impact our Targets and our ability to achieve them.

Footnotes

[1] The 2°C or lower scenarios are aligned with the 2015 Paris Agreement.
[2] HOOPP's passive public equity portfolio includes direct public equity holdings and public equity exposure through total return swaps and futures contracts.
[3] Collectively, these investments are the in-scope "private assets".
[4] Absolute GHG emissions for public assets is the net long exposure in the passive public equity portfolio. Within this portfolio, HOOPP's short exposures are only taken against existing long exposures, and net short exposures are not permitted. As at December 31, 2025, absolute GHG emissions from long positions is 1,363,026 tCO_2e and short positions is 212,459 tCO_2e (2024: long positions1,259,864 tCO_2e, short positions 41,826 tCO_2e; 2021 [baseline]: long positions 1,859,161 tCO_2e, short positions 39,065 tCO_2e).
[5] Company-reported emissions refer to emissions data directly reported by HOOPP's investee companies (i.e., not estimated).
[6] Emissions data is a combination of reported and estimated data. The data quality score for each of 2025, 2024 and the 2021 is based on the Partnership for Carbon Accounting Financials (PCAF) data quality scoring methodology using exposure value of assets in-scope of the PCF metrics ($ million), where 1 is the highest quality, most certain level of emissions data and 5 is the lowest quality, least certain level of emissions data.
[7] Exposure for public equity derivative instruments is the notional value of the derivates. For all other public equity and private asset holdings, exposure is the net asset value of the assets.
[8] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.
[9] Reported GHG emissions data is sourced from MSCI's ESG Manager or directly from investees. Estimated GHG emissions are based on either estimates provided by MSCI ESG Research LLC or industry averages based on reported data.
[10] Enterprise value data is sourced from Blackrock's Aladdin system.
[11] tCO_2e represents different greenhouse gases covered by the GHG Protocol and their varying global warming potentials converted into equivalent tonnes of carbon dioxide.
[12] For all real estate properties, HOOPP uses geographic and property type specific industry emission factors to calculate emissions based on consumed primary and secondary energy data. Where whole building energy consumption is not available, HOOPP uses geographic and property type specific industry benchmarks to estimate primary and secondary energy consumption per unit of surface area.

Independent practitioner's limited assurance report on Healthcare of Ontario Pension Plan's (HOOPP) select performance metrics as included in the HOOPP 2025 Annual Report

To the Board of Trustees of HOOPP

We have conducted a limited assurance engagement on the select performance metrics, including the performance metrics that are part of the greenhouse gas statement, of Healthcare of Ontario Pension Plan (HOOPP) included within the Climate Disclosures Supplement section of the HOOPP 2025 Annual Report, as detailed in Exhibit 1 (the select performance metrics) as at December 31, 2025 and for the year then ended.

Responsibilities for the select performance metrics

Management of HOOPP is responsible for:

- the preparation of the select performance metrics in accordance with the applicable criteria, as detailed in Exhibit 2 (the applicable criteria);
- designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of the select performance metrics, in accordance with the applicable criteria, that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the select performance metrics

Non-financial data is subject to more limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality management

We have complied with independence and other ethical requirements of the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the select performance metrics.

We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, Attestation Engagements Other than Audits or Reviews of Historical Financial Information (CSAE 3000), and, in respect of the greenhouse gas emission statement, Canadian Standard on Assurance Engagements (CSAE) 3410, Assurance Engagements on Greenhouse Gas Statements issued by the Auditing and Assurance Standards Board (CSAE 3410).

As part of a limited assurance engagement in accordance with CSAE 3000 and CSAE 3410, we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of HOOPP's use of the applicable criteria as the basis for the preparation of the select performance metrics.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of HOOPP's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the select performance metrics. 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.

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

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the select performance metrics. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgment, including the identification of where material misstatements are likely to arise in the select performance metrics, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- obtained an understanding of HOOPP's reporting processes relevant to the preparation of its select performance metrics by:
  - Making inquiries of management and others within the entity responsible for the select performance metrics; and
  - Inspecting relevant documentation relating to HOOPP's reporting processes.
- evaluated whether all material information identified by management has been considered for reporting on the select performance metrics;
- performed inquiries of relevant personnel and analytical procedures on selected information in the select performance metrics;
- performed substantive assurance procedures on selected information in the select performance metrics;
- evaluated the appropriateness of quantification methods and reporting policies;
- evaluated the methods, assumptions and data for developing estimates and;
- read the select performance metric disclosures in the Climate Disclosures Supplement of the HOOPP 2025 Annual Report to ensure consistency with our understanding and procedures performed.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the select performance metrics as at December 31, 2025 and for the year then ended (as detailed in Exhibit 1) are not prepared, in all material respects, in accordance with the applicable criteria.

Restriction on use

Our report has been prepared solely for the trustees of HOOPP for the purpose of assisting management in reporting to the Board of Trustees on the select performance metrics. The select performance metrics therefore may not be suitable, and are not to be used, for any other purpose. Our report is intended solely for HOOPP.

We neither assume nor accept any responsibility or liability to any third party in respect of this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Toronto, Ontario
March 10, 2026

Exhibit 1

Our limited assurance engagement was performed on the following select performance metrics:

Select performance metrics	Reporting period	Results
Portfolio carbon footprint metrics		
Absolute greenhouse gas emissions (tCO^2e)	December 31, 2025	1,796,246
Portfolio carbon footprint (tCO2e/ million dollars invested)	December 31, 2025	26

Exhibit 2

Select performance metrics and criteria

Select performance metrics	Description and methodology	Applicable reporting criteria and scoping
Portfolio carbon footprint metrics		
Absolute greenhouse gas emissions (tCO_2e)	The absolute greenhouse gas emissions represent the share of a portfolio company's emissions attributed to HOOPP based on ownership. It is expressed in metric tonnes of carbon dioxide equivalent (tCO_2e). Scope 1 and Scope 2 greenhouse gas emissions are allocated to investors based on the following total values specific to asset classes: • Public Equity, Private Equity, Infrastructure: Enterprise value including cash (EVIC) of each investee • Real Estate: Gross Asset Value (GAV) of the asset • All Asset Classes: Net Asset Value (NAV) of the asset The NAV, GAV and EVIC on the measurement date is used to apportion the data; this is expressed in CA$ millions.	Management's internally developed criteria as outlined in the Climate Disclosures Supplement as presented within the HOOPP 2025 Annual Report. The asset classes included in scope are: • Public Equity: Investments in HOOPP's passive public equity portfolio • Private Equity: Direct and fund private equity investments • Infrastructure: All investments • Real Estate: Direct Investments only
Portfolio carbon footprint (tCO_2e/million dollars invested)	Portfolio Carbon Footprint represents HOOPP's absolute greenhouse gas emissions divided by the total portfolio exposure. It is expressed in metric tonnes of carbon dioxide equivalent (tCO_2e) per million dollars invested. Scope 1 and Scope 2 greenhouse gas emissions are allocated based on the following total values specific to asset classes: • Public Equity, Private Equity, Infrastructure: Enterprise value including cash (EVIC) of each investee • Real Estate: Gross Asset Value (GAV) of the asset • All Asset Classes: Net Asset Value (NAV) of the asset The NAV, GAV, and EVIC on the measurement date is used to normalize the data; this is expressed in CA$ millions.	Management's internally developed criteria as outlined in the Climate Disclosures Supplement as presented within the HOOPP 2025 Annual Report. The asset classes included in scope are: • Public Equity: Investments in HOOPP's passive public equity portfolio • Private Equity: Direct and fund private equity investments • Infrastructure: All investments • Real Estate: Direct Investments only

Ten-year review

(unaudited)

For the years ended December 31

(Canadian $ millions)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS										
Net assets available for benefits, beginning of the year	**$ 123,017**	$ 112,635	$ 103,674	$ 114,414	$ 103,983	$ 94,102	$ 79,019	$ 77,755	$ 70,359	$ 63,924
Change in net assets available for benefits										
Net investment income (loss)	**9,720**	11,123	9,625	(9,758)	11,595	10,661	13,662	1,666	7,598	6,579
Contributions	**3,834**	3,626	3,397	2,894	2,820	2,715	2,561	2,391	2,336	2,195
Transfer of assets from merged pension plans	**—**	—	—	—	—	—	2,065	—	—	—
Benefits paid	**(4,096)**	(3,890)	(3,643)	(3,524)	(3,639)	(3,192)	(2,934)	(2,547)	(2,314)	(2,127)
Operating expenses	**(539)**	(477)	(418)	(352)	(345)	(303)	(271)	(246)	(224)	(212)
Total change in net assets available for benefits	**8,919**	10,382	8,961	(10,740)	10,431	9,881	15,083	1,264	7,396	6,435
Net assets available for benefits, end of the year	**$ 131,936**	$ 123,017	$ 112,635	$ 103,674	$ 114,414	$ 103,983	$ 94,102	$ 79,019	$ 77,755	$ 70,359
NET ASSETS AVAILABLE FOR BENEFITS										
Investment assets	**272,195**	239,876	203,211	184,623	216,730	191,386	180,438	172,487	178,310	163,789
Investment liabilities	**(140,692)**	(117,256)	(90,933)	(81,248)	(102,551)	(87,638)	(86,581)	(93,701)	(100,803)	(93,661)
Net Investments	**131,503**	122,620	112,278	103,375	114,179	103,748	93,857	78,786	77,507	70,128
Net non-investment assets (liabilities)	**433**	397	357	299	235	235	245	233	248	231
Net assets available for benefits	**131,936**	123,017	112,635	103,674	114,414	103,983	94,102	79,019	77,755	70,359
Pension obligations	**(120,833)**	(112,579)	(102,454)	(92,721)	(85,902)	(79,852)	(73,547)	(65,128)	(59,602)	(54,461)
Surplus	**$ 11,103**	$ 10,438	$ 10,181	$ 10,953	$ 28,512	$ 24,131	$ 20,555	$ 13,891	$ 18,153	$ 15,898
Funded status	**109 %**	111 %	115 %	117 %	120 %	119 %	119 %	121 %	122 %	122 %
Investment Performance										
Net investment return	**7.7 %**	9.7 %	9.1 %	(8.8) %	11.1 %	11.2 %	16.9 %	2.0 %	10.7 %	10.2 %
Benchmark return	**8.5 %**	8.7 %	10.4 %	(13.2) %	8.6 %	9.8 %	15.1 %	0.0 %	7.9 %	6.1 %
Net real return	**5.3 %**	7.8 %	5.7 %	(15.1) %	6.3 %	10.5 %	14.7 %	0.0 %	8.8 %	8.7 %

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