



2024 ANNUAL REPORT



SERVING TEACHERS
PAST • PRESENT • FUTURE

Mission Statement

We commit ourselves to:

- Manage the funds entrusted to our care in a prudent and professional manner;
- Administer the pension plan in accordance with the legislation, and exercise discretion in a fair and equitable manner; and
- Provide timely and accurate information to stakeholders.



THOR HOVMAND
Manager,
Investment Reporting
& Compliance

The *Brenda Venuto Award for Outstanding Member Service* recognizes TRAF employees who exemplify the commitment to outstanding service that became the standard under Brenda Venuto's leadership during her 36-year career with TRAF. The award was established in 2018 to mark the occasion of Brenda's retirement.

In 2024, Thor Hovmand, Manager, Investment Reporting & Compliance, received the award. Thor started at TRAF in 2006 as an Investment Analyst. Since then, he has earned a strong reputation for his work ethic, attention to detail, willingness to help and commitment to excellence.

We congratulate Thor on receiving the *Brenda Venuto Award for Outstanding Member Service*, a well-deserved achievement.



TRAF's office is located at The Forks, a national historic site and traditional meeting place at the junction of the Red and Assiniboine Rivers.

We acknowledge and respect that we are on Treaty 1 Territory, part of the traditional lands of many First Nations and the homeland of the Métis Nation. We further recognize that we serve the teachers of Manitoba who live and work on Treaties 1, 2, 3, 4 and 5 Territory and in communities that are signatories to Treaties 6 and 10.

CONTENTS

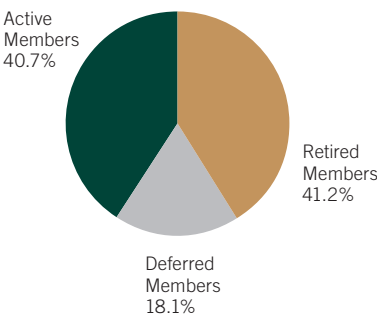
Overview	2
Message from the Chair	4
Message from the President & CEO	6
Governance	8
Pension Administration	12
Funded Status – Accounts A & B	19
Cost of Living Adjustments	35
MTS & MSBA Accounts	38
Investments	39
Portfolio Summary	56
Expenses	61
Compensation	66
20-Year Data Summary	74
Audited Financial Statements	78
Directory	109

Overview

The Teachers' Retirement Allowances Fund (TRAF) administers the defined benefit pension plan for public school teachers in Manitoba. In 2024, 506 new pensions were processed, bringing the total number of retired members to 16,973. TRAF also manages the assets that support the plan, which, as at December 31, 2024, stood at \$9.6 billion.

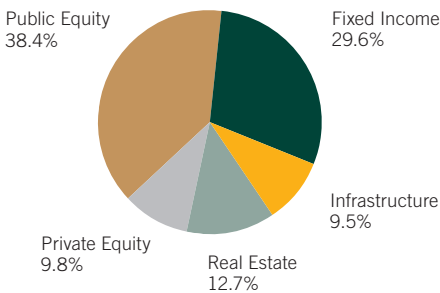
MEMBERSHIP

	2024	2023
Active Members	16,751	16,547
Retired Members	16,973	16,768
Deferred Members	7,481	7,407
Total	41,205	40,722



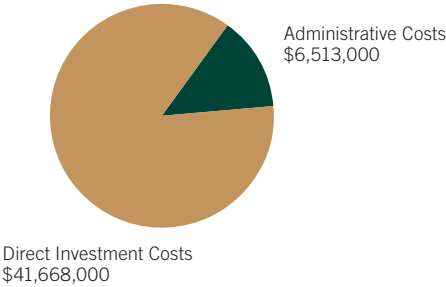
ASSET ALLOCATION

	Target (%)	Actual (%)
Fixed Income	31.0	29.6
Public Equity	38.0	38.4
Private Equity	10.0	9.8
Real Estate	11.0	12.7
Infrastructure	10.0	9.5
Total	100.0	100.0

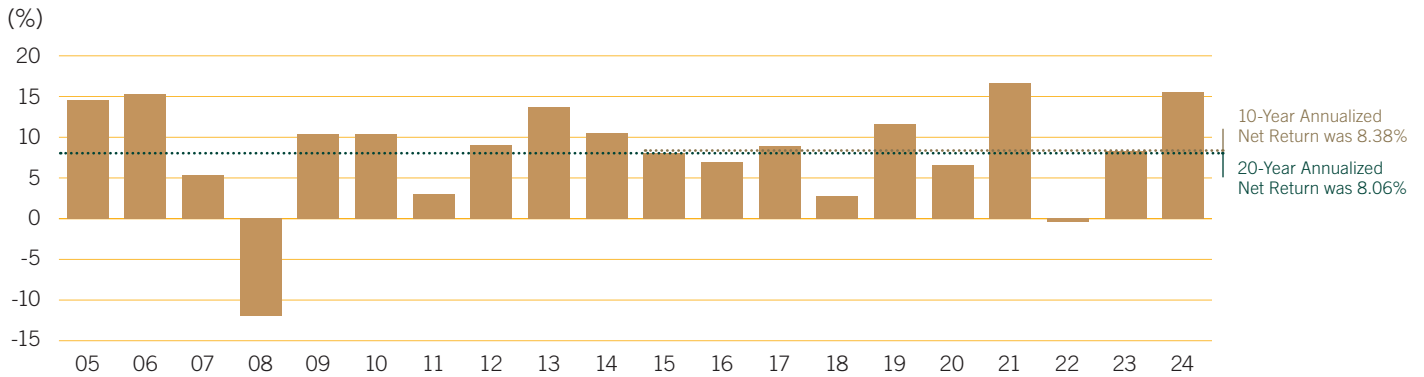


EXPENSE METRICS

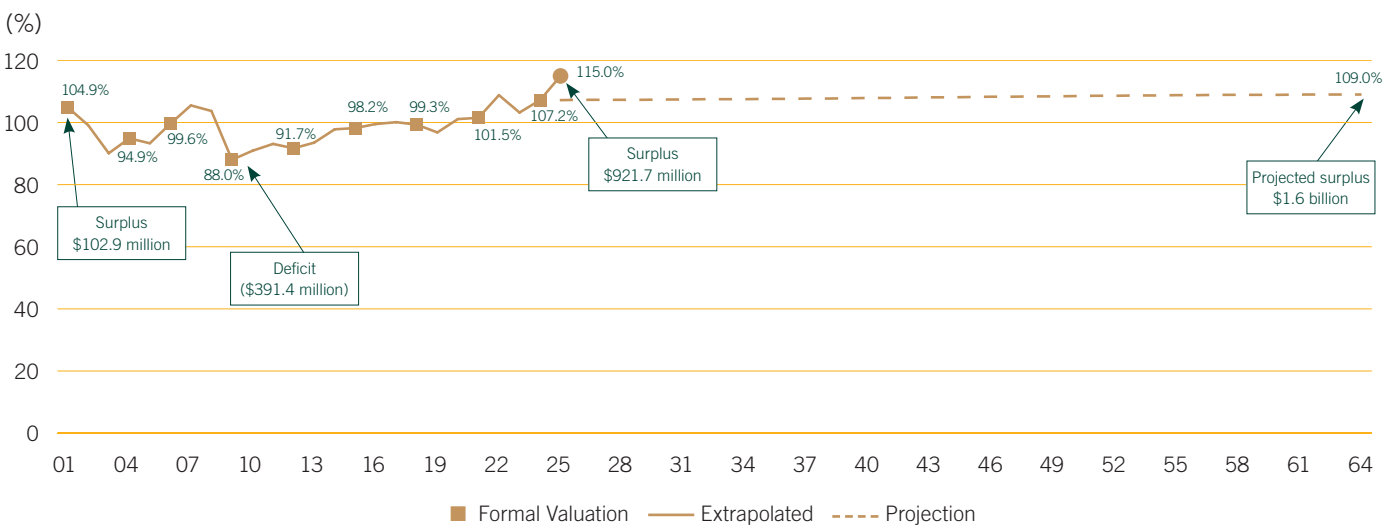
	2024	2023
Administrative Cost per Member	\$ 193	\$ 155
Direct Investment Costs per \$100 of Assets	\$ 0.46	\$ 0.39



NET INVESTMENT RETURN

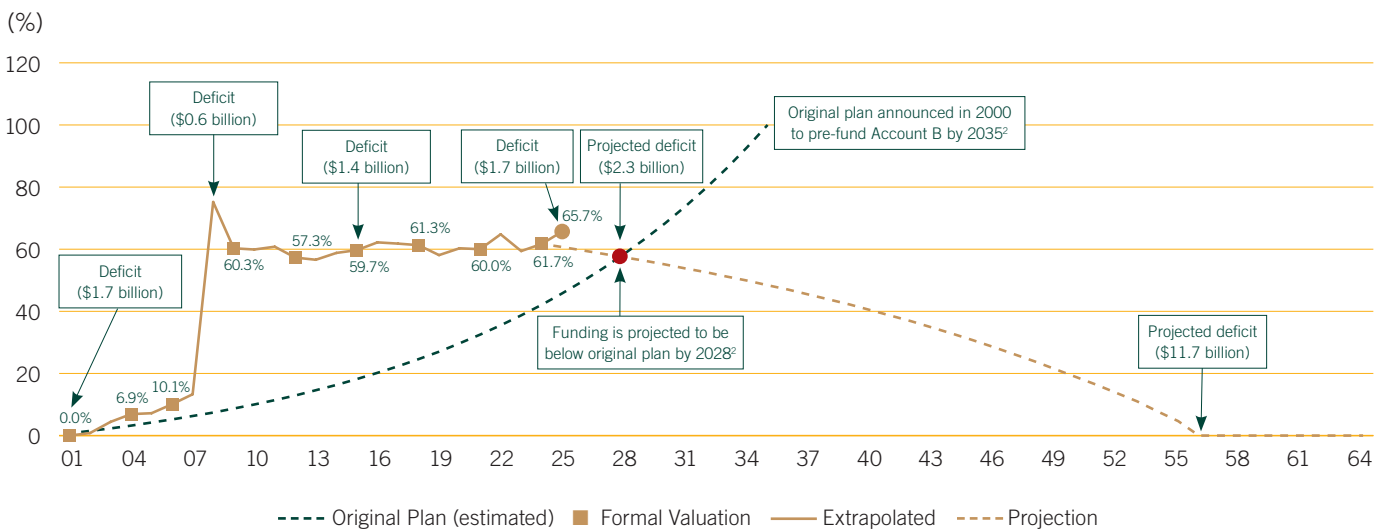


ACCOUNT A STATUS – HISTORICAL & PROJECTED¹



¹ Includes accrued and future assets and liabilities, but excludes the Pension Adjustment Account.

ACCOUNT B STATUS – HISTORICAL & PROJECTED¹



¹ Includes only accrued assets and liabilities for both base pensions and cost of living adjustments. Assumes that the Province of Manitoba will continue to make contributions to Account B in an amount equal to the aggregate member contributions to Account A. Currently, contributions to Account B are made at the discretion of the Province of Manitoba. This funding arrangement will revert to pay-as-you-go when Account B is depleted, which is projected to occur in 2056.

² The original plan trajectory and related figures are internal estimates only and are based on various assumptions and approximations that contemplate the plan being fully pre-funded by 2035 as stated by the Province of Manitoba in 2000.

Message from the Chair



The most critical issue facing TRAF as we enter 2025 is the funding of Account B. The deficit in Account B is over \$1.7 billion and, under the current funding practices, will continue to increase. The Board is therefore continuing its efforts to fully inform members and stakeholders of the issues so that the corrective action required will be taken on a timely basis.

BRYTON MOEN | CHAIR

FUNDING MODELS

There are two general ways for a pension plan to be funded – one is to “pre-fund” the future benefit. Under this model, a plan is designed to always have on hand the funds required to support all pension amounts earned to date. In other words, the plan is – by design – sustainable. Absent unforeseen events, the current assets, together with the expected investment return, will be adequate to fund the future pension payments. This is how the members’ 50% share of the TRAF plan (represented by Account A) is funded. As such, this account is generally considered sustainable.

The other way to fund a pension plan is known as “pay-as-you-go.” Under this model, the pension liabilities are not funded in advance. Rather, the sponsor pays the pensions as they become due. In the case of TRAF, the 50% share that is the responsibility of the Province of Manitoba (represented by Account B) is structurally designed under the legislation governing the plan to be pay-as-you-go. In the Board’s view, this may not be sustainable as the unfunded liability is projected to increase to over \$10 billion within the next 30 years. At minimum, the odds of future funding challenges are materially higher under the pay-as-you-go model.

BENEFITS OF PRE-FUNDING

One of the strengths of a pension plan is the ability to lower the cost of each dollar of pension income. In part, this is achieved through the benefits of scale, which allows the assembly of a globally diversified, professionally managed investment portfolio at a cost that is materially lower than could be achieved by

individual members. For many years, we have been highlighting the fact that the Province of Manitoba is missing out on the opportunity to similarly reduce the cost of the pension amounts that it is statutorily obligated to provide. History has shown that our investment portfolio has delivered over 2% more than the Province’s cost to borrow funds. This advantage is projected to persist in the future.

On an Account B deficit of approximately \$1.7 billion, this works out to around \$35 million of “missed” investment earnings each year (net of borrowing costs) that must eventually be drawn from the Province. As a result, our analysis concludes that, while a teacher has provided roughly 30 cents of each dollar of pension income produced by Account A, the Province has provided approximately 60 cents of its matching amount, which is funded through Account B. This is because the Province only has a portion of its liabilities pre-funded and earning investment returns. While the decision on how and when to fund its liabilities is outside of our control, we believe that it is in the best interest of both the Province and the members that Account B be fully funded.

We have in the past compared the situation to outstanding credit card debt with a higher interest rate than your bank would charge for a loan to pay the credit card balance in full each month. We therefore continue to advocate that the Province borrow the amount required to fully fund Account B on a reasonable timeline, which, in the context of a pension plan, could be over 30 or even 40 years. TRAF has been around since 1925 and has an infinite life. The issue is not the specific funding time period, but the policy decision to fund.

The concept of compounding investment returns is powerful, but it also works in reverse. Presently, the Account B deficit is increasing at an accelerating rate. The balance will approach zero in around 30 years if the trend is not reversed. We believe that timely action is warranted.

The benefits of pre-funding have been recognized and acted on by virtually every other public sector pension plan in Canada. Indeed, in 2000, the Province of Manitoba introduced a plan to do this. The stated objective was to pre-fund Account B by 2035. The plan was actually accelerated, with the funded ratio of Account B reaching 75% in 2007. As with any long-term strategy, it was acknowledged that there would be ups and downs, in this case related to the annual investment returns achieved. In some years, the return will be less than the borrowing costs. This was recognized and expressly stated by the Province of Manitoba at the time the funding program was launched. Notwithstanding the possibility (or even likelihood) of periodic losses over the long term, the Province was confident that the cost of borrowing would, in aggregate, be lower than the corresponding investment return.

We believe that the decision to borrow in 2007 was a correct approach, and remains a correct approach today. In addition to general capital market assumptions (both in 2007 and now), under which a globally diversified, multi-asset portfolio is expected to outperform provincial borrowing costs, TRAF has the actual experience of the \$1.5 billion that was borrowed by the Province in 2007. At the end of 2024, it is estimated that the net contribution, after borrowing costs, was in excess of \$725 million. In other words, the investment earnings credited to the Province's account on the borrowed funds exceeded the assumed borrowing costs by over \$725 million. That is meaningful.

CONSEQUENCES OF NOT PRE-FUNDING

The Province paused the structured program to fund Account B in 2007 concurrent with the financial crisis, and the program has not been reactivated (other than two ad hoc contributions in 2015 and 2023). The funded ratio of Account B has accordingly declined to approximately 66% and this decline is projected to accelerate and hit nil by 2056. The shortfall will increase from about \$1.7 billion today to over \$11 billion by 2056 when Account B is fully depleted. Given this situation, the Board has been consistently encouraging the Province to take action and reactivate the structured funding program. We believe that it makes sense for all stakeholders, and time is of the essence.

The Board will continue to actively pursue this important matter and report on the developments.

BOARD MEMBERSHIP

The Teachers' Pensions Act (TPA) was amended in 2022 to increase the number of Board members from seven to nine. One of the members is now to be appointed from a list of nominees submitted by the Retired Teachers' Association of Manitoba (RTAM). Dave Najduch was nominated by RTAM and appointed to the Board on June 7, 2023.

Effective April 10, 2024, the Province appointed James Bedford to fill the other new position on the Board. Mr. Bedford is well-known at TRAF as he served as Vice Chair of the Board from December 4, 2019, until June 7, 2023. During this initial time on the Board, Mr. Bedford served as Chair of both the Governance Committee and the Human Resources Committee. On June 17, 2024, Mr. Bedford was appointed Chair of the Audit and Risk Committee. The Board benefited materially from Mr. Bedford's prior contributions and we look forward to his future contributions.

100TH ANNIVERSARY

On July 1, 2025, TRAF will celebrate its 100th anniversary. This significant milestone will be commemorated in various ways. For example, TRAF has commissioned a special-edition logo that incorporates the 100th anniversary. You can find it on the cover of this Annual Report. Additionally, a special committee has been working on a history book called the Century Report which chronicles our 100-year journey. TRAF will also be hosting an open house at our office on Thursday, September 18, 2025.

ACKNOWLEDGMENTS

On behalf of the Board, I extend our gratitude to TRAF staff for their expertise and commitment to their work. TRAF's success is a result of the collective efforts of all involved. Although we recognize and appreciate all past efforts, we realize that these efforts must be maintained or even increased as we move forward in an increasingly complex environment. We are well positioned to meet the challenge.

Bryton Moen
Chair

Message from the President & CEO



TRAF delivered strong investment results in 2024. As a result, the surplus in Account A improved over the course of the year from approximately \$430 million to over \$900 million. This is the largest surplus ever held in Account A and provides a meaningful margin against the adverse events that will inevitably occur in the future. Conversely, Account B continues to present challenges with a deficit of \$1.7 billion at the end of 2024.

JEFF NORTON | PRESIDENT & CHIEF EXECUTIVE OFFICER

INVESTMENT PERFORMANCE

TRAF built on a strong 2023 by delivering even higher investment returns in 2024. Specifically, TRAF earned 15.48% net of fees in 2024, which is the second-best year on record. The highest annual net return was 16.62%, which was achieved in 2021. While our annual return and ranking is interesting, we remain focused on delivering the long-term returns required to make the plan sustainable. In this regard, we are pleased to report that over the last 20 years, our net annualized return of 8.06% has exceeded both the benchmark (by 0.69%) and the actuarially expected return (by 2.04%). While we are very proud of this performance, our focus is on achieving similar success in the future. While we are confident that our current portfolio is positioned to serve us well going forward, we will continue to refine our portfolio based on evolving market conditions.

IMPACT OF INVESTMENT RETURNS

While there are many great features inherent in a defined benefit plan like TRAF, one of the more significant advantages is the long-term compounding of investment returns on member contributions. With no required effort on their part, our member contributions are systematically invested in a globally diversified portfolio on a cost-effective basis. This provides meaningful benefits over time. In fact, since the current plan design was enacted in 1963, approximately 70% of the increase in Account A assets is attributable to investment earnings, with the other 30% coming from member contributions. Coupled with the 50% match from the Province, this means that members generally contribute only about \$15 for every \$100 that they will draw out of the plan. This illustrates the power of the

mandatory contributions and investment-compounding components of defined benefit pension plans such as TRAF.

With respect to Account B, the decision by the Province of Manitoba to not fully fund the account has deprived the Province of the full benefits of TRAF's globally diversified, low-cost investment portfolio. As a result, the investment earnings for Account B have only funded about 40% of the increase in the assets held in Account B, which is materially lower than the case for Account A. We continue to encourage the Province to fully fund Account B to maximize the benefits of TRAF's investment program.

ACTUARIAL VALUATION

In 2024, the plan actuary conducted a scheduled valuation of the plan, including both Account A and Account B.

Account A (Member Account)

As of January 1, 2024, the date of the actuarial valuation, the funded ratio of Account A was 107.2%. This represents the highest funded ratio for Account A since the account was established in 1963, and reflects a surplus of \$429.9 million. However, we caution that the valuation only represents our status at a point in time, and there is no certainty that this level will be maintained going forward. However, if our assumptions prove correct, the projection valuation of Account A, also prepared by the plan actuary in 2024, concluded that the funded ratio would actually trend up slightly over the next 40 years. Specifically, the projection has the funded ratio of Account A at 109.0% in 2064.

In addition, the investment return assumption of 5.75% per annum adopted by the Board for the 2024 valuation incorporates more of a cushion against future adverse events than prior valuations. As such, the status of Account A is adequate at the present time. As a result, the plan actuary continues to recommend that there is no need to increase the member contributions to Account A in advance of the next scheduled actuarial valuation in 2027. However, investment markets continue to be volatile and circumstances could change in a relatively short period of time. As such, we will continue to closely monitor the funded status of Account A.

Account B (Province Account)

The situation for Account B is much different. Its funded ratio was 61.7% as at January 1, 2024 (improving to 65.7% by the end of 2024), but is expected to decline to 0% around 2056. Although strong investment returns have contributed to a slight increase in the value of Account B assets in the short term, the asset level will inevitably decline over time since the Province's current funding model (adopted in 2007) only matches member contributions. These amounts are lower than the total amount of pension payments that come out of Account B each month. For example, in 2024, the Province made matching contributions of approximately \$140 million, but Account B paid out \$266 million. As you will read in this report, the eventual depletion of Account B assets will have a significant impact on the cash flow requirements of the Province.

As administrator, we provide stakeholders with timely and accurate information so they can make informed decisions. We formally present updated actuarial valuation results and other relevant information to both the Minister of Education and The Manitoba Teachers' Society through the Annual Briefing Session. At our most recent presentation, we provided various options to update the current funding regime and correct the declining trajectory in the funded ratio of Account B. We continue to believe that this matter warrants serious consideration.

COST OF LIVING ADJUSTMENTS

The cost of living adjustment (COLA) to be granted on July 1, 2025, which is based on 2024 activity, has been determined to be 1.60%. The grant in 2024 was 2.20%. As you know, each of these grants is lower than the corresponding level of inflation.

The amount of COLA provided by TRAF is not directly related to inflation. The only connection to inflation is that the COLA amount cannot exceed the corresponding inflation. The COLA

amount is largely determined by member contribution amounts and the investment earnings on the assets in the Pension Adjustment Account.

As previously reported, we continue to project that future COLA will be less than 1% per annum. This projection is not impacted by the level of inflation. Accordingly, in the likely event that future inflation averages over 1%, we can confirm with a high degree of certainty that TRAF pensions will lose purchasing power over time. The amount of such loss will be a function of inflation, but the general situation should not be a surprise to any member. We encourage all members considering retirement to carefully factor in this reality. To assist, we developed various models and presented them in the fall 2024 newsletters and the website, which we encourage all members to read.

ACKNOWLEDGMENTS

I acknowledge the efforts of our entire staff, who have collectively and continuously delivered strong results in the key areas under our control – pension administration and investment performance. I am proud to be a part of this dedicated group.

I also acknowledge the ongoing support and leadership demonstrated by our Board. In an increasingly complex environment, they continue to bring clarity to our purpose. This is done with a sharp appreciation for the line between management and oversight, which is critical to the ongoing governance of the plan.

As we entered our 100th year of operation, TRAF remained well positioned to build on our track record of success.

We also appreciate you taking the time to read this report. While we have tried to anticipate and answer all of your questions, we encourage you to contact us regarding the ones that we have missed.

Jeff Norton

President & Chief Executive Officer

Governance

TRAF is governed by a Board comprised of nine members appointed by the Lieutenant Governor in Council. While the day-to-day operations are carried out by staff under the direction of the President & CEO, the Board has the responsibility of ensuring that we operate in accordance with applicable legislation and industry best practices. The Board also keeps our stakeholders informed of the current and projected funded status of the plan.

ANNUAL BRIEFING SESSION

While the Board is not responsible for policy decisions regarding contribution rates or benefit levels, it does play an important role in communicating timely and accurate information to support the decision-making process. To this end, the Board has developed a formal process to ensure that this occurs on a structured basis each year.

On January 13, 2025, the Vice Chair, together with members of TRAF’s management and the plan actuary, met with representatives of The Manitoba Teachers’ Society and the Province, including the Deputy Minister of Finance. The meeting focused on the current status of the plan, with a particular focus on the funding of Account B.

SUSTAINABILITY

One of TRAF’s primary obligations is to provide meaningful information to the stakeholders regarding the long-term sustainability of the plan. In 2024, we issued an updated special-edition newsletter focused on sustainability. The newsletter is available on our website and provides an additional channel through which we share information with our stakeholders. New for this edition are sections that provide a comparison of TRAF’s funded status to other teachers’ pension plans in Canada and to other public sector plans in Manitoba. We encourage all members and stakeholders to read the important information in this newsletter.

BOARD MEMBERS



JAMES BEDFORD • DAVE NAJDUCH • BRENDA TOBAC • GLEN ANDERSON •
BRYTON MOEN, Chair • NATHAN MARTINDALE, Vice Chair • MYRNA WIEBE • NIKE BELLO • LILLIAN KLAUSEN

BOARD COMMITTEES

Governance Committee

The Governance Committee (GC) regularly evaluates TRAF's governance structure, including the related policies and procedures, and makes recommendations for improvements to the Board. The GC also periodically arranges for TRAF's governance practices to be benchmarked against industry standards.

Members

- Nathan Martindale, Chair
- Brenda Tobac
- Myrna Wiebe
- Bryton Moen, Ex-officio Member



Investment Committee

The Investment Committee assists the Board in maintaining the Statement of Investment Policies & Procedures, setting asset allocation and performance benchmarks, overseeing the selection of investment managers and monitoring investment performance.

Members

- Myrna Wiebe, Chair
- Silvester Komlodi, Provincial Representative¹
- Glen Anderson, Teacher Representative
- Shiu-Yik Au, External Member¹
- Debbie Rehn Doyle, External Member¹



Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its oversight responsibilities related to the quality and integrity of financial reporting and enterprise risk management, including internal controls and fraud detection and prevention.

Members

- James Bedford, Chair
- Nike Bello
- Dave Najdich
- Lauren Tolton, External Member¹
- Bryton Moen, Ex-officio Member



Human Resources Committee

The Human Resources Committee (HRC) assists the Board in maintaining and managing the employment relationship with the President & Chief Executive Officer (CEO) and regularly reviewing the incentive compensation program. The HRC also works directly with the CEO on broader human resources issues such as succession planning.

Members

- Glen Anderson, Chair
- Bryton Moen
- Lillian Klausen



¹ These individuals are not on the Board but serve on the noted committees alongside Board members.

NEW BOARD AND COMMITTEE MEMBER



JAMES BEDFORD
BOARD MEMBER
CHAIR, AUDIT AND RISK COMMITTEE

James Bedford is a former President of The Manitoba Teachers' Society (MTS), having served in this capacity from 2019 to 2023. Prior to joining MTS as Vice President in 2015, Mr. Bedford was a high school science and mathematics teacher in the Louis Riel, St. Boniface and Norwood School Divisions. Mr. Bedford is a member of the Retired Teachers' Association of Manitoba. Mr. Bedford served as Vice Chair of the Board from December 4, 2019, until June 7, 2023. He was reappointed to the Board on April 10, 2024, and was appointed as Chair of the Audit and Risk Committee on June 17, 2024.

WHISTLEBLOWER DISCLOSURE

TRAF is subject to *The Public Interest Disclosure (Whistleblower Protection) Act*. Among other obligations, TRAF is required to report any disclosures made under this legislation. No disclosures were made in 2024.

LEGISLATION UPDATE

Effective May 1, 2024, certain amendments were made to the *Teachers' Pensions Regulation*. The substantive amendments were as follows:

Forms

Previously, certain forms (such as the pension application) were prescribed by regulation. These prescribed forms were removed and the Board now has the authority to adopt such forms as it deems necessary for the administration of the pension plan.

Meetings

Previously, the Board meeting schedule was prescribed by regulation. This was removed in favour of permitting the Board to determine its meeting schedule and procedures by way of by-law.

MEETING ATTENDANCE

The table below shows the number of meetings attended by each Board and committee member in 2024 relative to the total number of meetings that could have been attended. Aggregate Board and committee attendance in 2024 was 95.5%, down from 95.8% in 2023.

Board Members	Appointed	Board	Joint Board and Investment Committee	Governance Committee	Audit and Risk Committee	Human Resources Committee
Bryton Moen	January 17, 2018	6 of 6	4 of 4	2 of 2	2 of 3	3 of 3
Nathan Martindale ¹	July 5, 2023	6 of 6	4 of 4	2 of 2	2 of 2	n/a
Glen Anderson ^{1,2}	April 30, 2014	5 of 6	4 of 4	n/a	n/a	3 of 3
Myrna Wiebe	January 17, 2018	6 of 6	4 of 4	2 of 2	n/a	n/a
Brenda Tobac ³	January 17, 2018	6 of 6	4 of 4	2 of 2	1 of 1	n/a
Nike Bello	January 17, 2018	6 of 6	4 of 4	n/a	3 of 3	n/a
Lillian Klausen ¹	June 7, 2023	6 of 6	4 of 4	n/a	n/a	3 of 3
Dave Najdych ⁴	June 7, 2023	6 of 6	4 of 4	n/a	3 of 3	n/a
James Bedford ^{5,6}	April 10, 2024	4 of 5	3 of 3	n/a	2 of 2	n/a
Committee Members						
Silvester Komlodi	March 31, 2023	n/a	1 of 4	n/a	n/a	n/a
Shiu-Yik Au	February 24, 2020	n/a	4 of 4	n/a	n/a	n/a
Debbie Rehn Doyle	January 1, 2021	n/a	4 of 4	n/a	n/a	n/a
Lauren Tolton	June 15, 2020	n/a	n/a	n/a	3 of 3	n/a

¹ MTS nominee.

² Glen Anderson previously served on the Board from October 17, 2001, to August 2, 2011.

³ Ceased as a member of the Audit and Risk Committee as of June 17, 2024.

⁴ RTAM nominee.

⁵ James Bedford previously served on the Board from December 4, 2019, to June 7, 2023.

⁶ Appointed to the Audit and Risk Committee as of June 17, 2024.

MANAGEMENT



KAELY ZETTEL, General Counsel & Corporate Secretary • JENNIFER RYAN, Vice President, Communications & Human Resources • BRAD PROKOP, Chief Operating Officer • JEFF NORTON, President & Chief Executive Officer • GRAEME HAY, Chief Investment Officer • JEREMY TATARYN, Vice President, Finance • DAVID ASSELSTINE, Executive Vice President, Chief Risk Officer

Pension Administration



Since 1925, TRAF has existed solely to administer the pension plan for public school teachers in Manitoba. This responsibility includes providing up-to-date and correct information, supporting members through the retirement process and other life events and, ultimately, making timely and accurate pension and other payments.

BRAD PROKOP | CHIEF OPERATING OFFICER

PENSION OPERATIONS

While our members primarily deal with our Member Services Specialists and Representatives, they are also supported by various other professionals within our organization. We have actuaries and a lawyer available on staff to assist with complex or unique situations. Finance staff ensure pension payments are accurate and deposited to members’ accounts every month. In 2024, we formally created a pension operations team to focus on process and efficiencies. In addition, the operational team has assumed responsibility for the pension administration system (PAS), which provides the technical underpinnings of our internal administration processes and Online Services that members routinely access. It is imperative that these systems remain stable, reliable and secure, which requires dedicated resources both internally and through select third-party vendors.

In 2024, the pension operations staff worked with our technology and security staff to complete the installation of multi-factor authentication (MFA) in an effort to enhance the overall security of Online Services. Over the coming years, we will remain focused on providing effective member services at a reasonable cost.

MEMBERSHIP

Active Members	16,751	40.7%
Retired Members	16,973	41.2%
Deferred Members	7,481	18.1%
Total	41,205	100.0%

Active Members

Members who accrued pensionable service in December 2024.

Retired Members

Members or beneficiaries who received a pension payment in December 2024.

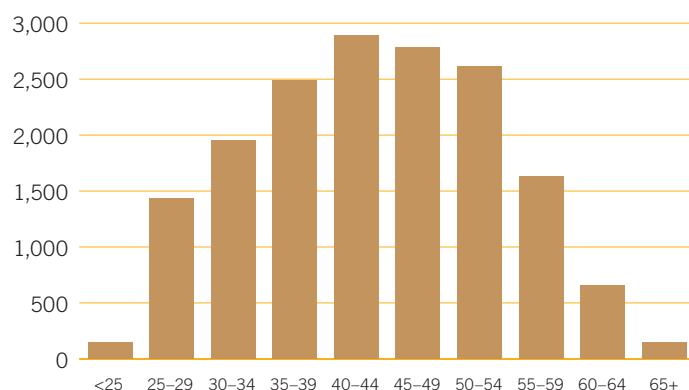
Deferred Members

Inactive members who have contributions remaining in the plan and who are or will become entitled to a benefit.

ACTIVE MEMBERS

There were 856 members who joined TRAF during 2024, bringing the total number of active members to 16,751. The average age was 43.5 years. There are 2,439 members age 55 or older who are eligible to retire during 2025.

AGE DISTRIBUTION



2024 RETIREMENTS

TRAF processed 506 new retirements (active and deferred) during 2024, a decrease of 27 (5.1%) compared to 2023. As is typical, a large number of retirements (57%) occurred at the end of June. The most common plan option selected by retiring members was Plan C – Full to Last Survivor (42%). In addition, approximately 16% of retiring members opted to integrate their TRAF pension with one or both of Canada Pension Plan and Old Age Security benefits.

The average age of new retirees (excluding deferred members) was 59.8 years, a slight increase from 59.6 years in 2023. The average monthly pension granted to such retirees was \$3,304, representing a \$58 (1.7%) decrease from \$3,362 in 2023. On average, the income replacement ratio (i.e., annual pension as a percentage of annualized salary immediately prior to retirement) was 40%.

New retirees are expected to receive their pension for an average of 31 years (longer than their average length of service of 26.0 years), with their beneficiaries continuing to receive the benefit for an additional 4.4 years on average.

NEW RETIREMENTS

	2024	2023
From Active Member Status	417	431
From Deferred Member Status	89	102
Total	506	533

NEW RETIREE PROFILE¹

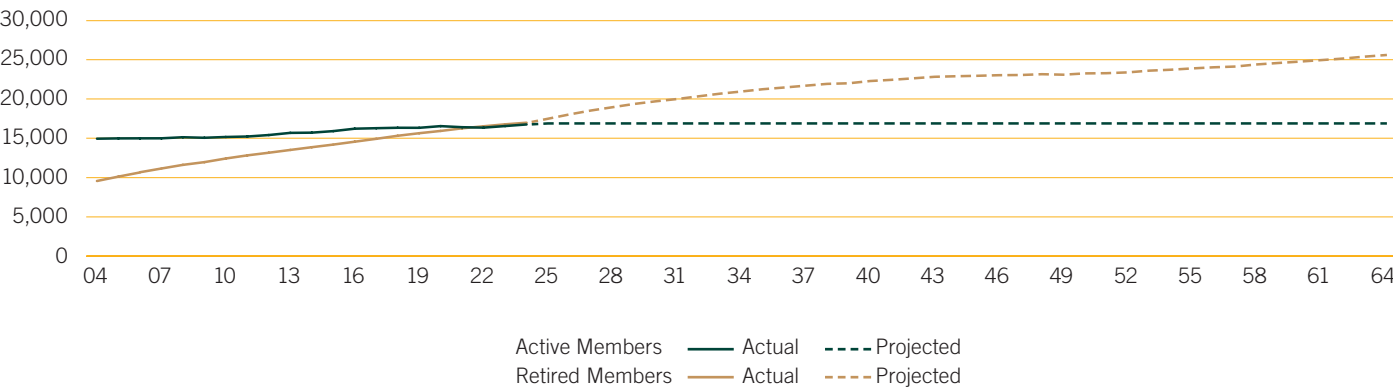
	2024	2023
Average Age (years)	59.8	59.6
Average Service (years)	26.0	26.2
Average Monthly Pension	\$ 3,304	\$ 3,362
Average Income Replacement Ratio (%)	40	41
Average Projected Years on Pension (excluding beneficiaries)	31	31

¹ Reflects profile of retirees commencing retirement in the year indicated. Includes retirements from active member status only.

TRENDS & PROJECTIONS

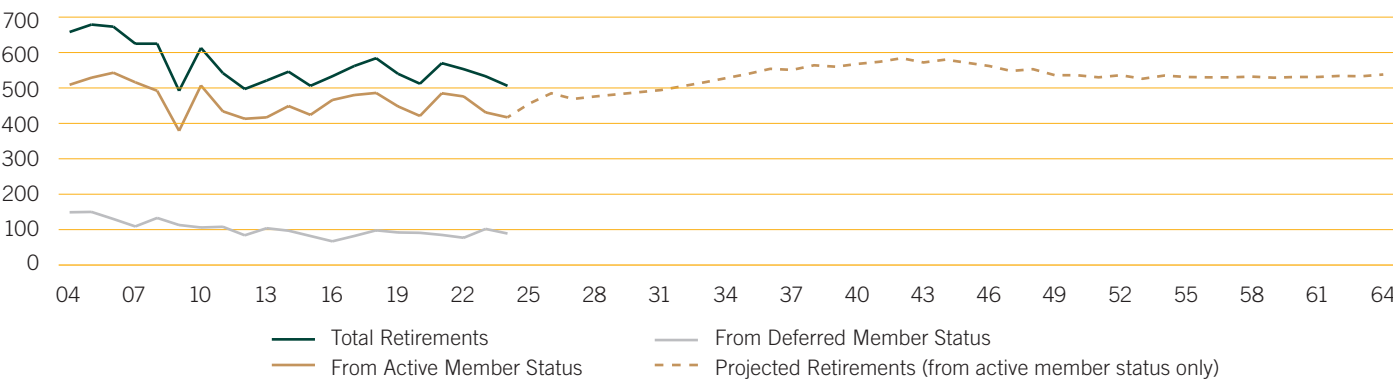
In developing our projection valuations, we assume that each active member who retires will be replaced with another member consistent with the average member entry age. We can then estimate the number of retired members that we expect to have in the future. As you will see in the graph below, the number of retired members is expected to trend to approximately 25,000 over the next 40 years.

MEMBERSHIP TRENDS & PROJECTION



With respect to retirement trends, we expect the number of active members entering retirement each year to increase for at least the next 15 years, but at a fairly slow pace. As you will see in the chart below, active member retirements should peak at approximately 600 around 2043, and then stay in the range of 500 to 600 annually for the next 20 years.

RETIREMENT TRENDS & PROJECTION



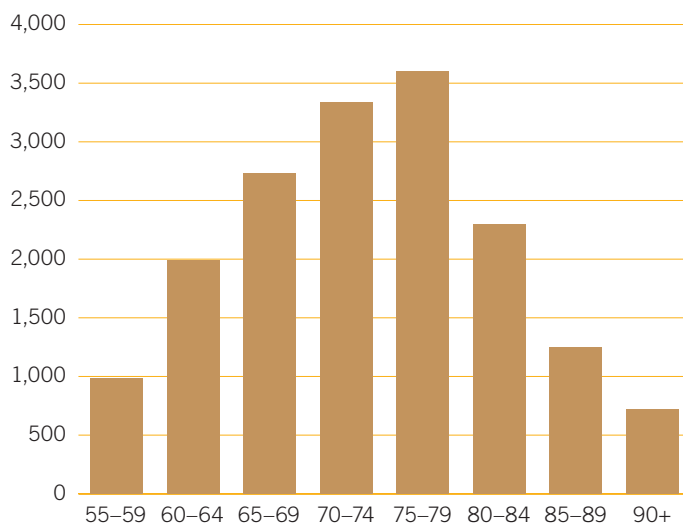
RETIRED MEMBERS

There were 16,973 retired members as at December 31, 2024, an increase of 205 (1.2%) over 2023. The average age of all retired members was 73.9 years, up from 73.6 years in 2023. The average monthly pension was \$2,662, representing an increase of \$75 (2.9%) from \$2,587 in 2023. In 2024, cost of living adjustments represented approximately 14.8% of total pension payments.

There were 30 retired members (including beneficiaries of deceased members) age 100 or older. Our oldest member in 2024 was age 112 and had been receiving a pension for over 53 years.

As for residency, 2,359 (13.9%) of pension recipients live outside of Manitoba and 216 (1.3%) live outside of Canada.

AGE DISTRIBUTION



PENSIONS IN PAY

	2024	2023
Retired Members	15,116	14,966
Deceased Retired Members with Survivor Pensions in Pay	1,525	1,462
Deceased Retired Members with Other Benefits in Pay	332	340
Total	16,973	16,768

RETIREE PROFILE¹

	2024	2023
Average Age (years)	73.9	73.6
Average Monthly Pension	\$ 2,662	\$ 2,587

¹ Reflects profile of all retirees, not only those commencing retirement in the year indicated.

DEFERRED MEMBERS

A deferred member is someone who was previously an active member but is currently inactive, i.e., not actively teaching or drawing a pension (generally because they are not yet eligible due to age or otherwise).

At December 31, 2024, there were 7,481 deferred members. TRAF processed benefits, including pensions, refunds and service transfers, for 203 deferred members during 2024.

We are continuing to establish contact with members who have not maintained current contact details with TRAF. Currently, we do not have contact information for 3,334 (45%) of our deferred members.

These members have an increased risk of missing pension payments as, without up-to-date contact information, TRAF is not able to provide information regarding the pension plan and member entitlements. We encourage all members who have not yet registered for Online Services to do so as soon as possible to mitigate this risk.

INFORMATION DELIVERY

One of our most important roles is to provide timely and accurate information to members, including pension estimates, seminars and individual member appointments.

During 2024, 29,928 pension estimates were calculated. Of these, 28,349 (95%) were generated by members directly through Online Services. There were 19 seminars conducted in 2024, of which five were held in person. A total of 674 members registered for these seminars and seminar recordings were viewed 2,442 times through Online Services.

There were 703 member appointments in 2024 (compared to 743 in 2023).

INFORMATION DELIVERY				
			2024	2023
Pension Estimates				
Staff-generated			1,579	1,746
Member-generated			28,349	23,626
Total			29,928	25,372
			Number	Registrants
Seminars				
In Person			5	186
Video Conference			14	488
Total			19	674
Appointments				
In Person			541	508
Video Conference			111	166
Phone			51	69
Total			703	743

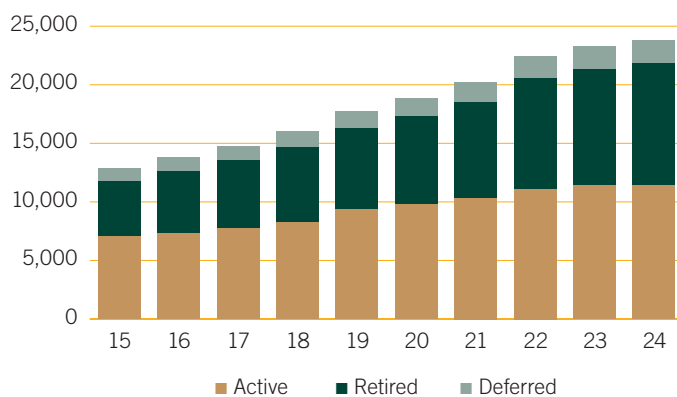
ONLINE SERVICES

Online Services is quick, secure and easy to use. Once registration has been processed, simply log into your Online Services account to access your personal TRAF pension information and features such as the pension estimator, digital presentations and tax calculator.

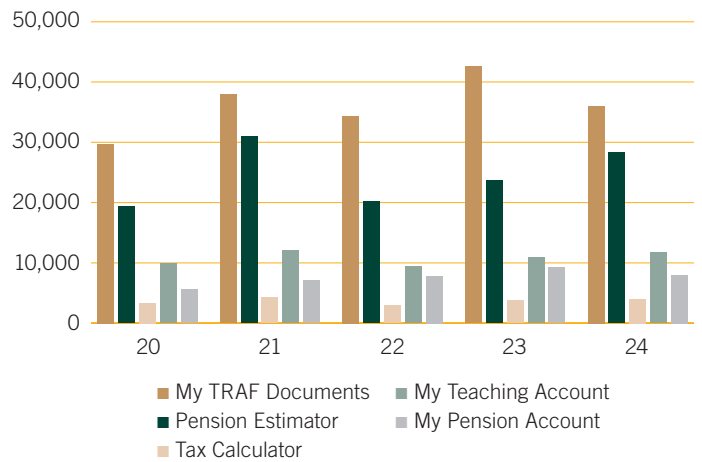
In 2024, a total of 763 new members registered for Online Services, bringing the total number of registrants to 23,825 (58%) as at December 31, 2024. The pension estimator and “My TRAF Documents” continue to be the most popular features.

We cannot overstate the importance of registering for Online Services and keeping your contact information up to date. Out-of-date contact information can create issues if there is a gap between cessation of employment and commencement of pension. These individuals represent our deferred members, and there are currently over 3,300 for whom we have no current contact information. In a number of recent situations, members were eligible to commence their pension at age 55 but didn’t as they did not contact us to apply for their pension, and we could not locate them. Members we were unable to contact forfeited pension payments. We encourage all members to register for Online Services to help prevent this situation from occurring.

REGISTRATIONS

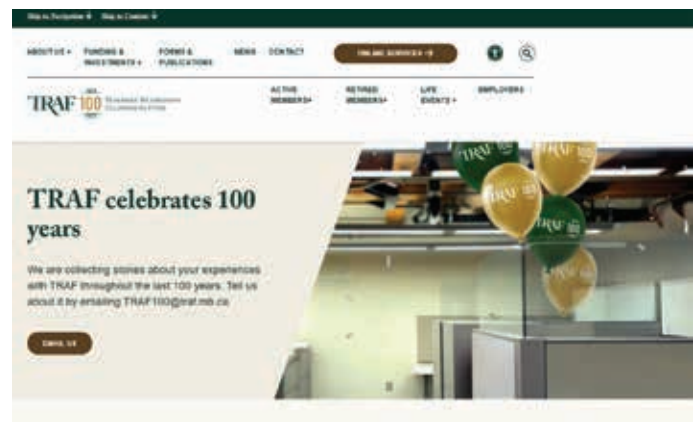


TOP 5 FEATURES



COMMUNICATIONS

The website was re-designed to be more accessible for all users, with more white space, higher contrast, larger headings, descriptive buttons and iconography and background coding to assist visitors who use screen reader technology.



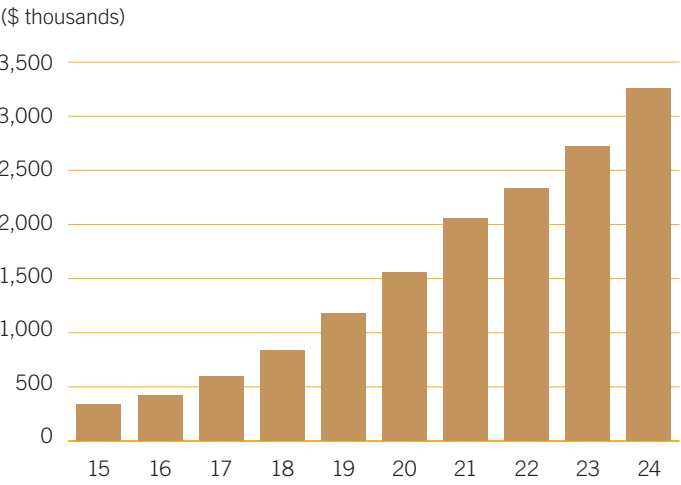
ADDITIONAL VOLUNTARY CONTRIBUTIONS

The *Teachers’ Pensions Act* (TPA) permits members to make contributions beyond the required amounts, subject to the limits imposed by the *Income Tax Act*. These are referred to as additional voluntary contributions (AVCs). These accounts are similar to a separate retirement savings vehicle and are credited with TRAF’s net rate of return (positive or negative).

The balance in an AVC account can be converted to an annuity at retirement, used to purchase eligible service, withdrawn as cash or transferred to another registered retirement savings vehicle in the name of the member. AVCs are deducted from the member’s salary and remitted to TRAF by the employer.

During 2024, 117 members made AVCs totalling \$309,400. As at December 31, 2024, there were 235 AVC accounts with an aggregate balance of \$3,253,000. While we have seen an increase in AVC accounts over the past five years, utilization remains low. We encourage all active members to explore this opportunity.

AVC ACCOUNT BALANCE



Funded Status – Accounts A & B

The 2024 actuarial valuation revealed a funded ratio of 107.2% for Account A and 61.7% for Account B as at January 1, 2024. With strong investment returns, our extrapolated estimate to the end of 2024 is 115.0% for Account A and 65.7% for Account B. No changes to Account A contributions were recommended by the plan actuary. However, additional contributions to Account B would be required to avoid the depletion of Account B assets, which is projected to occur in 2056.

This section of the report outlines the structure of the primary accounts within TRAF, namely Account A, the Pension Adjustment Account (PAA), Account B, the MTS Account and the MSBA Account. These accounts collectively comprise the TRAF pension plan.

Following a description of the structure of each account, this section will focus on the two main accounts, namely Account A

and Account B. Specifically, we will summarize the activity in each of these accounts in 2024 and detail the current and projected funded status of each. Similar information regarding the activity in, and funded status of, the other three accounts (PAA, MTS Account and MSBA Account) is set out in the sections that follow.

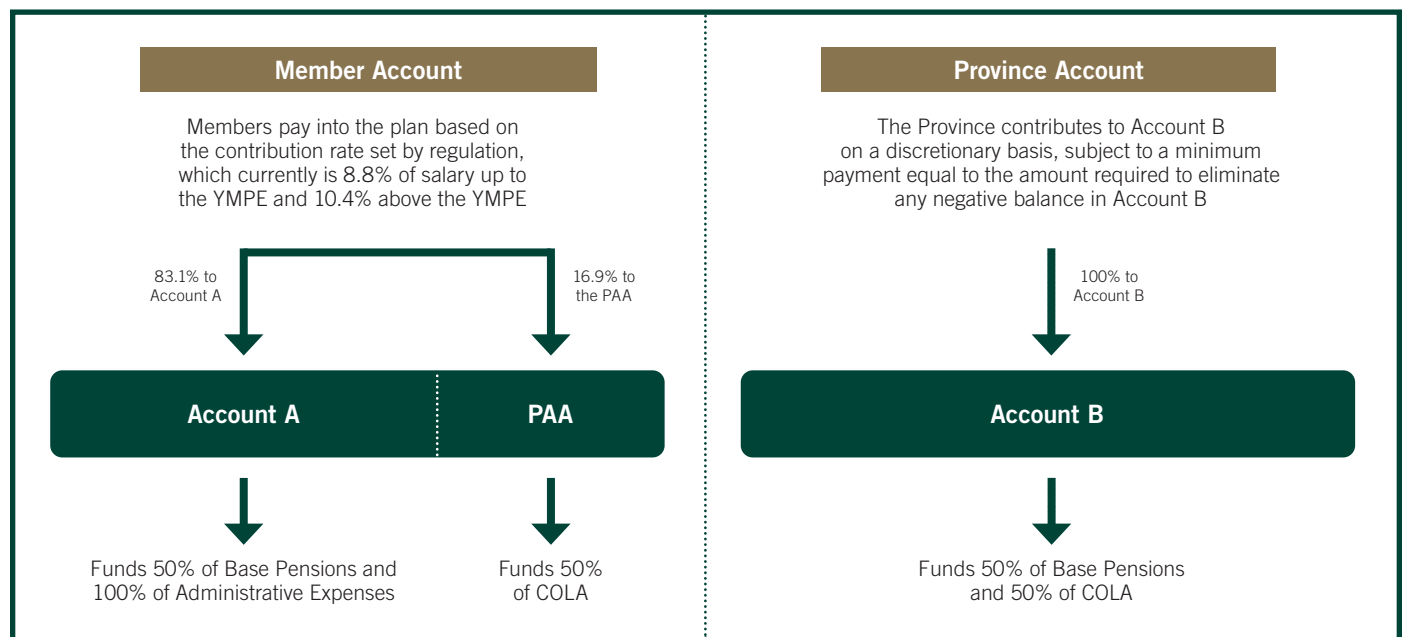


Illustration excludes The Manitoba Teachers' Society Account and the Manitoba School Boards Association Account. See the "MTS & MSBA Accounts" section for information on these accounts.

ACCOUNT STRUCTURE

Account A / Pension Adjustment Account

Account A is the “member account.” It is structured as a pre-funded account and is financially responsible for 50% of the pension obligations under the plan. This includes both base pensions and cost of living adjustments. Pursuant to the provisions of *The Teachers’ Pensions Act* (TPA), Account A is also responsible for 100% of the administrative costs incurred to operate the pension plan.

Contributions received from members are deposited to the credit of Account A. TRAF’s member contribution rate history is set out in the table below. Currently, 83.1% of member contributions is allocated towards basic benefits and 16.9% is allocated to a sub-account known as the PAA to support cost of living adjustments. The PAA is discussed in the “Cost of Living Adjustments” section of this report.

While Account A initially pays 100% of all monthly pension benefits, it recovers 50% of such amounts from Account B in the following month.

Account B

Account B is the “Province account.” It is financially responsible for 50% of the pension obligations under the plan. This includes both base pensions and cost of living adjustments. Under the TPA, the Province is required to ensure that Account B does not maintain a negative balance. In addition, the TPA permits the Province to make discretionary contributions to Account B in excess of the required minimums.

MTS & MSBA Accounts

There are two additional accounts administered by TRAF for certain employees of The Manitoba Teachers’ Society (MTS) and Manitoba School Boards Association (MSBA). See the “MTS & MSBA Accounts” section for information on these accounts.

MEMBER CONTRIBUTION RATE HISTORY

Period	Contribution Rate ¹
July 1, 1925 – December 31, 1929	1% of salary
January 1, 1930 – August 31, 1939	2% of salary
September 1, 1939 – August 31, 1948	4% of salary
September 1, 1948 – August 31, 1963	5% of salary
September 1, 1963 – December 31, 1965	6% of salary
January 1, 1966 ² – August 31, 1977	4.4% of salary up to YMPE ³ ; 6.0% of salary in excess of YMPE
September 1, 1977 – August 31, 1980	5.1% of salary up to YMPE; 7.0% of salary in excess of YMPE
September 1, 1980 – August 31, 2005 ⁴	5.7% of salary up to YMPE; 7.3% of salary in excess of YMPE
September 1, 2005 – August 31, 2012	6.8% of salary up to YMPE; 8.4% of salary in excess of YMPE
September 1, 2012 – August 31, 2013	7.3% of salary up to YMPE; 8.9% of salary in excess of YMPE
September 1, 2013 – August 31, 2014	7.8% of salary up to YMPE; 9.4% of salary in excess of YMPE
September 1, 2014 – August 31, 2015	8.3% of salary up to YMPE; 9.9% of salary in excess of YMPE
September 1, 2015 – current	8.8% of salary up to YMPE; 10.4% of salary in excess of YMPE

¹ Contributions are not required on salary above the maximum salary for which a benefit can be accrued under the *Income Tax Act*. For 2025, this amount is \$209,223. Members receiving disability benefits are also not required to contribute.

² The contribution rate was reduced effective January 1, 1966, concurrent with the commencement of the Canada Pension Plan.

³ The year’s maximum pensionable earnings (YMPE) as defined under the Canada Pension Plan. For 2025, this amount is \$71,300.

⁴ Effective July 1, 2004, members receiving disability income under a group disability insurance plan in effect for teachers are not required to contribute but continue to accrue pensionable service.

ACCOUNT ACTIVITY

The cash flow activity for Account A and Account B is illustrated in the tables below.

Regarding Account A, it is noted that contributions from the members (\$148.6 million) and transfers from the Province via Account B (\$266.0 million), representing \$414.6 million in aggregate, were less than the total pension payments of \$522.2 million. This resulted in negative cash flow of \$107.6 million. This amount, together with net other payments and administrative expenses, was offset by net investment returns of \$801.4 million, which resulted in net asset growth in Account A of \$675.4 million.

ACCOUNT A ACTIVITY¹		
(\$ millions)	2024	2023
Balance at Beginning of Year	\$ 5,575.0	\$ 5,234.5
Add: Member Contributions	148.6	133.5
Transfers from Account B (reimbursement for 50% of pension and other net payments)	266.0	256.4
Net Investment Return	801.4	472.5
Total Additions	1,216.0	862.4
Deduct: Pension Payments	(522.2)	(502.4)
Net Other Payments (e.g., refunds, reciprocal transfers)	(11.0)	(13.5)
Administrative Expenses	(7.4)	(6.0)
Total Deductions	(540.6)	(521.9)
Balance at End of Year	\$ 6,250.4	\$ 5,575.0

¹ Includes the Pension Adjustment Account.

Regarding Account B, the transfers to Account A to fund the Province's share of pension payments (\$266.0 million) were higher than the contributions from the Province of Manitoba (\$139.9 million). This resulted in negative cash flow of \$126.1 million. This amount was offset by net investment returns of \$429.8 million, which resulted in net asset growth in Account B of \$303.7 million. No administrative expenses were charged to Account B as the TPA provides for all administrative expenses to be borne by Account A.

ACCOUNT B ACTIVITY		
(\$ millions)	2024	2023
Balance at Beginning of Year	\$ 2,995.9	\$ 2,815.1
Add: Province of Manitoba Contributions	139.9	181.9
Net Investment Return	429.8	255.3
Total Additions	569.7	437.2
Deduct: Transfers to Account A (reimbursement for 50% of pension and net other payments)	(266.0)	(256.4)
Administrative Expenses	—	—
Total Deductions	(266.0)	(256.4)
Balance at End of Year	\$ 3,299.6	\$ 2,995.9

ACTUARIAL VALUATIONS

Actuarial valuations are necessary to assess the long-term sustainability of a defined benefit pension plan. They serve as decision-making tools for plan sponsors and stakeholders. A defined benefit pension plan has financial commitments that will be fulfilled many years in the future. For example, based on our current projections, new retirees are expected to collect their pensions for approximately 31 years on average. As they will not make contributions during this period, the plan should be structured to have sufficient assets to make those payments as they become due.

An actuarial valuation determines the value of all plan assets and liabilities as of a specific date. If the plan assets exceed liabilities, the plan has a “surplus.” If the liabilities are higher, the plan has an “unfunded liability” (also referred to as a “deficit”).

A plan actuary has been appointed under the TPA to prepare an actuarial valuation at least every three years as required under Manitoba pension legislation. The most recent valuation was completed as at January 1, 2024. The next valuation is scheduled to be completed in 2027 and will determine the funded status of the plan as at January 1, 2027.

In order to assess the sustainability of the plan, the plan actuary also prepares a long-term projection of the funded status. The projection valuation takes into consideration the evolving demographic composition of the plan membership and includes the impact of new entrants into the plan over the projection period. The plan actuary has prepared a projection valuation of Account A since 2006, which has proven to be an effective tool used to make policy decisions such as assessing the adequacy of the member contribution rate.

While we had previously conducted various analyses of Account B, the plan actuary has prepared a projection valuation of Account B since 2015. An updated projection valuation was last prepared in 2024, and the next one will be prepared in 2027.

Valuation Assumptions

In conducting an actuarial valuation or when projecting the funded status over the long term, many future events must be assumed or predicted. Among others, these assumptions include:

- How long members will teach
- What level of salary increases they will receive
- When they will retire
- How long they will live
- How much TRAF will earn on its investments

While it is expected that the actual experience will, over the long term, be close to that assumed, differences will occur. Accordingly, a valuation should be considered as a guide, not a definitive statement.

The January 1, 2024, valuations of Account A and Account B included numerous assumptions regarding both economic and non-economic items. The table at the bottom of this page outlines the primary economic assumptions used in the 2024 valuation, together with those used in 2021 for comparison purposes. Changes in these economic assumptions could, in aggregate, materially change the current and projected funded status. For example, the table at the top of the next page illustrates the estimated impact that a movement in the discount rate of 0.25% would have had on the total funded ratio of Account A, excluding the PAA, as at January 1, 2024.

PRIMARY ECONOMIC ASSUMPTIONS ¹		
(%)	January 1, 2024 Valuation	January 1, 2021 Valuation
Discount Rate	5.75	5.50
Inflation	2.00	2.00
Cost of Living Adjustments	0.90	0.90
General Salary Increases	3.00 for two years, 2.50 thereafter	2.00 for five years, 2.50 thereafter
Salary Increases for Seniority and Education	0.50 to 5.50	0.50 to 5.50
YMPE Increases ²	2.50	2.50
¹ All rates are per annum.		
² The year's maximum pensionable earnings (YMPE) as defined under the Canada Pension Plan. For 2025, this amount is \$71,300.		

Discount Rate	Account A Funded Ratio Impact
6.00%	+3.9%
5.75%	Current Assumption
5.50%	+3.9%

The primary non-economic assumptions relate to the incidence of mortality, retirement and termination (i.e., cessation of employment for reasons other than death or retirement). Each of these assumptions is based on an experience study conducted by the plan actuary. In addition, an assumption regarding new plan members is required in order to project the funded status of each account. The assumption used is that each active member who leaves the plan for any reason will be replaced on a one-to-one basis. The demographic profile of the members expected to join the plan is assumed to be the same as that of the new members over the three-year period immediately prior to the valuation date.

Investment Returns

In assessing our valuation results, it should be noted that TRAF does not “smooth” investment returns. Smoothing is a permitted, but not mandatory, actuarial practice of recognizing investment gains and losses over multiple years rather than fully recognizing them in the period of occurrence. By not smoothing, we provide an accurate presentation of our financial position as at the valuation date.

FUNDING POLICY

It is generally considered best practice for a defined benefit pension plan to have a written policy regarding the desired funding of the plan. Among other things, a funding policy can establish, in advance, the required or permitted action in the event that the funded ratio of the plan falls outside of the targeted range established by the policy.

The intention of the Board’s funding and sustainability policy is to establish a framework for the sound financial management of the pension benefits provided by the plan. The policy establishes a targeted funded ratio range of 100% to 110%. It also sets out the specific action the Board and plan actuary will take when the plan’s funded ratio falls outside of the targeted range. In general terms, the policy advocates timely action to address deficits and to avoid the use of temporary surpluses to improve benefits.

The policy acknowledges that plan amendments that would impact the funding of the plan – namely the adjustment of contributions or benefits – are not within the authority of the Board. Plan amendments are under the control of the Province of Manitoba as plan sponsor. As such, the Board policy focuses on the role of the Board in providing relevant and timely information to the plan sponsor and other plan stakeholders so they can make informed decisions regarding plan funding and benefit design. The Board will also work in conjunction with the plan actuary to provide plan amendment options that could be considered to address plan funding when appropriate.

SOLVENCY VALUATION

In addition to a going concern valuation, TRAF is required to prepare a solvency valuation pursuant to the requirements of *The Pension Benefits Act* (PBA). This valuation is intended to illustrate the funded status of the plan on the premise that the plan is wound up on the valuation date. In other words, a solvency valuation assumes that there is no further accrual of benefits or remittances of contributions to the plan following the valuation date. The most recent solvency valuation prepared for the plan as at December 31, 2023, revealed that the value of the plan assets was not sufficient to cover the accrued liabilities on a solvency basis, resulting in a solvency ratio of 88.2%. It is noted that, although TRAF is required to prepare and report the funded status on a solvency basis, TRAF is exempt from the solvency funding requirements under the PBA.

2024 VALUATION RESULTS

The valuation results for Account A and Account B each have two components – “accrued” and “future” – which are explained and summarized in the table below.

	Account A	Account B
Accrued Assets	The assets in Account A as at the valuation date.	The assets in Account B as at the valuation date.
Accrued Liabilities	The present value as at the valuation date of the pension obligations of Account A that have been earned by members of the plan.	The present value as at the valuation date of the pension obligations of Account B that have been earned by members of the plan.
Future Assets	The present value as at the valuation date of all contributions expected to be received from currently active members in respect of future service.	The present value as at the valuation date of all contributions expected to be received from the Province in respect of future service of currently active members. We assume that the Province will continue to match required member contributions.
Future Liabilities	The present value as at the valuation date of the pension obligations of Account A expected to be earned in the future by current members of the plan.	The present value as at the valuation date of the pension obligations of Account B expected to be earned in the future by current members of the plan.

ACCOUNT A

On a going-concern basis, as at January 1, 2024, Account A was determined to have assets that exceeded its liabilities, resulting in a surplus of \$429.9 million (which is an improvement over the \$83.6 million surplus in 2021). This equates to a funded ratio of 107.2%. It is noted that there was a surplus of \$669.2 million in respect of service accrued as of the valuation date, but this surplus was offset in part by the deficit of \$239.3 million in respect of future service.

The fact that the present value of future contributions from current members (i.e., assets) is \$239.3 million (or 16.0%) less than the present value of the corresponding liabilities related to benefits for future service indicates that, based on the assumptions used in the valuation, future contributions from current members are not expected to be sufficient to fund their expected future benefits. Based on the results of the January 1, 2024, valuation, such shortfall is covered by the accrued surplus resulting in a total surplus of \$429.9 million.

ACCOUNT A FUNDED STATUS AS AT JANUARY 1, 2024¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 5,134.6 ²	\$ 1,257.1	\$ 6,391.7
Liabilities	4,465.4	1,496.4	5,961.8
Surplus/(Deficit)	\$ 669.2	\$ (239.3)	\$ 429.9
Funded Ratio	115.0%	84.0%	107.2%

¹ Excludes the Pension Adjustment Account.

² This amount includes the Net Assets Available for Benefits (excluding the Pension Adjustment Account) and the present value of certain annual payments to be received from the Province of Manitoba on account of historical amendments made to *The Teachers' Pensions Act*. The future payments from the Province had a present value of \$29.3 million as at January 1, 2024. This amount is not carried as an asset on the Statement of Financial Position.

Reconciliation to the 2021 Valuation

The table below reconciles the items that contributed to the Account A total surplus of \$83.6 million as at January 1, 2021, improving to a total surplus of \$429.9 million as at January 1, 2024 (an improvement of \$346.3 million).

The primary contributor to the improved funded status was the strong investment returns for the years 2021 to 2023. The

impact was an improvement of \$288.1 million to the funded status. The increase in the discount rate from 5.50% to 5.75% also increased the funded status by \$222.1 million.

The primary factor with a negative impact on the funded status of Account A was the non-investment-related experience of the plan. The impact was a decrease of \$127.0 million to the funded status.

RECONCILIATION OF ACCOUNT A TOTAL SURPLUS/(DEFICIT)¹

(\$ millions)

Surplus/(Deficit) as at January 1, 2021	\$	83.6
Interest at 5.50% per annum		14.6
Expected Surplus/(Deficit) as at January 1, 2024		98.2
Gains/(Losses) due to experience		
Investment-related		288.1
Non-investment-related		(127.0)
Gains/(Losses) due to changes in assumptions		
Change in discount rate from 5.50% to 5.75%		222.1
Change in expense reserve assumption		(11.7)
Change in commuted value discount rate		4.0
Change in general salary assumption		(43.8)
Surplus/(Deficit) as at January 1, 2024	\$	429.9

¹ Excludes the Pension Adjustment Account.

Extrapolation

In order to monitor the funded status of Account A in non-valuation years, TRAF's in-house actuarial staff produces quarterly extrapolations of the funded status. An extrapolation incorporates actual investment results, contributions received and benefits paid since the last formal valuation. The limitations are that the plan's actual experience with respect to mortality, retirement, termination and salary levels since the date of the last valuation will not be accounted for until the next formal funding valuation (i.e., the extrapolation will continue to rely on assumptions for these variables). The impact of these variables can only be determined once the plan actuary has analyzed

the plan member data in connection with a formal funding valuation. In addition, an extrapolation does not account for any potential changes in the assumptions from those used in the last actuarial valuation.

The table on the following page provides an extrapolation of the Account A funded status to January 1, 2025.

Based on this extrapolation, the total funded ratio has increased from 107.2% as at January 1, 2024 (the last valuation date), to 115.0% as at January 1, 2025. This increase is primarily due to the net investment return being greater than the actuarial expected return during 2024.

EXTRAPOLATION OF ACCOUNT A FUNDED STATUS TO JANUARY 1, 2025¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 5,788.0 ²	\$ 1,292.0	\$ 7,080.0
Liabilities	4,623.3	1,535.0	6,158.3
Surplus/(Deficit)	\$ 1,164.7	\$ (243.0)	\$ 921.7
Funded Ratio	125.2%	84.2%	115.0%

¹ Excludes the Pension Adjustment Account.

² This amount includes the Net Assets Available for Benefits (excluding the Pension Adjustment Account) and the present value of certain annual payments to be received from the Province of Manitoba on account of historical amendments made to *The Teachers' Pensions Act*. The future payments from the Province had a present value of \$29.3 million as at January 1, 2025. This amount is not carried as an asset on the Statement of Financial Position.

Trend and Projection

In order to identify trends, it can also be useful to look at the historical funding valuation results. Accordingly, we have set out in the graph below the funded status of Account A since 2001, and the projection to 2064. The data to 2024 is based on the results of actuarial valuations that are generally prepared every third year. As indicated by the dashed line in the graph, the total funded ratio of Account A is projected to be 109.0% by January 1, 2064. However, it is noted that the projected funded ratio is based on various assumptions. While we expect our long-term experience to be close to these assumptions, deviations will occur.

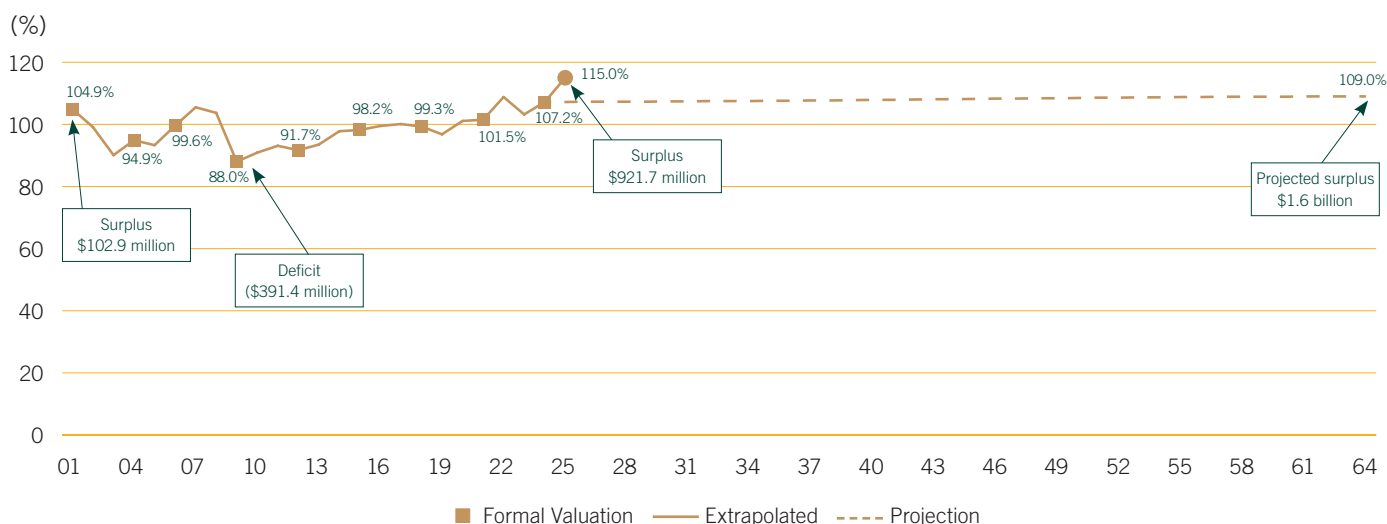
This is highlighted by the historical funded ratios (the solid line in the graph), which illustrates that the actual plan experience is inevitably different than that assumed. For example, the 12% loss on investments that TRAF realized in 2008 during the financial

crisis was the primary reason that the funded ratio declined from an estimated 103.7% as at January 1, 2008, to 88.0% as at January 1, 2009, representing a 15.7% decline. While this adverse situation materially impacted the funded status of Account A, by the end of 2024, the funded ratio had recovered to 115.0% through the combination of investment returns that exceeded our assumption and member contribution rate increases.

Sensitivity Analyses

Concurrent with the projection valuation, the plan actuary conducted various sensitivity analyses to determine how the funded ratio of Account A would change under certain scenarios, which will permit the various stakeholders to better assess options. One of the key sensitivities was related to the net investment return assumption.

ACCOUNT A STATUS – HISTORICAL & PROJECTED¹



¹ Includes accrued and future assets and liabilities, but excludes the Pension Adjustment Account.

Net Investment Return

Through this analysis, it was determined by the plan actuary that Account A would be 100% funded as at January 1, 2044 if the net annualized investment return from January 1, 2024, until the end of 2043 was 5.37%, assuming that all other assumptions are realized.

Member Contribution Rate

Regarding the member contribution rate, it was determined by the plan actuary that the rate would need to be increased by 0.35% of pensionable earnings to achieve a funded ratio of 110% for Account A as at January 1, 2044. 110% is the upper limit of the targeted range established under the Board's funding and sustainability policy.

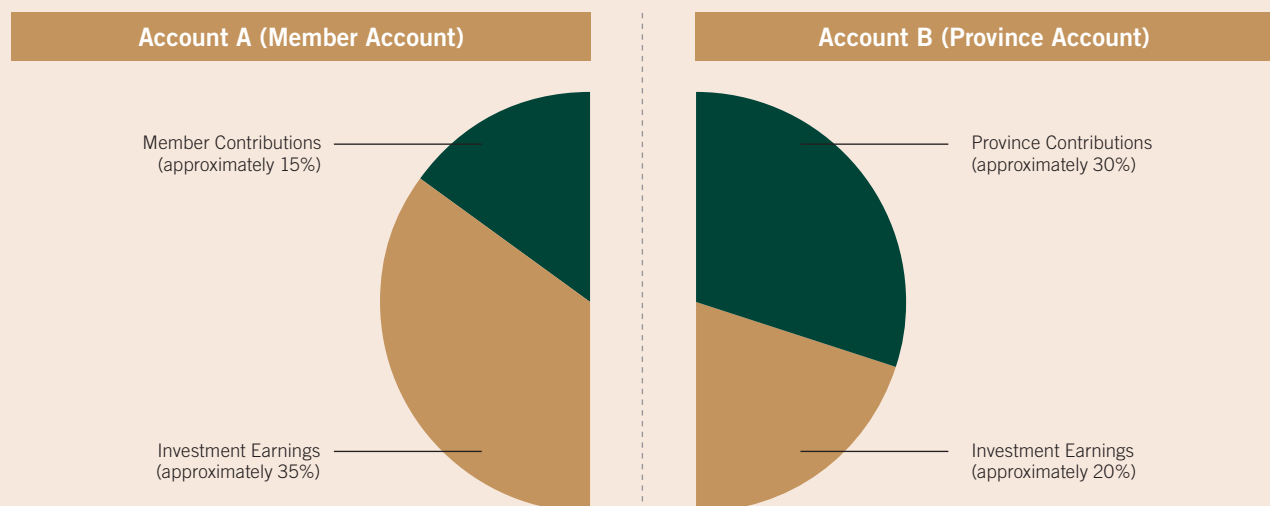
Next Steps – Account A

Following the completion of the formal valuation as at January 1, 2024, the plan actuary opined that, as the funded ratio is expected to be over 100% over the next 20 years, it was not necessary to increase the member contribution rate prior to the next scheduled funding valuation (January 1, 2027) and that it is reasonable to assume that the current funding levels are adequate to provide for the current level of benefits. The plan actuary also noted that an investment return of 5.84% per annum over the next 20 years would achieve a funded ratio of 110% (the upper target limit in the funding policy) at the end of the 20-year period. A return of 5.84% per annum over the next 20 years is within a reasonable range of outcomes.

SOURCE OF PENSION FUNDS

A significant advantage of a defined benefit (DB) pension plan is the long-term compounding of investment returns on contributions. The contributions that are automatically deducted from active members' pay cheques are deposited to Account A (member account), where they are systematically invested in a globally diversified portfolio on a cost-effective basis. Over time, this provides meaningful benefits.

As illustrated in the diagram below, approximately 70% of the increase in Account A assets is attributable to investment income. The other 30% comes from member contributions. This is in contrast to Account B, where 60% is attributable to contributions from the Province and only 40% is from investment income. The reason that the investment income makes up a larger portion for Account A, when compared to Account B, is Account A has been benefiting from investment income since 1963 given its pre-funded structure, while Account B has only benefited from investment income since 2001 when the account started to be partially funded. In addition, Account A is more adequately funded than Account B.



Note: Percentages are based on actual contributions and investment income since the establishment of Account A and Account B effective July 1, 1963. The difference in account balances and funded status of each account is not reflected above.

ACCOUNT B

On a going-concern basis, as at January 1, 2024, Account B was determined to have accrued liabilities that exceeded its assets, resulting in an unfunded liability of approximately \$1.9 billion (which is a larger deficit than the approximately \$1.8 billion unfunded liability in 2021). The unfunded liability as at January 1, 2024, equated to a funded ratio of 61.7%.

Consistent with TRAF's valuation practices for Account A, we incorporate into the Account B valuation the "future" assets and liabilities of members of the plan as at the valuation date.

For illustration purposes, we have assumed that the Province will continue to deposit to Account B an amount equal to the aggregate contributions made by active members to Account A – a practice that has been in place since October 2007. However, there is no legal requirement for the Province to pre-fund any amounts in respect of the pension liabilities of Account B. Accordingly, these payments made by the Province could be reduced or discontinued at any time. Despite the fact that there is no legal obligation for the Province to pre-fund Account B, there is a statutory obligation under the TPA for the Province to advance funds to cover any negative balance in Account B.

ACCOUNT B FUNDED STATUS AS AT JANUARY 1, 2024¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 2,995.9	\$ 1,514.3 ²	\$ 4,510.2
Liabilities	4,854.6	1,641.9	6,496.5
Surplus/(Deficit)	\$ (1,858.7)	\$ (127.6)	\$ (1,986.3)
Funded Ratio	61.7%	92.2%	69.4%

¹ Includes cost of living adjustments.

² Assumes that the Province of Manitoba will continue to make contributions to Account B in an amount equal to the aggregate member contributions to Account A. Currently, contributions to Account B are made at the discretion of the Province of Manitoba. This funding arrangement will revert to pay-as-you-go when Account B is depleted, which is projected to occur in 2056.

Reconciliation to the 2021 Valuation

The table below reconciles the items that contributed to the Account B accrued deficit increasing from \$1,769.7 million as at January 1, 2021, to a \$1,858.7 million deficit as at January 1, 2024. The primary factor resulting in a positive impact on the funded status of Account B was the strong investment returns for the years 2021 to 2023. The impact was an improvement of \$198.5 million to the funded status. However, the interest on the deficit had a negative impact on the funded status. The impact was a decrease of \$308.3 million to the funded status.

RECONCILIATION OF ACCOUNT B ACCRUED SURPLUS/(DEFICIT)¹

(\$ millions)	
Surplus/(Deficit) as at January 1, 2021	\$ (1,769.7)
Interest at 5.50% per annum	(308.3)
Expected Surplus/(Deficit) as at January 1, 2024	(2,078.0)
Gains/(Losses) due to experience	
Investment-related	198.5
Non-investment-related	(103.3)
Gains/(Losses) due to changes in assumptions	
Change in discount rate from 5.50% to 5.75%	151.2
Change in commuted value discount rate	2.5
Change in general salary assumption	(29.6)
Surplus/(Deficit) as at January 1, 2024	\$ (1,858.7)

¹ Includes cost of living adjustments.

Extrapolation

In order to monitor the funded status of Account B in non-valuation years, TRAF's in-house actuarial staff produces quarterly extrapolations of the funded status. An extrapolation incorporates actual investment results, contributions received and benefits paid since the last formal valuation. The limitations are that the plan's actual experience with respect to mortality, retirement, termination and salary levels since the date of the last valuation will not be accounted for until the next formal funding valuation (i.e., the extrapolation will continue to rely on assumptions for these variables). The impact of these variables can only be determined once the plan actuary has analyzed the plan member data in connection with a formal funding

valuation. In addition, an extrapolation does not account for any potential changes in the assumptions from those used in the last actuarial valuation.

The table below provides an extrapolation of the Account B funded status to January 1, 2025.

Based on this extrapolation, the accrued funded ratio has increased from 61.7% as at January 1, 2024, to 65.7% as at January 1, 2025. Investment returns greater than assumed offset the negative cash flow resulting from benefit payments exceeding contributions to Account B. The funded ratio improvement was largely due to the net investment return being greater than the actuarial expected return during 2024.

EXTRAPOLATION OF ACCOUNT B FUNDED STATUS TO JANUARY 1, 2025¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 3,299.6	\$ 1,556.0 ²	\$ 4,855.6
Liabilities	5,025.5	1,685.0	6,710.5
Surplus/(Deficit)	\$ (1,725.9)	\$ (129.0)	\$ (1,854.9)
Funded Ratio	65.7%	92.3%	72.4%

¹ Includes cost of living adjustments.

² Assumes that the Province of Manitoba will continue to make contributions to Account B in an amount equal to the aggregate member contributions to Account A. Currently, contributions to Account B are made at the discretion of the Province of Manitoba. This funding arrangement will revert to pay-as-you-go when Account B is depleted, which is projected to occur in 2056.

Trend and Projection

The graph on the following page illustrates the funded status of Account B since 2001, and the projection to 2064. We have focused on the accrued position of Account B to illustrate the change in partial pre-funding of Account B over time.

The green dashed line represents the original plan announced by the Province of Manitoba on June 26, 2000, to pre-fund Account B over 35 years. This was to be achieved by matching the required contributions from members joining the plan on or after April 1, 2000, and continuing to make pension payments from general reserves. It was also contemplated that the Province may make additional ad hoc contributions to accelerate the pre-funding of Account B.

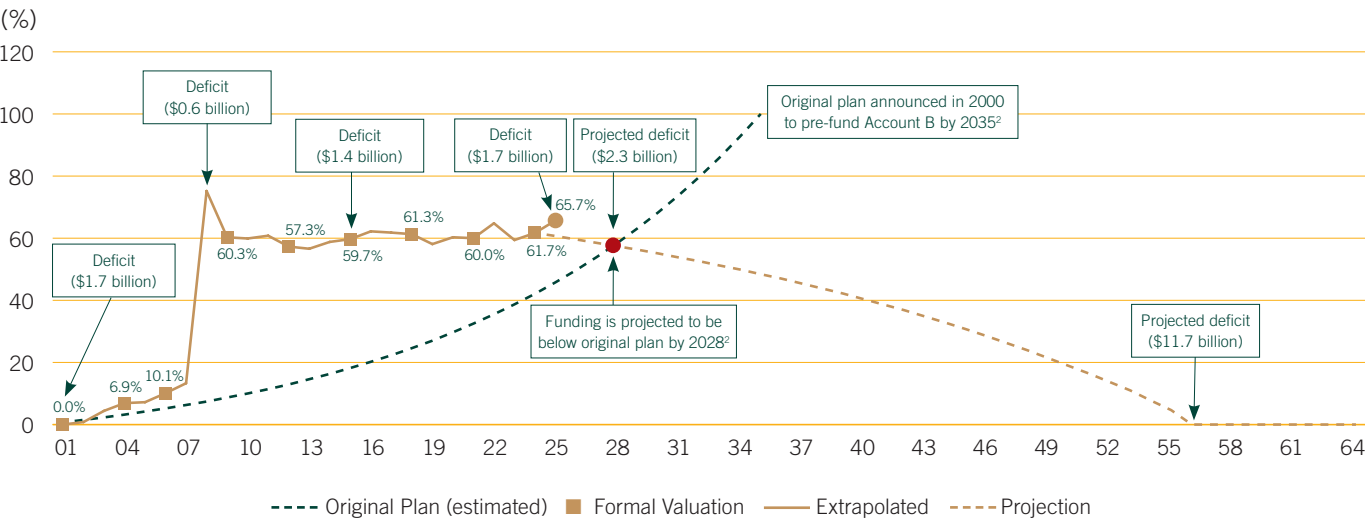
The tan solid line reflects the actual results, which are significantly different from (and currently better than) the original plan announced in 2000.

Of particular note is a \$1.5 billion ad hoc contribution in 2007, which improved the accrued funded ratio from approximately 13% as at January 1, 2007, to an estimated

75% as at January 1, 2008. While this contribution materially improved the funded status, the Province also changed their funding practices in October 2007. Specifically, the Province ceased making contributions into the plan equal to both the contributions of members joining the plan on or after April 1, 2000, and its share of the pensions paid. Instead, the Province commenced making regular contributions in an amount equal to the aggregate member contributions to Account A. Given the maturity of the plan, this resulted in lower contributions by the Province. This change in funding practice, which has continued and is also assumed to continue during the projection period, is the primary reason for the expected decline in the projected Account B funded ratio.

As indicated by the tan dashed line in the graph, we estimate that the funded ratio will decline to 0% in 2056. This equates to a projected deficit of approximately \$11.7 billion at the time of depletion. The funded ratio is expected to decline because the future investment income will not be sufficient to offset negative cash flows resulting from benefit payments exceeding contributions to Account B.

ACCOUNT B STATUS – HISTORICAL & PROJECTED¹



¹ Includes only accrued assets and liabilities for both base pensions and cost of living adjustments. Assumes that the Province of Manitoba will continue to make contributions to Account B in an amount equal to the aggregate member contributions to Account A. Currently, contributions to Account B are made at the discretion of the Province of Manitoba. This funding arrangement will revert to pay-as-you-go when Account B is depleted, which is projected to occur in 2056.

² The original plan trajectory and related figures are internal estimates only and are based on various assumptions and approximations that contemplate the plan being fully pre-funded by 2035 as stated by the Province of Manitoba in 2000.

Next Steps – Account B

The plan actuary determined that the funded ratio of Account B is expected to decline to 0% in 2056 if all actuarial assumptions are realized and the current funding practices of the Province continue.

A meaningful and sustained reversal of this downward trend is extremely unlikely to occur through strong investment returns alone. Accordingly, the plan actuary noted that additional contributions to Account B should be considered if the Province wants to avoid the depletion of the assets in Account B, or if there is a desire to bring Account B to a fully funded status. Detailed information regarding the current and projected funded status of Account B has been provided to both the

Province and MTS. TRAF has also provided several funding options to eliminate the Account B deficit. For example, the Province could make a lump sum contribution now to eliminate the deficit. At the end of 2024, the required contribution would have been approximately \$1.7 billion. Alternatively, the Province could make additional contributions over a set number of years. For example, the deficit could be amortized over 40 years if the Province made additional contributions of approximately \$141.8 million each year beginning in 2027 (in addition to continuing to match member required contributions). The Board will maintain its practice of regularly projecting the funded status of Account B and communicating the results and funding alternatives to our members and stakeholders.

PLAN ACTUARY

The TRAF pension plan is designed to have an infinite life. As such, decisions made today will impact the status of the plan decades into the future. However, these decisions will, by necessity, be based on expectations of future unknown events. Accordingly, as discussed earlier in this report, we must make many assumptions regarding both economic and non-economic events. While these assumptions are discussed and debated by both staff and the Board, they must ultimately be acceptable

to the plan actuary. The plan actuary is, in turn, subject to various standards established by the actuarial profession. The relationship with the plan actuary, and the production and delivery of various actuarial valuations and projections, are important components of TRAF's overall governance structure. The plan actuary is appointed by the Board, with the approval of the Lieutenant Governor in Council. The current plan actuary, Steve Windsor, was appointed by the Board on January 16, 2017, and approved by an Order-in-Council dated March 1, 2017. Mr. Windsor is an employee of Aon.



STEVE WINDSOR
FELLOW, CANADIAN INSTITUTE OF ACTUARIES



PLAN ACTUARY RECOMMENDATION ON FUNDING LEVELS

In accordance with Board Policy 19.0 – Funding and Sustainability, we are writing to provide a recommendation regarding whether current funding levels should be considered adequate to provide the current level of benefits under the Teachers' Retirement Allowances Fund.

Account A

The key assumption for the funding valuation is the discount rate. For the January 1, 2024 valuation, the discount rate was increased to 5.75% per annum, from 5.50% per annum at the previous valuation at January 1, 2021. In addition, a larger margin for adverse deviations was adopted, increasing from 23 basis points at January 1, 2021 to 107 basis points at January 1, 2024. The projection valuation for Account A as of January 1, 2024 indicated that the total funded ratio was projected to be over 100% over the next twenty years. It is therefore reasonable to assume that the current funding levels are adequate to provide for the current level of benefits. There is no certainty that this level of return will be achieved, and there is no certainty that the other valuation assumptions will be realized.

Based on the above, I do not recommend any changes to the member contribution rate prior to the new valuation to be performed at January 1, 2027. I also note that the upper target of the funding policy of 110% could be achieved with a higher investment return. The sensitivity analyses on

the projection valuation indicated that if Account A earns an investment return of 5.84% per annum over the next twenty years, a funded ratio of 110% would be achieved at the end of the twenty-year period. This return of 5.84% per annum falls within a best estimate range of long-term returns generated by Aon's investment model.

Account B

The Province currently matches total member required contributions and remits the funds to Account B. In addition, on August 25, 2023, the Province made a one-time funding contribution to Account B of \$50 million. The portion of the benefit payments that are the responsibility of the Province are paid out of Account B. A projection valuation of Account B was prepared at January 1, 2024. The results of this projection valuation indicated that, assuming this funding arrangement continues, and all future assumptions are realized, the assets in Account B would be depleted in 2056. At that time, the Province would be required to fund benefit payments on a pay-as-you-go basis.

If the Province wishes to avoid this depletion of assets and wishes to bring Account B to fully funded status (accrued liabilities equal to Account B assets) the Province should consider increasing its current level of funding.

Sincerely,

Steve Windsor, FCIA, FSA

Excerpts from a letter dated September 19, 2024. The complete letter is available through Online Services.

CASH FLOWS

When the pay-as-you-go model was adopted in 1963, TRAF's investments were almost exclusively bonds issued by either federal, provincial and municipal governments or corporate entities. As such, there was no significant financial advantage from the perspective of the Province, as plan sponsor, to pre-fund the pension obligations. However, as the TRAF investment portfolio has been diversified over the years into asset classes other than bonds, including public equity, private equity, real estate and infrastructure, the realized (and expected) investment return has generally exceeded the interest rate on provincial debt. As such, by not pre-funding all of its liabilities, the Province forgoes the opportunity of fully participating in the benefits of a professionally managed, low-cost, globally diversified investment portfolio. While the pursuit of such return obviously involves risks, these risks can be significantly mitigated by the long-term investment horizon of a defined benefit plan such as TRAF.

In recognition of this, the Province established a reserve account in 2001 (which was referred to as the Province of Manitoba Trust Account). Advance funding into this account permitted the Province to benefit from the same professionally managed, low-cost, diversified investment portfolio that previously applied only to the assets in Account A. We believe that this has provided an economic advantage to the Province.

By way of illustration, we can look at the experience of the Province when it contributed an additional \$1.5 billion in 2007. At that time, TRAF had an expected annual return of 6.25% net of investment fees. In 2008, the first calendar year following this contribution, the fund lost approximately 12%. However, at the end of 2024, the net 17-year return for the fund (years 2008 to 2024 inclusive) was 7.44%, exceeding the expectations in 2007 despite the occurrence of the global financial crisis and the COVID-19 pandemic. If we assume that the Province's cost of debt was 5% in 2007, the positive impact of borrowing and investing \$1.5 billion was \$729 million at the end of 2024.

While past performance is no guarantee of future performance, the overall sustainability of the TRAF plan is premised in large part on the achievement – over the long term – of the plan's expected return, which at the end of 2024 was 5.75% per annum. As mentioned earlier, to the extent that it remains unfunded, the amount of the outstanding liabilities of Account B operates in substance like a loan from TRAF to the Province at

an interest rate equal to the discount rate. It is assumed that the Province could issue long-term debt at a lower rate in the market.

The grey line on the graph on the following page illustrates the pay-as-you-go funding cash flow requirements for Account B from 1963 to 2024, and the projected pay-as-you-go cash flow requirements from 2025 to 2064. By way of comparison, the tan area shows the actual and projected member contributions to pre-fund Account A over the same time periods.

While each funding model (pay-as-you-go and pre-funding) is intended to pay for approximately 50% of the benefits provided by the plan, the cash flows under each model evolve in a very different manner. From 1963 to 1994, the pay-as-you-go contributions to Account B were less than the pre-funding member contributions. This was expected as TRAF was a relatively "young" pension plan. For example, in 1963, there were approximately 10 active members for each retired member (an active-to-retired ratio of 10 to 1). As the plan matured, the pay-as-you-go contributions to Account B exceeded the required member contributions. This first occurred in 1995 and is projected to continue indefinitely. The active-to-retired ratio had declined to just under 2.5 to 1 in 1995 and is now approximately 1 to 1. This trend is expected to continue as our retired membership is expected to increase at a faster rate than our active members.

The dark green line on the graph illustrates the historical regular contributions from the Province to Account B from 1963 to 2024 (solid portion) and the projected contributions from 2025 to 2064 based on the current funding model (dashed portion). The grey and dark green lines diverge because, beginning in October 2007, the Province commenced using assets in Account B to fund its pay-as-you-go funding requirements. Concurrently, the Province commenced making contributions to Account B in an amount equal to the aggregate member contributions to Account A. The combination of these changes has resulted in negative cash flow in Account B as benefit payments exceed member contributions. The gap for 2024 was approximately \$126 million (with contributions of approximately \$140 million and transfers to Account A of \$266 million to fund the Province's 50% share of pensions paid).

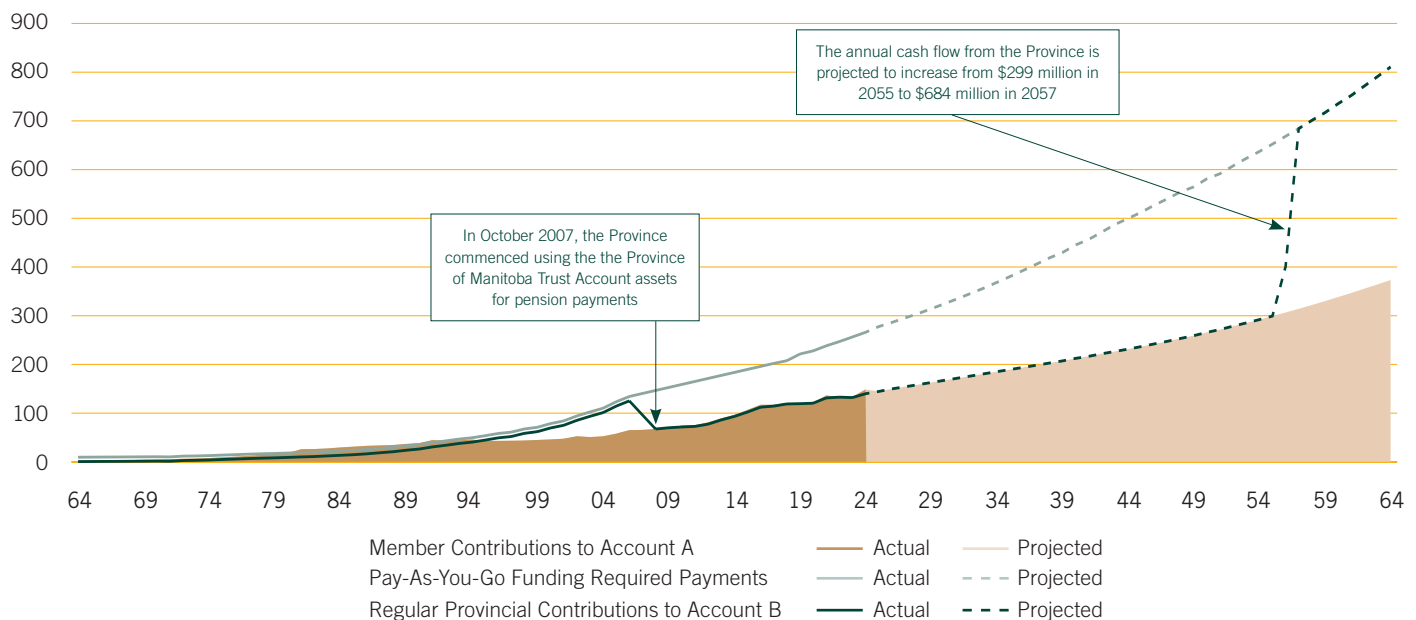
The difference is being funded from the current balance in Account B, which at the end of 2024 was just under \$3.3 billion. As the plan continues to mature, the projected gap in cash flow requirements is expected to increase over time.

Once the annual cash flow shortfall exceeds the investment earnings on the assets in Account B, which is expected to occur by 2034, the assets in Account B will decline and are projected to be fully depleted in 2056. At that time, the current model of Account B assets subsidizing the pay-as-you-go

obligations will end. As a result, the Province will no longer be able to rely on Account B assets to fund a portion of its pension obligations, and the required payments by the Province are projected to increase from approximately \$299 million in 2055 to approximately \$684 million in 2057.

CASH FLOWS TO ACCOUNT A & ACCOUNT B – HISTORICAL & PROJECTED^{1,2}

(\$ millions)



¹ Includes regular contributions to the Province of Manitoba Trust Account prior to December 15, 2018. Excludes discretionary ad hoc contributions commencing in 2001.

² Assumes that the current contribution structure of matching member contributions will continue until Account B is depleted in 2056, and that pay-as-you-go amounts will be contributed thereafter.

TOTAL PLAN FUNDED STATUS SUMMARY

The tables below summarize the funded status of Account A, the PAA and Account B as at January 1, 2025.

ACCOUNT A FUNDED STATUS¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 5,788.0 ²	\$ 1,292.0	\$ 7,080.0
Liabilities	4,623.3	1,535.0	6,158.3
Surplus/(Deficit)	\$ 1,164.7	\$ (243.0)	\$ 921.7
Funded Ratio	125.2%	84.2%	115.0%

¹ Excludes the Pension Adjustment Account.

² This amount includes the Net Assets Available for Benefits (excluding the Pension Adjustment Account) and the present value of certain annual payments to be received from the Province of Manitoba on account of historical amendments made to *The Teachers' Pensions Act*. The future payments from the Province had a present value of \$29.3 million as at January 1, 2025. This amount is not carried as an asset on the Statement of Financial Position.

PENSION ADJUSTMENT ACCOUNT FUNDED STATUS

(\$ millions)	Accrued	Future	Total
Assets	\$ 491.6	\$ 264.0	\$ 755.6
Liabilities	491.6 ¹	264.0	755.6
Surplus/(Deficit)	\$ –	\$ –	\$ –
Funded Ratio	100.0%	100.0%	100.0%

¹ As the assets can only be used to support cost of living adjustments, the liabilities under the Pension Adjustment Account have been assumed to be equal to the assets.

ACCOUNT B FUNDED STATUS¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 3,299.6	\$ 1,556.0 ²	\$ 4,855.6
Liabilities	5,025.5	1,685.0	6,710.5
Surplus/(Deficit)	\$ (1,725.9)	\$ (129.0)	\$ (1,854.9)
Funded Ratio	65.7%	92.3%	72.4%

¹ Includes cost of living adjustments.

² Assumes that the Province of Manitoba will continue to make contributions to Account B in an amount equal to the aggregate member contributions to Account A. Currently, contributions to Account B are made at the discretion of the Province of Manitoba. This funding arrangement will revert to pay-as-you-go when Account B is depleted, which is projected to occur in 2056.

TOTAL PLAN FUNDED STATUS AS AT JANUARY 1, 2025¹

(\$ millions)	Accrued	Future	Total
Assets	\$ 9,579.2	\$ 3,112.0 ²	\$ 12,691.2
Liabilities	10,140.4	3,484.0	13,624.4
Surplus/(Deficit)	\$ (561.2)	\$ (372.0)	\$ (933.2)
Funded Ratio	94.5%	89.3%	93.2%

¹ Includes cost of living adjustments.

² Assumes that the Province of Manitoba will continue to make contributions to Account B in an amount equal to the aggregate member contributions to Account A. Currently, contributions to Account B are made at the discretion of the Province of Manitoba. This funding arrangement will revert to pay-as-you-go when Account B is depleted, which is projected to occur in 2056.

The actuarial valuations for Account A, the Pension Adjustment Account and Account B are available through Online Services.

Cost of Living Adjustments

Based on the status of the Pension Adjustment Account at the end of 2024, TRAF is able to grant a COLA of 1.60% effective July 1, 2025. The interest rate credited to the Pension Adjustment Account is the average total fund net return for the prior three years. This was 7.73% for 2024.

TRAF grants cost of living adjustments (COLA) to the extent that they can be funded by a designated account known as the Pension Adjustment Account (PAA). The PAA was established in 1977 as a sub-account of Account A for the purpose of financing one-half of the COLA granted to retired members. The Province finances the other half of the COLA through Account B as pension payments are made.

FUNDING THE PAA

The PAA was allocated 16.9% of all member contributions in 2024. In total, these contributions amounted to \$24.9 million. The percentage of member contributions allocated to the PAA will increase to 17.0% on September 1, 2025. This is the final scheduled increase under the legislation.

In addition to member contributions, the PAA receives interest on the funds in the account. The interest rate credited to the PAA is based on the average of the total fund net rate of return for the current year and the prior two years. The interest rate credited in each year is used as part of the formula to determine the COLA to be granted in the following year. Accordingly, the interest rate of 7.73% credited in 2024 was a factor in determining the COLA to be granted effective July 1, 2025.

TOTAL FUND NET RATE OF RETURN¹

2022	-0.49%
2023	8.27%
2024	15.40%
Average (PAA interest rate)	7.73%

¹ Net of investment and administrative costs as prescribed in the *Pension Benefits Regulation*.

DETERMINING THE COLA

Once the assets in the PAA available for COLA have been determined, the plan actuary conducts a valuation to determine the current liabilities for all prior COLA. Liabilities are valued based on a discount rate determined by the plan actuary and accepted by the Board. The current discount rate for the PAA is 4.25%. If such liabilities are less than the assets in the PAA, the resulting surplus will be used to support a further COLA. The plan actuary will determine the maximum amount of COLA that the surplus in the PAA can support on the portion of pensions funded from Account A. COLA is then applied on July 1 to both the base pension (assuming the single life option), as well as all previously granted COLA. Accordingly, the COLA grant from the PAA is “matched” by Account B. Members who have been receiving pension payments for less than 18 months as of July 1 will receive a pro-rated COLA. Beneficiaries of deceased members receive an adjustment to their payments equal to two-thirds of the COLA granted.

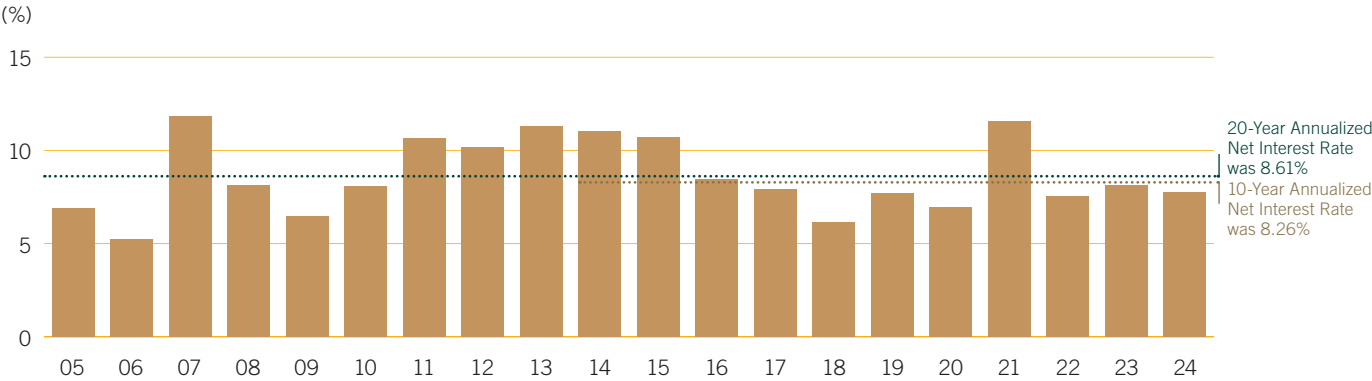
As the COLA grant is based on a single life option, members who have selected a different form of pension (i.e., one with a survivor benefit) will generally receive a higher percentage increase to their pension.

PENSION ADJUSTMENT ACCOUNT – INTEREST RATE

For 2006 and prior years, the PAA interest rate was based on the annual fixed income return.

For the years 2007 to 2016 inclusive, the PAA interest rate was based on a formula incorporating the greater of the fixed income return and total fund return, averaged over three years.

For 2017 and future years, the PAA interest rate is based on the total fund return, averaged over three years.



LIMITS ON COLA

COLA is limited to the lesser of:

- The maximum percentage the PAA can support, and
- The full increase in CPI.

COLA can never be negative.

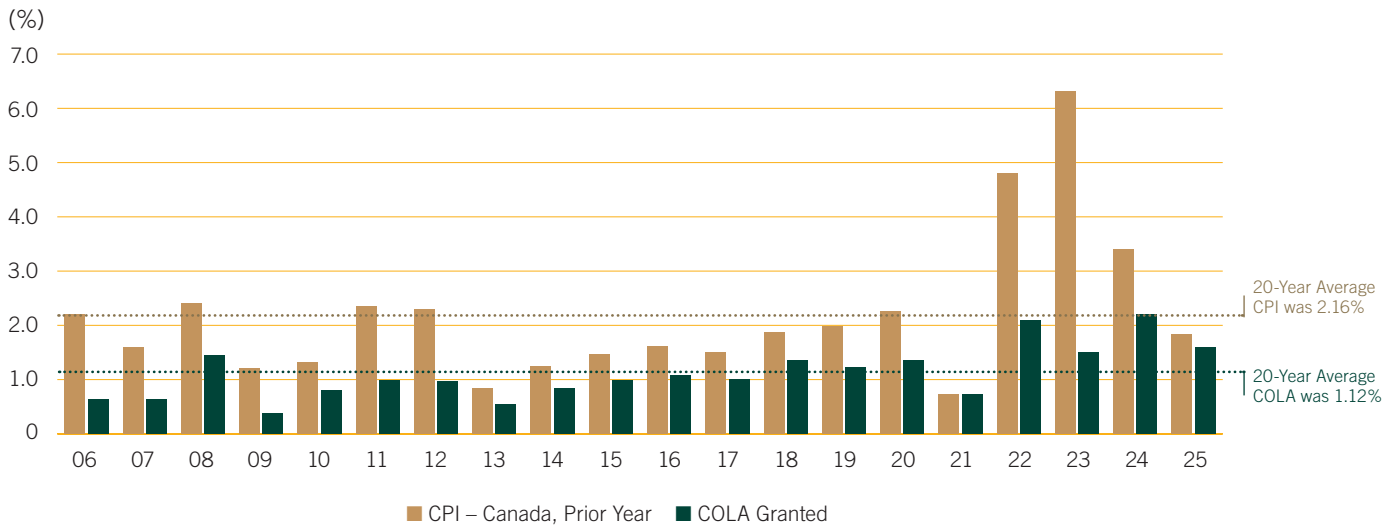
2024 COLA

The plan actuary determined that there was an actuarial surplus in the PAA of \$71.6 million available to support COLA of 2.20% effective July 1, 2024. Since the relevant increase in CPI for 2023 was 3.40%, the COLA was not impacted by the 100% CPI cap.

In 2024, total COLA payments from the PAA were \$38.7 million. Given the matching payments from Account B, the aggregate COLA paid in 2024 was approximately \$77.4 million and represented approximately 14.8% of our total pension payments.

PAA ACTIVITY		
(\$ millions)	2024	2023
Balance at Beginning of Year	\$ 469.7	\$ 446.7
Add: Member Contributions	24.9	22.4
Net Investment Return	35.7	35.6
Total Additions	60.6	58.0
Deduct: Pension Payments (50% of total COLA)	(38.7)	(35.0)
Balance at End of Year	\$ 491.6	\$ 469.7

CPI – COLA COMPARISON



2025 COLA

The plan actuary determined that there was an actuarial surplus in the PAA of \$52.6 million available to support COLA of 1.60% effective July 1, 2025. Since the relevant increase in CPI for 2024 was 1.83%, the COLA will not be impacted by the 100% CPI cap.

As annual pension payments increased to \$522.2 million in 2024, the 2025 COLA will increase the aggregate pension payroll by approximately \$8.4 million per annum.

FUTURE COLA

Given the number of variables involved, it is difficult to predict the amount of future COLA. Members are cautioned that there is no certainty of a COLA in any given year and the long-run average COLA could be significantly below the corresponding increase in CPI. The projection valuation of the PAA completed in 2024 suggests that COLA averaging approximately 0.85% over the long term could be granted under the current plan structure, subject to annual fluctuations and the fact that the COLA granted in any given year cannot exceed the 100% of CPI limit prescribed in *The Teachers' Pensions Act*. However, future COLA is not guaranteed and is generally not pre-funded.

The actuarial valuations for the PAA are available through Online Services.

MTS & MSBA Accounts

The MTS Account continues to be adequately pre-funded with a funded ratio of 131.9%. Conversely, the MSBA Account is currently funded on a pay-as-you-go basis. This situation was expected to occur and is appropriate as MSBA has no active members in the plan.

Certain employees of The Manitoba Teachers' Society (MTS) and Manitoba School Boards Association (MSBA) participate in the TRAF pension plan. MTS and MSBA are responsible for the employer portion of the pension obligations for their respective employees. Under *The Teachers' Pensions Act*, MTS and MSBA are each required, under certain circumstances, to make contributions in order to pre-fund such obligations. These funds

are held in separate accounts and are invested in the same manner as the other funds administered by TRAF.

The tables below set out the cash flow activity of each of these accounts during 2024, as well as the funded status of each account at the end of 2024 (accrued assets and liabilities only). Similar data for 2023 is included for information purposes.

MTS ACCOUNT ACTIVITY & FUNDED STATUS

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 11,100	\$ 10,404
Add: Employer Contributions	371	340
Net Investment Return	1,600	934
Total Additions	1,971	1,274
Deduct: Pension Payments	(582)	(578)
Balance at End of Year	\$ 12,489	\$ 11,100
Pension Liabilities	9,465	9,302
Surplus/(Deficit)	\$ 3,024	\$ 1,798
Funded Ratio	131.9%	119.3%

MSBA ACCOUNT ACTIVITY & FUNDED STATUS

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 5	\$ 4
Add: Employer Contributions	9	27
Net Investment Return	0	0
Total Additions	9	27
Deduct: Pension Payments	(14)	(26)
Balance at End of Year	\$ 0	\$ 5
Pension Liabilities	61	89
Surplus/(Deficit)	\$ (61)	\$ (84)
Funded Ratio	0.0%	5.6%

The actuarial valuations for the MTS and MSBA Accounts are available through Online Services.

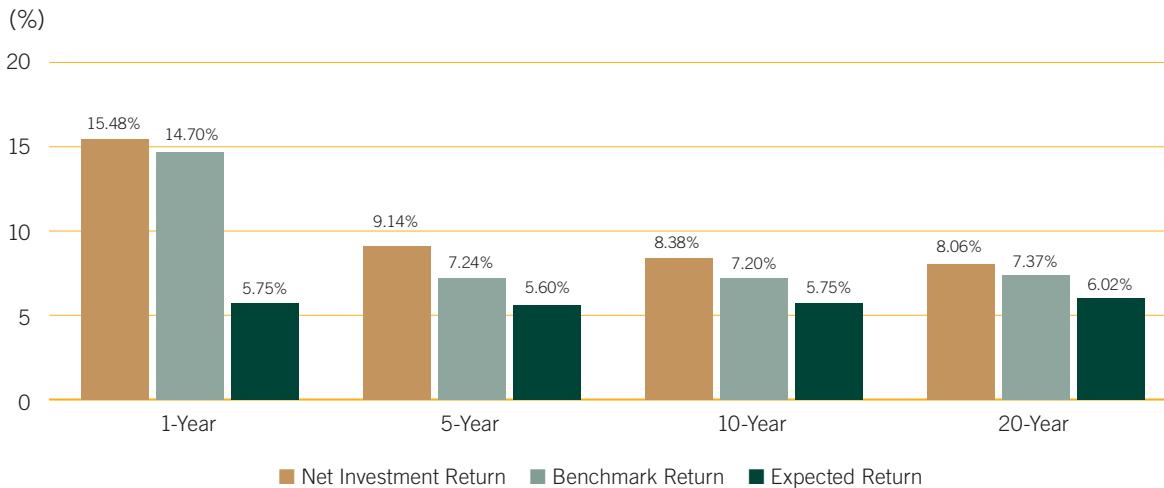
Investments



TRAF maintains a broadly diversified, professionally managed global investment portfolio which, at the end of 2024, was valued at approximately \$9.6 billion. In 2024, this portfolio generated a positive return of 15.48% net of investment expenses. Over the past five years, the annualized return was 9.14% net of investment expenses, which exceeded the plan's annualized expected return over this period of 5.60%.

GRAEME HAY | CHIEF INVESTMENT OFFICER

COMPARATIVE INVESTMENT RETURN



INVESTMENT STRATEGY

The asset allocation of the plan is set out in the Statement of Investment Policies & Procedures (SIP&P). In addition to the target asset allocation, the SIP&P addresses other key matters such as investment beliefs and objectives, permitted types of investments and various other parameters intended to control investment risk and support the long-term sustainability of the plan. The Board regularly reviews the SIP&P and considers any changes recommended by the Investment Committee.

In doing so, the Board needs to balance the pursuit of higher investment returns with the level of risk that is suitable for the circumstances of the plan. While this review process takes place at least annually, many of the portfolio adjustments take several years to implement.

TRAF last undertook a broad asset allocation study, commonly referred to as an asset liability modelling (ALM) study, in 2021. The study evaluated the expected long-term risk and return of the current portfolio and how that may impact the plan's funded status going forward. Consistent with our recent asset

allocation adjustments, the study pointed to better long-term risk-adjusted returns being achievable with an increase in the plan's allocations to certain private market asset classes, such as private debt, private equity, infrastructure and global real estate, offset by reductions in various types of fixed income. By the end of 2024, we neared our long-term target weights in several private market asset classes, while maintaining the sizable allocations in traditional liquid asset classes.

TRAF's investment strategy takes into account how we can effectively implement the plan's desired asset allocation. This involves finding the right balance between diversification, active portfolio management and investment costs. While not an exhaustive list, compared to individual investors and some other institutional investors, we believe TRAF has several comparative advantages in implementing its investment strategy:

- TRAF is focused on the pension promise to current and future generations of Manitoba teachers. As a result, we have a much longer investment horizon than most investors, allowing us to withstand short-term volatility and compound returns over long periods of time.
- Contributions into the plan from members and the Province of Manitoba are generally stable, allowing us to anticipate the plan's ongoing cash flows and undertake investments in less liquid private market asset classes. These investments account for over 40% of the plan's portfolio and have delivered higher returns than corresponding public market asset classes over the long term.
- As a top 50 pension plan in Canada by assets under management, we are generally able to use our size to negotiate favourable fee arrangements, as fees tend to decline with scale. In some cases, we have partnered with other like-minded investors to negotiate lower fees.
- We have the staff, governance processes and reputation to undertake co-investments with trusted partners on a low- or no-fee basis. Such co-investments currently account for approximately 7% of the plan's total assets.
- We can attract and retain dedicated staff with experience executing large, diversified, multi-asset class investment programs. In addition to our staff, we are able to leverage the hundreds of staff employed at the external investment managers we engage, who undertake investment opportunities on our behalf and play a key role in managing the investment and operational risks inherent in an investment program of our size and complexity.

INVESTMENT OBJECTIVES

The general investment objective is to obtain the highest rate of return that is consistent with the risk parameters set out in the SIP&P. For the year, the portfolio achieved a total return of 15.48% net of investment fees, compared to the benchmark return of 14.70%. This return is well above the plan's long-term discount rate of 5.75%, which resulted in an improved funded status for Account A and Account B. This was also the second-highest annual return in the plan's history, behind only the 16.62% return achieved in 2021.

Recognizing that investment returns may be volatile from year to year, the Board has established two longer-term return objectives, which assist members and stakeholders in evaluating our investment performance. We have set out below our results against these objectives for the period ended December 31, 2024.

1. Have the rolling five-year return exceed the benchmark return net of all investment-related fees and expenses.

Achieved. The 9.14% net return for the five-year period ended December 31, 2024, was above the benchmark return of 7.24%.

2. Have the rolling five-year return achieve the expected rate of return assumed in the most recent actuarial valuation of the fund net of all investment-related fees and expenses.

Achieved. The most recent actuarial valuation report of the fund was as at January 1, 2024, and the expected rate of return was assumed to be 5.75% net of investment-related fees and expenses. The net rate of return for the fund for the five-year period ended December 31, 2024, was 9.14%.

RESPONSIBLE INVESTING

As a fiduciary, TRAF is held to high standards of investment behaviour. Our investment beliefs are set out in the SIP&P and are further outlined in the plan's Responsible Investing policy, which is available on our website. While we do not exclude investments based on any single factor or circumstance, the policy specifically recognizes our belief that entities that are mindful of, and responsive to, environmental, social and governance (ESG) matters will generally perform better over the long term.

The Responsible Investing policy also outlines how TRAF integrates ESG factors into its investment activities, given the fact that TRAF does not typically invest in individual securities directly, but rather delegates these decisions to external investment managers. As explained in the policy, TRAF incorporates ESG factors in investment activities as follows:

- Assessing the ESG policies and procedures of our external investment managers
- Assessing and monitoring ESG risks with respect to co-investments
- Requiring our external investment managers to maintain documented procedures of their shareholder proxy voting practices
- Actively participating in various organizations that serve to promote the implementation of ESG principles

It is TRAF's belief that, through these efforts, we can use our position as a global investor to advance a more comprehensive consideration of ESG factors in investment decisions. While the application of ESG principles will vary depending on the situation, we are making progress in our efforts. This includes our partnership with organizations focused on ESG. For example, through our membership in the Canadian Coalition for Good Governance (CCGG), TRAF supported the recent engagement of 34 Canadian issuers, collectively representing \$600 billion in total market capitalization, including six first-time engagements.

INTERNAL INVESTMENT COMMITTEE

In order to administer TRAF's investment portfolio on an efficient and timely basis, the Board has delegated various matters to the Chief Executive Officer (CEO). The CEO has, in turn, established an Internal Investment Committee (Internal IC) to strengthen our internal processes for exercising delegated authority and certain other matters. Specifically, under its Terms of Reference, the Internal IC must approve various items, including:

- Recommendations to be presented to the statutory Investment Committee
- Investments to be made under delegated authority, including co-investments



TRAF became a member of the Canadian Coalition for Good Governance (CCGG) in 2009. CCGG promotes good governance practices, including the governance of environmental and social matters at Canadian public companies, and assists institutional investors in meeting their stewardship responsibilities. CCGG works towards the improvement of the regulatory environment to best align the interests of boards and management with those of their investors, and to increase the efficiency and effectiveness of the Canadian capital markets.



Pension Investment
Association of Canada
Association canadienne des
gestionnaires de caisses de retraite

TRAF became a founding member of the Pension Investment Association of Canada (PIAC) in 1977. Its mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries. In addition to member education, PIAC advocates on relevant regulatory and legislative issues in Canada, particularly around the fiduciary framework in which member funds operate and the commitment to act in the best interests of pension plan members.



The Institutional Limited Partners Association (ILPA) is a global organization composed of limited partner investors in private market funds. TRAF joined ILPA in 2006. ILPA focuses on advancing the interests of limited partners like TRAF through education, research and advocacy. Its advocacy efforts promote transparency, good governance and the alignment of interests between general partners and limited partners.

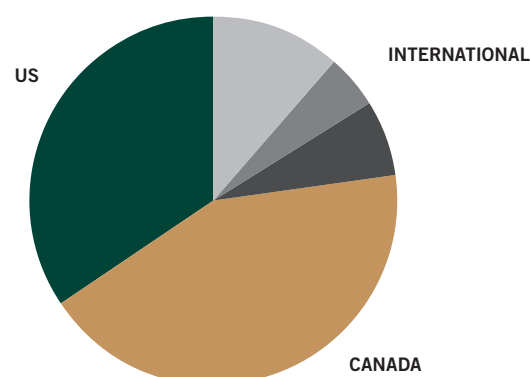
ASSET ALLOCATION AND BENCHMARKS

AS AT JANUARY 1, 2025		Target	Actual	
Asset Class	Benchmark	(%)	(%)	(\$ millions)
FIXED INCOME				
Cash & Short-Term	FTSE Canada 91-Day T-Bill Index	2.0	2.5	236.7 ¹
Universe Bonds	FTSE Canada Universe Bond Index	7.0	7.0	670.8
Long-Term Bonds	FTSE Canada Long-Term Overall Bond Index	8.0	7.0	669.2
Real Estate Debt	60% FTSE Canada Short-Term Bond Index and 40% FTSE Canada Mid-Term Bond Index +1%	8.0	7.9	755.5
Private Debt	Morningstar LSTA US Leveraged Loan 100 Index +2%	6.0	5.2	498.7
TOTAL FIXED INCOME		31.0	29.6	2,830.9
EQUITY				
Canadian	S&P/TSX 10% Capped Composite Index	7.0	6.8	652.3
Canadian Low Volatility	MSCI Canada Minimum Volatility Index	2.0	2.0	187.8
US	S&P 500	7.0	7.2	684.7
International	MSCI All Country World (ex US) Index	8.0	8.2	787.1
Global	MSCI All Country World Index	9.0	9.1	876.4
Global Low Volatility	MSCI All Country World Minimum Volatility Index	5.0	5.1	487.4
Private	MSCI World Index +2.5%	10.0	9.8	939.0
TOTAL EQUITY		48.0	48.2	4,614.7
REAL ESTATE				
Canadian	MSCI/REALPAC Canada Quarterly Property Fund Index	7.0	8.6	822.0
Global	NCREIF Fund Index – Open End Diversified Core Equity +2%	4.0	4.1	398.1
TOTAL REAL ESTATE		11.0	12.7	1,220.1
INFRASTRUCTURE				
Global	CPI +4%	10.0	9.5	905.1
TOTAL INFRASTRUCTURE		10.0	9.5	905.1
TOTAL PORTFOLIO		100.0	100.0	9,570.8

¹ Includes cash held by external investment managers. Cash available for disbursement was \$221.6 million.

GEOGRAPHIC DIVERSIFICATION

Region	Actual (%)
• CANADA	42.9
• US	34.3
INTERNATIONAL	22.8
• Europe	11.6
• Asia Pacific	4.7
• Emerging Markets	6.5
TOTAL	100.0



DETAILED PERFORMANCE

In determining the net returns presented below, all investment-related expenses, including investment manager fees directly attributable to each asset class, as well as a proportional allocation of staff salaries, benefits and other investment-related expenses and overhead, have been accounted for in determining the net returns presented.

ANNUALIZED PERFORMANCE SUMMARY¹

NET RETURNS (%)	1-Year	5-Year	10-Year	20-Year
TOTAL FUND	15.48	9.14	8.38	8.06
Benchmark	14.70	7.24	7.20	7.37
Value Added	0.78	1.90	1.18	0.69
FIXED INCOME	7.97	3.86	4.11	5.19
Benchmark	7.33	2.43	3.17	4.60
Value Added	0.64	1.43	0.94	0.59
Cash & Short-Term	4.78	2.47	1.80	1.93
Benchmark	4.92	2.48	1.71	1.82
Value Added	-0.14	-0.01	0.09	0.11
Universe Bonds	4.37	1.20	2.20	3.91
Benchmark	4.23	0.79	1.98	3.64
Value Added	0.14	0.41	0.22	0.27
Long-Term Bonds	1.52	-1.34	1.79	-
Benchmark	1.35	-1.49	1.79	-
Value Added	0.17	0.15	0.00	-
Real Estate Debt	7.89	5.32	4.78	5.34
Benchmark	6.29	2.42	2.59	4.03
Value Added	1.60	2.90	2.19	1.31
Private Debt	24.12	13.81	-	-
Benchmark	20.56	10.49	-	-
Value Added	3.56	3.32	-	-
PUBLIC EQUITY	27.75	13.06	10.61	-
Benchmark	24.08	10.70	9.70	-
Value Added	3.67	2.36	0.91	-
Canadian	22.69	11.40	8.47	8.12
Benchmark	21.65	11.08	8.65	8.12
Value Added	1.04	0.32	-0.18	-
Canadian Low Volatility	20.18	10.11	-	-
Benchmark	20.43	10.58	-	-
Value Added	-0.25	-0.47	-	-
US	36.32	15.84	13.90	11.06
Benchmark	36.36	17.41	15.58	11.47
Value Added	-0.04	-1.57	-1.68	-0.41
International	20.57	9.09	8.70	6.51
Benchmark	15.11	6.28	7.19	5.80
Value Added	5.46	2.81	1.51	0.71
Global	31.34	16.96	-	-
Benchmark	28.15	12.37	-	-
Value Added	3.19	4.59	-	-
Global Low Volatility	32.25	14.20	-	-
Benchmark	20.93	6.32	-	-
Value Added	11.32	7.88	-	-
PRIVATE EQUITY²	14.82	17.29	17.00	-
Benchmark	31.93	15.60	14.63	-
Value Added	-17.11	1.69	2.37	-
REAL ESTATE	2.84	5.29	6.64	9.20
Benchmark	2.86	3.93	5.65	8.38
Value Added	-0.02	1.36	0.99	0.82
Canadian	0.39	3.81	5.91	8.84
Benchmark	0.61	3.93	5.65	8.38
Value Added	-0.22	-0.12	0.26	0.46
Global	8.74	13.39	-	-
Benchmark	8.60	4.76	-	-
Value Added	0.14	8.63	-	-
INFRASTRUCTURE³	13.90	9.42	10.10	-
Benchmark	5.89	7.48	6.98	-
Value Added	8.01	1.94	3.12	-

¹ Benchmark return reflects the designated benchmarks used during the relevant time period.

² Prior to 2006, Private Equity returns were incorporated into Canadian Equity returns.

³ Prior to 2008, Infrastructure returns were incorporated into Private Equity returns.

INVESTMENT MANAGERS

	AMOUNT MANAGED	
	(\$ millions)	(%)
FIXED INCOME	2,830.9	29.6
Cash & Short Term¹	236.7	2.5
TD Asset Management	206.0	2.2
Other	30.7	0.3
Universe Bonds	670.8	7.0
TD Asset Management	368.2	3.8
RBC Global Asset Management	302.6	3.2
Long-Term Bonds	669.2	7.0
TD Asset Management ²	596.0	6.2
SLC Management	73.2	0.8
Real Estate Debt	755.5	7.9
TD Asset Management	617.9	6.4
Brookfield Asset Management	74.1	0.8
Blackstone	48.1	0.5
Other	15.4	0.2
Private Debt	498.7	5.2
Northleaf Capital Partners	187.1	1.9
Neuberger Berman	95.3	1.0
New Mountain Capital	91.9	1.0
Adams Street Partners	91.7	1.0
Other	32.7	0.3
PUBLIC EQUITY	3,675.7	38.4
Canadian	840.1	8.8
RBC Global Asset Management	371.7	3.9
Connor, Clark & Lunn	285.3	3.0
TD Asset Management ²	183.1	1.9
US	684.7	7.2
TD Asset Management ²	684.7	7.2
International	787.1	8.2
TD Asset Management ²	263.6	2.7
Arrowstreet Capital ³	255.0	2.7
Acadian Asset Management	154.5	1.6
Connor, Clark & Lunn	114.0	1.2
Global	1,363.8	14.2
Arrowstreet Capital ³	670.3	7.0
AQR Capital Management	327.6	3.4
Acadian Asset Management	184.4	1.9
JP Morgan Asset Management	181.5	1.9
PRIVATE EQUITY	939.0	9.8
Adams Street Partners	352.8	3.7
Brookfield Asset Management	146.0	1.5
Northleaf Capital Partners	114.1	1.2
Advent International	92.7	1.0
New Mountain Capital	87.7	0.9
Pantheon Global	66.8	0.7
Other	78.9	0.8
REAL ESTATE	1,220.1	12.7
Canadian	822.0	8.6
TD Asset Management	822.0	8.6
Global	398.1	4.1
Clarion Partners	125.5	1.3
PGIM Real Estate	120.8	1.2
Brookfield Asset Management	85.6	0.9
Greystar Real Estate Partners	49.4	0.5
Blackstone	16.8	0.2
INFRASTRUCTURE	905.1	9.5
Stonepeak Infrastructure Partners	234.7	2.5
Brookfield Asset Management	195.7	2.0
Macquarie Infrastructure and Real Assets	182.7	1.9
Kindle Capital Management	133.1	1.4
Global Infrastructure Partners	83.4	0.9
IFM Investors	53.6	0.6
Other	21.9	0.2
TOTAL FUND	9,570.8	100.0

¹ Includes cash held by external investment managers.

² Index mandate.

³ Extension strategies.

AQR Capital Management
\$327.6 (3.4%)

Northleaf Capital Partners
\$301.2 (3.1%)

Stonepeak Infrastructure Partners
\$234.7 (2.5%)

Macquarie Infrastructure and Real Assets
\$182.7 (1.9%)

JP Morgan Asset Management
\$181.5 (1.9%)

New Mountain Capital
\$179.6 (1.9%)

Kindle Capital Management
\$133.1 (1.4%)

Clarion Partners
\$125.5 (1.3%)

PGIM Real Estate
\$120.8 (1.2%)

Neuberger Berman
\$95.3 (1.0%)

Advent International
\$92.7 (1.0%)

Global Infrastructure Partners
\$83.4 (0.9%)

SLC Management
\$73.2 (0.8%)

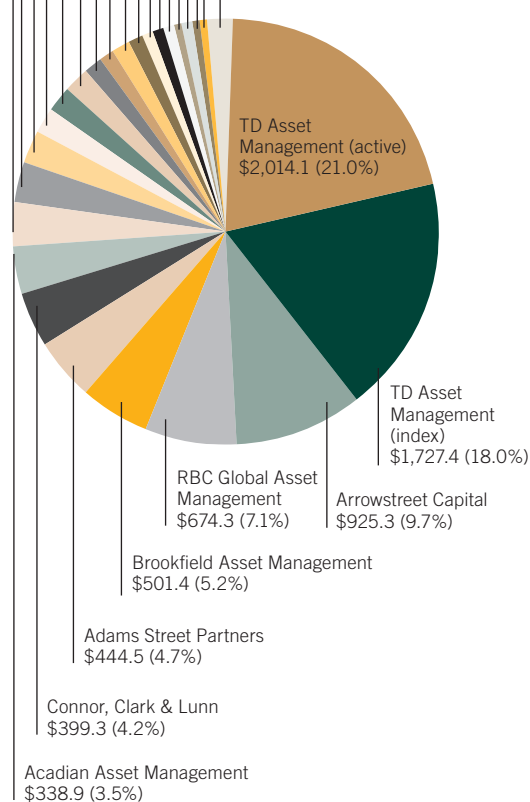
Pantheon Global
\$66.8 (0.7%)

Blackstone
\$64.9 (0.7%)

IFM Investors
\$53.6 (0.6%)

Greystar Real Estate Partners
\$49.4 (0.5%)

Other \$179.6 (1.8%)



ASSET CLASS COMMENTARIES

Fixed Income

Invested Amount	\$2.83 billion
Net Return	7.97%
Benchmark Return	7.33%
Value Added	0.64%
Number of Investment Managers	11

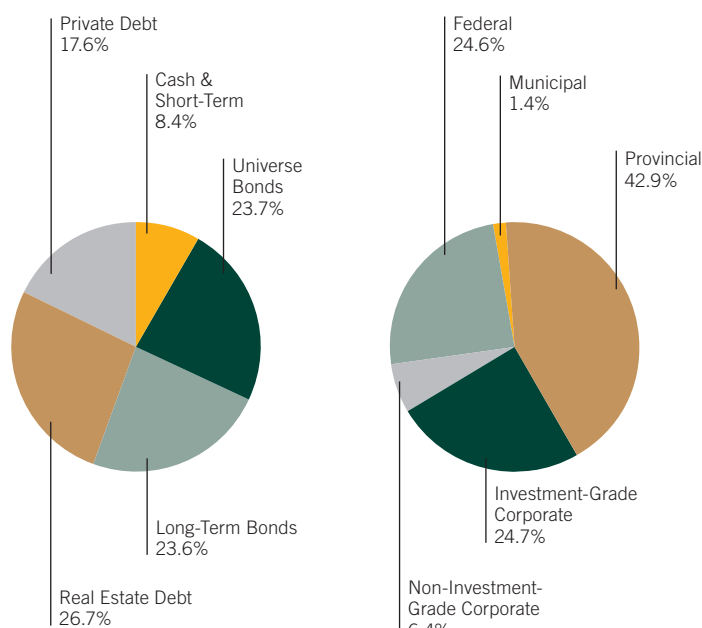
Our fixed income portfolio includes investments in cash and other short-term instruments, investment-grade public bonds, real estate debt and private debt. Fixed income is generally not expected to achieve a rate of return at or above the plan's discount rate. However, it does serve as an important source of liquidity and diversifies the risk of more economically sensitive asset classes. In times of market stress, we expect the portfolio's allocations to government and high-quality corporate bonds to provide more stable returns, allowing the plan to effectively re-balance into more severely impacted asset classes.

Fixed income markets delivered more normal returns in 2024 after experiencing higher volatility in the prior years. In 2023, most developed market central banks were ratcheting policy interest rates higher as they sought to tame high levels of

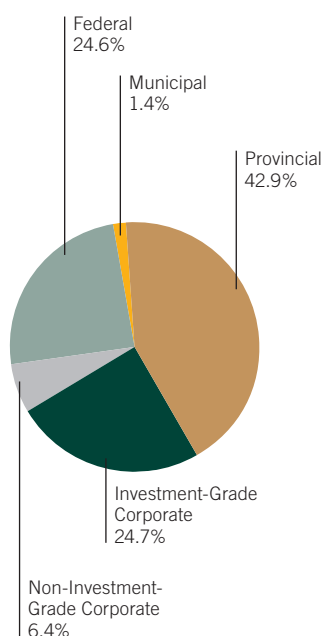
inflation. This year, as inflation showed signs that it had peaked, central banks lowered rates to combat weaker economic growth. Over the course of the year, the Bank of Canada policy rate declined from its high of 5.00% to reach 3.25% by December. With the drop in inflation, the Canadian yield curve, representing interest rates over different term periods, adjusted to a more normal shape, with stepwise higher rates for terms beyond two years. At the close of the year, the Bank of Canada signaled that it was poised to lower rates further, especially with the looming threat of tariffs from the US. For the year, the FTSE Canada Universe Bond Index, representing all investment-grade bonds issued in Canada, returned 4.23%. Longer-term bonds, which are more sensitive to interest rate movements, particularly a steepening yield curve as described above, returned 1.35% in 2024.

Over the course of the year, we conducted a review of our fixed income portfolio. The review generally affirmed the strategy and mandates we have in place for the portfolio. For our more liquid allocations to universe and long-term bonds, the review pointed to us increasing our allocations to more active, less constrained fixed income mandates. In private debt, the review confirmed that we have built a well-diversified and low-cost portfolio. As we move forward, we are looking for ways to further diversify the private debt portfolio. This may include a

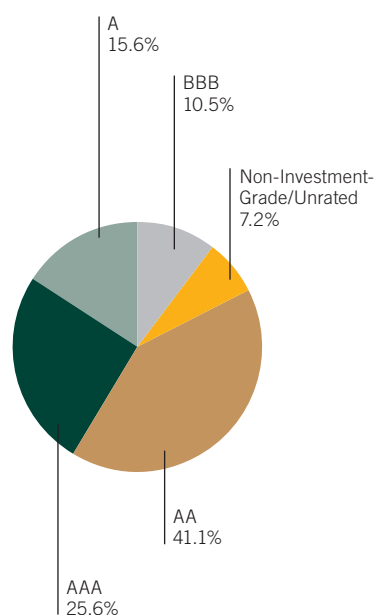
FIXED INCOME ASSET MIX



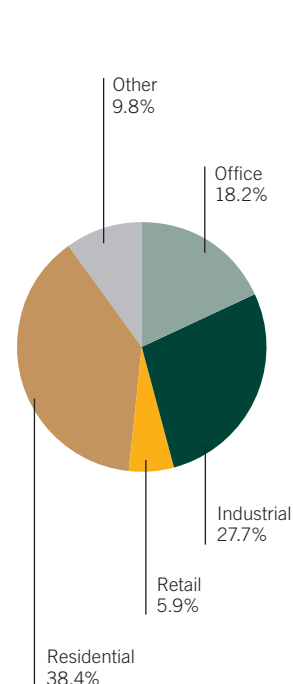
BONDS BY TYPE



BONDS BY RATING



REAL ESTATE DEBT BY SECTOR



variety of other strategies not necessarily involving loans to mid-sized private companies, but target similar levels of return. We think this will better protect the portfolio's value in the event of an economic downturn.

Our decision to methodically increase our allocation to private debt continued to prove successful. In 2024, private debt returned 24.12% and over the past five years, it is our best-performing fixed income sub-asset class with a return of 13.81%. Loans held in the portfolio carry floating interest rates and, therefore, the portfolio benefited by the generally high level of interest rates throughout the year. Returns were also elevated by the depreciation of the Canadian dollar. This added approximately 10% of the private debt total return for the year.

The real estate debt portfolio also contributed strongly to both absolute and relative returns. This portfolio primarily consists of short-term mortgages backed by Canadian commercial real estate. Owing largely to its higher income yield, the real estate debt portfolio earned a return of 7.89%, compared to

the benchmark return of 6.29%. The real estate debt portfolio also includes allocations to debt backed by non-Canadian real estate. Weakness in some US real estate markets, particularly select investments tied to the office sector, detracted from the portfolio's performance in the year on a local currency basis, but have been additive over longer periods. However, when converted to Canadian dollars the non-Canadian exposure in the portfolio positively impacted returns with the weakening of the Canadian dollar through the year.

Overall, our target fixed income allocation was increased slightly compared to the prior year to 31% of total plan assets. With the general increase in the level of interest rates since 2021, we took the opportunity to modestly increase our allocation to long bonds by another 1%. We are also in the process of shifting some exposure from real estate debt to private debt. This is based on a general view that private debt offers somewhat higher risk-adjusted returns than real estate debt.

The City of Lougheed is one of British Columbia's largest master-planned, mixed-use developments featuring housing and retail properties. TRAF has an interest in the City of Lougheed through the TD Greystone Real Estate Fund managed by TD Asset Management (TDAM). TDAM initially acquired the Lougheed Town Centre mall in 2010, later adding adjacent land formerly occupied by Sears in 2012. Given the strategic location and strong demographics in the Burnaby area of metro Vancouver, TD and its partners have since added multi-unit residential and retail space to the property.



Public Equity

Invested Amount	\$3.68 billion
Net Return	27.75%
Benchmark Return	24.08%
Value Added	3.67%
Number of Investment Managers	7

Public equities give investors a share of the long-term earnings as owners of a business. In 2024, much of the same factors that drove returns in the prior year persisted. This included sizeable gains for stocks tied to innovations in artificial intelligence. US stocks continued to be the primary beneficiaries of this trend. This was especially true for the small group of US stocks nicknamed the “Magnificent Seven.” These seven stocks accounted for nearly half of the 36.36% annual return for the S&P 500.

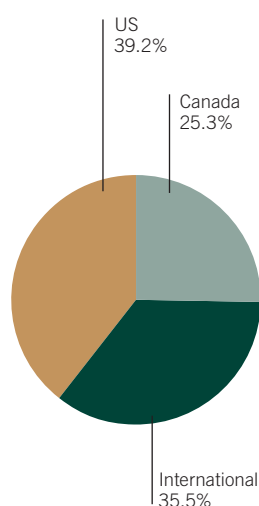
This strong performance contributed to a further concentration of the US market and other indices measuring public equities globally. By market capitalization, the Magnificent Seven account for approximately one-third of the S&P 500. US equities now account for 67% of the MSCI All-Country World Index, one of the broadest indices of public equities around the globe. This concentration continued to challenge active

management, as the forgone returns of holding less than market weight in these stocks severely impacted returns. At the same time, many active managers are constrained in their ability to overweight stocks with high index weights. Even modest overweights to each of the Magnificent Seven would result in a US equity portfolio weighted at nearly 50% to just seven stocks. This may be the reason why the median US large cap equity manager underperformed the S&P 500 by nearly 6% in the year.

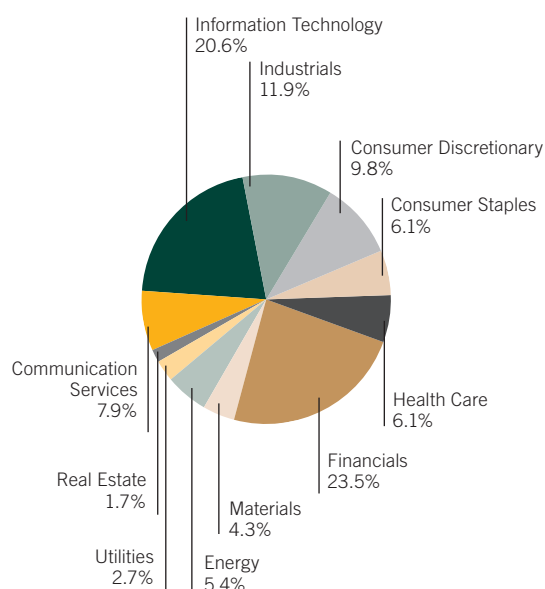
Throughout history, there have been several examples where high degrees of market concentration become unsustainable and future returns suffer. For Canadian investors, the most notable example was the sharp rise in Nortel at the turn of the century, to the point where it accounted for approximately one-third of the S&P/TSX Composite. With the burst of the internet bubble, Nortel represented less than 1% of the market only a few years later. This led to the creation of the S&P/TSX Capped Composite, which caps the weight of any single stock at 10%. TRAF adopted this benchmark in 2000 and it is now the standard benchmark used by most Canadian equity investors.

While we continue to monitor market concentration, we want to be mindful not to overreact. Unlike what was seen at the height of the internet bubble in 2000, most of the Magnificent

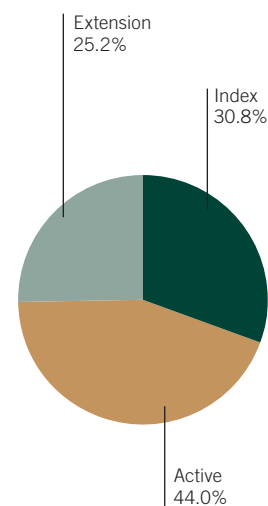
PUBLIC EQUITY BY REGION



PUBLIC EQUITY BY SECTOR



PUBLIC EQUITY BY INVESTMENT TYPE



Seven enjoy sizeable profit margins, healthy balance sheets and dominant market positions. Though these stocks in aggregate have led to meaningful market concentration, no single US company accounts for more than 10% of the S&P 500 or has risen to valuation levels seen with Nortel. And though the Magnificent Seven have benefited from the sentiment that has lifted artificial intelligence stocks, each company's primary business may be sufficiently different from each other such that their future returns do not move in unison.

In general, we do not want the performance of our portfolio to be impacted, positively or negatively, by our weight in a few stocks. We seek to be diversified and capture the full breadth of returns possible from investing in public equities. To help make sure this is the case, in the past few years, we have taken steps to improve the resiliency of the portfolio in the face of market concentration. First, we sought to improve the diversification of the portfolio by geography, sector, size and style factors. This has generally involved shifting assets towards public equity mandates that avoid or moderate a particular style bias. Second, we increased our use of active management in sub-asset classes where market concentration is less impactful and investment stock selection skill is more evident. For example,

we recently increased our allocation to global equities, the sub-asset class with the greatest breadth of stocks to choose from, through the funding of a new active mandate. Last, as we have discussed in prior years, we have added extension mandates, which give the manager more flexibility to express negative views on certain stocks through shorting, especially those with small weights in the index. We believe these actions have decreased the risk of underperformance from a handful of stocks over shorter periods of time.

Considering all of the above, our weight in the Magnificent Seven stocks was not significantly different from the weight represented in the composite of our benchmarks. In total, our average weight for the year in the Magnificent Seven was 9.25%, compared to their average weight of 9.75% in our benchmark. Although this underweight detracted approximately 0.12% from our relative returns for the year, this was more than made up by outperformance from other weighting and stock selection decisions such that our public equity portfolio outperformed its benchmark by 3.67% for the year. Over the past five years, we have added 2.36% in annualized returns above our benchmark.

Through an infrastructure fund managed by Brookfield Asset Management, TRAF indirectly owns a stake in 13 hydroelectric facilities, representing 90% of the installed hydro capacity in Alberta. The portfolio includes the 54-megawatt Ghost plant, originally constructed in 1929, which is located near Cochrane, Alberta.



Private Equity

Invested Amount	\$939 million
Net Return	14.82%
Benchmark Return	31.93%
Value Added	-17.11%
Number of Investment Managers	9

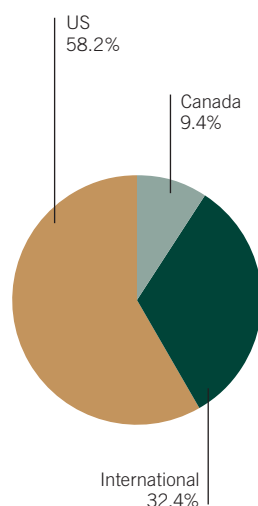
Across all asset classes, our private equity portfolio continued to have the most significant impact on our performance relative to the plan's benchmark. The private equity portfolio generated an annual return of 14.82% compared to our benchmark return of 31.93%. While the short-term performance is disappointing, we must also keep in mind the positive relative returns of 31.95% in 2021 and 16.66% in 2022, such that over the past five years the value added for private equity remains positive at 1.69%.

The degree of underperformance is not unique to TRAF. For the year, our performance landed near the median of our

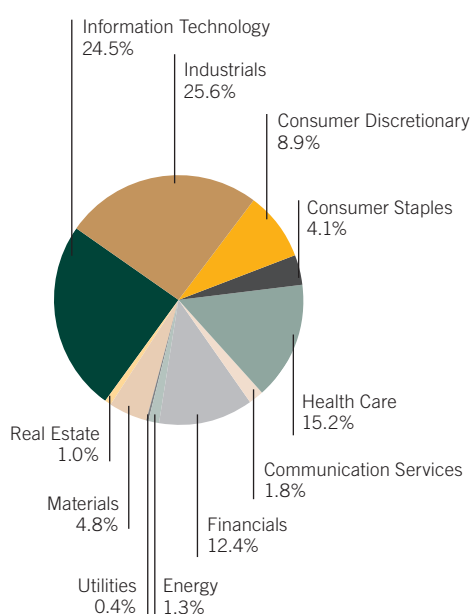
peers tracked by our performance measurement provider, BNY Mellon. Our underperformance is largely explained by the strong returns of our benchmark, the MSCI World Index plus 2.5%. Compared to our peer group, this benchmark would have ranked as the best-performing portfolio. This demonstrates the degree to which private equity returns may deviate from that of publicly listed stocks over the short term. As we have discussed in the past, our private equity returns are lagged by one quarter, as the valuations of our private equity holdings are not available until after quarter end. As a result, our portfolio will not fully reflect some of the gains seen in equities until the next quarter. As was the case in 2023, a sizable fourth quarter return of 6.71% for our benchmark generally contributed to the portfolio's underperformance.

In 2025, we are conducting a scheduled in-depth review of our private equity portfolio, including the mandate and strategy going forward. As part of this, we will be looking closer at the various sources of strength and weakness in the portfolio. Early results point to strong fundamentals for the companies in

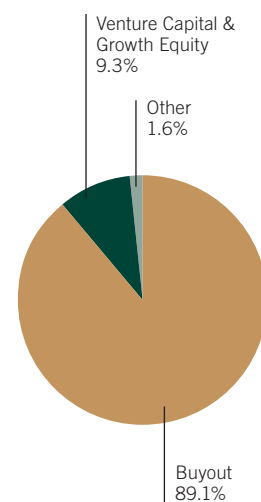
PRIVATE EQUITY BY REGION



PRIVATE EQUITY BY SECTOR



PRIVATE EQUITY BY INVESTMENT TYPE



which we are invested. For instance, we have observed superior earnings growth and better profit margins for companies held in our private equity portfolio compared to public equity markets. The difference in performance may, therefore, lie in how private businesses are valued compared to public markets. Over the past year, the enterprise value to operating earnings of the MSCI World has expanded, while it remained fairly steady for newly acquired private companies. This gap tends to close when private equity-owned businesses are sold. However, private equity deal activity has been down in the years since the most recent high in 2021.

Slower deal activity and elevated interest rates were two reasons why we expressed some caution with go-forward returns in last year's annual report. In 2024, though deal activity did not return

to the levels seen in 2021, there was a sequential pick-up in activity compared to the prior year. This may have reflected the relatively strong level of economic growth, particularly in the US, and the easing of interest rates. That being said, equity investors generally dislike uncertainty. With the threat of trade wars on the horizon, deal activity may remain challenged for a period of time. It is important to note that we do not attempt to time these market cycles. We seek to maintain exposure in line with our long-term targets, which if held over the long term, we expect to achieve the level of return represented by the plan's discount rate and composite of benchmarks. Our private equity weight remains near its 10% long-term target and we intend to maintain this level of exposure until such time as we make a strategic decision to adjust the weight.

River Landing is a recently developed mixed-use site in downtown Saskatoon. Through our investment in the TD Greystone Real Estate Fund, TRAF indirectly owns an interest in River Landing. Located in Saskatoon's downtown business district, the property was developed into nearly 400,000 square feet of Class A office space, certified as LEED Gold in recognition of sustainability features that were incorporated into its design, construction and operation.



Canadian Real Estate

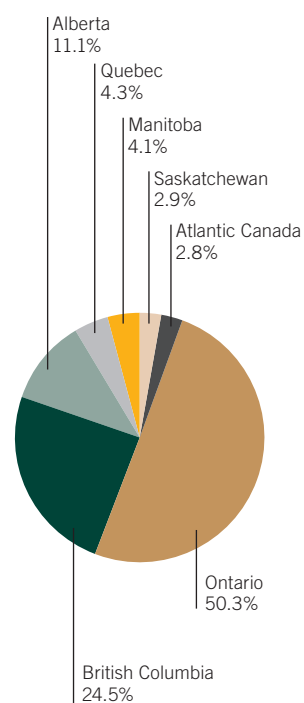
Invested Amount	\$822 million
Net Return	0.39%
Benchmark Return	0.61%
Value Added	-0.22%
Number of Investment Managers	1

TRAF's real estate portfolio is split into two sub-asset classes – Canadian real estate and global real estate. The Canadian portfolio returned 0.39% in 2024, slightly below the benchmark return of 0.61%. In general, cap rates for Canadian real estate were modestly higher in 2024, resulting in subdued capital growth for the market.

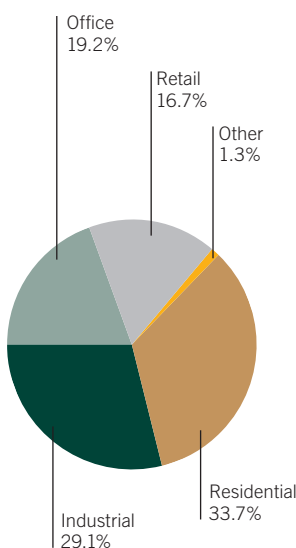
As we have highlighted in the past, the office sector, which represents approximately 24% of the market, was the most significant drag on real estate returns. Throughout 2024, office property valuations continued to adjust to lower demand for space since the onset of the COVID-19 pandemic. On an aggregate basis, office properties included in our benchmark, the MSCI/REALPAC Canada Quarterly Property Fund Index, delivered an unlevered total annual return of -2.63%. This decline was mostly offset by positive absolute returns from the retail, industrial and multi-family residential sectors.

We have managed the turmoil in the office sector through a combination of allocation and investment manager decisions. In Canada, we primarily invest through a broadly diversified

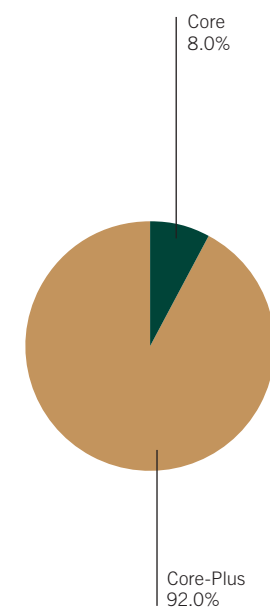
CANADIAN REAL ESTATE BY REGION



CANADIAN REAL ESTATE BY SECTOR



CANADIAN REAL ESTATE BY INVESTMENT TYPE



real estate fund, the TD Greystone Real Estate Fund. Though weaker in 2024, over the past five years, office properties held in the TD fund have outperformed office investments of other similarly diversified real estate funds. In the Canadian portfolio, we also hold a select number of real estate investments on a direct basis, alongside TD, none of which are in the office sector. This lowers our relative weight to the sector. In total, these direct real estate investments represent 8% of the Canadian real estate portfolio and due to a combination of property type and location, have significantly outperformed our benchmark.

Cologix is a leading data centre platform, strategically located at the nexus of physical fiber networks that carry data traffic between and within continents, including a presence in Toronto, Montreal and Vancouver. TRAF co-invested in Cologix alongside Stonepeak Infrastructure Partners.



Global Real Estate

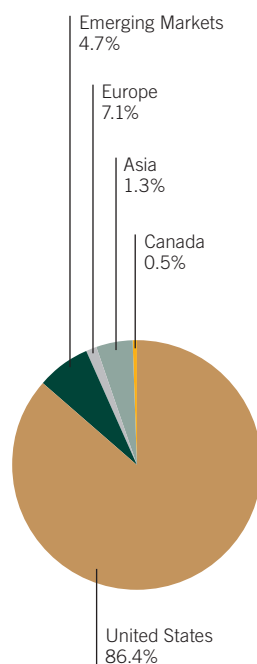
Invested Amount	\$398 million
Net Return	8.74%
Benchmark Return	8.60%
Value Added	0.14%
Number of Investment Managers	5

The global real estate portfolio returned 8.74% in 2024, above the benchmark return of 8.60%. Similar to the real estate environment in Canada, real estate returns remained below long-term averages in markets outside of the country, as decreases in market valuations offset much of the income generated from the portfolio. Our strong absolute return in global real estate was primarily due to the exposure to US dollar-denominated investments on an unhedged basis.

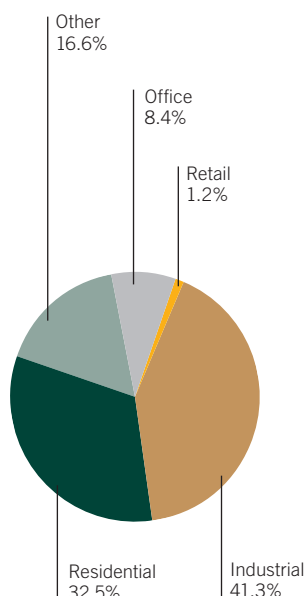
Returns for the office sector were worse in the US than Canada, with an unlevered return of -7.24% for the year on a

local currency basis, according to NCREIF. As we built out a global real estate portfolio, beginning in 2017, we purposefully targeted a lower than market weight in office in order to increase our weight in other sectors with better long-term risk-adjusted returns. Our global real estate portfolio has an 8% allocation to office properties compared to the 16% weight in our benchmark, the NFI-ODCE. Some of this underweight is attributable to our allocation to sector-specific funds, like the Clarion Lion Industrial Trust, which invests in warehouses and other logistics-oriented properties in the industrial sector. In other cases, we have committed to funds with broad mandates that have selectively pursued lower allocations to office properties. On an aggregate basis, though our returns were in line with benchmark in 2024, over the past five years, these allocation and manager selection decisions have resulted in annualized outperformance of 8.63% compared to our global real estate benchmark.

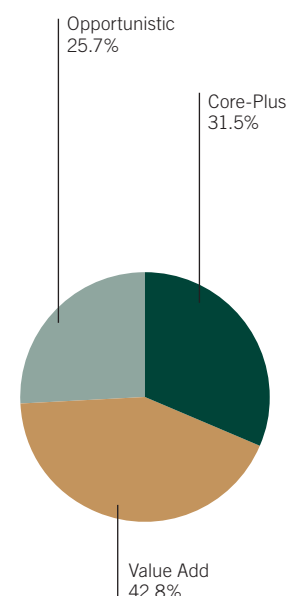
GLOBAL REAL ESTATE BY REGION



GLOBAL REAL ESTATE BY SECTOR



GLOBAL REAL ESTATE BY INVESTMENT TYPE



Infrastructure

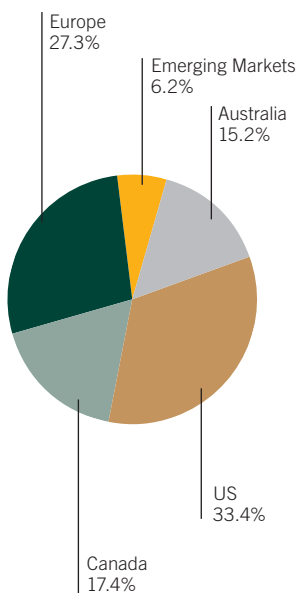
Invested Amount	\$905 million
Net Return	13.90%
Benchmark Return	5.89%
Value Added	8.01%
Number of Investment Managers	7

Our infrastructure portfolio delivered a strong absolute return of 13.90%, outperforming our benchmark by 8.01%. The outperformance was driven by a few factors. Similar to 2023, currency exposure had a strong influence on the relative return. Our portfolio is diversified by geography, currency and sector. In most cases, we are achieving this level of diversification by accessing funds with a mandate to invest globally. However, these funds typically operate with the US dollar or the Euro as their base currency. In fact, 85% of the portfolio is currently denominated in foreign currencies. Our Canadian dollar exposure has been mostly achieved through co-investments. The Canadian dollar depreciated by approximately 8% against the US dollar and 2% against the Euro during the year, which provided a tailwind to our returns. The infrastructure portfolio also benefited from the maturation of some of our older commitments. This included sales of a few portfolio investments to public market

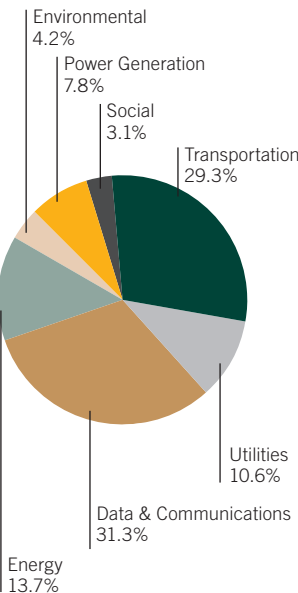
companies at valuations meaningfully above the prior carrying value. In one fund in particular, we saw a significant increase in the valuation of certain data centre assets. This was the direct result of increased demand resulting from artificial intelligence applications. Data centres now represent approximately 15% of the infrastructure portfolio, with diversified exposure across Canada, the US, Europe, Latin America and Asia.

Last year, we discussed our efforts to further diversify our infrastructure portfolio to include smaller infrastructure companies. Our first step in this process included a commitment to CVC DIF, a Netherlands-based infrastructure manager that invests globally, including investments in Canada. This commitment has performed well to date and has resulted in one co-investment during the year on a reduced fee basis. We co-invested alongside CVC DIF Capital in Hi-SERV, a market leader in aviation ground service equipment leasing, maintenance and repair services across 30 airports in Europe. Hi-SERV is one of 24 currently active co-investments, representing 41% of the infrastructure portfolio. Co-investing allows us to better manage the overall composition of the portfolio. For instance, over half of our 17% exposure to Canadian infrastructure assets is a result of our co-investments. This compares to estimates that Canada comprises 3% of the global infrastructure market.

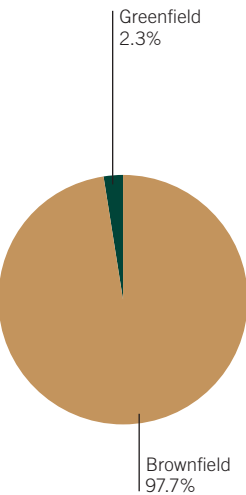
INFRASTRUCTURE BY REGION



INFRASTRUCTURE BY SECTOR



INFRASTRUCTURE BY INVESTMENT TYPE

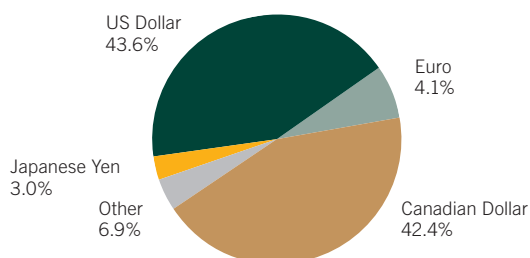


FOREIGN CURRENCY

After considering the relevant factors, including the plan's long investment horizon and desire for diversification, TRAF has adopted a policy not to hedge the foreign currency exposure related to its holdings.

At the end of 2024, approximately \$5.5 billion (57.6%) of the plan's total holdings were denominated in a currency other than the Canadian dollar.

CURRENCY EXPOSURE



SECURITIES LENDING

TRAF has a securities lending program administered by our custodian, CIBC Mellon Global Securities Services. Under the program, we lend securities to borrowers approved by the custodian. The loans are secured by either cash or marketable securities. In 2024, TRAF earned approximately \$0.7 million from the program. Investment income attributable to the securities lending program is included in the total fund return and not netted against investment expenses.

RISK MANAGEMENT

Not all defined benefit pension plans are alike in their ability to tolerate risk. As a mature plan, with the ratio of active-to-retired members approximately 1 to 1, TRAF's risk tolerance is generally lower than "younger" plans, where contribution rate increases would have more of an impact on the long-term funded status. As a result, our portfolio is generally structured to achieve returns with less volatility than many other defined benefit pension plans.

One of the primary strategies to reduce risk in our investment portfolio is maintaining an adequate level of diversification. TRAF's portfolio is diversified by asset class (and sectors within each asset class), geography, currency, style of investment management, investment manager and individual securities. In addition, to the extent reasonably possible, private debt, private equity, real estate and infrastructure fund commitments are diversified by vintage year.

At the investment manager level, TD Asset Management continues to have the largest total allocation from TRAF, actively managing \$2.0 billion (21.1% of our total portfolio) at the end of 2024. A further \$1.7 billion (18.0% of our total portfolio) is held in passive mandates managed by TD Asset Management.

Our largest single company exposure at the end of 2024 was NVIDIA, with a total value of \$97 million. TRAF's largest co-investment is in Antares, a leading lender to middle-market companies, primarily in the US. Given the nature of this business, it is held as part of our private debt allocation. At the end of 2024, our holding in Antares was valued at \$178 million. TRAF's largest real estate holding is Glenwood Industrial Estates, an industrial property located in Burnaby, British Columbia. Our partial interest in this property was valued at \$48 million at the end of 2024, representing 3.9% of our total real estate holdings. Our largest holding in the infrastructure asset class continues to be the 407 ETR, a toll road located north of Toronto, Ontario. At December 31, 2024, TRAF's exposure to this asset was \$79 million.

We regularly monitor the plan's liquidity risk, specifically the balance between the plan's inflows and outflows of cash. On a monthly basis, TRAF receives pension contributions from members and the Province of Manitoba. Cash is also received on a periodic basis as our investments distribute income and, in the case of closed-end funds, we generally receive proceeds of disposition when investments are sold. Cash outflows happen on a periodic basis as pensions are paid and capital commitments for private market investments are drawn.

Given the maturity of the plan, more cash typically comes out of the plan in any given month than is received, such that TRAF must maintain adequate cash and other liquid investments. At the same time, given that pension payments are our primary cash outflows and are known with a degree of certainty in advance, TRAF is able to invest a meaningful amount of the portfolio in less-liquid investments, such as private debt, private equity, real estate and infrastructure, which are expected to earn strong risk-adjusted returns over the long term.

We continue to place an emphasis on assessing the operational risk associated with our external investment managers. We have focused on operational risk assessments for several years with such assessments forming a part of each investment recommendation brought forward to the Internal Investment Committee. We also undertake periodic operational assessments on all of our key existing relationships.

Portfolio Summary

ALL MARKET VALUES ARE IN \$THOUSANDS AND INCLUDE CO-INVESTMENTS AS APPLICABLE

FIXED INCOME

CASH & SHORT-TERM

MANAGER	MARKET VALUE	%
TD Asset Management	205,943.6	87.0
Other ¹	30,735.8	13.0
	236,679.4	100.0

¹ Includes cash held by external investment managers.

TYPE	%
Treasury Bills	14
Corporate	76
Provincial	0
Cash	10
	100

UNIVERSE BONDS

MANAGER	MARKET VALUE	%
TD Asset Management	368,207.7	54.9
RBC Global Asset Management	302,603.2	45.1
	670,810.9	100.0

TYPE	%
Federal	32
Provincial	31
Corporate	30
Municipal	0
Other	7
	100

LONG-TERM BONDS

MANAGER	MARKET VALUE	%
TD Asset Management	595,987.9	89.1
SLC Management	73,198.6	10.9
	669,186.5	100.0

TYPE	%
Federal	16
Provincial	52
Corporate	29
Municipal	3
	100

REAL ESTATE DEBT

MANAGER	MARKET VALUE	%
TD Asset Management	617,860.5	81.8
Brookfield Asset Management	74,134.2	9.8
Blackstone	48,128.2	6.4
Barings LLC	15,344.0	2.0
	755,466.9	100.0

REGION	%
Canada	89
US	8
Other	3
	100

SECTOR	%
Industrial	28
Office	18
Residential	38
Retail	6
Other	10
	100

PRIVATE DEBT

MANAGER	MARKET VALUE	%
Northleaf Capital Partners	187,115.7	37.5
Neuberger Berman	95,298.5	19.1
New Mountain Capital	91,889.1	18.4
Adams Street Partners	91,684.1	18.4
Penfund	32,759.7	6.6
	498,747.1	100.0

REGION	%
Canada	3
US	92
Europe	5
	100

INVESTMENT STRUCTURE	%
Fund	61
Direct (including Co-Investments)	39
	100

PUBLIC EQUITY

CANADIAN EQUITY

MANAGER	MARKET VALUE	%
RBC Global Asset Management	371,730.6	44.2
Connor, Clark & Lunn	285,320.1	34.0
TD Asset Management	183,084.2	21.8
	840,134.9	100.0
<hr/>		
SECTOR		%
Consumer Discretionary		3
Consumer Staples		6
Energy		13
Financials		33
Health Care		0
Industrials		16
Information Technology		9
Materials		11
Real Estate		2
Telecommunication Services		3
Utilities		4
		100

US EQUITY

MANAGER	MARKET VALUE	%
TD Asset Management	684,681.9	100.0
	684,681.9	100.0
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SECTOR		%
Consumer Discretionary		11
Consumer Staples		6
Energy		3
Financials		14
Health Care		10
Industrials		8
Information Technology		33
Materials		2
Real Estate		2
Telecommunication Services		9
Utilities		2
		100

PUBLIC EQUITY

INTERNATIONAL EQUITY

MANAGER	MARKET VALUE	%
TD Asset Management	263,580.5	33.5
Arrowstreet Capital	255,021.2	32.4
Acadian Asset Management	154,452.4	19.6
Connor, Clark & Lunn	114,046.8	14.5
	787,100.9	100.0

REGION	%
Europe (except UK)	34
UK	8
Asia Pacific (except Japan)	10
Japan	14
Emerging Markets	34
	100

SECTOR	%
Consumer Discretionary	13
Consumer Staples	5
Energy	3
Financials	25
Health Care	6
Industrials	15
Information Technology	17
Materials	4
Real Estate	2
Telecommunication Services	8
Utilities	2
	100

GLOBAL EQUITY

MANAGER	MARKET VALUE	%
Arrowstreet Capital	670,265.5	49.2
AQR Capital Management	327,561.7	24.0
Acadian Asset Management	184,436.8	13.5
JP Morgan Asset Management	181,507.8	13.3
	1,363,771.8	100.0

REGION	%
Canada	4
US	56
Europe (except UK)	14
UK	2
Asia Pacific (except Japan)	4
Japan	5
Emerging Markets	15
	100

SECTOR	%
Consumer Discretionary	11
Consumer Staples	7
Energy	3
Financials	22
Health Care	8
Industrials	10
Information Technology	24
Materials	2
Real Estate	1
Telecommunication Services	10
Utilities	2
	100

PRIVATE EQUITY

MANAGER	MARKET VALUE	%
Adams Street Partners	352,837.4	37.6
Brookfield Asset Management	145,960.3	15.5
Northleaf Capital Partners	114,119.5	12.2
Advent International	92,656.3	9.9
New Mountain Capital	87,727.2	9.3
Pantheon	66,821.6	7.1
TorQuest Partners	34,775.3	3.7
Clayton Dubilier & Rice	20,347.0	2.2
Oakley Capital	17,934.3	1.9
Other	5,766.7	0.6
	938,945.6	100.0

REGION	%
Canada	9
US	58
Europe	23
Emerging Markets	7
Other	3
	100

SECTOR	%
Consumer Discretionary	9
Consumer Staples	4
Energy	1
Financials	12
Health Care	15
Industrials	26
Information Technology	25
Materials	5
Real Estate	1
Telecommunication Services	2
Utilities	0
	100

INVESTMENT TYPE	%
Buyout	89
Venture Capital & Growth Equity	9
Other	2
	100

INVESTMENT STRUCTURE	%
Fund-of-Funds	43
Fund	50
Direct (including Co-Investments)	7
	100

CANADIAN REAL ESTATE

MANAGER	MARKET VALUE	%
TD Asset Management	822,048.6	100.0
	822,048.6	100.0

REGION	%
Ontario	50
British Columbia	25
Alberta	11
Quebec	4
Manitoba	4
Saskatchewan	3
Atlantic Canada	3
	100

SECTOR	%
Industrial	29
Office	19
Residential	34
Retail	17
Other	1
	100

INVESTMENT TYPE	%
Core	8
Core-Plus	92
	100

INVESTMENT STRUCTURE	%
Fund	92
Direct (including Co-Investments)	8
	100

PORTFOLIO LOAN-TO-VALUE RATIO	32.0%
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GLOBAL REAL ESTATE

MANAGER	MARKET VALUE	%
Clarion Partners	125,505.7	31.5
PGIM Real Estate	120,817.8	30.4
Brookfield Asset Management	85,624.7	21.5
Greystar Real Estate Partners	49,331.6	12.4
Blackstone	16,803.1	4.2
	398,082.9	100.0
REGION		%
Canada		1
US		86
Europe		7
Asia		1
Emerging Markets		5
		100
SECTOR		%
Industrial		41
Office		8
Residential		33
Retail		1
Other		17
		100
INVESTMENT TYPE		%
Core		0
Core-Plus		31
Value Add		43
Opportunistic		26
		100
INVESTMENT STRUCTURE		%
Fund		100
Direct (including Co-Investments)		0
		100
PORTFOLIO LOAN-TO-VALUE RATIO		45.4%

INFRASTRUCTURE

MANAGER	MARKET VALUE	%
Stonepeak Infrastructure Partners	234,709.1	25.9
Brookfield Asset Management	195,739.4	21.7
Macquarie Infrastructure and Real Assets	182,684.8	20.2
Kindle Capital Management	133,100.4	14.7
Global Infrastructure Partners	83,437.5	9.2
IFM Investors	53,603.9	5.9
DIF Capital Partners	21,840.8	2.3
	905,115.8	100.0
REGION		%
Canada		18
US		34
Europe		27
Australia		15
Emerging Markets		6
		100
SECTOR		%
Data & Communications		31
Energy		14
Environmental		4
Power Generation		8
Social		3
Transportation		29
Utilities		11
		100
INVESTMENT TYPE		%
Brownfield		98
Greenfield		2
		100
INVESTMENT STRUCTURE		%
Fund		59
Direct (including Co-Investments)		41
		100
PORTFOLIO LOAN-TO-VALUE RATIO		37.6%

Expenses

An important responsibility of the Board is to approve the annual budget for the operating and capital expenses that are expected to be incurred in the administration of the plan. In reviewing and approving the budget, the Board needs to ensure that the plan is both authorizing an adequate amount of resources to fund the plan's administrative and investment activities and also receiving value for such resources.

In order to measure our cost efficiency, all expenses incurred are allocated between those related to administrative activities and those related to investment activities. We then calculate our administrative cost per member and investment costs per \$100 of assets and compare these two industry metrics to our peers.

ADMINISTRATIVE EXPENSES

Our objective is to deliver a reasonable level of service on a cost-effective basis. All expenses are managed with regard to the Board-approved budget, which sets the expenditures required to achieve our objectives.

The table below sets out our administrative-related expenses for 2024, with data from 2023 provided for comparison. The expenses include the amortization of capitalized items. As in prior years, we have excluded the pension interest expense as it is generally offset by investment earnings on funds TRAF has set aside to support the pension amounts to be paid to TRAF employees in the future.

TRAF's administrative expenses increased in 2024 by \$1.35 million (26.2%) as compared to 2023. The increase is primarily due to salaries and benefits associated with the establishment of a pension operations function, as well as administrative costs associated with certain cybersecurity initiatives.

As TRAF had a total of 33,724 active and retired members at the end of 2024, the administrative cost per member was \$193, which represents a \$38 (24.5%) increase from the 2023 amount of \$155 per member. Please refer to the "20-Year Data Summary" section of this report for information on our administrative cost per member since 2005.

ADMINISTRATIVE EXPENSE SUMMARY

(\$ thousands)			Change	
	2024	2023	\$	%
Salaries and Benefits	\$ 4,658	\$ 3,923	735	18.7
Office and Administration	2,294	1,646	648	39.4
Actuarial Fees	163	251	(88)	(35.1)
Audit Fees	29	29	0	0.0
Custody and Banking	20	19	1	5.3
Communications	113	59	54	91.5
Travel	23	30	(7)	(23.3)
Professional Fees	56	12	44	366.7
Board and Committees	65	58	7	12.1
Pension Interest Expense	(573)	(546)	(27)	4.9
Recoveries	(335)	(319)	(16)	5.0
Total	\$ 6,513	\$ 5,162	\$ 1,351	26.2%
Administrative Cost per Member	\$ 193	\$ 155	\$ 38	24.5%

INVESTMENT EXPENSES

Our direct investment-related expenses for 2024 are set out in the table below, together with those of 2023 for comparison purposes.

Investment manager fees presented in the table are those paid directly to investment managers (i.e., fees that are charged outside of an investment account, fund, partnership or similar vehicle) for each asset class. Base fees and performance fees are shown separately.

To determine our direct expenses per \$100 of invested assets, the total investment-related expenses are divided by TRAF's average amount of invested assets throughout the year. Based on this methodology, our direct investment-related expenses in 2024 were 46 basis points, or \$0.46 per \$100 of invested assets.

The expense summary excludes certain indirect investment manager fees (both base fees and performance fees) and operating expenses indirectly incurred by TRAF within various investment vehicles in which we have invested. However, all such fees and expenses have been accounted for in determining the net investment returns presented in this report. For 2023, which is the most recent year for which such data is available, our total investment expenses, direct and indirect, were estimated by CEM Benchmarking Inc. (CEM) to be approximately \$0.74 per \$100 of assets (i.e., 74 basis points).

CEM is an independent organization that provides investment cost benchmarking for over 400 pension plans located in various countries, which are responsible for managing in excess of \$10 trillion in investment assets.

DIRECT INVESTMENT EXPENSE SUMMARY¹

(\$ thousands)			Change	
	2024	2023	\$	%
Investment Manager Base Fees	\$ 13,675	\$ 13,379	296	2.2
Investment Manager Performance Fees	21,120	11,935	9,185	77.0
Salaries and Benefits	4,103	3,868	235	6.1
Office and Administration	1,004	849	155	18.3
Actuarial Fees	28	48	(20)	(41.7)
Audit Fees	44	43	1	2.3
Custody and Banking	535	530	5	0.9
Communications	30	26	4	15.4
Travel	28	26	2	7.7
Professional Fees	129	127	2	1.6
Board and Committees	71	227	(156)	(68.7)
Portfolio Oversight ²	948	1,197	(249)	(20.8)
Pension Interest Expense	(47)	(41)	(6)	14.6
Total	\$ 41,668	\$ 32,214	\$ 9,454	29.3%
Direct Investment Costs per \$100 of Assets	\$ 0.46	\$ 0.39	\$ 0.07	17.9%

¹ Does not include indirect costs incurred by TRAF within various investment vehicles in which we have invested. In 2023, these indirect costs were approximately \$0.35 per \$100 of assets. Data for 2024 was not available at the time of this report.

² Includes items such as consulting fees for strategic initiatives at the overall portfolio level and due diligence activities in respect of sourcing new and monitoring existing investment managers.

HISTORICAL INVESTMENT EXPENSES

The chart below provides a 20-year summary of our investment expenses. The CEM data for 2024 is not available until after the publication deadline for our annual report. Accordingly, the historical summary covers years 2004 to 2023 inclusive.

The direct investment expenses (with the highly variable direct performance fees presented separately) are based on our annual audited financial statements with one adjustment. The pension interest expense is excluded from direct investment expenses as this expense is generally offset by investment earnings on funds that TRAF has set aside to support the pension payments to be paid to TRAF employees in the future.

Performance fees are those paid directly by TRAF (and not indirectly charged inside of an investment account, fund, partnership or other similar vehicle).

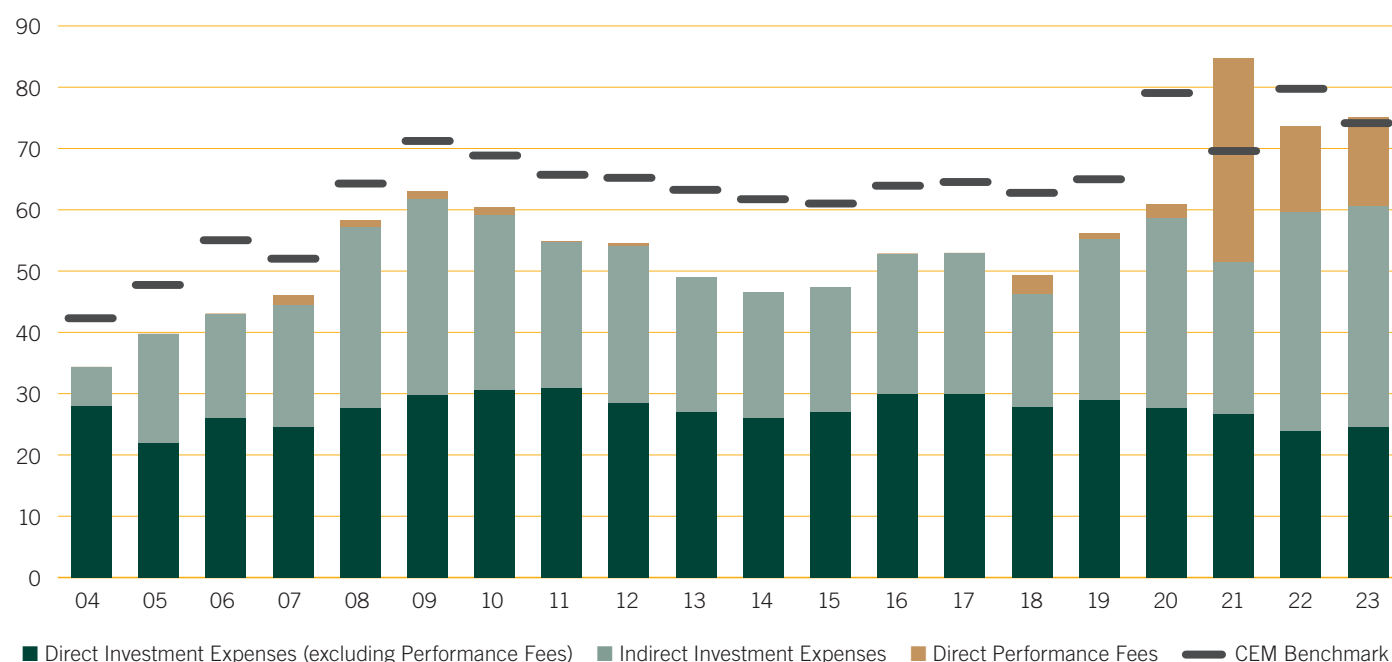
The total investment expenses are based on the calculation methodology used by CEM during the relevant year, which includes all direct and indirect investment expenses (including direct performance fees) but excludes indirect performance fees on private market assets (private debt, private equity, real estate and infrastructure).

Indirect performance fees are commonly part of the fee arrangement for such asset classes and are contingent on these investments achieving pre-defined performance thresholds. As previously described, indirect performance fees are factored into our calculation of net investment returns by asset class. However, private market performance fees are not determined under CEM's standardized investment cost calculation methodology.

The level of investment expenses, as a percentage of total assets (in basis points) will vary from year to year. Many of our investments, particularly in public equity and public fixed income, are managed under fee arrangements where the cost in basis points declines as asset levels increase. Thus, investment expenses generally decline in basis points as our total assets under management increases. While this is generally true, in private markets, such as real estate debt, private debt, private equity, real estate and infrastructure, the level of investment expenses may depend on where a particular investment is in its lifecycle. In these asset classes, we are often investing through funds where fees may be based on committed capital in the initial years, before switching to contributed or invested capital after a period of time. Therefore, if our assets are increasing in private markets, often based on our decision to increase the

HISTORICAL INVESTMENT EXPENSES¹

(basis points)



¹ The CEM data for 2024 is not available until after the publication deadline for our annual report. Accordingly, the historical summary covers years 2004 to 2023 inclusive.

targeted allocation to these asset classes, we may see investment expenses rise for a period of time. The opposite may also be true if we are decreasing our weight. Private markets also tend to carry higher fees than public markets, which can impact our investment expenses at a point in time.

In addition, the level of investment expenses may increase or decrease depending on our chosen implementation approach. In public equities and fixed income, we may implement our exposure to these asset class through passively managed strategies, which are designed to replicate the return of a particular index, typically the benchmark we use for that asset class, at a relatively low cost. This implementation approach can be preferable in asset classes where we believe the risk of underperformance outweighs the likelihood of generating excess returns, net of fees. In some asset classes, we undertake direct or co-investments alongside knowledgeable partners, on a low- or no-fee basis, as a means of managing our costs with the goal of improving net of fee returns.

As the level of investment expenses depends on numerous factors, it can be difficult to compare TRAF's level of expenses in a given year to those of prior years and to the level of expenses incurred by our peers. To aid in any comparison, CEM calculates a benchmark cost for TRAF each year. This benchmark takes into account our total assets, asset allocation and implementation approach. To estimate the benchmark cost, CEM calculates the costs incurred by similarly sized peers for each asset class, taking into account the common implementation approach, and then weights the median peer cost by our asset allocation at that time. This allows us to assess whether there may be opportunities to lower our investment expenses aside from factors beyond our control, such as the level of our total assets.

There are a few noticeable trends with respect to investment expenses over the past 20 years. First, from 2004 until 2009, there was an increase in indirect investment expenses from six basis points to 32 basis points. This primarily reflects the

increase in our targeted allocation to private equity, from 3% of total assets to 8%. Private equity generally carries the highest indirect investment expenses of all private market asset classes. As a percentage of total assets, indirect investment expenses subsequently declined to 18 basis points in 2018. This reflects the fact that fees on private equity investments are generally higher in the early stages of their deployment. As our private equity commitments matured and we adjusted that portfolio's composition toward lower fee-bearing strategies, these indirect expenses declined as a percentage of total assets. Since that time, our indirect investment expenses increased to 35 basis points in 2023. This coincided with an increase in our targeted allocations to private market assets from 35% in 2018 to 48% in 2023.

From time to time, we have also incurred direct performance fees on public equities. Since 2018, we have increasingly structured our public equity investment manager fee arrangements to incorporate performance fees. Under these fee arrangements, we incur below-market fees if the investment manager fails to achieve excess returns to a prescribed benchmark, net of base management fees. When net excess returns are achieved, we share a portion of the net excess return with the investment manager. We believe this type of arrangement reduces the impact of fees when performance is weak and further incentivizes our investment managers to achieve net excess returns over time. At the start of 2021, approximately 36% of our total public equity portfolio was managed under such performance fee arrangements, compared to approximately 11% at the start of 2018. Direct performance fees notably increased in 2021, 2022 and 2023. In these years, the public equity portfolio meaningfully outperformed its benchmark, resulting in larger performance fee amounts as a percentage of total assets. The outperformance of the public equity portfolio is one of the reasons why the total fund outperformed its benchmark by 3.31% annualized on a net of fee basis over this three-year period.

CAPITALIZED EXPENSES

To the extent that TRAF incurs a third-party expenditure in respect of an item that will provide a benefit over five or more years, such expenditure will generally be capitalized and amortized on a straight-line basis over the estimated useful life of the item purchased as follows:

Category	Amortization Period
Computer Equipment	5 years
Office Equipment	10 years
Pension Administration System (including Online Services)	20 years
Leasehold Improvements	20 years

The annual amortization amount is included as an administrative or investment expense, depending on the nature of the expense and our allocation policy.

Details on our capitalized expenditures for 2024 are set out in the table below, together with those of 2023 for comparison. Please refer to the “20-Year Data Summary” section of this report for information on our capitalized expenses since 2005.

The largest capital investment over the past two years related to the pension administration system (including Online Services). Of the \$1,549,000 incurred over the 2023 to 2024 time period, substantially all of such amount related to the implementation of multi-factor authentication and other cybersecurity enhancements.

CAPITALIZED EXPENSE SUMMARY

(\$ thousands)	2024	2023
Computer Equipment	\$ 146	\$ 209
Office Equipment	28	4
Pension Administration System (including Online Services) ¹	555	994
Leasehold Improvements	46	53
Total	\$ 775	\$ 1,260

¹ Includes various cybersecurity initiatives.

Compensation

BOARD AND COMMITTEE MEMBERS

Board members are appointed by the Lieutenant Governor in Council and are compensated for attendance at Board and committee meetings. Board members, other than the Chair, are also entitled to compensation for each day spent on TRAF business or at an approved conference or training event. The current rate is \$200 per day or part day, with a limit of two days of preparation time for Board and committee meetings. The Board Chair receives a fixed amount per month.

In addition to Board members, the Investment Committee and the Audit and Risk Committee have non-Board members appointed by the Board. The compensation of such members is in the form of a fixed annual retainer in an amount set by the Board. *The Teachers' Pensions Act* (TPA) appoints the Deputy Minister of Finance (or designate) as a member of the Investment Committee without compensation.

The table below presents the Board and committee member compensation for 2024.

Name	Position(s) ¹	Compensation
Bryton Moen	Board Chair Human Resources Committee Member Governance Committee Member (Ex-officio) Audit and Risk Committee Member (Ex-officio)	\$ 20,000
Nathan Martindale	Board Vice Chair Governance Committee Chair	5,400
Glen Anderson	Board Member Human Resources Committee Chair Investment Committee Member	2,200
Myrna Wiebe	Board Member Investment Committee Chair Governance Committee Member	5,200
Brenda Tobac	Board Member Audit and Risk Committee Chair ² Governance Committee Member	6,200
Nike Bello	Board Member Audit and Risk Committee Member	6,200
Lillian Klausen	Board Member Human Resources Committee Member	6,800
David Najduch	Board Member Audit and Risk Committee Member	4,200
James Bedford	Board Member Audit and Risk Committee Chair ²	2,800
Silvester Komlodi	Investment Committee Member	n/a
Shiu-Yik Au	Investment Committee Member	6,000
Debbie Rehn Doyle	Investment Committee Member	6,000
Lauren Tolton	Audit and Risk Committee Member	6,000
Total		\$ 77,000

¹ The persons indicated served in these roles for all or a portion of the 2024 calendar year.

² Brenda Tobac ceased as the Audit and Risk Committee Chair on June 17, 2024. James Bedford was appointed Audit and Risk Committee Chair on June 17, 2024.

MANAGEMENT & SENIOR INVESTMENT PERSONNEL

Background

Given the nature of the organization, TRAF is more likely to achieve its goals if it can attract, retain and motivate talented individuals to undertake the strategic initiatives and investment management activities that the organization has identified as being in the best long-term interests of the plan.

One of the primary tools to secure the required talent is a competitive compensation model. Effective January 1, 2016, the Board, in conjunction with the services of Global Governance Advisors (GGA), an independent compensation consulting firm, modified the compensation program by introducing incentive-based awards for management, senior investment professionals and other eligible employees as determined by the President & Chief Executive Officer (CEO).

In addition to competitive base salaries, the program consists of variable compensation in the form of annual short-term incentive plan (STIP) awards and, in the case of investment professionals and others who contribute to the investment program, long-term incentive plan (LTIP) awards. In addition, each TRAF employee is entitled to a comprehensive benefits package including, without limitation, participation in a defined benefit pension plan, health care, dental coverage, vision coverage, health spending account, group life insurance, long-term disability insurance and participation in an employee assistance program. The objective of the program is to arrive at a total compensation level for each employee that is fair and reasonable in the circumstances.

Governance

While the Board remains ultimately responsible for compensation matters, it has delegated the administration of the incentive compensation program to the Human Resources Committee (HRC). The HRC is also responsible for the structuring of CEO compensation. Compensation decisions for all other employees have been delegated by the Board to the CEO. While the HRC makes recommendations, all compensation amounts payable to the CEO require Board approval. The HRC also works directly with the CEO on broader human resource issues such as succession planning.

The HRC consists of three members of the Board, one of whom is designated as Chair. There are no external members on the HRC. To assist it in fulfilling its fiduciary duties, the HRC has the ability to engage compensation consultants or other experts.

Risk Management

One purpose of the incentive compensation program is to align the execution of the investment program with TRAF's investment objectives as set out in the Statement of Investment Policies & Procedures (SIP&P), which is approved by the Board on an annual basis. The primary objective of the SIP&P is to ensure that the plan's assets are invested in a prudent and effective manner that is aligned with the long-term objectives of the plan. In addition, the SIP&P establishes the investment risk appetite and provides specific controls and parameters for the execution of the investment program. TRAF's investment program must be administered in compliance with the SIP&P and in the best interests of the plan. The risk appetite or tolerance of the plan shall not be impacted or modified due to the availability of incentive compensation. The incentive compensation program is available on a discretionary basis and may be suspended or modified at the discretion of the Board.

Independent Review

The HRC facilitated an independent review of the incentive compensation program in 2023 by GGA. The review involved benchmarking TRAF's program against 14 pension plans of similar size and structure. In addition to comparing the features and metrics used in TRAF's program to those of the peer group, GGA also benchmarked the compensation structure and amounts for the CEO. GGA concluded that the overall design of TRAF's incentive compensation program was in general alignment with those of its peers. Notwithstanding this conclusion, some minor adjustments were made effective January 1, 2025. The primary adjustment was adding a "net excess return" test, which will prevent any incentive compensation from being paid in respect of a multi-year measurement period if the plan does not achieve a positive net excess return during such period on an annualized basis. As part of the 2023 review, the HRC also concluded that the realized outcomes for the CEO were reasonable based on the market survey.

Under its Term of Reference, the HRC will conduct the next review of the incentive compensation program no later than in 2027.

INCENTIVE COMPENSATION PROGRAM

Incentive compensation is based on the achievement of well-defined, pre-determined and documented targets. To the extent that incentive compensation awards are based, in whole or in part, on investment performance, the total portfolio return, net of all investment-related fees and expenses, is used. The term ‘net excess return’ is the amount, expressed in basis points (bps), by which TRAF’s net total portfolio return exceeds the return of the total portfolio benchmark established in the SIP&P.

Year-end fair values for illiquid investments such as private debt, private equity, real estate and infrastructure are used to calculate TRAF’s net excess return. This differs from the returns presented in the “Investments” section of this report, which, due to the timing of available data at year end, use roll-forward estimates in accordance with TRAF’s Investment Asset Valuation Handbook.

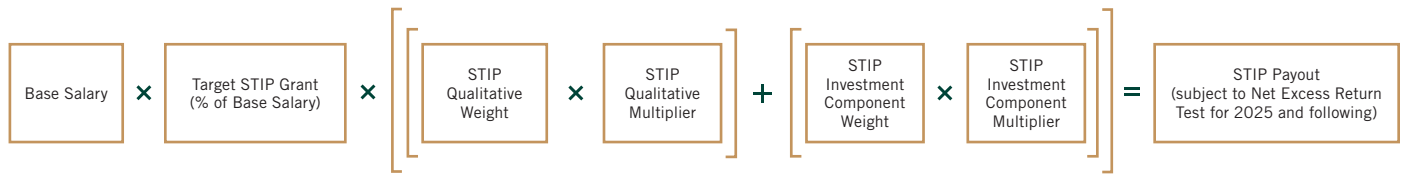
The annual net excess return target at the total plan level is 45 bps. At this level, 100% of the target award is earned. For 2024, 45 bps of net return over the benchmark would have equated to approximately \$39 million in additional net assets. Participants can earn 200% of their target award if the annual net excess return reaches 75 bps (approximately \$64 million in additional net assets) and 300% of their target award if 100 bps of net excess return (approximately \$86 million in additional net assets) is achieved. Performance in between any two such targets is interpolated to arrive at the applicable percentage. There is no award for net excess returns at or below 0 bps and there is no incremental award for net excess returns above 100 bps in any calendar year. Over the first eight years of the program (2016 to 2023 inclusive), the average annual multiplier has been 117.5%.

Incentive awards are subject to vesting provisions. To be eligible for a STIP award, the employee must be employed on December 31 of the relevant year. Since the results of investment decisions are often not evident for a number of years, LTIP awards are subject to a four-year vesting period. Employees who leave employment with TRAF for any reason on or before December 31 of the last year of the relevant measurement period, other than a bona fide retirement, shall forfeit any entitlement to an LTIP award.

In some cases, there is an overall maximum cap on incentive compensation for a participant, expressed as a percentage of base salary. While the exact nature and amount of any such maximum cap will depend on the circumstances, a cap will be higher than the sum of the target STIP and target LTIP amounts but generally lower than the sum of the maximum STIP and maximum LTIP amounts.

INVESTMENT PERFORMANCE TARGETS	
Net Excess Return (bps)	Multiplier
0	0%
45	100%
75	200%
100	300%

SHORT-TERM INCENTIVE PLAN (STIP)



STIP award targets are based on a defined percentage of base salary. The percentage generally increases with the seniority of the position, and for 2024, the target STIP grant ranged from 2.5% to 40% of base salary.

STIP awards are allocated between two components. The first component relates to pre-determined goals and objectives other than those related to investment performance. This is referred to as the qualitative component. The second component captures investment performance. The allocation depends on the nature of the position, with the investment performance component ranging from 0% for certain participants (generally those that are not directly involved in the investment program) to 75% for investment professionals. The STIP qualitative weight and the STIP investment component weight must add to 100% for each participant.

The qualitative component is based on personal goals and objectives that are set in advance of the relevant year. As part of the annual performance review process, a multiplier of 0% to 200% is applied based on an overall rating assigned to each participant. The STIP qualitative multiplier table below illustrates the rating and multiplier structure. Performance in between any two targets is interpolated to arrive at the applicable percentage.

STIP QUALITATIVE MULTIPLIER

Individual Rating (0 to 4 scale)	Multiplier
Below Expectations (rating of 2 or less)	0%
Meeting Expectations (rating of 3)	100%
Exceeding Expectations (rating of 4)	200%

The investment component is based on a combination of the one-year net excess return (25% weight) and trailing four-year net excess returns (75% weight). The four-year portion is based on the simple average of the applicable relative performance multiplier (from 0% to 300%) for each year of the measurement period.

While the STIP formula places a meaningful weight on the current year, it has a multi-year component to smooth annual payouts and align them with TRAF's long-term objectives. STIP amounts are paid in the year following that in which they are earned. The STIP payments made in 2024 were based on base salaries as of January 1, 2023, and TRAF's net total portfolio performance for the years 2020 to 2023 inclusive.

Excluding certain transitional provisions for new participants, the STIP investment performance multiplier over the past four years has ranged from 63.8% to 187.5%, with the average being 137.8% of target.

For measurement periods commencing on January 1, 2025, or later, the investment component of STIP payouts will also be subject to a net excess return test, which will prevent any incentive compensation from being paid in respect of a multi-year measurement period if the plan does not achieve a positive net excess return during such period on an annualized basis.

LONG-TERM INCENTIVE PLAN (LTIP)



LTIP award targets are based on a defined percentage of base salary. The percentage generally increases with the seniority of the position, and for 2024, the target LTIP grant ranged from 10% to 45% of base salary.

LTIP awards are based exclusively on investment performance over a four-year period, adjusted by both a relative performance multiplier (from 0% to 300%) and an absolute performance multiplier (from 0% to 100%).

The relative performance multiplier is based on the simple average of the applicable multiplier for each of the four years comprising the measurement period. Accordingly, the LTIP places equal weight on each of the four years in the measurement period. Over the first five years of LTIP payouts (2020 to 2024 inclusive), the relative performance multiplier has ranged from 85% to 150% of target, with the average being 124% of target.

The absolute performance multiplier serves to reduce an LTIP payout if, during the measurement period, TRAF did not achieve a net return equal to or greater than the plan’s actuarial discount rate calculated on an annualized basis. If the net return is negative, all LTIP amounts are forfeited. A net return between 0% and the actuarial discount rate is interpolated to arrive at the applicable percentage. Accordingly, if TRAF earns an annualized net return of 4.5% during a measurement period, but the corresponding discount rate was 6.0%, each LTIP payment will be reduced by 25%. As TRAF has exceeded the discount rate during each four-year measurement period since the program was launched in 2016, the absolute performance multiplier has been 100% for each measurement period.

LTIP ABSOLUTE PERFORMANCE MULTIPLIER	
Net Return (bps)	Multiplier
Negative	0%
Actuarial Rate (or greater)	100%

- In summary, for an LTIP grant to result in a payout, the participant must meet the vesting rules and TRAF must:
- earn a positive net excess return in one or more of the four years in the measurement period; and
 - achieve a positive net return over the measurement period on an annualized basis (regardless of the benchmark return).

LTIP amounts are paid in the year following that in which they are earned. The LTIP payments made in 2024 were based on base salaries as of January 1, 2020, and TRAF’s net total portfolio performance for the years 2020 to 2023 inclusive.

For measurement periods commencing on January 1, 2025, or later, LTIP payouts will also be subject to a net excess return test, which will prevent any incentive compensation from being paid in respect of a multi-year measurement period if the plan does not achieve a positive net excess return during such period on an annualized basis.

LTIP CYCLE TIMELINE

2020	2021	2022	2023	2024	2025	2026	2027	2028
Grant				Vest	Payout			
	Grant			Vest	Payout			
		Grant			Vest	Payout		
			Grant			Vest	Payout	
				Grant			Vest	Payout

COMPENSATION TABLE

The table below presents the base salary, STIP amount, LTIP amount and other forms of cash compensation, either paid or deferred, for each member of management in respect of the years noted (other than amounts related to the return credited in respect of deferred compensation, which is separately disclosed).

Name and Principal Position(s)	Year	Base Salary	STIP	LTIP	Total
Jeff Norton	2024	\$ 412,538	\$ 251,159	\$ 258,188	\$ 921,885
President & Chief Executive Officer	2023	400,522	302,366	258,188	961,076
	2022	388,856	296,438	258,188	943,482
Graeme Hay	2024	\$ 292,577	\$ 99,653	\$ 80,572	\$ 472,801
Chief Investment Officer	2023	246,380	129,612	76,191	452,183
	2022	225,892	105,892	72,563	404,347
David Asselstine	2024	\$ 269,632	\$ 26,265	\$ n/a	\$ 295,897
Executive Vice President	2023	261,779	n/a	n/a	261,779
Chief Risk Officer	2022	254,154	n/a	n/a	254,154
Brad Prokop	2024	\$ 232,008	\$ 51,500	\$ n/a	\$ 283,508
Chief Operating Officer	2023	205,317	39,000	n/a	244,317
	2022	194,353	37,040	n/a	231,393
Kaely Zettel	2024	\$ 209,980	\$ 38,908	\$ 53,952	\$ 302,840
General Counsel & Corporate Secretary	2023	193,897	37,775	53,550	285,222
Privacy Officer	2022	188,249	37,034	52,500	277,783
Jeremy Tataryn	2024	\$ 177,178	\$ 33,018	\$ n/a	\$ 210,196
Vice President, Finance	2023	168,280	30,600	n/a	198,880
	2022	152,493	30,000	n/a	182,493
Jennifer Ryan	2024	\$ 129,224	\$ 17,768	\$ n/a	\$ 146,991
Vice President, Communications	2023	120,549	9,255	n/a	129,804
& Human Resources	2022	110,018	n/a	n/a	110,018

PENSION PLAN

TRAF employees are members of the pension plan established under *The Civil Service Superannuation Act* (CSSA). The plan is a defined benefit pension plan that provides a lifetime pension calculated using pensionable salary which, in the case of TRAF, is base salary only (STIP and LTIP amounts are not pensionable) and years of pensionable service. When an employee's five-year average base salary for pension purposes exceeds the maximum salary for which a pension benefit can be earned under the *Income Tax Act* (ITA), an additional unregistered pension benefit is payable under the CSSA. As such, there is no limit to the base salary on which a pension benefit is earned by a TRAF employee. Pension contributions must be made on salary up to (but only up to) the maximum contribution limit permitted under the ITA. For 2024, this equated to a base salary of \$266,756. Pursuant to the ITA, contributions are not permitted on salary above this amount.

DEFERRED COMPENSATION

Employees may elect to defer the receipt of incentive compensation as permitted under the ITA. For those employees who elect to participate in the deferral program, the deferred amount will increase or decrease in value over the deferral period based on TRAF's total net rate of return. This increases the alignment between TRAF and the participants. The table below provides a summary for each member of management who has voluntarily elected to participate in the deferred compensation program. All payments, including any increase in value based on the net rate of return, are treated as employment income in the year of payment.

Name	Year	Opening Balance	Amount Deferred	Total	Return Credited	Payments	Ending Balance
Jeff Norton	2024	\$ 1,221,839	\$ 509,347	\$ 1,731,186	\$ 267,988	\$ 677,477	\$ 1,321,696
	2023	909,310	560,554	1,469,864	122,587	370,612	1,221,839
	2022	736,997	554,626	1,291,623	(5,425)	376,888	909,310
David Asselstine	2024	\$ –	\$ 26,265	\$ 26,265	\$ 4,066	\$ –	\$ 30,331

THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

TRAF is subject to *The Public Sector Compensation Disclosure Act* (PSCDA). The PSCDA requires disclosure of annual compensation amounts paid to each employee who receives \$85,000 or more in a calendar year. This disclosure for calendar year 2019 and following is available on TRAF's website. The amounts in the compensation table in our annual report will be different because, in the annual report, we disclose amounts earned in the year, regardless of whether such amounts are paid or deferred. This is the protocol that was adopted when TRAF commenced voluntary disclosure of management compensation in the 2007 Annual Report. The legal requirement for disclosures under the PSCDA requires deferred amounts to be disclosed based on the year in which they are paid, and also requires TRAF to include the return credited (positive or negative) on such amounts during the deferral period. In the annual report, the amount of return earned on deferred amounts each year (positive or negative) is separately disclosed in the table above. The return amount, while received by the employee and recorded by TRAF as compensation, is generally offset by investment earnings retained by TRAF (positive or negative) on the deferred amount.



20-Year Data Summary

AS AT DECEMBER 31 UNLESS OTHERWISE NOTED; NUMBERS MAY NOT ADD DUE TO ROUNDING

FINANCIAL DATA (\$ millions)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Account A										
Increase in Assets										
Member Contributions	57.9	65.1	65.6	67.4	70.0	74.4	75.3	81.1	89.4	96.2
Provincial Contributions	113.2	124.6	129.0	134.9	141.3	147.1	157.1	161.4	167.7	175.8
Other Contributions (e.g., reciprocal transfers)	0.8	2.5	1.8	2.2	1.4	2.0	3.6	3.3	4.8	4.7
Total	171.9	192.2	196.4	204.5	212.7	223.5	236.0	245.8	261.9	276.7
Decrease in Assets										
Pension Payments	212.0	227.1	242.0	258.1	272.1	285.3	300.1	315.0	327.8	341.3
Other Payments (e.g., refunds, reciprocal transfers)	14.3	23.9	16.9	13.2	14.5	11.6	18.5	12.0	14.5	17.0
Administrative Expenses	4.0	3.9	3.2	3.2	3.4	3.8	3.8	3.8	3.4	3.9
Total	230.3	254.9	262.1	274.5	290.0	300.7	322.4	330.8	345.7	362.2
Net Increase (Decrease) before Investment Income	(58.4)	(62.7)	(65.7)	(70.0)	(77.3)	(77.2)	(86.4)	(85.0)	(83.8)	(85.5)
Investment Income ¹	317.9	360.3	134.0	(326.1)	267.9	255.2	87.7	255.4	393.2	341.8
Total Net Increase (Decrease)	259.5	297.6	68.3	(396.1)	190.6	178.0	1.3	170.4	309.4	256.3
Account B										
Increase in Assets										
Provincial Contributions ²	161.6	174.2	1,660.2	58.5	69.8	74.1	73.7	77.4	85.9	95.4
Total	161.6	174.2	1,660.2	58.5	69.8	74.1	73.7	77.4	85.9	95.4
Decrease in Assets										
Transfers to Account A	113.2	124.6	129.0	134.9	141.3	147.1	157.1	161.4	167.7	175.8
Total	113.2	124.6	129.0	134.9	141.3	147.1	157.1	161.4	167.7	175.8
Net Increase (Decrease) before Investment Income	48.4	49.6	1,531.2	(76.4)	(71.5)	(73.0)	(83.4)	(84.0)	(81.8)	(80.4)
Investment Income ¹	26.9	39.5	40.0	(218.6)	133.0	172.5	51.8	148.8	239.8	201.4
Total Net Increase (Decrease)	75.3	89.1	1,571.2	(295.0)	61.5	99.5	(31.6)	64.8	158.0	121.0
Net Assets Available for Benefits										
Account A	2,448.8	2,746.4	2,814.8	2,418.7	2,609.3	2,787.3	2,788.6	2,958.9	3,268.4	3,524.7
Account B ³	226.6	315.7	1,886.9	1,591.9	1,653.4	1,752.9	1,721.3	1,786.1	1,944.1	2,065.1
Total	2,675.4	3,062.1	4,701.7	4,010.6	4,262.7	4,540.2	4,509.9	4,745.0	5,212.5	5,589.8

¹ Net of investment management fees.

² Contributions made by the Province of Manitoba from general reserves.

³ Assumes amounts formerly held in the Province of Manitoba Trust Account (PMTA) formed part of the assets of Account B. PMTA assets were transferred to Account B and the PMTA ceased to exist effective December 15, 2018. In 2018, the assets available for benefits in Account B included a reduction of \$18.1 million to reflect the amount owed by Account B to Account A.

MEMBERSHIP DATA

Membership										
Active Members ¹	14,975	14,983	14,987	15,122	15,055	15,155	15,215	15,403	15,679	15,706
Retired Members	10,134	10,663	11,139	11,603	11,950	12,415	12,813	13,149	13,504	13,852
Deferred Members	7,417	6,259	6,019	6,283	6,523	6,478	6,898	6,996	6,953	7,048
Total	32,526	31,905	32,145	33,008	33,528	34,048	34,926	35,548	36,136	36,606
Active to Retired Ratio	1.5:1	1.4:1	1.3:1	1.3:1	1.3:1	1.2:1	1.2:1	1.2:1	1.2:1	1.1:1
New Retired Members										
From Active Member Status	529	543	516	492	379	507	434	413	417	449
From Deferred Member Status	150	130	109	133	113	106	108	84	104	97
Total	679	673	625	625	492	613	542	497	521	546
New Active Members	897	910	826	964	833	852	850	888	928	810
Disabled Members	549	607	561	582	592	562	547	521	528	538
Member Deaths										
Active and Deferred Members	26	53	61	24	49	73	48	23	21	12
Retired Members	206	225	244	250	240	299	313	309	208	258
Total	232	278	305	274	289	372	361	332	229	270

¹ Data prior to 2009 as of July 31.

FINANCIAL DATA (\$ millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Account A										
Increase in Assets										
Member Contributions	106.6	117.1	117.9	120.9	120.4	121.5	136.2	133.0	133.5	148.6
Provincial Contributions	185.0	190.3	202.1	207.6	221.4	227.8	238.1	246.9	256.4	266.0
Other Contributions (e.g., reciprocal transfers)	3.8	3.6	3.3	6.4	3.8	3.9	4.2	4.9	4.6	2.5
Total	295.4	311.0	323.3	334.9	345.6	353.2	378.5	384.8	394.5	417.1
Decrease in Assets										
Pension Payments	355.2	371.5	388.6	406.8	425.3	443.7	461.3	481.3	502.4	522.2
Other Payments (e.g., refunds, reciprocal transfers)	19.2	15.3	20.2	17.6	24.1	17.1	21.8	20.2	18.1	13.5
Administrative Expenses	4.1	4.2	4.5	5.0	5.4	5.0	5.2	5.8	6.0	7.4
Total	378.5	391.0	413.3	429.4	454.8	465.8	488.3	507.3	526.5	543.1
Net Increase (Decrease) before Investment Income	(83.1)	(80.0)	(90.0)	(94.5)	(109.2)	(112.6)	(109.8)	(122.5)	(132.0)	(126.0)
Investment Income ¹	280.4	260.7	341.3	116.2	478.1	357.4	764.5	(87.2)	472.5	801.4
Total Net Increase (Decrease)	197.3	180.7	251.3	21.7	368.9	244.8	654.7	(209.7)	340.5	675.4
Account B										
Increase in Assets										
Provincial Contributions ²	202.2	113.0	115.2	118.9	119.4	120.4	131.9	132.8	181.9	139.9
Total	202.2	113.0	115.2	118.9	119.4	120.4	131.9	132.8	181.9	139.9
Decrease in Assets										
Transfers to Account A ³	185.0	190.3	202.1	207.6	221.4	227.8	238.1	246.9	256.4	266.0
Total	185.0	190.3	202.1	207.6	221.4	227.8	238.1	246.9	256.4	266.0
Net Increase (Decrease) before Investment Income	17.2	(77.3)	(86.9)	(88.7)	(102.0)	(107.4)	(106.2)	(114.1)	(74.5)	(126.1)
Investment Income ¹	164.6	150.0	201.5	63.3	274.6	200.3	425.0	(45.8)	255.3	429.8
Total Net Increase (Decrease)	181.8	72.7	114.6	(25.4)	172.6	92.9	318.8	(159.9)	180.8	303.7
Net Assets Available for Benefits										
Account A	3,722.0	3,902.7	4,154.0	4,175.8	4,544.7	4,789.5	5,444.2	5,234.5	5,575.0	6,250.4
Account B ⁴	2,246.9	2,319.6	2,434.2	2,390.7	2,563.3	2,656.2	2,975.0	2,815.1	2,995.9	3,299.6
Total	5,968.9	6,222.3	6,588.2	6,566.5	7,108.0	7,445.7	8,419.2	8,049.6	8,570.9	9,550.0

¹ Net of investment management fees.

² Contributions made by the Province of Manitoba from general reserves.

³ The 2021 amount includes the impact of a \$0.7 million prior period adjustment identified in 2021.

⁴ Assumes amounts formerly held in the Province of Manitoba Trust Account (PMTA) formed part of the assets of Account B. PMTA assets were transferred to Account B and the PMTA ceased to exist effective December 15, 2018. In 2018, the assets available for benefits in Account B included a reduction of \$18.1 million to reflect the amount owed by Account B to Account A.

MEMBERSHIP DATA

Membership										
Active Members	15,903	16,212	16,274	16,330	16,324	16,539	16,401	16,346	16,547	16,751
Retired Members	14,187	14,554	14,920	15,310	15,635	15,925	16,258	16,520	16,768	16,973
Deferred Members	7,029	7,002	7,018	7,017	6,971	7,046	7,199	7,421	7,407	7,481
Total	37,119	37,768	38,212	38,657	38,930	39,510	39,858	40,287	40,722	41,205
Active to Retired Ratio	1.1:1	1.1:1	1.1:1	1.1:1	1.0:1	1.0:1	1.0:1	1.0:1	1.0:1	1.0:1
New Retired Members										
From Active Member Status	424	466	480	486	448	421	485	476	431	417
From Deferred Member Status	82	67	82	98	92	91	85	77	102	89
Total	506	533	562	584	540	512	570	553	533	506
New Active Members	837	946	816	818	764	833	829	778	880	856
Disabled Members	549	564	624	637	587	513	475	508	472	517
Member Deaths										
Active and Deferred Members	23	12	20	19	32	22	22	22	21	18
Retired Members	232	241	247	285	281	290	313	338	339	358
Total	255	253	267	304	313	312	335	360	360	376

INVESTMENT DATA¹		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Investments (\$ millions)											
Fixed Income	Cash & Short-Term	73.9	31.1	95.4	51.9	81.8	72.9	79.2	88.8	123.0	95.9
	Universe Bonds	620.9	715.3	1,012.1	625.9	528.7	506.3	550.1	500.0	505.3	560.7
	Long-Term Bonds	–	–	417.3	424.7	394.6	386.7	406.7	400.7	364.4	427.6
	Real Estate Debt	186.7	200.1	277.4	354.5	358.7	395.9	406.4	401.8	394.7	520.5
	High Yield Debt	56.6	56.4	61.5	70.6	206.2	226.2	252.8	261.8	259.1	272.2
	Private Debt	–	–	–	–	–	–	3.5	3.5	4.6	4.6
Equity	Canadian	768.3	857.5	980.2	734.1	785.9	828.8	692.6	747.3	855.3	919.1
	US	263.4	327.1	363.5	306.3	338.9	351.3	357.5	383.4	503.2	515.7
	International	251.5	321.3	750.3	531.6	663.2	715.7	559.6	630.7	753.5	765.1
	Global	–	–	–	–	–	–	–	–	–	–
	Private	110.3	162.4	195.6	249.4	253.2	302.3	378.4	418.5	478.4	556.6
Real Estate	Canadian	325.7	369.7	506.0	600.3	582.9	654.3	695.9	770.4	803.3	818.2
	Global	–	–	–	–	–	–	–	–	–	–
Infrastructure	Global	8.3	5.3	25.1	33.5	50.5	72.5	87.5	92.3	124.8	118.4
Total		2,665.6	3,046.2	4,684.4	3,982.8	4,244.6	4,512.9	4,470.2	4,699.2	5,169.6	5,574.6
Investment Performance (%)											
	Net Rate of Return	14.54	15.31	5.40	(11.96)	10.35	10.40	3.06	9.04	13.74	10.49
	Benchmark Return	13.16	13.69	5.21	(14.34)	14.44	10.45	3.00	9.81	12.94	10.22
Net Excess Return (%)		1.38	1.62	0.19	2.38	(4.09)	(0.05)	0.06	(0.77)	0.80	0.27
Net Excess Return (\$ millions)		32.8	42.3	6.1	108.6	(158.7)	(2.1)	2.7	(34.5)	36.9	14.0
Administrative Costs (%)		n/a	n/a	n/a	n/a	n/a	0.08	0.07	0.08	0.06	0.07
Net Rate of Return after Administrative Costs (%)²		14.54	15.31	5.40	(11.96)	10.35	10.32	2.99	8.96	13.68	10.42

¹ Includes the Province of Manitoba Trust Account.

² For the years 2003 to 2007, the methodology for calculating the net rate of return was amended to reflect the methodology used for 2008 and following years.

VALUATION DATA

Account A¹											
	Surplus/(Deficit) (\$ millions)	(12.9)	167.2	117.3	(391.4)	(306.5)	(242.4)	(307.1)	(249.6)	(87.7)	(77.4)
	Funded Ratio (%)	99.6	105.5	103.7	88.0	90.9	93.1	91.7	93.5	97.8	98.2
Account B²											
	Surplus/(Deficit) (\$ millions)	(2,022.1)	(2,064.0)	(623.7)	(1,049.6)	(1,108.9)	(1,130.3)	(1,282.7)	(1,369.2)	(1,362.5)	(1,392.4)
	Funded Ratio (%)	10.1	13.3	75.2	60.3	59.9	60.8	57.3	56.6	58.8	59.7
Key Assumptions											
	Net Rate of Return (%)	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.00
	Inflation (%)	2.50	2.50	2.50	2.25	2.25	2.25	2.00	2.00	2.00	2.00

¹ Includes accrued and future assets and liabilities but excludes the Pension Adjustment account.

² Includes only accrued assets and liabilities for both base pensions and cost of living adjustments. Assumes assets held in the Province of Manitoba Trust Account were assets of Account B.

COST OF LIVING ADJUSTMENTS (COLA) DATA

Consumer Price Index (CPI) – Prior Year (%)	2.10	2.20	1.60	2.40	1.20	1.32	2.35	2.30	0.83	1.24
COLA Granted (%)	0.40	0.64	0.63	1.44	0.37	0.80	0.98	0.97	0.55	0.83
COLA Granted (% of CPI)	19.0	29.1	39.4	60.0	30.8	60.6	41.7	42.2	66.7	66.7
Restricted Surplus (\$ millions)	–	–	–	–	–	–	–	4.8	9.0	11.4

EXPENSE DATA

Administrative Cost per Member¹	131	121	114	113	117	129	121	119	101	114
Capitalized Expenses (\$ thousands)										
Computer Equipment	132.2	52.8	20.6	8.1	67.6	6.5	51.5	116.5	38.0	49.2
Office Equipment	8.0	37.9	27.2	25.7	76.8	23.5	3.3	–	8.6	17.3
Pension Administration System	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Leasehold Improvements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	140.2	90.7	47.8	33.8	74.4	30.0	54.8	116.5	46.6	66.5

¹ Based on active and retired members only (i.e., excluding deferred members).

INVESTMENT DATA ¹		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Investments (\$ millions)											
Fixed Income	Cash & Short-Term	131.5	146.7	138.2	123.6	110.3	140.0	192.8	197.5	183.0	236.7
	Universe Bonds	629.7	642.8	695.4	583.7	605.4	679.5	814.8	644.4	646.7	670.8
	Long-Term Bonds	478.9	514.1	592.4	613.8	587.0	374.1	373.7	314.1	588.9	669.2
	Real Estate Debt	555.1	572.5	601.4	633.3	628.9	660.1	701.5	724.6	706.1	755.5
	High Yield Debt	256.2	292.8	245.9	153.0	141.5	140.6	150.1	1.8	–	–
	Private Debt	0.6	92.5	110.3	222.1	277.3	296.0	285.9	354.2	454.6	498.7
Equity	Canadian	854.7	934.4	897.9	747.1	801.3	887.3	928.7	724.8	760.8	840.1
	US	388.9	395.8	397.2	412.8	416.8	456.4	528.5	589.7	613.3	684.7
	International	691.0	606.2	727.0	750.6	698.8	763.8	819.1	739.9	687.0	787.1
	Global	367.6	392.7	505.0	444.3	867.6	876.1	1,023.9	951.9	1,022.4	1,363.8
	Private	610.9	547.6	502.7	513.1	492.1	662.9	848.3	848.3	860.0	939.0
Real Estate	Canadian	847.9	893.1	964.7	1,042.7	993.0	932.7	998.6	994.2	918.6	822.0
	Global	–	–	–	7.8	77.7	110.2	195.9	292.5	323.4	398.1
Infrastructure	Global	138.2	164.8	210.9	323.5	416.5	477.7	589.1	692.3	825.7	905.1
Total		5,951.2	6,196.0	6,589.0	6,571.4	7,114.2	7,457.4	8,451.0	8,070.2	8,590.5	9,570.8
Investment Performance (%)											
	Net Rate of Return	8.04	6.99	8.88	2.74	11.66	6.60	16.62	(0.42)	8.34	15.48
	Benchmark Return	6.05	7.54	9.14	0.07	13.50	7.92	10.42	(5.04)	9.29	14.70
Net Excess Return (%)		1.99	(0.55)	(0.26)	2.67	(1.84)	(1.32)	6.20	4.62	(0.95)	0.78
Net Excess Return (\$ millions)		110.4	(32.4)	(15.9)	175.3	(119.0)	(91.0)	448.0	419.9	(75.6)	65.4
Administrative Costs (%)		0.06	0.06	0.06	0.07	0.07	0.07	0.06	0.07	0.07	0.08
Net Rate of Return after Administrative Costs (%)		7.98	6.93	8.82	2.67	11.59	6.53	16.56	(0.49)	8.27	15.40

¹ Includes the Province of Manitoba Trust Account.

VALUATION DATA

Account A¹											
	Surplus/(Deficit) (\$ millions)	(23.9)	6.5	(34.7)	(164.2)	55.3	83.6	557.4	186.8	429.9	921.7
	Funded Ratio (%)	99.5	100.1	99.3	96.8	101.1	101.5	109.9	103.2	107.2	115.0
Account B²											
	Surplus/(Deficit) (\$ millions)	(1,364.5)	(1,435.9)	(1,537.5)	(1,721.4)	(1,687.3)	(1,769.7)	(1,618.0)	(1,926.9)	(1,858.7)	(1,725.9)
	Funded Ratio (%)	62.2	61.8	61.3	58.1	60.3	60.0	64.8	59.4	61.7	65.7
Key Assumptions											
	Net Rate of Return (%)	6.00	6.00	5.75	5.75	5.75	5.50	5.50	5.50	5.75	5.75
	Inflation (%)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

¹ Includes accrued and future assets and liabilities but excludes the Pension Adjustment account.

² Includes only accrued assets and liabilities for both base pensions and cost of living adjustments. Assumes assets held in the Province of Manitoba Trust Account were assets of Account B.

COST OF LIVING ADJUSTMENTS (COLA) DATA

Consumer Price Index (CPI) – Prior Year (%)	1.47	1.61	1.50	1.87	1.99	2.25	0.73	4.80	6.32	3.40
COLA Granted (%)	0.98	1.07	1.00	1.35	1.23	1.35	0.73	2.10	1.50	2.20
COLA Granted (% of CPI)	66.7	66.7	66.7	72.2	61.8	60.0	100.0	43.8	23.7	64.7
Restricted Surplus (\$ millions)	20.5	28.0	22.4	16.8	11.2	5.6	–	–	–	–

EXPENSE DATA

Administrative Cost per Member¹	117	118	126	137	148	132	137	151	155	193
Capitalized Expenses (\$ thousands)										
Computer Equipment	32.4	113.9	213.2	95.1	189.8	47.3	26.5	30.5	209.0	146.0
Office Equipment	20.9	45.1	334.2	40.9	124.6	24.0	24.9	105.5	3.3	28.2
Pension Administration System	n/a	n/a	30.3	114.0	–	–	36.7	796.8	994.2	555.0
Leasehold Improvements	n/a	324.0	253.7	10.0	227.6	–	4.0	165.4	53.0	46.0
Total	53.3	483.0	831.4	260.0	542.0	498.3	92.1	1,098.2	1,259.5	775.2

¹ Based on active and retired members only (i.e., excluding deferred members).

Audited Financial Statements



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Teachers' Retirement Allowances Fund (the Fund) and all the information in this annual report are the responsibility of management. The financial statements have been prepared in accordance with Canadian accounting standards for pension plans and, where necessary, include amounts which are based on the best estimates and judgment of management.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the internal control systems and practices necessary to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Steve Windsor has been appointed the actuary to the Fund. The role of the actuary is to complete an actuarial valuation of the Fund in accordance with accepted actuarial practice. The results of the valuation and extrapolation thereof are included in the financial statements.

The Board is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Audit and Risk Committee meets with management as well as the external auditor to ensure that management is properly fulfilling its financial reporting and internal control responsibilities. The Audit and Risk Committee is comprised of four Board members and one external member. The Audit and Risk Committee provides its recommendations to the Board concerning approval. The Board is ultimately responsible for approving the financial statements.

The Fund's independent external auditor, the Auditor General of Manitoba, is responsible for auditing the financial statements and for issuing their report thereon. The Auditor General has full and unrestricted access to the Audit and Risk Committee.

Jeff Norton, LL.M., CFA
President & CEO

Jeremy Tataryn, CPA, CA, CFA
Vice President, Finance

Winnipeg, Manitoba
April 28, 2025



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of the Teachers' Retirement Allowances Fund

Opinion

We have audited the financial statements of the Teachers' Retirement Allowances Fund (TRAF), which comprise the statement of financial position as at December 31, 2024, the statement of changes in net assets available for benefits and the statement of changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TRAF as at December 31, 2024, and the changes in its net assets available for benefits and the changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of TRAF in accordance with the ethical requirements in Canada that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing TRAF'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 an intention exists to liquidate TRAF or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TRAF'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 TRAF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TRAF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba
April 28, 2025

Original signed by Tyson Shtykalo

Tyson Shtykalo, FCPA, FCA
Auditor General

TEACHERS' RETIREMENT ALLOWANCES FUND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

(\$ thousands)						2024	2023
	Account A	Account B	MTS Account	MSBA Account	Total	Total	
Assets							
Investments, Note 3	\$ 6,235,932	\$ 3,322,379	\$ 12,489	\$ –	\$ 9,570,800	\$ 8,590,498	
Investment Income Receivable	5,987	–	–	–	5,987	5,398	
Contributions and Other Receivables, Note 5	13,646	–	–	–	13,646	9,406	
Due from/(to) Interfund Accounts	22,783	(22,783)	–	–	–	–	
Cash	12,294	–	–	–	12,294	13,212	
Capital Assets, Note 6	3,628	–	–	–	3,628	3,187	
Prepaid Expenses	80	–	–	–	80	68	
Total Assets	6,294,350	3,299,596	12,489	–	9,606,435	8,621,769	
Liabilities							
Accrued Liabilities	28,079	–	–	–	28,079	23,853	
Payable for Settlement of Outstanding Trades	32	–	–	–	32	525	
Money Purchase Accounts, Note 9	4,979	–	–	–	4,979	5,009	
Provision for Fund’s Share of Employees’ Pension Benefits, Note 11	10,876	–	–	–	10,876	10,339	
Total Liabilities	43,966	–	–	–	43,966	39,726	
Net Assets Available for Benefits	6,250,384	3,299,596	12,489	–	9,562,469	8,582,043	
Pension Obligations, Note 17	5,114,772	5,025,342	9,465	61	10,149,640	9,884,719	
Surplus/(Deficit)	\$ 1,135,612	(\$ 1,725,746)	\$ 3,024	(\$ 61)	(\$ 587,171)	(\$ 1,302,676)	

The accompanying notes are a part of these financial statements.

On Behalf of the Board

Bryton Moen
Chair

James Bedford
Board Member

TEACHERS' RETIREMENT ALLOWANCES FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2024

2024						2023
(\$ thousands)						
	Account A	Account B	MTS Account	MSBA Account	Total	Total
Increase in Assets						
Contributions	\$ 148,624	\$ 139,898	\$ 371	\$ 9	\$ 288,902	\$ 315,809
Transfer for Benefits Charged to Account B	265,980	(265,980)	—	—	—	—
Other Contributions, Note 12	2,520	—	—	—	2,520	4,575
Investment Income, Note 13	171,968	92,216	343	—	264,527	241,967
Change in Fair Value of Investments, Note 13	629,438	337,531	1,257	—	968,226	486,730
Total Increase in Assets	1,218,530	303,665	1,971	9	1,524,175	1,049,081
Decrease in Assets						
Benefits Paid	522,159	—	582	14	522,755	503,048
Refunds						
Termination	2,821	—	—	—	2,821	4,622
Death	5,087	—	—	—	5,087	6,791
Relationship Breakdown	3,483	—	—	—	3,483	2,648
Transfers under Reciprocal Agreements	2,182	—	—	—	2,182	3,937
Administrative Expenses, Note 15	7,421	—	—	—	7,421	6,027
Total Decrease in Assets	543,153	—	582	14	543,749	527,073
Increase (Decrease) in Net Assets for the Year	675,377	303,665	1,389	(5)	980,426	522,008
Net Assets Available for Benefits, Beginning of Year	5,575,007	2,995,931	11,100	5	8,582,043	8,060,035
Net Assets Available for Benefits, End of Year	\$ 6,250,384	\$ 3,299,596	\$ 12,489	\$ —	\$ 9,562,469	\$ 8,582,043

The accompanying notes are a part of these financial statements.

TEACHERS' RETIREMENT ALLOWANCES FUND
STATEMENT OF CHANGES IN PENSION OBLIGATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

2024						2023
Total						Total
	Account A	Account B	MTS Account	MSBA Account		
Pension Obligations, Beginning of Year	\$ 4,982,398	\$ 4,892,930	\$ 9,302	\$ 89	\$ 9,884,719	\$ 9,576,017
Change in Assumptions	(130,299)	(133,253)	(266)	(1)	(263,819)	(52,560)
Experience Losses/(Gains)	73,022	84,941	107	(18)	158,052	(1,949)
	4,925,121	4,844,618	9,143	70	9,778,952	9,521,508
Interest	272,010	267,261	520	5	539,796	499,691
Benefits Accrued	186,553	180,282	384	–	367,219	384,566
Benefits Paid	(268,912)	(266,819)	(582)	(14)	(536,327)	(521,046)
Net Increase/(Decrease) in Pension Obligations	189,651	180,724	322	(9)	370,688	363,211
Pension Obligations, End of Year	\$ 5,114,772	\$ 5,025,342	\$ 9,465	\$ 61	\$ 10,149,640	\$ 9,884,719

The accompanying notes are a part of these financial statements.

TEACHERS' RETIREMENT ALLOWANCES FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. DESCRIPTION OF PLAN

The Teachers' Retirement Allowances Fund Board (Board) was originally constituted under an act passed at the 1925 session of the Manitoba Legislature. The Board currently operates under the authority of *The Teachers' Pensions Act* (TPA). The Board is charged with responsibility for administering the TPA and functions as trustee of a fund maintained to provide defined benefit pensions to public school teachers in Manitoba. The following description of the Teachers' Retirement Allowances Fund (Fund) is a summary only. For more complete information, reference should be made to the TPA.

(A) ACCOUNT STRUCTURE

The TPA provides for two distinct and separate accounts in the Fund, known respectively as Account A and Account B.

Account A is a pre-funded account and is financially responsible for the members' share of the pension obligations as provided for in the TPA. Account A receives member contributions and investment income associated with the investment assets held by Account A. Account A initially funds 100% of the pension payments to members and receives a monthly reimbursement from Account B for approximately 50% of such payments. Account A is responsible for all the administrative expenses of the Fund.

As required by the TPA, separate sub-accounts are maintained within Account A for the Pension Adjustment Account (PAA) and Money Purchase Accounts held on behalf of eligible participants, Note 8 and Note 9.

Account B is financially responsible for the Province of Manitoba's (the Province's) share of the pension obligations. Each month, Account B reimburses Account A for approximately 50% of the pension payments to members made in the prior month.

The Fund maintains separate accounts for The Manitoba Teachers' Society (MTS) and the Manitoba School Boards Association (MSBA). Qualifying employees of these organizations are considered to be teachers for purposes of participating in the Fund. Employer obligations for benefits, in respect of these individuals, are funded through these separate accounts, Note 10.

The investment assets of each account are commingled in accordance with the Board-approved Statement of Investment Policies & Procedures (SIP&P).

(B) FUNDING

The TPA requires all members, except those receiving disability benefits in accordance with the TPA, to contribute to Account A on a basis related to their salary. Members currently contribute 8.8% on pensionable earnings up to the Canada Pension Plan's year's maximum pensionable earnings (YMPE) and 10.4% on pensionable earnings in excess of the YMPE up to the maximum pensionable earnings for which a defined benefit can be accrued under the *Income Tax Act*.

In accordance with the TPA, 83.1% of member contributions are used to fund basic benefits and 16.9% of member contributions are allocated to the PAA for the purpose of indexing benefits. Under the TPA, the amount allocated to the PAA is increased by 0.1% every five years until the percentage reaches 17%. The last scheduled increase will occur on September 1, 2025.

In accordance with the TPA, the Province may, but has no obligation to, pre-fund its pension obligations. In the event that there are not sufficient funds in Account B to satisfy the monthly pension obligations, the Province is statutorily required to fund the shortfall. Currently, the Province is making monthly contributions to Account B in an amount equal to the required contributions paid by members and credited to Account A.

(C) RETIREMENT PENSIONS

All members are eligible to commence their pension at age 55. Pensions must commence no later than the end of the calendar year the member turns age 71.

An unreduced lifetime pension is payable if the member retires at age 65 or later, at ages 60 to 64 with at least 10 years of qualifying service or at ages 55 to 59 if age plus qualifying service equal 80 or more.

An early retirement reduction will apply if the member does not meet one of the above conditions for an unreduced lifetime pension. If a member has 10 or more years of qualifying service, retires before age 60 and has age and qualifying service totaling less than 80, an early retirement reduction will apply for service after 1991. In addition, a bridging benefit will be payable to the earlier of age 65 or death. The value of the bridging benefit is the same actuarial value as the early retirement reduction.

If a member has less than 10 years of qualifying service, the pension will be adjusted to the actuarial equivalent of the pension payable at age 65. No bridging benefit is payable in this circumstance.

(D) REFUNDS

Due to the lock-in provisions provided for in the TPA, refunds are generally not available when a member ceases to be an active member of the Fund. In most instances, the value of the pension must remain in the Fund until such time that the member is eligible for and elects to receive a pension.

A refund is allowed if, as of the date the member ceases to be an active member of the Fund, the commuted value of the pension is below 20% of the YMPE or the annual accrued pension payment is below 4% of the YMPE.

(E) DEATH BENEFITS

i. Active members

Upon the death of an active member, a lump sum is payable to the spouse/partner, estate or beneficiary based on the commuted value of the deferred pension. The commuted value of the portion of the death benefit related to the pre-1985 pension must be at least equal to the member's pre-1985 contributions plus interest. A spouse/partner may elect to convert the lump sum benefit to a monthly annuity.

ii. Retired members

Upon the death of a member in receipt of a pension, pension benefits continue to be paid to a beneficiary where a guaranteed or survivor option has been selected. If the pension ends, but the contributions and interest accumulated at the pension effective date is greater than the pension paid out, the excess is payable to the estate or beneficiary.

(F) OTHER PROVISIONS

i. Service purchases

Purchase of past service and reinstatement of refunded service is allowed, pursuant to the terms and conditions contained in the TPA.

ii. Relationship breakdown

Where a marriage or common-law relationship has ended, the spouse/partner is generally entitled to up to 50% of the value of the pension earned during the period of relationship, pursuant to the terms and conditions contained in the TPA.

iii. Teaching while receiving a pension

A member who retires and returns to teach (excluding substitute teaching) within 90 calendar days of retirement is deemed not to have retired. The member must repay any pension benefits received and resume contributing to the Fund. Following the 90-day provision noted above, a retired member can return to teach and continue to receive a pension provided that such member does not teach for more than 120 days in any school year. For the purposes of this provision, teaching more than 50% of a day is considered to be a full day. Effective as of the 121st day of teaching in any school year, the member's pension is suspended and the member must resume contributing to the Fund. A member who has at least 15 years of qualifying service is entitled to commence the pension the month following attaining age 65 without terminating the teaching contract, and is thereafter no longer subject to the return-to-teach rules.

iv. Reciprocal transfer agreements

The TPA authorizes the transfer of pensionable service in accordance with the terms of a reciprocal transfer agreement between the participating organizations.

(G) COST OF LIVING ADJUSTMENTS

Pension amounts are adjusted annually by the lesser of the change in the Canada Consumer Price Index (December over December), or the amount actuarially available in the PAA to fund 50% of the cost of living adjustment (COLA).

(H) INCOME TAXES

The Fund is a Registered Pension Plan as defined in the *Income Tax Act* and is not subject to Canadian income taxes. The Fund's registration number is 0273698.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PRESENTATION

The Fund's financial statements are prepared in accordance with the Canadian accounting standards for pension plans. The Fund has also selected Part II (Accounting Standards for Private Enterprises) of the CPA Canada Handbook for issues not directly addressed by these standards.

All entities that the Fund has an ownership interest in, regardless of whether the Fund can exercise significant influence, are considered to be investment assets and are presented on a non-consolidated basis.

(B) REVENUE RECOGNITION

Investment income, including interest and dividend income, and contributions are recognized on the accrual basis.

(C) VALUATION OF INVESTMENTS

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund maintains an Investment Asset Valuation Handbook, which sets out the general principles and methodologies for establishing fair value. The general provisions for establishing fair value for each type of asset are provided below. In instances where there is insufficient information to establish fair value, the investment is recorded at the lower of cost and the estimated net realizable value.

i. Publicly traded equity investments

Publicly traded equity investments, which are not otherwise restricted or thinly traded, are valued at year-end market prices as listed on the appropriate stock exchange as provided by the Fund's custodian.

ii. Money market securities

Money market securities are valued at cost, which approximates fair value.

iii. Bonds and debentures

Bonds and debentures are valued at year-end market prices as provided by the Fund's custodian.

iv. Real estate debt

Real estate debt investments held through a fund are recorded at the estimated fair values as determined by the external manager. Adjustments to the carrying value are made when there is evidence of a change in the value as indicated by an assessment of the investment's operational results, forecasts and/or other developments during the year.

v. High yield debt

High yield debt, according to the characteristics of the specific debt instruments, is valued at year-end market prices as provided by the Fund's custodian.

vi. Private debt

Private debt investments held through a fund are recorded at the estimated fair values as determined by the external manager. Adjustments to the carrying value are made when there is evidence of a change in the value as indicated by an assessment of the investment's operational results, forecasts and/or other developments during the year.

vii. Private equity

Private equity investments held through a fund are recorded at the estimated fair values as determined by the external manager. Adjustments to the carrying value are made when there is evidence of a change in the value as indicated by an assessment of the investment's operational results, forecasts and/or other developments during the year.

viii. Real estate investments

Real estate investments are valued based on the most recent valuations or appraisals of the underlying properties net of any mortgage liabilities or other assets and liabilities associated with the investment. Real estate investments held through a fund are recorded at the estimated fair values as determined by the external manager. Adjustments to the carrying value are made when there is evidence of a change in the value as indicated by an assessment of the investment's operational results, forecasts and/or other developments during the year.

ix. Infrastructure investments

Infrastructure investments held through a fund are recorded at the estimated fair values as determined by the external manager. Adjustments to the carrying value are made when there is evidence of a change in the value as indicated by an assessment of the investment's operational results, forecasts and/or other developments during the year.

x. Pooled funds

Pooled fund values are provided by the external manager and are generally based on the value of the underlying investments as determined herein.

(D) USE OF ESTIMATES

In preparing these financial statements, management must make estimates and assumptions that primarily affect the reported values of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the year. Actual results could differ from those estimates.

(E) FOREIGN CURRENCY TRANSLATION

The market value of investments and cash balances denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates that are provided by the Fund's custodian. The resulting change is included in the current period change in fair value of investments.

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Hedged foreign currency transactions are translated at rates of exchange established by the terms of the forward contracts. The foreign exchange on revenue and expense transactions is included in the net realized gain on the sale of investments, Note 13.

(F) FORWARD CONTRACTS

A forward contract is a contractual obligation to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate. Forward contracts are valued at the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date, Note 7(A)iii. Realized and unrealized gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(G) PROVISION FOR FUND'S SHARE OF EMPLOYEES' PENSION BENEFITS

Employees of the Fund are members of the pension plan established under *The Civil Service Superannuation Act*. The Fund accrues a liability for the employer's share of the employees' pension benefits, including future COLA, based on an actuarial report, Note 11.

(H) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows, Note 6:

- | | |
|---------------------------------|----------|
| • Computer equipment | 5 years |
| • Office equipment | 10 years |
| • Pension administration system | 20 years |
| • Leasehold improvements | 20 years |

3. INVESTMENTS AT FAIR VALUE

Assets held in Account A, Account B, the Money Purchase Accounts, the MTS Account, and the MSBA Account are commingled for investment purposes.

The Fund measures fair values using the following fair value hierarchy that reflects the significant inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical investment.

Level 2: Valuation techniques based on observable inputs, either directly or indirectly (i.e., derived from prices). This category includes investments valued using quoted market prices in active markets for similar investments; quoted prices for identical or similar investments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all investments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the investment's valuation.

The following table presents the fair values using the fair value hierarchy that reflects the significant inputs used in making the measurements.

(\$ thousands)	2024			
	Level 1	Level 2	Level 3	Total
Fixed Income				
Cash & Short-Term	\$ —	\$ 236,679	\$ —	\$ 236,679
Universe Bonds	—	670,811	—	670,811
Long-Term Bonds	—	595,988	73,199	669,187
Real Estate Debt	—	617,861	137,606	755,467
Private Debt	—	—	498,747	498,747
Total	—	2,121,339	709,552	2,830,891
Equity				
Canadian	657,051	183,084	—	840,135
US	—	684,682	—	684,682
International	154,452	632,649	—	787,101
Global	693,506	670,266	—	1,363,772
Private	—	—	938,972	938,972
Total	1,505,009	2,170,681	938,972	4,614,662
Real Estate	—	—	1,220,131	1,220,131
Infrastructure	—	—	905,116	905,116
Total	\$ 1,505,009	\$ 4,292,020	\$ 3,773,771	\$ 9,570,800
Total (%)	15.73%	44.84%	39.43%	100.00%

The following table presents a reconciliation of investments measured at fair value using significant unobservable inputs (Level 3).

(\$ thousands)	2024						Total
	Long-Term Bonds	Real Estate Debt	Private Debt	Private Equity	Real Estate	Infrastructure	
Balance at Beginning of Year	\$ 70,957	\$ 118,946	\$ 454,557	\$ 860,009	\$ 1,242,041	\$ 825,681	\$3,572,191
Transfers In/(Out)	–	–	–	–	–	–	–
Purchases	1,997	64,649	61,362	116,774	56,089	55,746	356,617
Sales	–	(46,106)	(61,078)	(129,743)	(110,236)	(47,451)	(394,614)
Gains/(Losses)							
Realized	–	(1,192)	213	53,158	28,034	8,615	88,828
Unrealized	245	1,309	43,693	38,774	4,203	62,525	150,749
Balance at End of Year	\$ 73,199	\$ 137,606	\$ 498,747	\$ 938,972	\$ 1,220,131	\$ 905,116	\$3,773,771

The following table presents the prior year's fair values using the fair value hierarchy that reflects the significant inputs used in making the measurements.

(\$ thousands)	2023			
	Level 1	Level 2	Level 3	Total
Fixed Income				
Cash & Short-Term	\$ –	\$ 183,038	\$ –	\$ 183,038
Universe Bonds	–	646,739	–	646,739
Long-Term Bonds	–	517,897	70,957	588,854
Real Estate Debt	–	587,196	118,946	706,142
High Yield Debt	–	–	–	–
Private Debt	–	–	454,557	454,557
Total	–	1,934,870	644,460	2,579,330
Equity				
Canadian	581,484	179,331	–	760,815
US	–	613,310	–	613,310
International	161,415	525,529	–	686,944
Global	408,044	614,324	–	1,022,368
Private	–	–	860,009	860,009
Total	1,150,943	1,932,494	860,009	3,943,446
Real Estate	–	–	1,242,041	1,242,041
Infrastructure	–	–	825,681	825,681
Total	\$ 1,150,943	\$ 3,867,364	\$ 3,572,191	\$ 8,590,498
Total (%)	13.40%	45.02%	41.58%	100.00%

4. INVESTMENTS GREATER THAN 2%

The following table presents a listing of all investments that have a fair value greater than 2% of the fair value itemized by the categories as prescribed by section 3.29 of the *Pension Benefits Regulation*.

(\$ thousands)	2024	
Pooled Funds		
TD Greystone Real Estate Fund	\$ 756,211	7.90%
TD Emerald US Equity Index Fund	684,682	7.15
TD Greystone Mortgage Fund	617,861	6.45
TD Emerald Long Bond Broad Market Pooled Fund	595,988	6.22
Arrowstreet (Canada) Global All-Country Alpha Extension Fund I	367,348	3.84
Arrowstreet (Canada) ACWI Minimum Volatility Alpha Extension Fund I	302,918	3.16
PH&N Core Plus Bond Fund	302,603	3.16
TD Emerald International Equity Index Fund	263,580	2.75
Arrowstreet (Canada) International Developed Market ex US Alpha Extension Fund II	255,021	2.66
TD Emerald Canadian Treasury Management Fund	205,547	2.15

(\$ thousands)	2023	
Pooled Funds		
TD Greystone Real Estate Fund	\$ 854,243	9.94%
TD Emerald US Equity Index Fund	613,310	7.14
TD Greystone Mortgage Fund	587,196	6.84
TD Emerald Long Bond Broad Market Pooled Fund	517,897	6.03
Arrowstreet (Canada) Global All-Country Alpha Extension Fund I	349,977	4.07
PH&N Core Plus Bond Fund	288,664	3.36
Arrowstreet (Canada) ACWI Minimum Volatility Alpha Extension Fund I	264,347	3.08
TD Emerald International Equity Index Fund	209,544	2.44
Arrowstreet (Canada) International Developed Market ex US Alpha Extension Fund II	209,521	2.44
TD Emerald Canadian Equity Index Fund	179,331	2.09

5. CONTRIBUTIONS AND OTHER RECEIVABLES

(\$ thousands)	2024	2023
Member Contribution Receivables	\$ 13,552	\$ 9,313
Other Receivables	94	93
Total	\$ 13,646	\$ 9,406

6. CAPITAL ASSETS

(\$ thousands)

	Computer Equipment	Office Equipment	Pension Administration System	Leasehold Improvements	Total
2024					
Cost					
Balance at January 1, 2024	\$ 1,264	\$ 1,088	\$ 1,950	\$ 1,038	\$ 5,340
Additions	146	28	555	46	775
Disposals	(7)	–	–	–	(7)
Cost at December 31, 2024	1,403	1,116	2,505	1,084	6,108
Accumulated depreciation					
Balance at January 1, 2024	1,004	761	113	275	2,153
Depreciation	90	76	116	52	334
Disposals	(7)	–	–	–	(7)
Accumulated depreciation at December 31, 2024	1,087	837	229	327	2,480
Net assets at December 31, 2024	\$ 316	\$ 279	\$ 2,276	\$ 757	\$ 3,628
2023					
Cost					
Balance at January 1, 2023	\$ 1,101	\$ 1,084	\$ 956	\$ 985	\$ 4,126
Additions	209	4	994	53	1,260
Disposals	(46)	–	–	–	(46)
Cost at December 31, 2023	1,264	1,088	1,950	1,038	5,340
Accumulated depreciation					
Balance at January 1, 2023	967	688	45	223	1,923
Depreciation	83	73	68	52	276
Disposals	(46)	–	–	–	(46)
Accumulated depreciation at December 31, 2023	1,004	761	113	275	2,153
Net assets at December 31, 2023	\$ 260	\$ 327	\$ 1,837	\$ 763	\$ 3,187

7. RISK MANAGEMENT

The Fund follows a diversified asset allocation strategy designed to earn the required investment return at an acceptable level of risk. Some of the risks that the Fund is exposed to are as follows:

(A) MARKET RISK

Market risk consists of price risk, interest rate risk and foreign currency risk.

i. Price risk

Price risk is the risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. To mitigate the impact of price risk, the Fund invests in a diversified portfolio of investments based on the Board-approved SIP&P.

A decrease or increase of 10% in fair values of public equity, private equity and infrastructure investments, with all other variables held constant, will result in a loss or gain of \$551,978,000 (2023 – \$476,912,000).

ii. Interest rate risk

Interest rate risk refers to the effect on the market value of assets and liabilities due to fluctuations in interest rates. The value of the Fund's fixed income assets is directly affected by changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates as well as expectations in salary escalation. The fixed income portfolio has guidelines on concentration and duration, which are designed to partially mitigate the risks of interest rate volatility.

Assuming a parallel change in the long and short-term yields, a 1% increase in interest rates would have the effect of decreasing the fair value of the Fund's fixed income investments by approximately 6.2% (2023 – 6.2%), which equates to a loss of approximately \$161,798,000 (2023 – \$149,424,000). Conversely, a 1% decrease in interest rates would have the effect of increasing the fair value of the Fund's fixed income investments by approximately 6.2% (2023 – 6.2%), which equates to a gain of approximately \$161,798,000 (2023 – \$149,424,000).

iii. Foreign currency risk

Foreign currency exposure results where investments are denominated in a foreign currency. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments.

The Fund's foreign currency exposure reported in Canadian dollars, net of hedging and including indirect foreign currency exposure of public equity pooled funds, is presented below:

(\$ thousands)		2024	
		Currency Exposure	
US Dollar	\$	4,169,896	43.57%
Canadian Dollar		4,054,360	42.36
Euro		389,884	4.07
Japanese Yen		283,188	2.96
Chinese Yuan Renminbi		218,983	2.29
Swiss Franc		92,175	0.96
New Taiwan Dollar		89,033	0.93
Hong Kong Dollar		75,587	0.79
British Pound Sterling		71,503	0.75
Other		126,191	1.32
Total	\$	9,570,800	100.00%

(\$ thousands)		2023	
		Currency Exposure	
Canadian Dollar	\$	3,910,743	45.52%
US Dollar		3,357,410	39.08
Euro		420,981	4.90
Japanese Yen		174,394	2.03
Chinese Yuan Renminbi		126,104	1.47
British Pound Sterling		113,150	1.32
New Taiwan Dollar		83,426	0.97
Swiss Franc		53,980	0.63
South Korean Won		48,724	0.57
Other		301,586	3.51
Total	\$	8,590,498	100.00%

The foreign currency exposure as a percentage of total investments is 57.64% (2023 – 54.48%).

A 10% increase in the value of the Canadian dollar in relation to all other foreign currencies, with all other variables held constant, would result in an unrealized investment loss of \$551,644,000 (2023 – \$467,976,000). Conversely, a 10% decrease in the value of the Canadian dollar in relation to all other foreign currencies, with all other variables held constant, would result in an unrealized investment gain of \$551,644,000 (2023 – \$467,976,000).

(B) CREDIT RISK

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Fund. The Fund limits credit risk by dealing with counterparties that are considered to be of high quality relative to their obligations by obtaining collateral where appropriate, through investment diversification and by setting and monitoring compliance with portfolio guidelines. With respect to individual corporate borrowers, the Fund has established investment policies that place limits on the exposure to any individual corporate entity.

At December 31, 2024, the Fund's maximum credit risk exposure related to bonds and debentures, real estate debt, high yield debt, private debt, short-term investments and cash totaling \$2,830,891,000 (2023 – \$2,579,330,000), contribution receivables of \$13,646,000 (2023 – \$9,406,000) and accrued investment income of \$5,987,000 (2023 – \$5,398,000) totaling \$2,850,524,000 (2023 – \$2,594,134,000).

The breakdown of the fixed income investment portfolio by credit rating from various ratings agencies is presented below:

(\$ thousands)	2024		2023	
Credit Rating				
AAA	\$ 336,326	11.88%	\$ 344,758	13.37%
AA	540,420	19.09	458,028	17.76
A	203,427	7.19	258,057	10.00
BBB	136,433	4.82	81,404	3.15
Below BBB (including unrated)	590,094	20.84	532,784	20.66
Subtotal	1,806,700	63.82	1,675,031	64.94
Cash & Short-Term	268,724	9.49	198,157	7.68
Real Estate Debt (unrated)	755,467	26.69	706,142	27.38
Total	\$ 2,830,891	100.00%	\$ 2,579,330	100.00%

All securities transactions are settled, upon delivery, by the Fund's custodian. The risk of default is considered minimal as delivery of securities sold is only made once the Fund's custodian has received payment. Payment is made on a purchase transaction once the securities have been received by the Fund's custodian.

Credit risk associated with contribution receivables is minimal due to their nature. Contributions are deducted from members through the payroll process and remitted by the respective school divisions. With respect to the recovery of pensions paid, as provided for under the TPA, the Fund has authority to transfer such amounts from the employer trust accounts and Account B. No provision for doubtful contribution receivables has been recorded in either 2023 or 2024.

(C) LIQUIDITY RISK

Liquidity risk is the risk of being unable to generate sufficient cash, or its equivalent, in a timely and cost-effective manner to meet commitments as they come due. The Fund is exposed to liquidity risk through its responsibility to pay benefits as required under the TPA and to fund its outstanding investment commitments as described in Note 14. The Fund mitigates liquidity risk by maintaining sufficient cash balances, holding various income-producing assets and limiting exposure to non-liquid asset classes.

The term to maturity and the related market values of fixed income investment assets are presented below:

(\$ thousands)	2024		2023	
Term to Maturity				
Less than One Year	\$ 418,631	14.79%	\$ 392,376	15.21%
One to Five Years	459,082	16.21	453,988	17.60
Over Five Years	1,953,178	69.00	1,732,966	67.19
Total	\$ 2,830,891	100.00%	\$ 2,579,330	100.00%

The Fund holds the above fixed income investments both directly and indirectly through pooled funds.

The Fund also holds publicly traded equities of approximately \$1,505 million (2023 – \$1,151 million) in segregated accounts (Level 1), which are listed on major recognized stock exchanges. These securities are convertible to cash.

(D) SECURITIES LENDING

The Fund has entered into a securities lending program through CIBC Mellon Global Securities Services and the Bank of New York Mellon (the lending agent). Under the program, the Fund will lend various securities in its possession to borrowers approved by the lending agent. As at December 31, 2024 a total of \$349,747,330 (2023 – \$320,133,548) in securities were on loan. The loans can be secured by either securities or cash collateral. The Fund has various risks under this program including borrower default and reinvestment risk. Borrower default occurs if the borrower fails to return the loaned securities. Borrower default risk is mitigated by joint and several indemnities provided by CIBC Mellon, CIBC Bank and Bank of New York Mellon. Borrower default risk is also mitigated by requiring the borrowers to provide collateral with an aggregate market value exceeding the aggregate market value of the loaned securities. Reinvestment risk occurs if the interest earned on any cash collateral is insufficient to cover the interest that is rebated to the borrower. Reinvestment risk is mitigated by the relatively short duration of the investment of the collateral and the short duration of the loans, the majority of which are done on an open or overnight basis.

8. PENSION ADJUSTMENT ACCOUNT

A separate sub-account known as the PAA has been established within Account A in accordance with the TPA. The PAA is allocated 16.9% of all member contributions. The PAA is also credited with net investment income based on the formula prescribed by the TPA.

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 469,685	\$ 446,652
Contributions	24,944	22,406
Net Investment Income	35,665	35,665
Benefits Paid	(38,652)	(35,038)
Balance at End of Year	\$ 491,642	\$ 469,685

Given that the present value of accrued pension adjustments for the PAA at December 31, 2024 was \$491,502,000, there is an actuarial surplus in the PAA of \$140,000 (2023 – \$25,000). This surplus will be available to provide future COLA.

9. MONEY PURCHASE ACCOUNTS

Separate Money Purchase Accounts have been established for persons transferring money to the Fund in accordance with the TPA. The accounts earn the applicable rate of return of the Fund.

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 5,009	\$ 4,694
Transfers In	–	–
Investment Income and Change in Fair Value of Investments, Note 13	722	386
Transfers Out	(752)	(71)
Balance at End of Year	\$ 4,979	\$ 5,009

10. EMPLOYER ACCOUNTS

The Fund maintains separate accounts for the employer obligation for pension benefits in respect of MTS and MSBA employees who are members of the Fund. The accounts receive the employer contributions and investment income and are charged with the employer share of pensions paid.

(A) THE MANITOBA TEACHERS' SOCIETY ACCOUNT

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 11,100	\$ 10,404
Employer Contributions	371	340
Investment Income and Change in Fair Value of Investments, Note 13	1,600	934
Benefits Paid	(582)	(578)
Balance at End of Year	\$ 12,489	\$ 11,100

(B) MANITOBA SCHOOL BOARDS ASSOCIATION ACCOUNT

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 5	\$ 4
Employer Contributions	9	27
Investment Income and Change in Fair Value of Investments, Note 13	–	–
Benefits Paid	(14)	(26)
Balance at End of Year	\$ –	\$ 5

11. PROVISION FOR FUND'S SHARE OF EMPLOYEES' PENSION BENEFITS

Employees of the Fund are members of the pension plan established under *The Civil Service Superannuation Act*. The Fund accrues a liability for the employer's share of the employees' pension benefits, including future COLA, based on an actuarial report.

(\$ thousands)	2024	2023
Balance at Beginning of Year	\$ 10,339	\$ 10,215
Change in Assumptions/Experience	–	(416)
	10,339	9,799
Benefits Accrued	407	388
Interest Accrued on Benefits	620	588
Benefits Paid	(490)	(436)
Balance at End of Year	\$ 10,876	\$ 10,339

The valuation of the pension obligations as at December 31, 2023 was conducted by Ellement Consulting Group, consulting actuaries. The key actuarial assumptions were a rate of return of 6.00% (2022 – 6.00%), a rate of inflation of 2.00% (2022 – 2.00%), long-term general salary rate increases of 2.50% plus seniority, merit and promotion (SMP) increases (2022 – 2.50%) and post-retirement indexing at two-thirds of the inflation rate. The accrued benefit cost method with salary projection was used. The pension obligation has been extrapolated to December 31, 2024 using a formula provided by Ellement Consulting Group.

12. OTHER CONTRIBUTIONS

(\$ thousands)	2024	2023
Statutory Obligations of the Province	\$ 1,615	\$ 1,614
Transfers under Reciprocal Agreements	905	2,961
Total	\$ 2,520	\$ 4,575

13. INVESTMENT INCOME AND CHANGE IN FAIR VALUE OF INVESTMENTS

2024			2023			
(\$ thousands)	Investment Income	Change in Fair Value of Investments ¹	Total	Investment Income	Change in Fair Value of Investments ²	Total
Fixed Income						
Cash & Short-Term	\$ 9,473	\$ 1,679	\$ 11,152	\$ 8,283	\$ (31)	\$ 8,252
Universe Bonds	23,712	5,908	29,620	22,657	23,786	46,443
Long-Term Bonds	24,894	(11,561)	13,333	19,268	22,518	41,786
Real Estate Debt	49,555	6,190	55,745	54,164	(3,587)	50,577
High Yield Debt	–	–	–	16	(929)	(913)
Private Debt	31,100	43,875	74,975	26,380	33,815	60,195
Equity						
Canadian	24,631	147,712	172,343	23,974	55,076	79,050
US	8,678	199,571	208,249	9,573	114,547	124,120
International	37,572	107,156	144,728	32,888	74,533	107,421
Global	48,973	272,923	321,896	44,823	121,258	166,081
Private	9,233	91,935	101,168	6,796	25,172	31,968
Real Estate	9,802	32,239	42,041	6,154	(20,361)	(14,207)
Infrastructure	28,113	71,166	99,279	18,549	41,191	59,740
Securities Lending	661	–	661	825	–	825
Gross Investment Income	306,397	968,793	1,275,190	274,350	486,988	761,338
Investment Expenses, Note 15	(41,715)	–	(41,715)	(32,255)	–	(32,255)
	\$ 264,682	\$ 968,793	\$ 1,233,475	\$ 242,095	\$ 486,988	\$ 729,083

By Account

2024				2023		
(\$ thousands)	Investment Income	Change in Fair Value of Investments ¹	Total	Investment Income	Change in Fair Value of Investments ²	Total
Account A	\$ 171,968	\$ 629,438	\$ 801,406	\$ 156,890	\$ 315,592	\$ 472,482
Account B	92,216	337,531	429,747	84,767	170,514	255,281
Money Purchase Accounts	155	567	722	128	258	386
MTS Account	343	1,257	1,600	310	624	934
MSBA Account	—	—	—	—	—	—
	\$ 264,682	\$ 968,793	\$ 1,233,475	\$ 242,095	\$ 486,988	\$ 729,083

¹ Change in Fair Value includes realized gains of \$404,277,000 and unrealized gains of \$564,516,000.² Change in Fair Value includes realized gains of \$166,672,000 and unrealized gains of \$320,316,000.

14. COMMITMENTS

Certain of the Fund's investments are made on the basis of an initial commitment of a defined dollar amount, which is then called for and advanced by the Fund in future years. The typical period over which such amounts may be called is five years from the date of commitment. As at December 31, 2024, the Fund had outstanding commitments as follows:

(\$ thousands)	2024	2023
Fixed Income	\$ 596,367	\$ 387,312
Private Equity	672,502	490,682
Real Estate	150,391	175,509
Infrastructure	286,630	254,835
Total	\$1,705,890	\$ 1,308,338

Of the amount outstanding as at December 31, 2024, \$1,611,295,000 (2023 – \$1,228,488,000) is related to commitments denominated in currencies other than the Canadian dollar and therefore the amount in Canadian dollar terms may increase or decrease depending on the exchange rate at the time the funds are drawn.

15. ADMINISTRATIVE AND INVESTMENT EXPENSES

(\$ thousands)	2024			2023		
	Administrative Expenses	Investment Expenses	Total	Administrative Expenses	Investment Expenses	Total
Salaries and Benefits	\$ 4,658	\$ 4,103	\$ 8,761	\$ 3,923	\$ 3,868	\$ 7,791
Office and Administration	2,294	1,004	3,298	1,646	849	2,495
Actuarial Fees	163	28	191	251	48	299
Audit Fees	29	44	73	29	43	72
Custody and Banking	20	535	555	19	530	549
Communications	113	30	143	59	26	85
Travel	23	28	51	30	26	56
Professional Fees	56	129	185	12	127	139
Board and Committees	65	71	136	58	227	285
Portfolio Oversight	–	948	948	–	1,197	1,197
Subtotal	7,421	6,920	14,341	6,027	6,941	12,968
Investment Management Fees	–	34,795	34,795	–	25,314	25,314
Total	\$ 7,421	\$ 41,715	\$ 49,136	\$ 6,027	\$ 32,255	\$ 38,282

16. ACTUARIAL VALUATIONS

(A) BASIC BENEFITS (EXCLUDING PENSION ADJUSTMENTS)

The TPA requires that an actuarial valuation of the Fund be prepared at least every three years. The most recent actuarial valuation of the Fund was completed as at January 1, 2024 by Aon, consulting actuaries. This is a funding valuation that projects the plan's future benefit costs and compares them to the Fund's assets plus future contributions. The previous valuation occurred as at January 1, 2021. The projected unit credit actuarial cost method and the TRAF 2014 Generational Mortality Table with improvement scale MI-2017 were used (2021 also used the projected unit credit actuarial cost method and the TRAF 2014 Generational Mortality Table with improvement scale MI-2017).

The assumptions used in determining the actuarial value of benefits accrued for service to date for the Fund were developed by reference to expected long-term market conditions. The significant long-term actuarial assumptions used in the valuations were:

(%)	January 1, 2024 Valuation	January 1, 2021 Valuation
Discount Rate	5.75	5.50
Inflation	2.00	2.00
Cost of Living Adjustments	0.90	0.90
General Salary Increases	3.00 for two years, 2.50 thereafter	2.00 for five years, 2.50 thereafter
Salary Increases for Seniority and Education	0.50 to 5.50	0.50 to 5.50
YMPE Increases	2.50	2.50

i. Account A and Account B

The actuarial valuation of Account A (excluding the PAA) as at January 1, 2024 disclosed actuarial assets of \$6,391,657,000 and actuarial liabilities of \$5,961,799,000, resulting in a surplus of \$429,858,000 (2021 – surplus of \$83,596,000).

The summary results of the January 1, 2024, actuarial valuation for Account A are as follows:

(\$ thousands)	Accrued	Future	Total
Assets	\$ 5,134,584	\$ 1,257,073	\$ 6,391,657
Liabilities	4,465,412	1,496,387	5,961,799
Surplus/(Deficit)	\$ 669,172	\$ (239,314)	\$ 429,858

The surplus means that Account A is sufficiently funded to cover the cost of the accrued and projected future benefits for the current cohort of existing plan members as at January 1, 2024.

The actuarial valuation of Account B (excluding cost of living adjustments) as at January 1, 2024 disclosed actuarial assets of \$3,783,319,000 and actuarial liabilities of \$5,769,650,000, resulting in a deficit of \$1,986,331,000 (2021 – deficit of \$1,923,138,000).

The summary results of the January 1, 2024, actuarial valuation for Account B are as follows:

(\$ thousands)	Accrued	Future	Total
Assets	\$ 2,526,246	\$ 1,257,073	\$ 3,783,319
Liabilities	4,384,909	1,384,741	5,769,650
Surplus/(Deficit)	\$ (1,858,663)	\$ (127,668)	\$ (1,986,331)

The deficit means that Account B is not sufficiently funded to cover the cost of the accrued and projected future benefits for the current cohort of existing plan members as at January 1, 2024.

Pension liabilities are exposed to the long-term expectation of the real rate of return on the investments as well as expectations of inflation and salary escalation. Holding all other actuarial assumptions in the January 1, 2024 valuation constant, a 1% decrease in the long-term rate of return assumption would result in an increase of the Fund's accrued pension obligations of approximately 13.68% (or 17.76% for accrued and future liabilities). Conversely, a 1% increase in the long-term rate of return assumption would result in a similar decrease of the Fund's accrued pension obligations.

The next valuation of the Fund will occur no later than January 1, 2027.

ii. MTS Account

The actuarial valuation of the MTS Account as at January 1, 2024 disclosed actuarial assets of \$11,100,000 and pension obligations of \$9,143,000, resulting in a surplus of \$1,957,000 (2021 – surplus of \$1,032,000).

iii. MSBA Account

The actuarial valuation of the MSBA Account as at January 1, 2024 disclosed actuarial assets of \$5,000 and pension obligations of \$90,000, resulting in a deficit of \$85,000 (2021 – deficit of \$178,000).

(B) PENSION ADJUSTMENTS (COST OF LIVING ADJUSTMENT)

The TPA requires that the PAA be actuarially valued each year to determine the amount available to fund 50% of any COLA.

On March 18, 2025, Aon issued its valuation of the PAA as at December 31, 2024. The available surplus amount was calculated as \$52,572,000 after the determination of experience gains and losses and the change of certain assumptions.

The assumption regarding the rate of interest to be earned on the PAA was 4.25% (2023 – 4.00%). Based on this report, the Board approved the payment of a 1.60% COLA effective July 1, 2025, which reduced the available unrestricted surplus in the PAA by \$52,432,000 to \$140,000.

17. PENSION OBLIGATIONS

(A) BASIC BENEFITS (EXCLUDING PENSION ADJUSTMENTS)

The present value of pension obligations for Account A and Account B (excluding pension adjustments which are shown in Note 17(B) below), for service to January 1, 2024, was determined from the actuarial valuation referred to in Note 16. The liability for future service expected to be rendered after the valuation date is excluded. The present value of pension obligations has been extrapolated from January 1, 2024 to December 31, 2024 using a formula developed by the actuary. Under the formula, the cost of benefits accrued under Account A is estimated to be 108.4% for 2024 (2023 – 109.9%) of the amount of corresponding member contributions plus any funds transferred to Account A as a result of reciprocal transfers or the conversion of Money Purchase Accounts to annuities.

(\$ thousands)	2024			2023
	Account A Basic Benefits	Account B Basic Benefits	Total	Total
Estimated Actuarial Present Value of Pension Obligations for Service at Beginning of Year	\$ 4,512,738	\$ 4,423,270	\$ 8,936,008	\$ 8,673,964
Change in Assumptions	(121,132)	(124,086)	(245,218)	–
Experience Losses/(Gains)	73,806	85,725	159,531	–
	4,465,412	4,384,909	8,850,321	8,673,964
Interest	253,997	249,248	503,245	471,313
Benefits Accrued	134,121	127,850	261,971	241,097
Benefits Paid	(230,260)	(228,167)	(458,427)	(450,366)
Net Increase in Pension Obligations	157,858	148,931	306,789	262,044
Estimated Actuarial Present Value of Pension Obligations for Service at End of Year	\$ 4,623,270	\$ 4,533,840	\$ 9,157,110	\$ 8,936,008

(B) PENSION ADJUSTMENTS (COST OF LIVING ADJUSTMENT)

The present value of accrued pension adjustments for the PAA is based on the March 18, 2025, actuarial report referred to in Note 16(B). The present value of accrued cost of living benefits for Account B has been extrapolated on the same basis as the PAA.

(\$ thousands)	2024			2023
	Account A Sub-Account PAA	Account B Sub-Account Cost of Living	Total	Total
Estimated Actuarial Present Value of Accrued Pension Adjustments at Beginning of Year	\$ 469,660	\$ 469,660	\$ 939,320	\$ 892,916
Change in Assumptions	(9,167)	(9,167)	(18,334)	(52,560)
Experience Losses/(Gains)	(784)	(784)	(1,568)	(1,942)
	459,709	459,709	919,418	838,414
Interest	18,013	18,013	36,026	27,882
Benefits Accrued	52,432	52,432	104,864	143,100
Benefits Paid	(38,652)	(38,652)	(77,304)	(70,076)
Net Change in Accrued Pension Adjustments	31,793	31,793	63,586	100,906
Estimated Actuarial Present Value of Accrued Pension Obligations at End of Year	\$ 491,502	\$ 491,502	\$ 983,004	\$ 939,320

(C) COMBINED (BASIC BENEFITS AND PENSION ADJUSTMENTS)

The extrapolated value of pension obligations for Account A and Account B including pension adjustments as at December 31, 2024 is presented below.

(\$ thousands)	2024			2023
	Account A	Account B	Total	Total
Estimated Actuarial Present Value of Pension Obligations for Service at Beginning of Year	\$ 4,982,398	\$ 4,892,930	\$ 9,875,328	\$ 9,566,880
Change in Assumptions	(130,299)	(133,253)	(263,552)	(52,560)
Experience Losses/(Gains)	73,022	84,941	157,963	(1,942)
	4,925,121	4,844,618	9,769,739	9,512,378
Interest	272,010	267,261	539,271	499,195
Benefits Accrued	186,553	180,282	366,835	384,197
Benefits Paid	(268,912)	(266,819)	(535,731)	(520,442)
Net Increase in Pension Adjustments	189,651	180,724	370,375	362,950
Estimated Actuarial Present Value of Pension Obligations for Service at End of Year	\$ 5,114,772	\$ 5,025,342	\$10,140,114	\$ 9,875,328

18. CAPITAL DISCLOSURES

In the context of the Fund, capital is defined as the net assets available for benefits. Externally imposed capital requirements relate to the administration of the Fund in accordance with the applicable terms of the TPA, *The Pension Benefits Act* (Manitoba) and the *Income Tax Act*. The Fund has developed risk management strategies, as described in Note 7, to manage the net assets available for benefits. The Fund complied with the applicable externally imposed capital requirements during the year. Capital management strategies did not change during the year.

OUR STAFF

TRAF currently employs 45 staff members who work in areas related to pension administration, investment management and shared services. This relatively small group of people is responsible for providing service to over 40,000 members and overseeing approximately \$9.6 billion in assets. Their commitment to excellence is evident every day.



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