UNWAVERING VISION

2023 ANNUAL REPORT

Teachers' Pension Plan Corporation
NEWFOUNDLAND & LABRADOR

UNWAVERING VISION

Since the beginning, providing you with retirement security has been our mission. We always lead with our core values—as these guide us steadily into the future, and ensure superb service for all our plan members.

By governing and executing with excellence, we provide you with access to straightforward and accurate information, at any time. We maintain assurance through our strategic clarity and strong financial results—safeguarding your financial retirement. And by delivering a predictable, lifetime retirement income, we go a long way in ensuring your peace of mind. Now, and in retirement.

Comparable to an open book, we're built from transparency. And like our loyalty, wisdom and confidence, our stability is unwavering. The diverse expertise, knowledge and skills we possess are quiet strengths—allowing us to govern the Plan and serve plan members with nothing but the absolute best.

We are *your* Teachers' Pension Plan Corporation of Newfoundland and Labrador.

MESSAGE FROM THE CHAIR

Looking back on the past year, we see our resilience continuing to grow despite economic challenges and market fluctuations. We remained true to our strategic course and naturally steadfast in our commitment to enhancing your experience and delivering exceptional service.

I'm pleased to share our year-end results, which underscore the continued strength and resilience of our financial position. Our net investment return of 8.8% surpassed our 10-year annualized average of 7.9%, demonstrating our commitment to achieving stable returns over the long-term. With the funded ratio standing at 118%, our investment strategy's effectiveness and prudent risk management are evident. Our focus on the long term allows us to see beyond short-term volatility, making grounded investment choices that endure market fluctuations. This approach ensures we meet obligations consistently, even amid uncertainty as experienced in recent years.

Above all, our focus is on you—the member. While we're dedicated to helping to ensure your retirement security, we're equally committed to meeting you where you are and supporting your financial literacy journey. In our efforts to serve you better, we've embraced innovation. We've made annual benefit statements for members available online in myPENSION, and through our videos and website, we continue to strive to provide easy access to information, ensuring you're empowered to make informed decisions about your retirement.

As we mark the onset of this third year in our 2022-2024 strategic plan, it's remarkable how swiftly time has flown. And yet, our experience navigating challenges and embracing opportunities has enabled us to stand poised to begin the next phase of our strategic endeavors. Informed by our creativity and wisdom, we look forward to the years ahead.

I extend genuine gratitude to the Sponsor Body, my esteemed colleagues on the Board, external members of the Investment Committee, and the dedicated staff of the Corporation for their unwavering support and commitment. Our collective priority to safeguard members' retirement security remains steadfast.

To our members, thank you for entrusting us with your future.

Paula McDonald
Board Chair

"Above all, our focus is on you—the member. While we're dedicated to helping to ensure your retirement security, we're equally committed to meeting you where you are and supporting your financial literacy journey."

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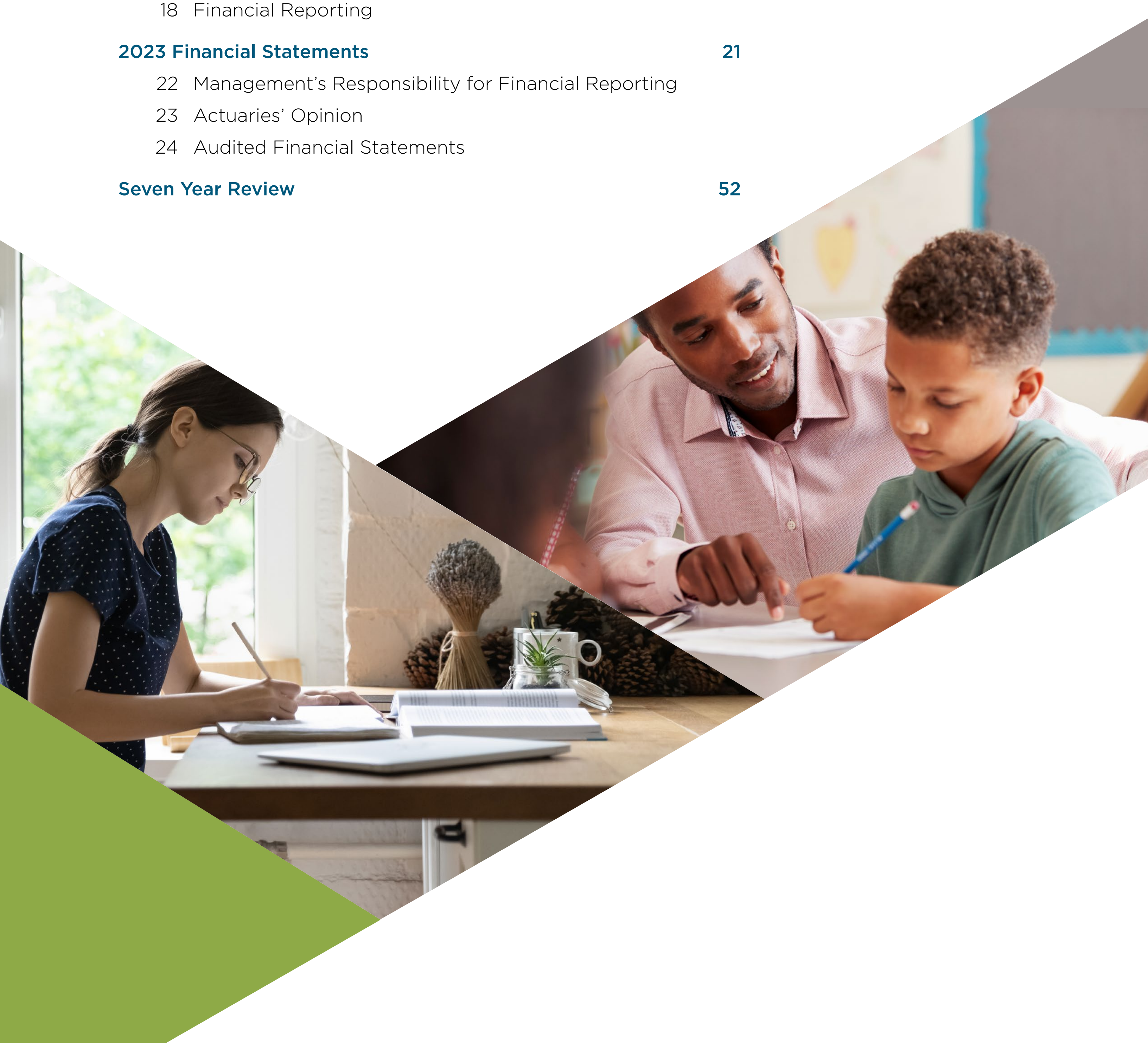
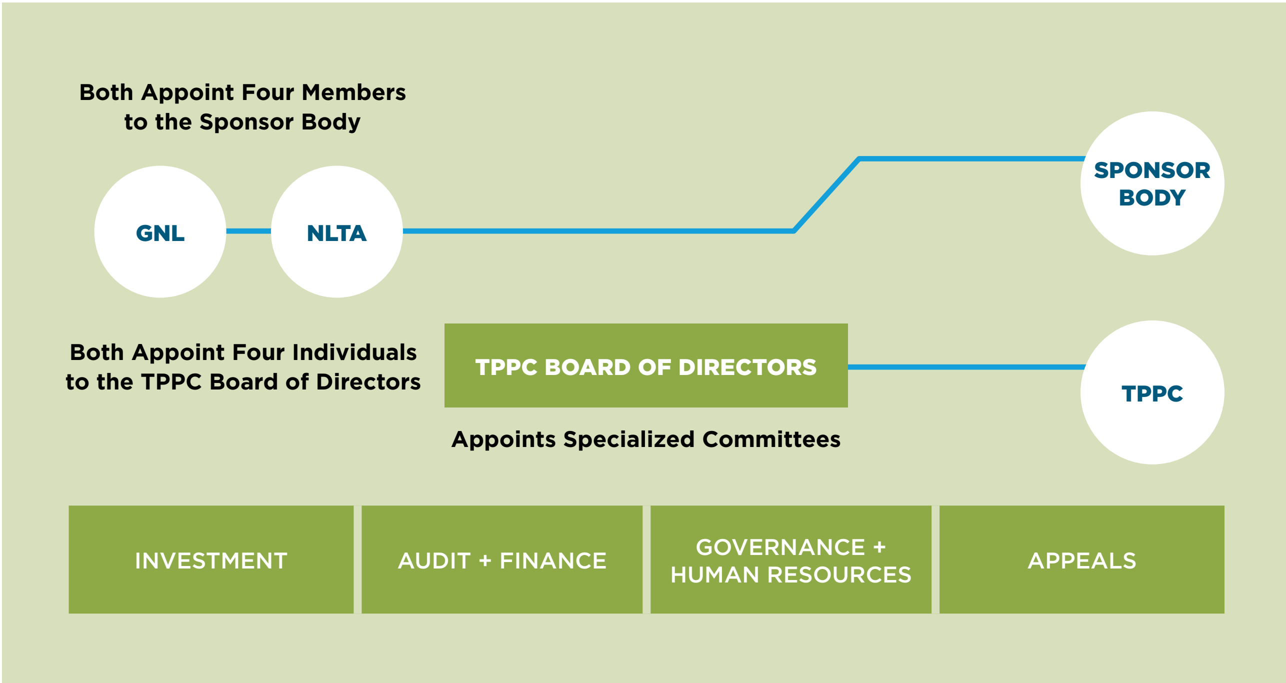


PLAN GOVERNANCE

At the Teachers' Pension Plan Corporation (TPPC or Corporation), our vision is to be an outstanding pension plan administrator, as well as institutional investor. Providing retirement security and excellent service to members is our mission—not only now, but in the future. Transparency is at the forefront of everything we do, like managing our day-to-day operations, setting our strategic direction, and holding a fiduciary responsibility for the Plan and its investments.

In 2016, the Government of Newfoundland and Labrador (GNL) and the Newfoundland and Labrador Teachers' Association (NLTA) signed a Joint Sponsorship Agreement (JSA). The ultimate goal of this agreement was to create a world-class organization to administer the Teachers' Pension Plan (Plan) and its fund—hence, the birth of the TPPC. If you're interested in reading about pension reform, please **visit our website**.



Since 2016, the Plan has been overseen by an independent, expert Board of Directors, that makes decisions in the best interest of *all* members.

The Sponsor Body is responsible for approving Plan amendments, determining the frequency of actuarial valuations, amending actuarial assumptions, implementing the funding policy, and ensuring Plan longevity.

The TPPC's eight Board members are selected based on the following specialized skills: governance, investments, finance, human resources, pensions, customer service, risk management, stakeholder involvement and regulatory matters. The TPPC Board of Directors is the Trustee of the Teachers' Pension Fund; it oversees the management and prudent investment of the Plan's assets, in addition to its administration.

The TPPC Board of Directors has established a robust governance structure; and as such, it created three standing committees – Investment, Audit and Finance, and Governance and Human Resources. Each provides expertise to the Board, which allows the TPPC's corporate goals, objectives and responsibilities to be fulfilled. An Appeals Committee has also been created to ensure we have a fair adjudication process in place to resolve matters related to the interpretation of Plan rules.

TPPC Board of Directors

Paula McDonald BComm, FCPA, FCA, CMA Board Chair	**Richard Dixon** BA, MIR, ICD.D
Eric Thoms BA, MBA, CPA, CMA Board Vice-Chair	**Scott Perkin** BComm, LLB, ICD.D
Don Ash BSc, BEd, MBA	**Janet Rabovsky** BA, MBA
Robert Blais BSc, FSA, FCIA	**Gretchen Van Riesen** BSc

TPPC External Investment Committee Members

The Investment Committee also includes two external members who bring additional subject matter expertise to the Board and are as follows:

Kevin Fahey BComm, LLB, CFA	**Johannus (John) Poos** BA, LLB

TPPC Standing Committees

Investment Assists the Board in overseeing all investment activities of the TPPC.	**Janet Rabovsky** Committee Chair **Don Ash** **Robert Blais** **Kevin Fahey** **Paula McDonald** **John Poos**
Audit + Finance Assists the Board in fulfilling its oversight responsibility in relation to the TPPC's financial reporting, accounting systems, internal controls, and risk management.	**Eric Thoms** Committee Chair **Robert Blais** **Paula McDonald** **Scott Perkin**
Governance + Human Resources Provides a focus and ongoing pursuit of best practices regarding corporate governance and human resource policies.	**Richard Dixon** Committee Chair **Paula McDonald** **Scott Perkin** **Eric Thoms** **Gretchen Van Riesen**

Board Attendance

Board members are expected to attend Board meetings and meetings of Committees of which they are a member. Board members met five times in 2023 for Board meetings. In addition, the Investment Committee met six times, the Audit and Finance Committee met four times, and the Governance and Human Resources Committee met four times. The Appeals Committee did not meet.

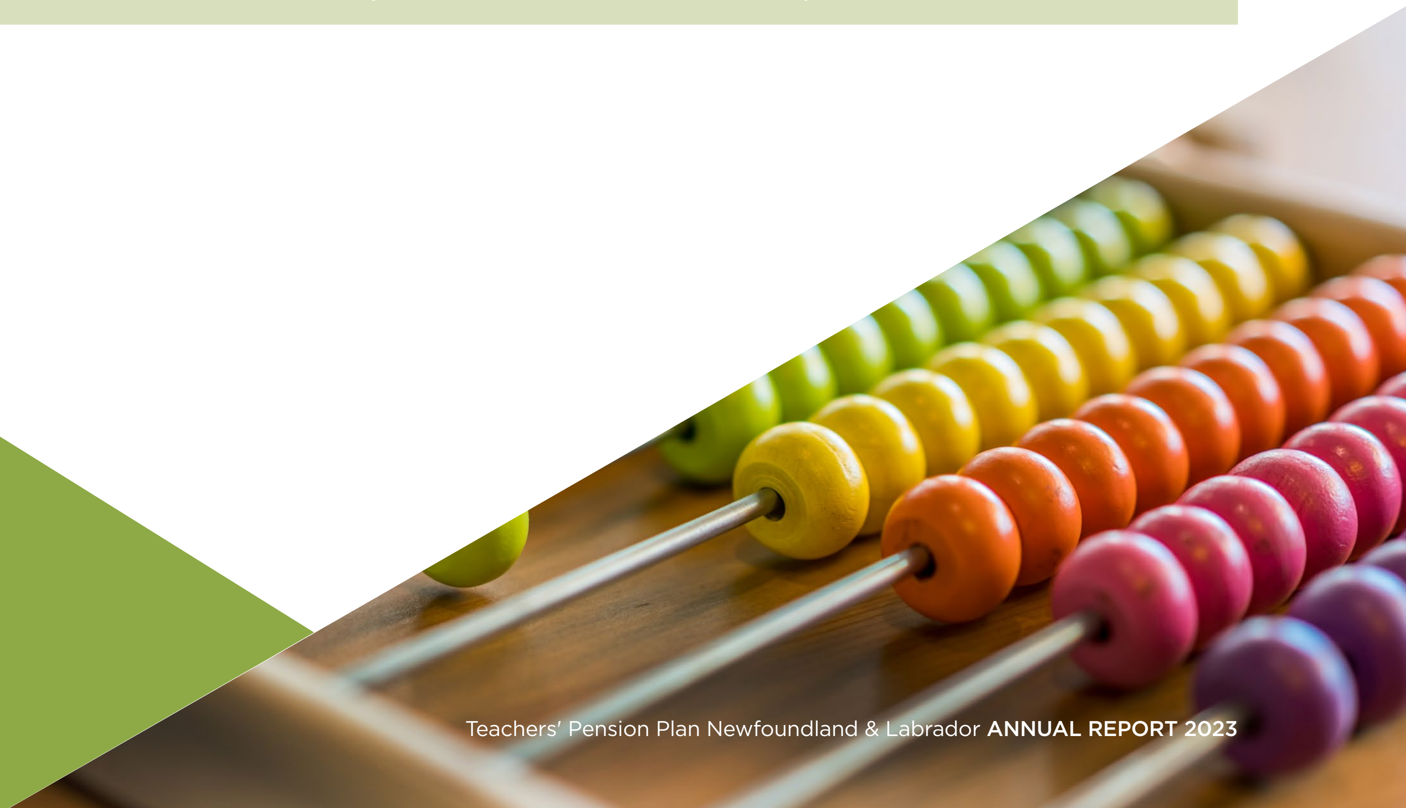
Board Members	Attendance	Board Meetings	Committee Meetings
Paula McDonald	100%	5	14
Eric Thoms	100%	5	8
Don Ash	100%	5	6
Robert Blais	87%	4	9
Richard Dixon	100%	5	4
Scott Perkin	100%	5	8
Janet Rabovsky	100%	5	6
Gretchen Van Riesen	89%	4	4

2023 HIGHLIGHTS

Invested Assets	Net Rate of Return on Invested Assets (1 year)	Net Rate of Return on Invested Assets (10 year annualized)
$4.7 Billion	**8.8%**	**7.9%**

Contributions		Benefits Paid
Members	Employers	
$60.1 Million	**$57.2** Million	**$334.4** Million

Net Assets Available for Benefits	Accrued Benefit Obligation	Funded Ratio
$6.3 Billion	**$5.3** Billion	**118.1%** Fully funded for the seventh year in a row



MANAGEMENT’S COMMENTARY

Investment Strategy and Performance

The Plan maintains a well diversified, professionally managed investment portfolio that is structured to balance risk and return and ensure the long-term sustainability of the Plan.

Performance Highlights

- **8.8%** — **2023 Net Rate of Return on Invested Assets**
- **8.0%** — **Net Rate of Return on Total Pension Assets** *(Including the Promissory Note)*
- **7.2%** — **Net Rate of Return on Invested Assets** *(4 year annualized)*
- **7.9%** — **Net Rate of Return on Invested Assets** *(10 year annualized)*

Overview

Our overarching objective is to ensure that the Plan is able to meet its pension obligations as they come due. To accomplish this, we have an investment strategy and asset mix which are designed to meet the Plan’s funding targets as outlined within the JSA and to position the Plan to meet its obligations to members.

The Plan’s liabilities are long-term in nature and consequently, we have a long-term approach to investment strategy and the ensuing results. Paramount to this is a commitment to risk mitigation throughout our investment strategy and rigorous processes, including a recognition of the importance of considering Environmental, Social, and Governance (ESG) factors to not only mitigate risk but to also identify investment opportunities.

Despite ongoing uncertainty in 2023, the Plan’s results rebounded significantly, delivering an 8.8% net investment return, which, while below the Plan’s benchmark, nonetheless exceeded its 6.0% discount rate and contributed to the increase in the Plan’s funded ratio to 118.1%. Importantly, the Plan’s four- and ten-year net annualized returns of 7.2% and 7.9%, respectively, continue to contribute positively to the Plan’s long-term sustainability.

Responsible Investing

In fulfilling our mission, we have a fiduciary responsibility to act in the financial best interest of our members. We believe that responsible investing—incorporating relevant and material ESG factors into investment decisions and capital stewardship—plays a role in meeting our fiduciary obligations.

Our ESG journey has been advanced through the development of an ESG Framework, Roadmap, and Workplans. Since the beginning, the approach to ESG has been measured and focused on incremental progress.

We completed activities related to the 2023 ESG workplan and finalized the workplan for 2024. Using our ESG questionnaires as a starting point for discussion, there was increased investment manager engagement throughout the year. These discussions focused on obtaining a better understanding of our investment managers' ESG policies, procedures, and activities, and how they relate to investment manager engagement with investee companies, including proxy voting issues and priorities.

We have developed stewardship guidelines to further enhance our ESG activities. The guidelines describe how we engage with, and through, our investment managers and other stakeholders to enhance the long-term sustainable creation of value, and to contribute to a more sustainable financial system.

To ensure continued progress on our journey, our team works with our specialized ESG consultant, and leverages the resources and support of investment managers, peers and leading organizations, including the Canadian Coalition for Good Governance and the Pension Investment Association of Canada.

Additional information regarding our approach to responsible investing can be found on **our website**.

Asset Mix

The asset mix has been developed with the objective of maintaining a return over the long-term that is equal to or greater than the Plan's 6.0% assumed actuarial discount rate. Meeting this objective ensures the Plan remains fully funded.

The Strategic Asset Allocation (SAA), approved by the Board of Directors, was developed to de-risk the Plan's investment strategy by increasing asset class diversification and reducing short-term investment return volatility. As part of the SAA, we have been actioning our implementation plan that will result in meaningful increases in real estate and infrastructure allocations, with a smaller increase to private equity. These increased allocations will be funded primarily from public equity.

The progression of the Plan's asset mix is highlighted in the table on the following page.

Progression of Actual Asset Mix Towards the Strategic Asset Allocation (2020-2023)

Plan Assets	2020	2021	2022	2023	SAA Target %
Public Equity	49.4%	50.6%	46.3%	46.6%	38.0%
Private Equity	4.8%	5.8%	6.1%	6.1%	7.0%
Real Estate	6.5%	6.6%	8.6%	8.1%	12.5%
Infrastructure	7.9%	8.3%	11.4%	13.5%	17.5%
Bonds	16.1%	14.5%	13.9%	14.2%	15.5%
Mortgages	6.7%	2.6%	1.5%	0.1%	0.0%
Private Debt	7.2%	8.2%	10.0%	9.5%	7.5%
Cash	1.4%	3.4%	2.2%	1.9%	2.0%

During 2023, progress continued towards meeting the Plan's SAA. We committed to two new discretionary mandates: one to private equity and the other to infrastructure. Funding of each mandate commenced during the year, with each expected to be fully deployed within the next four years. We also successfully transitioned out of our dedicated emerging markets mandate using the proceeds to primarily fund investments in infrastructure, and to a lesser extent, real estate, and private equity.

Based on current projections, we anticipate having all capital deployed to meet the SAA target by the end of 2025, with the exception of private equity, which is expected to have capital fully deployed by the end of 2027.

While we continuously monitor the actual asset mix to assess progress towards meeting the SAA, the pace of new commitments, capital deployment, and return of capital remain dependent on market conditions and the availability of appropriate investment opportunities. Consequently, we establish annual interim asset mix targets to ensure an orderly transition to the SAA.

Additionally, the performance of each asset class varies over time which can cause the actual asset mix to deviate from the targeted SAA and annual interim asset mix targets. Our Statement of Investment Policies and Procedures allows for deviations from these targets within approved ranges to avoid unnecessary portfolio disruption and cost. During 2023, the asset mix of the Plan was consistently within these permitted ranges.

Implementation of the current SAA has resulted in an anticipated increase in exposure to private market asset classes (private equity, real estate, infrastructure, and private debt), which are global in nature and expose the Plan to foreign currency fluctuations. While currency exposure can provide a further source of diversification, it can also present a significant source of risk, uncertainty, and volatility. To assist in mitigating this risk, we have a foreign currency hedging policy and program in place.

2023 Market Review

While 2023 concluded with economic indicators pointing towards recovery and growth, the year was largely characterized by persistent inflation, elevated interest rates, and ongoing geopolitical challenges.

Investors entered 2023 worried about inflation, with many expecting a recession by the middle of the year. Instead, as central banks increased interest rates, inflation cooled and economic growth began to stabilize. Inflation rates were cut in half in Canada, the US, and the UK, with significant declines also experienced in the European Union, Japan, China, and South Korea.

Despite uncertainty relating to continued geopolitical conflicts, the hope of an imminent reduction in central bank interest rates amid receding global inflation pressure led public stocks and bonds to strong 2023 performance, particularly during the fourth quarter of the year.

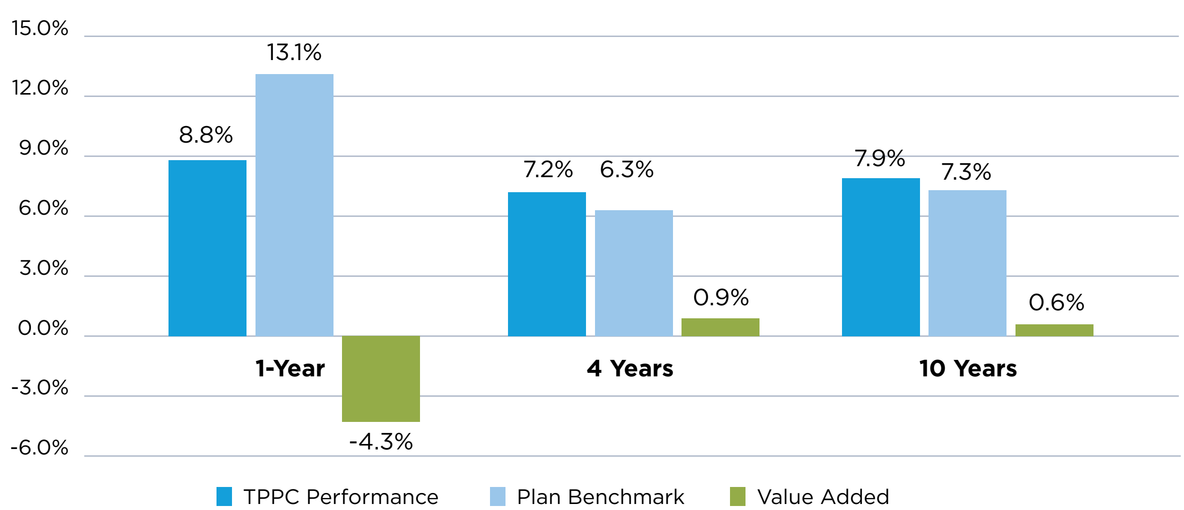
Private market asset classes were marked by a significant decline in transaction volumes in 2023 as many investors held off on making longer term investments due to the uncertain capital market environment, while those already invested continued to hold for longer, waiting to exit in a more favourable environment. Changes in the work, leisure and retail habits of consumers had a further impact, most significantly in the real estate sector. In 2023, the private debt market continued its expansion as private lenders filled the gap left by traditional lenders in the wake of continuing banking consolidation and regulatory pressures.

2023 Performance

The Plan realized a net return of 8.8% on invested assets largely due to the performance of public markets, which rebounded sharply after a challenging year in 2022. Private equity and private debt also contributed positive absolute returns, while real estate performance was impacted by significant declines in asset valuations leading to negative performance for the year.

Given the long-term nature of the Plan's liabilities and the focus on sustainability, performance is also considered over the longer term. The following table provides the one-, four- and ten-year annualized returns of the Plan's invested assets.

Net Return on Invested Assets Relative to Plan Benchmark (Annualized)



The 2023 underperformance relative to benchmark primarily represents a disconnect between portfolio returns and benchmarks for inflation linked mandates (real estate and infrastructure) and private equity, as opposed to underperformance of the underlying portfolios themselves. Recent elevated Consumer Price Index numbers have distorted these benchmark returns in the short-term. The private equity benchmark, which is based on public equity performance, was significantly higher than the long-term expected returns for private equity.

The Plan continued to produce strong returns over the long-term and outperformance relative to its benchmark for the four-year and ten-year periods as shown in the table above. Over the past four- and ten-year periods, Plan performance has exceeded the 6.0% actuarial discount rate and provided 0.9% and 0.6% in value-add net of fees, respectively, over the comparable periods' benchmarks.

The $1.6 billion promissory note due from the Government of Newfoundland and Labrador bears interest at an annual rate of 6.0%. In years where the Plan's invested assets return is below 6.0%, the note serves to enhance returns. However, when the return on the Plan's invested assets exceeds 6.0%, as it did in 2023, the note will have a dampening effect on performance. The Plan's net return, including the promissory note, was 8.0% in 2023.

As noted in the table below, all asset classes, except for real estate and infrastructure, performed well on an absolute basis in 2023.

Asset Class Net Returns versus Benchmark Returns

	1-Year			4-Year		
	Net Return	**Benchmark Return**	**Value Added**	**Net Return**	**Benchmark Return**	**Value Added**
Total Plan	8.8%	13.1%	-4.3%	7.2%	6.3%	0.9%
Equities						
Canadian Equity	10.9%	11.8%	-0.9%	9.5%	8.6%	0.9%
Global Equity	19.2%	19.5%	-0.3%	8.6%	9.3%	-0.7%
Private Equity	7.3%	23.1%	-15.8%	20.4%	12.5%	7.9%
Real Assets						
Real Estate	-7.2%	7.2%	-14.4%	3.7%	8.0%	-4.3%
Infrastructure	-1.6%	8.3%	-9.9%	11.0%	9.1%	1.9%
Fixed Income						
Universe Bonds	7.3%	6.7%	0.6%	0.7%	-0.1%	0.8%
Corporate Bonds	9.2%	8.4%	0.8%	3.6%	1.1%	2.5%
Mortgages	5.7%	8.3%	-2.6%	4.3%	3.4%	0.9%
Private Debt	7.8%	8.0%	-0.2%	9.6%	8.0%	1.6%
Cash	3.7%	4.7%	-1.0%	1.8%	1.6%	0.2%

Public Markets

During 2023, public markets bounced back from the sharp declines of 2022. The Plan's public markets portfolios produced strong absolute returns in 2023 and contributed to overall Plan performance.

- The rebound in Canadian and global equity from the losses of 2022 was driven in part by receding inflation concerns and the momentum surrounding artificial intelligence (AI). Performance fell short of the one-year benchmarks largely due the Plan's underweighting in this sector;
- Canadian equity performed well and added value relative to its four-year benchmark, while global equity underperformed on a four-year basis, largely due to the weak performance of growth stocks in 2022; and
- Both the universe and corporate bond portfolios exceeded their respective benchmarks for the year and the four-year period. The bond market rallied strongly in the fourth quarter of 2023 as yields fell in anticipation of interest rate pivots from central banks.

Private Markets

Private markets exhibited mixed results in 2023, with private equity and private debt performing well. Global real estate markets, however, were challenged by the higher interest rate environment, which had a negative impact on valuations and market activity across the sector. Infrastructure performance was essentially flat for the year, posting a slightly negative return.

- The 2023 private equity absolute return was in line with expectations but below that of its public equity-based benchmark, which reflected the significant rebound from the steep declines posted by public equities in 2022;
- Over the four-year period, private equity provided significant value-add compared with its benchmark, reflecting both the quality of the private equity portfolio and volatility of public market returns, particularly in 2022;
- Real estate returns for both one- and four-year periods have been significantly impacted by steep declines in valuations over the past two years in both the US and European markets as a result of the impact of higher interest rates;
- Infrastructure posted a small negative absolute return for the year but demonstrated resiliency in the face of short-term market factors (e.g. high interest rates, reduced transaction volumes). On a four-year basis, the infrastructure portfolio has performed well, posting strong absolute returns and exceeding its benchmark; and
- The 2023 private debt absolute return benefitted from increased borrower interest rates and was largely in line with expectations and its benchmark. Over the four-year period, private debt continues to perform well and provide attractive value-add relative to its benchmark.

Looking Ahead to 2024

While many of the key themes from 2023 such as inflation, interest rates, recessionary fears and geopolitical instability have persisted into 2024, the overall market sentiment on many of these issues has turned less negative. Inflation has broadly begun to ease, leading many to predict that central banks will begin easing interest rates during the middle or later part of the year, though this will largely depend on inflation as well as economic and labour dynamics throughout 2024.

Other key themes and trends we will be following in 2024, which present a mix of risk and opportunity, include:

Geopolitical Events

Geopolitical tensions continue to affect international supply chains and are driving a trend away from global trade.

AI

Advances in AI are expected to impact a growing number of industries and sectors while AI-fueled misinformation poses a growing risk to the global economy.

Low-carbon Transition

Climate resilience is emerging as a new theme in the transition to a low-carbon economy amid mounting damage from extreme weather events.

While current market sentiment is turning towards optimism, we will continue to be cautious as uncertainty and the risk of continued market volatility remains. We believe that our robust processes and long-term approach have positioned the Plan to take advantage of opportunities as they arise, and to weather short-term volatility.

Corporate Administration

Investment in Technology

We continue to invest in and leverage technology to increase efficiency and digital services to our members that offer them more options to self-serve and enhance their experience. During 2023, we used myPENSION (our member self service portal) to securely deliver the annual benefit statement to members allowing them to access the information at their convenience.

Enterprise Risk Management (ERM)

We have a strong risk-conscious culture. Risk management is important and plays a key role in all our activities. It is a responsibility shared by all our employees and integrated into our strategic decisions and execution. Our ERM continues to mature providing us with a consistent framework that helps us understand the risks we face and how they are being effectively managed.

Security Posture

Information security is very important in an increasingly risky world. We continue to enhance our security controls and program to respond to the evolving threat landscape and ensure all our sensitive data remains protected. In addition to our information management framework and policies, our risk mitigation includes annual vulnerability assessments and penetration testing by industry experts, desktop exercises to test our incident response plan, increased monitoring of network traffic and cyber security awareness training for staff that help identify and prevent potential cyber threats. We received a *Best Practice or Above* rating in our latest vulnerability assessment and penetration testing.

Strategic Planning

We were successful in achieving our 2023 strategic priorities and goals that were set in the Strategic Plan for 2022-2024. During 2024, we will complete our 2025-2027 Strategic Plan.

2022-2024 Strategic Plan Key Goals and Initiatives

Plan Funding

The Plan is required to file actuarial valuations with the Canada Revenue Agency every three years. We conduct regular funding valuations to assess the Plan's long-term financial health. An off cycle valuation for funding purposes was completed as at August 31, 2023. This valuation, completed on a going-concern basis by Eckler Ltd., an independent actuary, showed the funded ratio of the Plan at that date was 117%. This is a point-in-time determination of the Plan's financial health. The next required valuation is as of August 31, 2024.

Plan Text Amendments

Effective January 19, 2023

An amendment was made to the Plan Text regarding the number of days a pensioner may be hired without impacting their pension. As a result of the present demand for retired teachers, the 90-day re-employment limit was suspended and a pensioner could be re-employed without limit during the 2022-2023 teaching year. At the commencement of the 2023-2024 teaching year, the 90-day re-employment limit was again considered in determining the impact on a re-employed pensioner.

Effective December 12, 2023

An amendment was made to the Plan Text to suspend the re-employment limit for the 2023-2024 teaching year.

Effective December 21, 2023

An amendment was made to Plan Text which extended the definition of "Teacher" to include certain NLTA Administrative Officers and employees of the Teachers' Pension Plan Corporation ("Corporation Employee"). As a result of this amendment, an NLTA Administrative Officer and Corporation Employee on February 1, 2024 had the option, but not the obligation, to join the Plan.

MEMBER PROFILE

Active Members	Pensioners	Ratio of Active Members to Pensioners
6,064	**9,891**	**0.61**

Average Age of Active Member	Average Age of Pensioner	Pensioners in Pay > 30 Years
43.5	**72.3**	**956**
	Pensioners over 100 Years Old **8**	

2023 Retirees

New Retirees	Average Retirement Age	Average Years Contributing to the Plan
219	**58.0**	**28.0**

Years Expected to Collect a Pension	Average Annual Lifetime Pension
32.6	**$40,552**

Member Service

We deliver outstanding member experiences by shaping everything we do around supporting our members. Many aspects of pensions and retirement planning are complicated and our members are at various stages in their career or retirement. We appreciate that not every situation is the same and we strive to make everything related to our members' pensions as easy as possible. Being approachable in our interactions helps strengthen our relationships with members so they feel comfortable reaching out to us in the future.

26,480
Website visits
www.tppcnl.ca
provides stakeholders with important Plan information as well as access to myPENSION

3,171
Telephone calls answered
Members received a real time answer to calls

4,995
E-mails received by
memberservices@tppcnl.ca
E-mail is an effective way to communicate with pension experts who are educated, trained and eager to provide exceptional service

96%
Member Satisfaction

Accurate Information

Accuracy is key when it comes to pensions. Our members are often making important life decisions when they contact us or visit our website.

Our website contains a full range of resources and tools that members need to better understand their Plan and make informed decisions about their pensions. These include the Plan Text, Plan Member Guide and various forms that detail the current Plan rules regarding retirement eligibility and the pension benefit formula. Also, during 2023, we added two videos to our website which showcase myPENSION and its benefits and demonstrate that we are here to help members make the most of being a member of the Plan.

Members receive personalized annual statements of their TPP benefits each year. This member statement provides members with information in an easy to understand format.

Knowledgeable Employees

When members need more personalized support, TPPC's employees are available by telephone, e-mail or in person visit to ensure our members' first point of contact provides them with accurate information and the answers they need to make informed decisions about their pension. Our team receives extensive training and education and is dedicated to delivering outstanding service to members, ensuring they feel important and appreciated. As members become more engaged in learning about their pension, we encourage them to contact us with their questions.

Following specific interactions between TPPC employees and members, members are asked to complete a short survey to provide valuable feedback regarding their experience and their overall satisfaction of the service they received. The average satisfaction rating for 2023 was 4.8 out of 5.

During 2023, we engaged with members by participating in and presenting at NLTA pre-retirement and financial information seminars.

Timely Information

Delivering information in a timely manner is essential in pension administration where deadlines can significantly impact our members' decision making. For 2023, we met or exceeded our service standards for accuracy and timeliness. Key performance indicators and targets are monitored on a monthly basis to improve processes resulting in efficient, cost effective and timely service to our members. We have been able to prepare and deliver information to members on key requests such as purchase of service, plan transfers and marriage breakdown in less than seven business days.

myPENSION is a secure, web-based application designed to provide members with enhanced on-line services available at their convenience. During 2023, we increased the security of this portal by adding Multi-Factor Authentication.

myPENSION provides members with:

- access to personal data
- retirement modeling tools to help them understand their retirement benefit options, and the ability to create a personalized retirement plan
- ability to share documents—more secure than e-mail or mail and is very efficient
- a self serve beneficiary module which allows members to add and change beneficiaries on-line as their life circumstances change.

Pensioners can also use myPENSION to view their pension pay stub on each payment date, change their address and banking information or request additional income tax deductions.

62%
of active members and
17%
of pensioners registered to use myPENSION as of December 31, 2023

6,320
On-line pension estimates by members

2,643
uses of retirement modeling tools

Financial Reporting

The Financial Reporting section highlights certain aspects of the financial statements that management views as key to understanding the financial position of the Plan.

Included in the pages preceding the financial statements are three letters that describe the responsibility of management, the actuaries, and the auditors.

- **Management's Responsibility for Financial Reporting** – identifies that management is responsible for preparation of the financial statements. The financial statements are prepared according to Canadian accounting standards for pension plans. The Board has ultimate responsibility for the financial statements and is assisted in its responsibility by the Audit and Finance Committee.
- **Actuaries' Opinion** – identifies that valuation methods are appropriate, data is sufficient and reliable, and the assumptions are in accordance with accepted actuarial practices. The actuarial valuation is based on membership data, actuarial and accounting standards and long-term interest rates.
- **Independent Auditor's Report** – the formal opinion issued by an external auditor on the financial statements.

Financial Statement Valuation

The financial statement valuation measures the fair value of the Plan's net assets available for benefits and the accrued benefit obligation at a point in time. The financial statement valuation provides a snapshot of the financial health of the Plan and it does not assume any future contributions and does not project the cost of benefits that members have not yet earned. Therefore, the financial statement valuation is not considered an indicator of the long-term sustainability of the Plan.

The financial statement valuation is prepared in accordance with guidance from Chartered Professional Accountants of Canada (CPA Canada). The accrued benefit obligation, prepared by independent actuaries, takes into account pension credit earned to date by all Plan members and contributions already received by the Plan. Valuation techniques, estimates and the accrued benefit obligation are described further in the notes to the financial statements.

The actuarial assumptions used in determining the accrued benefit obligation reflect best estimates of future economic and non-economic factors proposed by management and approved by the Board. Actual experience typically differs from these assumptions, and the differences are recognized as experience gains and losses in future years.

Financial Position

(As at December 31) (millions of dollars)	2023	2022
Net assets available for benefits	$ 6,315	$ 6,061
Accrued benefit obligation	5,347	5,351
Surplus	$ 968	$ 710
Funded ratio	118.1%	113.3%

The Plan ended 2023 with a financial statement surplus of $1.0 billion compared to a surplus of $0.7 billion at December 31, 2022. The surplus represents the difference between the net assets available for benefits of $6.3 billion and the accrued benefit obligation at year end of $5.3 billion. This results in a funded ratio of 118.1% at December 31, 2023, compared to 113.3% at December 31, 2022.

The increase in funded ratio was primarily a result of the net investment return of 8.8% being higher than the discount rate of 6.0%. This resulted in the investment income (loss) and interest on the promissory note from the Government of Newfoundland and Labrador of $492 million exceeding the interest on accrued benefits of $314 million. In addition, contributions received by the Plan of $117 million exceeded the current service cost (the cost of benefits accrued during the year) of $89 million.

Net Assets Available for Benefits

(For the year ended December 31) (millions of dollars)	2023	2022
Net assets available for benefits, beginning of year	$ 6,061	$ 6,419
Investment income (loss)	393	(227)
Interest earned on promissory note	99	101
Contributions	117	118
Benefits paid	(334)	(332)
Investment related expenses	(14)	(11)
Management fees	(5)	(5)
Non-refundable HST	(2)	(2)
Increase (Decrease) in net assets available for benefits	254	(358)
Net assets available for benefits, end of year	$ 6,315	$ 6,061

Net assets available for benefits increased during the year by $254 million. This increase was a result of investment income of $393 million, interest earned on the promissory note of $99 million and contributions of $117 million, partially offset by decreases for benefits paid of $334 million, investment-related expenses of $14 million, management fees from the Corporation for the administration of the Plan of $5 million and non-refundable HST of $2 million.

Further details on the investment income and returns are discussed in the **Investment Strategy and Performance Section**.

Accrued Benefit Obligation

(For the year ended December 31) (millions of dollars)	2023	2022
Accrued benefit obligation, beginning of year	$ 5,351	$ 5,284
Interest on accrued benefits	314	310
Benefits accrued	89	89
Benefits paid	(334)	(332)
Experience gains	(73)	-
(Decrease) Increase in accrued benefit obligation	(4)	67
Accrued benefit obligation, end of year	$ 5,347	$ 5,351

The accrued benefit obligation decreased by $4 million during the year to $5.3 billion. The decrease was a result of benefits paid during the year of $334 million and experience gains of $73 million, partially offset by interest on accrued benefits of $314 million and benefits accrued of $89 million.

2023 FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Teachers' Pension Plan (the Plan) have been prepared by management, which is responsible for the integrity and fairness of the data presented, including the many amounts which must, of necessity, be based on estimates and judgments. The accounting policies followed in the preparation of these financial statements conform to Canadian accounting standards for pension plans. Financial information presented throughout the annual report is consistent with the financial statements.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained. These controls include quality standards in hiring and training of employees, a code of conduct, the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines through the organization.

Ultimate responsibility for the financial statements rests with the Teachers' Pension Plan Corporation Board of Directors (the Board). The Board is assisted in its responsibilities by the Audit and Finance Committee (the Committee) consisting of four Board members. In carrying out its duties and responsibilities, the Committee meets regularly with management and the external auditors to review the scope and timing of the audit, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Committee reviews the financial statements and the external auditor's report and recommends them for approval by the Board.

The Plan's external auditor, KPMG LLP, is directly accountable to the Committee and has full and unrestricted access to the Committee. They discuss with the Committee their audit and related findings as to the integrity of the Plan's financial reporting and adequacy of internal control systems in the context of their financial statement audit. KPMG LLP has conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they considered necessary to express the opinion in their independent Auditor's Report.

Paula McDonald
Chief Executive Office

Levi May
Chief Financial Officer

April 30, 2024

ACTUARIES' OPINION

Eckler Ltd. (Eckler) was retained by the Board of the Newfoundland and Labrador Teachers' Pension Plan Corporation (the TPPC), Administrator of the Newfoundland and Labrador Teachers' Pension Plan, to perform an actuarial valuation of the Plan as at August 31, 2023. The results of this valuation were extrapolated to estimate the accrued benefit obligation as at December 31, 2023. The purpose of the extrapolation was to determine the pension obligation and benefit accrual of the Plan for inclusion in the Plan's financial statements in accordance with Section 4600 of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

As this extrapolation was undertaken for purposes of the Plan's financial statements as at December 31, 2023 under the CPA Canada Handbook Section 4600, it may not be appropriate for other purposes and should not be relied upon or used for any other purpose. Specifically, the objective of this extrapolation was different than that of the valuation required for funding purposes as per the terms of the Plan's Joint Sponsorship Agreement.

The valuation of the Plan's actuarial liabilities was based on:

- membership data provided by the TPPC as at August 31, 2023;
- methods prescribed by Section 4600 of the CPA Canada Handbook for pension plan financial statements; and
- assumptions regarding future investment returns, inflation, salary growth and demographic experience, with a margin for conservatism where appropriate.

We have reviewed the data used for the valuation and have performed tests of reasonableness and consistency, and it is our opinion that the membership data on which the valuation are based are sufficient and reliable for the purpose of the valuation. Additionally, it is our opinion that the assumptions and the methods employed in the valuation are appropriate for the purpose of the valuation.

Notwithstanding the foregoing opinion, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Jill Wagman

Jill Wagman
Fellow, Canadian Institute of Actuaries

MK Archibald

Mary Kate Archibald
Fellow, Canadian Institute of Actuaries

April 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Administrator of the Teachers' Pension Plan

Opinion

We have audited the financial statements of the Teachers' Pension Plan (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued benefit obligation for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its changes in net assets available for benefits and its changes in accrued benefits obligation 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in Annual Report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 the Entity'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 the Entity'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 the Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

St. John's, Canada

April 30, 2024

Teachers' Pension Plan

Statement of Financial Position

As at December 31

(in thousands of dollars)

Assets		
Cash and cash equivalents	$ 29,383	$ 31,299
Accrued investment income	57,904	55,888
Contributions receivable:		
Members	661	1,198
Employers	29	1,153
Receivable from pending trades	2,225	144
Receivable from Teachers' Pension Plan Corporation	-	3
Harmonized Sales Tax receivable	415	425
Investments (note 4)	4,600,838	4,310,038
Promissory note receivable (note 14)	1,628,892	1,664,306
Total assets	**$ 6,320,347**	**$ 6,064,454**
Liabilities		
Accounts payable and accrued liabilities	$ 2,439	$ 2,615
Payable for pending trades	2,382	334
Payable to Teachers' Pension Plan Corporation	154	-
Total liabilities	**$ 4,975**	**$ 2,949**
Net assets available for benefits	**$ 6,315,372**	**$ 6,061,505**
Accrued benefit obligation (note 9)	5,347,117	5,351,292
Commitments (note 15)		
Surplus	**$ 968,255**	**$ 710,213**

The accompanying notes to the financial statements are an integral part of this financial statement.

On behalf of the Board

_____________________ Chair

_____________________ Director

Teachers' Pension Plan

Statement of Changes in Net Assets Available for Benefits
For the year ended December 31
(in thousands of dollars)

	2023	2022
Income and contributions		
Investment income (loss) (note 5)	$ 392,844	$ (227,467)
Interest on promissory note (note 14)	99,142	101,466
	491,986	(126,001)
Contributions (note 11)	117,297	118,177
Total income (loss) and contributions	**609,283**	**(7,824)**
Decrease in net assets		
Benefits (note 12)	(334,411)	(332,056)
Investment related expenses (note 8)	(13,981)	(10,922)
Management fees (note 14)	(5,381)	(4,830)
Non-refundable Harmonized Sales Tax	(1,643)	(1,543)
Total decrease in net assets	**(355,416)**	**(349,351)**
Increase (decrease) in net assets available for benefits	**253,867**	**(357,175)**
Net assets available for benefits, beginning of year	6,061,505	6,418,680
Net assets available for benefits, end of year	**$ 6,315,372**	**$ 6,061,505**

The accompanying notes to the financial statements are an integral part of this financial statement.

Teachers' Pension Plan

Statement of Changes in Accrued Benefit Obligation

For the year ended December 31

(in thousands of dollars)

	2023	2022
Actuarial present value of accrued benefit obligation, beginning of year	**$ 5,351,292**	**$ 5,284,016**
Interest on accrued benefits	313,714	309,766
Benefits accrued	88,956	89,566
Benefits paid	(334,411)	(332,056)
Experience gains	(72,434)	-
Net (decrease) increase in accrued benefit obligation	**(4,175)**	**67,276**
Actuarial present value of accrued benefit obligation, end of year (note 9)	**$ 5,347,117**	**$ 5,351,292**

The accompanying notes to the financial statements are an integral part of this financial statement.

The Teachers’ Pension Plan (the “Plan” or “TPP”) was continued on April 15, 2019, with an effective date retroactive to January 1, 1991, by the Teachers’ Pension Act, 2018 (the “Act”). The Teachers’ Pension Plan Fund (the “Fund”) was continued under Section 5 of the Act.

The Act provides for two Plan components: a Registered Plan (registration number 0375709), which provides registered pension benefits allowable under the Income Tax Act (Canada), and a Supplementary Plan, which provides benefits in excess of the Income Tax Act (Canada) maximum benefit limits. The Supplementary Plan is not included in the TPP. The Teachers’ Pension Plan Corporation (the “Corporation”) has been established as the Trustee and Administrator of the Registered Plan. The Province of Newfoundland and Labrador (the “Province”) continues to provide pension payroll and refund services for the Plan under a Service Level Agreement for an interim period.

1. Description of the Plan

a) General

The Plan is a contributory defined benefit pension plan covering teachers as defined under the Act (“Teachers” or “Members”).

These financial statements include only amounts that pertain to the Registered Plan. Amounts that pertain to the Supplementary Plan are included within the accounts of the Province.

The Plan is not subject to income tax, but is subject to indirect taxes including the Harmonized Sales Tax.

b) Funding

Plan benefits are funded by contributions and investment earnings.

Member contributions are equal to 11.35% of salary, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are included in the Supplementary Plan.

The employer funding requirement is to match the Member contributions for current service. Matching of contributions may also occur for certain types of past service, which may be purchased under contract.

c) Pension amounts

A service pension is available from the Plan based on 1/45th of the member’s best five years average salary times years of pensionable service prior to January 1, 1991, plus 2% of the member’s best five years average salary times years of pensionable service after January 1, 1991. When a member who retired after August 31, 1998 reaches age 65, this pension is reduced by 0.6% of the member’s

1. Description of the Plan (continued)

c) Pension amounts (continued)

best five years average salary up to average Year's Maximum Pensionable Earnings ("YMPE") times years of pensionable service after April 1, 1967.

In respect of service accrued after August 31, 2015, the calculation is based on the best eight years' salary. For service accrued before September 1, 2015, the calculation will be based on the greater of the average best five years' salary to August 31, 2015 or the average best eight years of salary.

d) Disability pensions

A disability pension equal to the service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

e) Death benefits

Upon the death of a Teacher, deferred pensioner or pensioner, benefits may be payable to a principal beneficiary, dependent child(ren), other dependents, a designated beneficiary or the person's estate.

f) Termination benefits

On termination of employment, a Teacher may elect to receive a refund of the Teacher's own contributions with interest or, if the Teacher has at least five years pensionable service, may elect to receive a deferred pension, commuted value or a combination of commuted value and refund of the Teacher's own contributions with interest based on certain service requirements. A Teacher who terminates after August 31, 2016 with less than 24.5 years of service and who chooses to take a deferred pension will access that pension at the normal retirement age of 62.

g) Indexing

Effective September 1, 2002 and each September 1 thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 will be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the Teacher to whom that pension, or benefit relates retires after August 31, 1998. For individuals who retire after August 31, 2015, the indexing adjustment is only applicable for the years and months of service credited before August 31, 2015.

2. Basis of Preparation

a) Basis of presentation

The financial statements are prepared in Canadian dollars, which is the Plan's functional currency, in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants ("CPA") Canada Handbook (Section 4600). Section 4600 provides specific accounting guidance on investments and pension obligations.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Plan to comply on a consistent basis with either IFRS Accounting Standards ("IFRS") in Part I of the CPA Canada Handbook, or Accounting Standards for Private Enterprises ("ASPE") in Part II of the Handbook. The Plan has chosen to comply on a consistent basis with IFRS. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

Consistent with Section 4600, investments and liabilities are presented on a non-consolidated basis even when the investment is in an entity over which the Plan has effective control. Earnings of such entities are recognized as income is earned and as dividends are declared. The Plan's total investment income includes valuation adjustments required to bring the investments to their fair value.

b) Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments, as well as assumptions used in the calculation of pension obligations. Actual results could differ from these estimates and the impact of any such differences will be recorded in future periods.

3. Material Accounting Policy Information

a) Financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. Material Accounting Policy Information (continued)

a) Financial assets and liabilities (continued)

i. Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit and loss ("FVTPL") are recognized in the statement of financial position on the trade date, which is the date on which the Plan becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at FVTPL are initially measured at fair value, with transaction costs recognized in profit or loss.

ii. Classification

Financial assets are required to be classified as measured at amortized cost, fair value through other comprehensive income or FVTPL according to the business model used for managing them and their contractual cash flow characteristics. Financial liabilities are classified as measured through amortized cost unless they are measured at FVTPL.

The Plan makes an assessment of the objective of a business model because this best reflects the way the business is managed, and information is provided. Investments are managed and their performance is evaluated on a fair value basis. As such, the Plan classifies all investments and derivative assets as FVTPL with changes in fair value being recognized in net investment income in the statement of changes in net assets available for benefits.

Financial assets at amortized cost include cash, accrued investment income, contributions receivable, receivable from pending trades, Harmonized Sales Tax receivable and promissory note receivable. Financial liabilities at amortized cost include accounts payable and accrued liabilities, payable for pending trades and payable to Teachers' Pension Plan Corporation.

iii. De-recognition

The Plan de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain on sale of investments.

The Plan de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

3. Material Accounting Policy Information (continued)

a) Financial assets and liabilities (continued)

iii. De-recognition (continued)

The Plan considers all liabilities, except for derivative contracts payable, to be non-derivative financial liabilities

iv. Derivative financial instruments

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

b) Fair value measurement

As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available); reference to the current fair value of other instruments that are substantially the same; and discounted cash flow analysis.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in market value of investments.

Fair values of investments are determined as follows:

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

Bonds and debentures are valued at the closing mid-price at the valuation date.

3. Material Accounting Policy Information (continued)

b) Fair value measurement (continued)

Publicly traded equities are valued at period-end quoted closing prices where available. Where quoted prices are not available on the valuation date, estimated fair values are calculated using the last trade date.

Pooled fund investments include investments in fixed income and equity securities and are valued using net asset values obtained from fund managers which are determined with reference to the fair value of the underlying investments of the fund.

Private equity, private debt, mortgages, real estate and infrastructure investments are held through ownership in limited partnership and private fund investment arrangements. Fair value is determined by the general partner, using the most recent financial information obtained from underlying investments, and/or forecasts of future financial performance and then applying appropriate valuation techniques such as market comparables and/or discounted cash flows.

Investments in derivative financial instruments, including futures, forwards and option contracts, are valued at period-end quoted market prices where available. Where quoted prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the positions. Unrealized gains and losses on derivative financial instruments, net of premiums paid or received on options contracts, are included in derivative contracts investments.

c) Receivable/payable for pending trades

For securities transactions, the fair value of receivable from pending trades and payable for pending trades approximate their carrying amounts due to their short-term nature.

d) Investment income

Investment income is recorded on an accrual basis and includes interest income, dividends and other income as well as gains and losses that have been realized on the sale of investments and unrealized current period change in market value of investments.

Dividend income is recognized as of the date of record.

The net realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

3. Material Accounting Policy Information (continued)

e) Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in the statement of changes in net assets available for benefits as a change in the market value of the investment.

f) Contributions

Contributions from employers and members due to the Plan at the reporting date are recorded on an accrual basis. Service purchases that include, but are not limited to leaves of absence, periods of reduced accrual and transfer from other pension plans are recorded and service is credited when the signed contract to purchase is received.

g) Benefits

Benefit payments are recorded as they are due and paid, twice monthly. Termination benefit payments, transfers to other pension plans and death benefits are recorded when paid. Accrued benefits for members are recorded as part of the accrued pension obligation.

h) Expenses

Expenses incurred by the Corporation as Trustee and Administrator, as well as external investment management expenses, are recorded on an accrual basis. Under the Service Level Agreement, the Province continues to provide pension payroll and refund services for the Plan whereby certain related salaries, overhead and administrative expenses are charged to the Plan on a cost recovery basis.

i) Change in accounting policy

The Plan adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The accounting policies disclosed have been reviewed and it was determined that no changes in the financial statement disclosures were required as all disclosed policies were determined to be material.

(in thousands of dollars)

4. Investments

a) Investment portfolio:

The fair value of investments relative to the cost is summarized in the following table:

	2023			2022		
	Fair Value	%	Cost	Fair Value	%	Cost
Short-term investments	$ 83,024	1.8	$ 83,024	$ 92,065	2.1	$ 92,065
Equities						
Canadian	650,142	14.2	554,874	576,057	13.4	514,150
Global	1,475,575	32.1	1,075,135	1,398,644	32.4	1,225,045
Private	282,168	6.1	125,649	266,133	6.2	120,186
Real assets						
Real estate	372,516	8.1	355,599	376,347	8.7	319,912
Infrastructure	622,209	13.5	468,144	497,932	11.6	326,323
Fixed income						
Bonds	653,377	14.2	741,276	603,259	14.0	713,745
Mortgages	5,821	0.1	6,000	66,120	1.5	70,101
Private debt	436,895	9.5	380,735	438,325	10.2	380,316
Derivatives	19,111	0.4	-	(4,844)	(0.1)	-
Total	**$ 4,600,838**	**100**	**$3,790,436**	**$ 4,310,038**	**100**	**$3,761,843**

b) Fair value measurement

Financial instruments are classified according to the following fair value hierarchy that reflects the significance of inputs used in determining the fair values:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs for assets and liabilities that are not based on observable market data.

(in thousands of dollars)

4. Investments (continued)

b) Fair value measurement (continued)

Investments based on the valuation level within the fair value hierarchy are as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ -	$ 83,024	$ -	$ 83,024
Equities	1,952,235	173,482	282,168	2,407,885
Real assets	-	137,307	857,418	994,725
Fixed income	3,123	650,254	442,716	1,096,093
Derivatives	-	19,111	-	19,111
Total	**$ 1,955,358**	**$ 1,063,178**	**$ 1,582,302**	**$ 4,600,838**

	2022			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ -	$ 92,065	$ -	$ 92,065
Equities	1,665,635	309,066	266,133	2,240,834
Real assets	-	133,979	740,300	874,279
Fixed income	3,089	600,170	504,445	1,107,704
Derivatives	-	(4,844)	-	(4,844)
Total	**$ 1,668,724**	**$ 1,130,436**	**$ 1,510,878**	**$ 4,310,038**

There have been no transfers between levels in 2023 or 2022.

(in thousands of dollars)

4. Investments (continued)

b) Fair value measurement (continued)

The following table reconciles the Plan's Level 3 fair value measurements from year to year:

	Equities	Real assets	Fixed income	Total
Fair value, December 31, 2022	$ 266,133	$ 740,300	$ 504,445	$ 1,510,878
Acquisitions	11,884	174,439	47,512	233,835
Dispositions	(14,436)	(8,121)	(98,244)	(120,801)
Realized gains	8,016	3,308	1,612	12,936
Change in unrealized gains/losses on assets sold	(7,682)	(4,739)	(1,737)	(14,158)
Change in unrealized gains/losses on assets held	18,253	(47,769)	(10,872)	(40,388)
Fair value, December 31, 2023	**$ 282,168**	**$ 857,418**	**$ 442,716**	**$ 1,582,302**
Fair value, December 31, 2021	$ 271,099	$ 570,187	$ 507,311	$ 1,348,597
Acquisitions	6,220	80,858	58,933	146,011
Dispositions	(9,638)	(57,243)	(89,181)	(156,062)
Realized gains	4,511	24,340	4,085	32,936
Change in unrealized gains/losses on assets sold	(4,424)	(11,687)	(3,812)	(19,923)
Change in unrealized gains/losses on assets held	(1,635)	133,845	27,109	159,319
Fair value, December 31, 2022	**$ 266,133**	**$ 740,300**	**$ 504,445**	**$ 1,510,878**

The Plan's private equity, infrastructure, private debt, real estate and mortgage investments are structured as indirect investments in private funds; these funds are valued using various methods including the discount rate method. Based on the structure of these investments, the Plan's ability to access information on underlying individual fund investments is limited. Accordingly, the fair value of these investments is based on the net asset value provided by the fund's general partner or investment manager, and therefore, in the absence of specific information to support deviating from this value, no other reasonably possible alternative assumptions could be applied.

(in thousands of dollars)

4. Investments (continued)

c) Derivatives

Derivatives are financial contracts, the value of which is derived from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategies. The Plan uses such contracts to enhance investment returns and for managing exposure to foreign currency volatility.

Notional amounts of derivative contracts are the contract amounts used to calculate the cash flow to be exchanged. They represent the contractual amounts to which a rate or price is applied for computing the cash to be paid or received. Notional amounts are the basis on which the returns from and fair value of the contracts are determined. They are not recorded as financial assets or liabilities on the annual statement of financial position and statement of change in net assets available for benefits. They are a common measure of volume of outstanding transactions but do not represent credit or market risk exposure. The aggregate notional amounts and fair value of derivative contracts can fluctuate significantly.

Derivative contracts transacted on either regulated exchange market or in the over the counter market directly between two counterparts include the following:

i. Futures

Futures are transacted in standard amounts on regulated exchanges and are subject to daily cash management.

ii. Currency forwards

Currency forwards are contractual obligations to exchange one currency for another at a specified price or settlement at a predetermined future date. Forward contracts are used to manage the currency exposure of investments held in foreign currencies. The notional amount of a currency forward represents the contracted amount purchased or sold for settlement at a future date. The fair value is determined by the difference between the market value and the notional value upon settlement.

The following table sets out the notional values of the Plans' derivatives and their related assets and liabilities:

Currency forwards	Notional amount	Fair value asset	Fair value liability	Fair value net
December 31, 2023	$ 506,028	$ 19,111	$ -	$ 19,111
December 31, 2022	$ 432,008	$ -	$ 4,844	$ (4,844)

(in thousands of dollars)

5. Investment Income (Loss)

a) Investment income (loss) is as follows:

	2023	2022
Dividend income	$ 79,061	$ 68,799
Interest income	37,128	34,439
Other income	62	83
Dividend, interest and other investment income	116,251	103,321
Gains (losses) on sale of investments	14,115	(10,847)
Current year increase (decrease) in market value of investments	262,478	(319,941)
Investment income (loss)	**$ 392,844**	**$ (227,467)**

b) Investment income (loss) by asset mix, is as follows:

	Investment Income	Realized gains (losses)	Current period change in market value of investments	2023	2022
Short-term investments	$ 10,397	$ 2,086	$ -	$ 12,483	$ 2,140
Equities	47,221	12,996	270,775	330,992	(335,213)
Real assets	14,845	5,093	(57,063)	(37,125)	154,160
Fixed income	43,726	7,177	24,541	75,444	(21,349)
Derivatives	-	(13,237)	24,225	10,988	(27,288)
Other	62	-	-	62	83
Total	**$ 116,251**	**$ 14,115**	**$ 262,478**	**$ 392,844**	**$ (227,467)**

6. Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. The use of financial instruments exposes the Plan to interest rate, market price, credit, foreign currency, and liquidity risks. The Plan has policies and operating procedures that establish an asset mix among equity (public and private), real assets and fixed income asset classes, require diversification of investments within asset class categories and set limits on the size of exposure to individual investment and counterparties. Board of Directors oversight, procedures and compliance functions are incorporated into Plan processes to achieve consistent controls and mitigate operational risk.

(in thousands of dollars)

6. Investment Risk Management (continued)

a) Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change with market interest rate changes, as fixed income securities are sensitive to changes in nominal interest rates. Interest rate risk is inherent in the management of a pension plan due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The fair value of the Plan is affected by short term changes in nominal interest rates. Pension liabilities are exposed to the long-term expectation of rate of return on the investments, as well as expectations of inflation and salary escalation.

The term to maturity classifications of interest-bearing investments, based upon the contractual maturity of these securities, are as follows:

	2023 (%)	2022 (%)
Within 1 year	9.2	13.4
Short (1-5 years)	26.8	23.1
Medium (6-10 years)	33.6	36.3
Long (10+ years)	30.4	27.2
Total	**100.0**	**100.0**

Assuming a parallel change in the long and short-term yields, a 1% increase or decrease in interest rates would have the effect of decreasing or increasing, respectively, the fair value of the Plan's fixed income investments by approximately $45.1 million or 7.04% (2022 - $37.5 million or 6.42%).

b) Market price risk

Market price risk is the risk of fluctuation in market values of investments from influences specific to a particular investment or from influences on the market as a whole. All changes in market conditions will directly result in an increase or decrease in net assets available for benefits. Market price risk is managed by the Plan through the construction of a diversified portfolio of instruments traded on various markets representing various industries. If equity market indices (S&P/TSX, MSCI ACWI and MSCI Emerging Markets and their sectors) declined or increased by 10%, and all other variables are held constant, the potential loss or gain to the Plan would be approximately $212.6 million or 4.62% (2022 - $197.5 million or 4.58%).

c) Credit risk

Credit risk is the risk that the issuer of a debt security or counterparty to a contract is unable to fulfill its financial obligation and causes the other party to incur a loss.

Credit risk in the fixed income portfolio is monitored by evaluating the Plan's exposure by sector (government versus corporate) and by credit quality.

(in thousands of dollars)

6. Investment Risk Management (continued)

c) Credit risk (continued)

The Plan is exposed to credit risk from the following interest earning investments, classified by sector as at year end:

	2023 (%)	2022 (%)
Federal government	24.7	19.1
Provincial governments	16.2	17.4
Corporate	57.1	60.9
Other	2.0	2.6
Total	**100.0**	**100.0**

The Plan's risk by credit rating as at year end is as follows:

	2023 (%)	2022 (%)
AAA	23.9	15.4
AA	22.1	28.2
A	15.8	14.1
BBB	24.1	23.7
Below BBB	9.6	12.5
Not rated	4.5	6.1
Total	**100.0**	**100.0**

d) Foreign currency risk

Foreign currency exposure arises through holdings of non-Canadian dollar denominated investments in non-Canadian assets. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of the investments. The Plan's exposure to foreign currencies provides diversification benefits that should be assessed by asset class. Certain investment managers of the Plan are given flexibility through their mandate to periodically hedge currency for opportunistic or defensive purposes.

The Plan has implemented a hedging policy at a total Fund level ("Hedging Policy") focused on United States dollar exposures in certain asset classes. Under the terms of an investment management agreement with an investment management firm, the Plan enters into United States dollar forward contracts for periods of one to three months. The notional value of these contracts at December 31, 2023 is $473.0 million (2022 - $388.4 million).

(in thousands of dollars)

6. Investment Risk Management (continued)

d) Foreign currency risk (continued)

The Plan's unhedged currency exposure from net investment assets as at year end is summarized in the following table:

	2023 (%)	2022 (%)
Canadian Dollar	59.5	61.0
United States Dollar	26.2	20.8
Euro	6.3	6.6
Japanese Yen	2.0	1.9
British Pound	1.9	2.2
Other currencies	4.1	7.5
Total	**100.0**	**100.0**

A 10% increase or decrease in the value of the Canadian dollar in relation to all unhedged foreign currencies, with all other variables held constant, would result in an unrealized investment loss or gain of $187.9 million, or 4.04% (2022 - $169.7 million or 3.90%).

e) Liquidity risk

Liquidity risk corresponds to the Plan's ability to meet its financial obligations as they come due with sufficient and readily available cash resources. Cash obligations are fulfilled from contributions to the Plan, cash income of the Plan and planned dispositions of Plan assets as required. Cash requirements of the Plan are reviewed on an ongoing basis to provide for the orderly availability of resources to meet the financial obligations. In general, the Plan's investments in cash and cash equivalents, bonds and public equities are expected to be highly liquid and are invested in securities that are actively traded. Investments in private equity, private debt, certain infrastructure and real estate funds are considered highly illiquid due to their private nature and longer term to maturity.

7. Capital Management

The capital of the Plan is defined as the net assets available for benefits. The Plan was established as a vehicle to invest Member and employer pension plan contributions in the capital markets with a long-term goal to achieve investment returns. The main objective of the Plan is to secure promised pension obligations as they come due, and ensure the Plan is fully funded to pay the Plan's benefits over the long term.

7. Capital Management (continued)

The Plan is jointly sponsored by the Government of Newfoundland and Labrador and the Newfoundland and Labrador Teachers' Association. The Board of Directors of the Corporation has overall responsibility for all investment activities of the Plan and is supported by the Investment Committee appointed by the Board of Directors and Management.

a) Portfolio management

The Plan utilizes investment management firms to invest the assets of the Plan. Each investment manager is selected following a comprehensive due diligence process. Existing managers are monitored on an ongoing basis by the Corporation. The Corporation also retains external custodial and investment counselling advisory services for the Plan.

b) Asset mix policy

The Plan's investments are selected and held in accordance with the criteria and limitations set forth in the Statement of Investment Policies and Procedures (SIPP), which requires diversification of investments within asset classes and sets constraints on the exposure to individual investments. These constraints are outlined within the Plan's strategic asset allocation contained within the SIPP. The SIPP is subject to review by the Board of Directors at least annually.

The Board of Directors approved a strategic asset allocation based on the Asset Liability Study finalized in December 2020. Management reviewed the structure of the Plan's equity portfolio and in March 2023 the Board of Directors approved a change in the strategic asset allocation whereby the Plan's emerging market equity allocation decreased from 8.0% to 4.0%. As a result, the global equity and private equity allocations each increased by 2.0%.

Based on the current asset implementation plan, and subject to market conditions and investment opportunities, management believes the strategic asset allocation will be fully committed by the end of 2025.

(in thousands of dollars)

7. Capital Management (continued)

b) Asset mix policy (continued)

The following summarizes the current strategic asset allocation approved by the Board of Directors:

	Strategic Asset Allocation (%)
Equities	
Public equity	38.0
Private equity	7.0
Real assets	
Real estate	12.5
Infrastructure	17.5
Fixed income	
Bonds	15.5
Private debt	7.5
Cash and Short-term investments	2.0

8. Investment Related Expenses

Investment related expenses consist of management fees and expenses charged by the external investment management firms, the custodian and others and are as follows:

	2023	2022
Investment management fees	$ 13,564	$ 10,513
Custodian fees	347	347
Other	70	62
Total	**$ 13,981**	**$ 10,922**

9. Accrued Benefit Obligation

The actuarial present value of the accrued benefit obligation is an estimate of the value of pension obligations of the Plan in respect of benefits accrued to December 31, 2023 for all active and inactive members including pensioners and survivors. In accordance with Section 4600 the obligation is measured using the projected unit credit method, prorated on service. This method calculates the actuarial value of benefits accrued up to the financial reporting date, after the projected benefits have been attributed equally to each year of a member's service.

The actuarial valuation of the Plan was performed as at August 31, 2023, based on plan membership as at this date, and results were extrapolated to December 31, 2023.

The actuarial assumptions used in determining the value of the accrued benefit obligation at December 31, 2023 of $5.347 billion (2022 - $5.351 billion) were determined using a methodology that is consistent with the methodology used to determine the assumptions made in the funding valuation.

The primary economic assumptions include the discount rate, the salary escalation rate and the inflation rate. The discount rate was developed by calculating the expected average annual gross rate of return for the Plan's assets, net of estimated fees, and adding back any expected value-added return resulting from active management, less a provision for adverse deviation. The salary increase assumptions incorporates the underlying inflation assumption and includes an additional margin of 0.50% for productivity. The salary increase assumption also includes a service-based merit component and a component for promotional increases.

(in thousands of dollars)

9. Accrued Benefit Obligation (continued)

The key assumptions used in the valuation are summarized in the table below:

	For the years ended December 31, 2023 and 2022
Net of expense discount rate:	6.0% per annum
Inflation:	2.0% per annum
Pensioner indexing:	1.0% per annum
Annual salary increase:	
• Service based merit	<10 years of service: 3.2% per annum 10 + years of service: 0% per annum
• Promotional increase	Dependent on Certificate Level and time from valuation
• Contractual	2.5% per annum
Retirement age:	100% at earliest age member is eligible for an unreduced pension
Mortality:	CPM Public Sector Mortality Table projected generationally with Improvement Scale MI-2017

10. Actuarial Valuations

As per the Plan's Joint Sponsorship Agreement, triennial actuarial valuations are required for plan funding purposes. Off-cycle valuations are performed as needed for monitoring the position of the pension plan. The results of these off-cycle valuations do not impact funding requirements of the Plan.

An off-cycle valuation for funding purposes was performed as at August 31, 2023 by the consulting firm Eckler Ltd., and the liabilities were extrapolated to December 31, 2023 to determine the accrued benefit obligation contained herein.

(in thousands of dollars)

10. Actuarial Valuations (continued)

A triennial valuation required for funding purposes was performed as at August 31, 2021 by the consulting firm Eckler Ltd., and the liabilities were extrapolated to December 31, 2022 to determine the accrued benefit obligation as at that date.

The next triennial valuation required for funding purposes will be as of August 31, 2024. A review of the appropriateness of the assumptions used for funding purposes will be completed as part of the process for this valuation.

11. Contributions

	2023	2022
Members		
Current service	$ 56,473	$ 56,958
Purchase of past service	3,239	2,669
Transfers from other pension plans	416	839
	60,128	60,466
Employers		
Current service	56,473	56,958
Purchase of past service	696	753
	57,169	57,711
Total contributions	**$ 117,297**	**$ 118,177**

12. Benefits

	2023	2022
Retirement pensions	$ 322,291	$ 314,238
Termination benefits	9,625	14,504
Transfers to other pension plans	1,699	1,740
Death benefits	796	1,574
Total benefits	**$ 334,411**	**$ 332,056**

Teachers' Pension Plan

Notes to Financial Statements

For the year ended December 31, 2023

(in thousands of dollars)

13. Interest in Subsidiaries

The Plan's subsidiaries were created for the purposes of providing investment earnings from private market investment arrangements. The Plan's subsidiaries are presented on a non-consolidated basis. The following table shows the fair value of the Plan's subsidiaries:

	Purpose	Ownership	2023	2022
TPP Neptune Corporation	Private equity, Infrastructure, Real estate and Private debt	100.00%	$ 745,155	$ 764,003
TPP Investment Corporation	Private debt	100.00%	$ 91,928	$ 77,379
TPP Bonavista Corporation	Infrastructure and Private equity	100.00%	$ 89,352	$ -

Funding is made by capital investment from the Plan via share capital or contributed surplus. TPP Neptune Corporation, TPP Investment Corporation and TPP Bonavista Corporation have commitments that must be funded directly through capital investment by the Plan. These amounts are included in the Plan's commitments (note 15).

14. Related Party Transactions

Expenses are incurred by the Corporation as Trustee and Administrator and charged to the Plan as a management fee. Expenses for the year ended December 31, 2023 and the year ended December 31, 2022 include an allocation of costs of the Government of Newfoundland and Labrador under the Service Level Agreement with the Corporation, as well as direct costs incurred by the Corporation. A breakdown of the expenses included in the management fee are as follows:

	2023	2022
Salaries and benefits	$ 2,212	$ 1,999
Consulting and other professional services	1,615	1,352
Insurance	395	386
Board and committee fees and expenses	197	216
Rent	174	173
Premises and equipment	100	43
Other expenses	688	661
Total	**$ 5,381**	**$ 4,830**

(in thousands of dollars)

14. Related Party Transactions (continued)

The following related party investments were held by the Plan at year end:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Province of Newfoundland and Labrador Debentures				
Series maturing October 17, 2046	$ 354	$ 320	$ 384	$ 330
Series maturing October 17, 2050	1,217	999	1,320	1,020
Total	**$ 1,571**	**$ 1,319**	**$ 1,704**	**$ 1,350**

As part of the pension reform process, the Province issued a promissory note to the Corporation on August 29, 2016, for the benefit of the Plan. The principal sum of $1.862 billion, valued at September 1, 2015, together with interest at 6% per annum, is payable in annual blended payments of principal and interest of $135 million on August 31 of each year, with the first payment made on August 31, 2016 and continuing for 29 years. Payments under the promissory note are fixed and will be made regardless of the funded status of the Plan in the future. The promissory note is non-marketable. In addition, the promissory note and the payments due are not assignable or transferrable by the Corporation.

The amount of the promissory note outstanding at December 31, 2023 was $1.629 billion (2022 - $1.664 billion).

Principal repayments of the promissory note by the Province to the Corporation and by the Corporation to the Plan for the next five fiscal years ending December 31 are as follows:

2024	$ 37,539
2025	$ 39,791
2026	$ 42,179
2027	$ 44,709
2028	$ 47,392

The Province continues to provide pension payroll and refund services for the Plan under a Service Level Agreement on a cost recovery basis. The cost of the services for the year ended December 31, 2023 is $0.11 million (2022 - $0.11 million).

15. Commitments

The Plan has committed to invest in certain private market investments, including private equity, private debt, infrastructure, and real estate which may be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2023, the unfunded commitments totaled $1,249.2 million (2022 - $543.9 million).

SEVEN YEAR REVIEW

(thousands of dollars)	2023	2022	2021	2020	2019	2018	2017
Investment assets	4,687,968	4,397,035	4,721,576	4,250,295	3,832,974	3,418,980	3,468,412
Promissory note	1,628,892	1,664,306	1,697,715	1,729,234	1,758,968	1,787,019	1,813,482
Other assets (liabilities) (net)	(1,488)	164	(611)	(473)	(1,199)	2,785	(771)
Net assets available for benefits	**6,315,372**	**6,061,505**	**6,418,680**	**5,979,056**	**5,590,743**	**5,208,784**	**5,281,123**
Investment income (loss)	392,844	(227,467)	551,577	501,683	479,882	26,044	345,793
Interest on promissory note	99,142	101,466	103,122	104,942	106,659	108,278	109,806
Contributions	117,297	118,177	120,830	115,496	115,452	113,641	110,411
Benefit payments	(334,411)	(332,056)	(317,833)	(318,621)	(305,406)	(304,313)	(294,048)
Investment management expenses	(21,005)	(17,295)	(18,072)	(15,187)	(14,628)	(15,989)	(16,484)
Net change in net assets available for benefits	**253,867**	**(357,175)**	**439,624**	**388,313**	**381,959**	**(72,339)**	**255,478**
Accrued benefit obligation	**5,347,117**	**5,351,291**	**5,284,016**	**5,204,434**	**5,207,603**	**5,120,662**	**5,102,741**
Funded ratio (%)	**118.1**	**113.3**	**121.5**	**114.9**	**107.4**	**101.7**	**103.5**
Performance (%)							
Annual investment return, gross of fees	9.3	-4.8	13.3	13.6	14.4	0.9	11.3
Annual investment return, net of fees	8.8	-5.2	12.9	13.2	13.9	0.4	10.9
Benchmark	13.1	-6.2	9.2	10.3	13.7	0.0	9.7
Membership							
Active members	6,064	5,991	6,062	6,116	5,935	5,898	5,913
Inactive members	2,603	3,081	3,016	3,042	3,319	3,392	4,041
Retirees and survivors	9,891	9,756	9,615	9,499	9,405	9,290	9,140
Total members	**18,558**	**18,828**	**18,693**	**18,657**	**18,659**	**18,580**	**19,094**