

**TEACHERS'
PENSION PLAN
CORPORATION**
NEWFOUNDLAND
& LABRADOR

2025

ANNUAL REPORT

UNWAVERING VISION



MESSAGE FROM THE CHAIR

As we reflect on 2025, we are assured that our long-term investment approach and strategic direction continue to strengthen the Teachers' Pension Plan's security and sustainability for members.

Although the year was marked by varied economic conditions and geopolitical headwinds, our diversified investment strategy and sustained focus allowed us to weather uncertainty. We are pleased to share that our 2025 net annual investment return was 8.6%, contributing to our 10-year annualized net return of 8.4%. For the ninth consecutive year, the Plan is fully funded, with a funded ratio of 129.7% and \$7.2 billion in net assets available for benefits. Our financial stability confirms that the Plan is well prepared to protect members' retirement income and provide confidence in their financial future.

Our Priorities

In addition to our financial success, we advanced our 2025-2027 Strategic Plan, which is built on four key pillars: investments, member experience, thriving culture, and strong governance. These core elements guide every decision and action we take to safeguard the Plan. By focusing on these four pillars, we proactively address emerging challenges, seize new opportunities, and respond to the evolving needs of our members.

We also continue to progress our investment strategy to ensure we fulfill our fiduciary duty and protect the pension promise. We have integrated environmental, social, and governance considerations into our selection and monitoring of investment managers, and we are advancing our responsible investing priorities to support the long-term sustainability of the Plan.

Our unwavering commitment to our members is central to everything we do, and we remain focused on elevating their experience and engagement with us. In 2025, we received excellent feedback on the quality of service we provide, with our member satisfaction rating averaging 4.7 out of 5. We also saw increased use of myPENSION to access pension information, underscoring the trust and confidence placed in our digital services.



Paula McDonald
Board Chair

Board Renewal

Renewal is a fundamental element of strong governance, and as part of our strategic planning, a Board renewal process was initiated. We were delighted to welcome Ray Halley and Peter Hayes to the Board in 2025. Both bring a wealth of experience and a deep understanding of pension plans and institutional investing. This purposeful renewal ensures we build on our strong foundation and execute our long-term strategy.

I also want to acknowledge Robert Blais and Gretchen Van Riesen, whose terms concluded with the Board in 2025, after many years of service. I extend my grateful appreciation for their visionary guidance, valuable contributions, and support of our mission.

“As always, our work will be guided by our vision to be an outstanding pension plan administrator and institutional investor.”

Looking Ahead

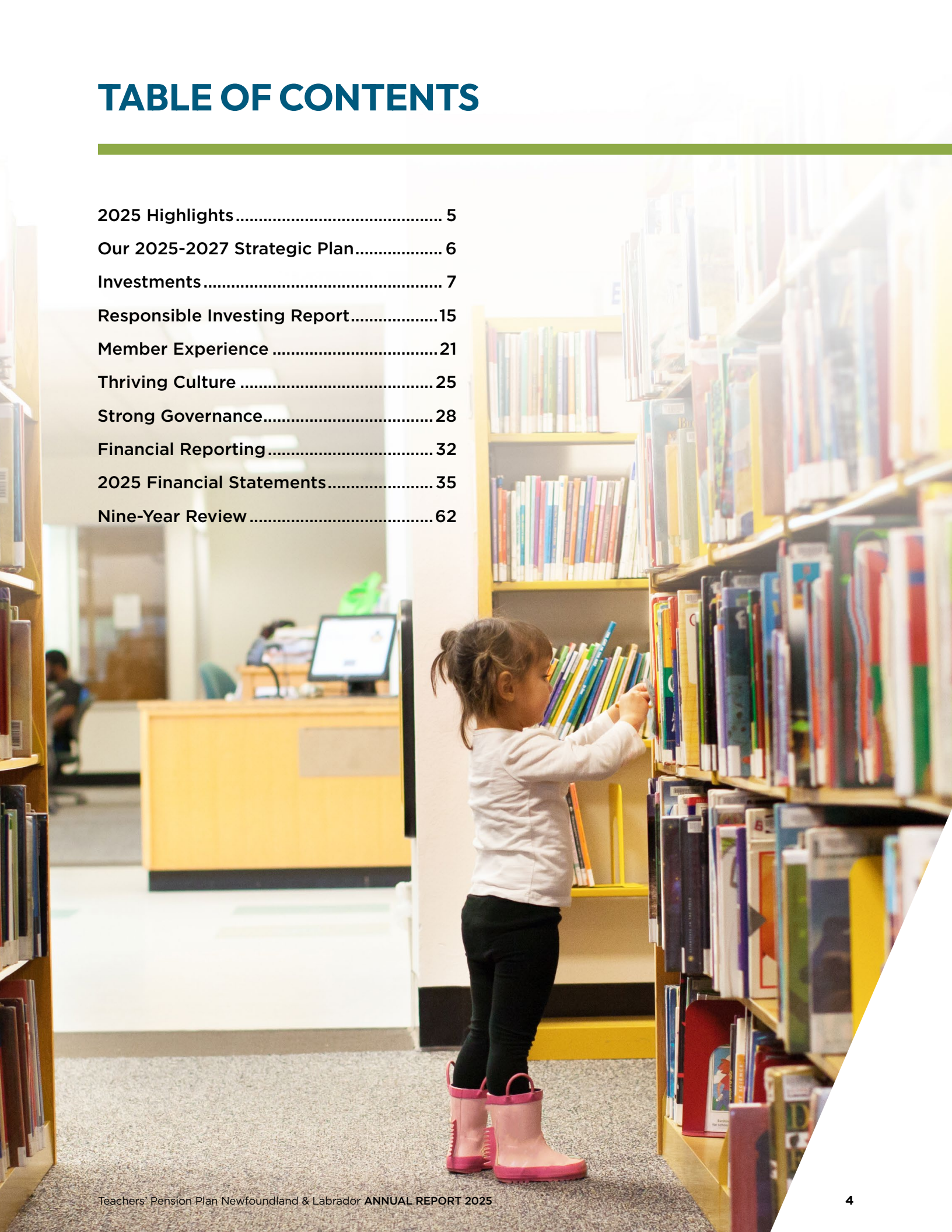
With economic pressures expected to persist, we will remain vigilant as conditions evolve and continue to focus on the Plan’s long-term performance. As always, our work will be guided by our vision to be an outstanding pension plan administrator and institutional investor.

I extend my sincere gratitude to the Sponsor Body, my esteemed colleagues on the Board, external members of the Investment Committee, and the staff of the Corporation. Your unwavering vision and dedication have been instrumental to our success.

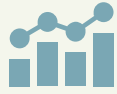
To our members, it is an honour and a privilege to act as the trustee and administrator of the Teachers’ Pension Plan, and we look forward to continuing this vital work. Thank you for the confidence you place in us.

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2025 HIGHLIGHTS



\$5.7B

Invested Assets



8.6%

Net Rate of Return
on Invested Assets
(1 year)



8.4%

Net Rate of Return on
Invested Assets
(10-year annualized)



\$557M

Investment Income and
Interest on Promissory Note



\$136M

Member and Employer
Contributions



\$345M

Pension Benefits Paid



\$7.2B

Net Assets Available
for Benefits



\$5.6B

Accrued Benefit
Obligation



129.7%

Funded Ratio



94%

Member Satisfaction Rating



10%

Increase in Pensioners
using myPENSION



18,544

Total Membership

OUR 2025-2027 STRATEGIC PLAN

This year marked the first year of the Teachers' Pension Plan Corporation's (TPPC or Corporation) 2025-2027 Strategic Plan. Building on the success and solid groundwork of previous plans, the Board of Directors (Board) and leadership team devised a strategy focused on strengthening operational excellence in all we do, elevating member experience, and sustaining our holistic approach to employee satisfaction. To achieve these goals, the 2025-2027 Strategic Plan is built upon four strategic pillars:



Investments

Invest Plan assets with a long-term view so we deliver the pension promise now and in the future



Member Experience

Develop proactive services, with a digital focus, that elevate member experience and engagement



Thriving Culture

Empower our people, foster a sense of belonging and promote innovation



Strong Governance

Lead, govern and execute with excellence

Implementation of the strategy is led by an experienced management team and overseen by the Board. The four pillars guide every decision and action we take. Progress is monitored and reported on regularly. Key developments are highlighted throughout each section of this report.



INVESTMENTS



Overview

Our investment approach focuses on balancing investment risk and returns to ensure the Teachers' Pension Plan (TPP or Plan) can meet its obligations to members over the long term and fulfill the funding targets outlined in the Joint Sponsorship Agreement (JSA). The Board has established our Statement of Investment Policies and Procedures (SIPP) and related policies to provide broad investment guidelines for the Plan. These policies govern the management and oversight of a diversified portfolio, as determined by periodic asset-liability studies. Along with asset class diversification, the Plan uses portfolio construction to spread investment risk across different geographies, sectors, and time horizons, ensuring the portfolio performs well in different investment environments.

In 2025, the Plan delivered a net investment return of 8.6%. This return exceeded the Plan's 6.0% discount rate and contributed to the increase in the Plan's funded ratio to 129.7%. Importantly, the five- and ten-year net annualized returns of 7.8% and 8.4%, respectively, continue to contribute to the Plan's sustainability.

8.6%

2025 Net Rate of Return on Invested Assets

8.0%

2025 Net Rate of Return on Total Pension Assets (including the promissory note)

7.8%

Net Rate of Return on Invested Assets (5-year annualized)

8.4%

Net Rate of Return on Invested Assets (10-year annualized)



Asset Allocation

Our asset allocation is the most influential determinant of the Plan's investment performance. It has been developed with the objective of maintaining a long-term return equal to or greater than the Plan's 6.0% discount rate. Meeting this objective helps ensure the Plan remains fully funded.

The Corporation's most recent asset-liability study, conducted in 2024, confirmed changes to the previous strategic asset allocation (SAA) were not required. Since 2021, we have been implementing a plan that targets increased allocations to real estate and infrastructure, with a smaller increase to private equity. These increased allocations are primarily funded through redemptions from public equity.

Progression of the Actual Asset Allocation Towards the Strategic Asset Allocation (2022-2025)

Plan Assets	2022	2023	2024	2025	SAA Target %
Public Equity	46.3%	46.6%	44.6%	41.6%	38.0%
Private Equity	6.1%	6.1%	6.6%	6.7%	7.0%
Real Estate	8.6%	8.1%	8.4%	9.6%	12.5%
Infrastructure	11.4%	13.5%	17.2%	18.6%	17.5%
Public Bonds	13.9%	14.2%	14.1%	15.0%	15.5%
Mortgages	1.5%	0.1%	0.1%	0.1%	0.0%
Private Credit	10.0%	9.5%	7.5%	6.6%	7.5%
Cash	2.2%	1.9%	1.5%	1.8%	2.0%

As of December 31, 2025, the Plan has sufficient commitments in place to facilitate future capital deployment, as required to meet the SAA targets. As a result of future growth in the Plan and capital being returned from existing investments, additional new commitments will be required in 2026 and beyond to achieve at the SAA targets.

We continuously monitor the actual asset allocation to assess progress toward meeting the SAA. However, the pace of new commitments, capital deployment, and the return of capital remains dependent on market conditions and the availability of appropriate investment opportunities.

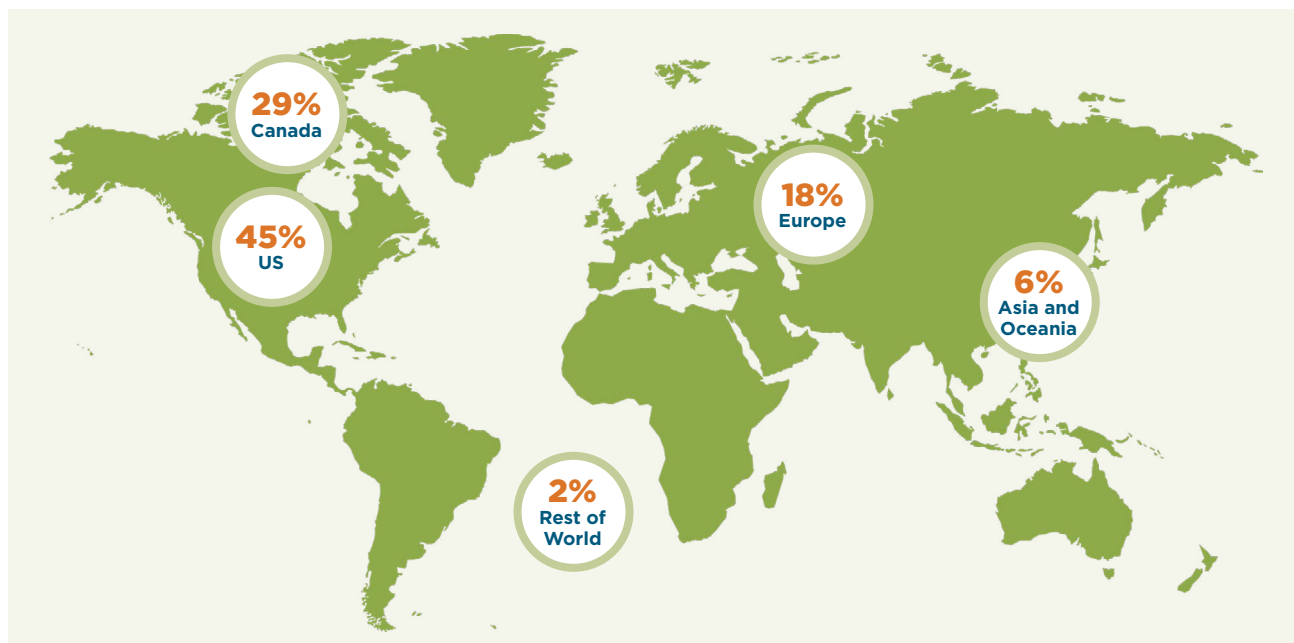
Furthermore, the performance of each asset class varies over time, which can cause the actual asset allocation to deviate from the SAA target. Our SIPP allows deviations from these targets within ranges approved by the Board, avoiding unnecessary portfolio disruption and cost. During 2025, the asset allocation remained within these permitted ranges.

Diversification

In addition to asset allocation, our portfolio construction considers diversification across time horizons, sectors, and geographies. This helps mitigate risk and deliver stable returns over a variety of investment environments.

Net Asset Value by Geography¹

As at December 31, 2025



¹Allocation of net asset value is based on the geographic allocation of the gross value of investments reported by the Plan's investment managers.

2025 Market Review

Throughout the year, markets navigated a volatile environment shaped by geopolitical and trade tensions, artificial intelligence (AI) momentum, shifting monetary policies, and a weakening US dollar.

Despite the changing geopolitical environment and significant trade uncertainty, public equity and infrastructure posted strong returns, as private market transaction volumes showed some improvement over recent years. Even with increased exit activity, private equity valuations were generally lower and pressure for the return of capital continued. Real estate saw increased transaction volumes and improved income stability. Sector performance was mixed, with core office continuing to struggle. Private credit remained attractive, although greater competition led to some rate compression. Infrastructure showed strong growth, taking advantage of tailwinds in the digital and power sectors, resulting from significant growth in AI.

INVESTMENTS

The Bank of Canada cut its overnight rate from 3.25% to 2.25% over the course of the year as inflation cooled, but trade uncertainty increased. The US Federal Reserve also adjusted its policy range from 4.25%-4.50% to 3.50%-3.75%, making three rate cuts in the latter half of the year as inflation moderated, though concerns over tariffs and weaker employment remained. Over the same period, the Bank of England lowered its interest rate from 4.75% to 3.75%, while the European Central Bank reduced its rate from 3.0% to 2.0%.

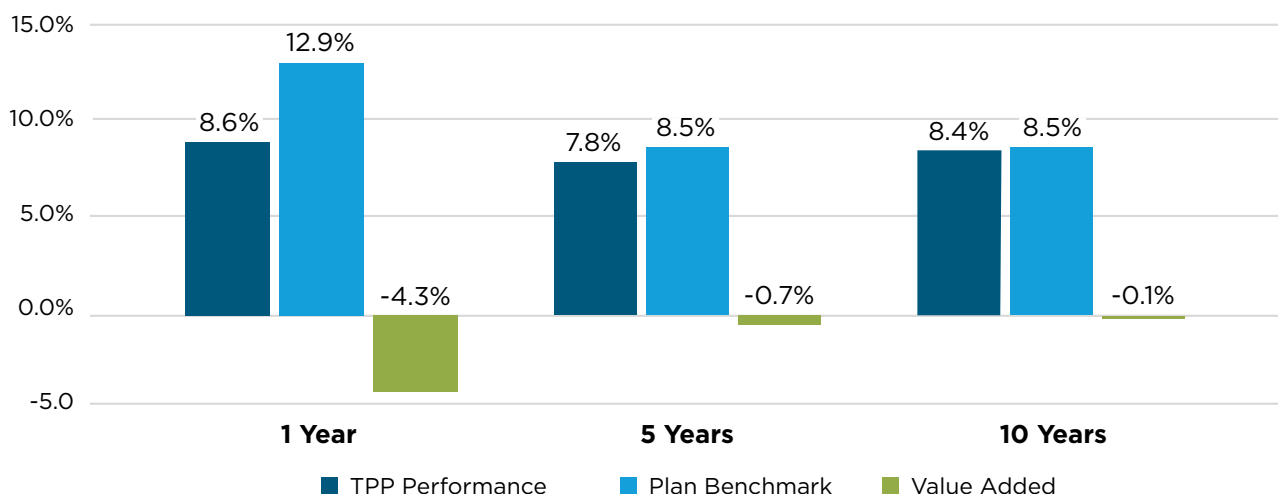
The performance of the Canadian dollar was mixed when compared against several major currencies. Relative to the US dollar, the Canadian dollar started the year at 69.5 cents and ended the year at 72.5 cents, reflecting a strengthening of 4.7%. In comparison to the euro and pound sterling, the Canadian dollar depreciated by 7.8% and 3.8%, respectively.

2025 Performance

In 2025, the Plan delivered a net return of 8.6% on invested assets, driven primarily by strong public equity performance and positive contributions across most asset classes. While private equity, real estate, infrastructure, and private credit all delivered positive absolute returns, the weakening of the US dollar by 4.9% against the Canadian dollar detracted from results this year. This contrasts with 2024, when returns were bolstered by the 8.3% strengthening of the US dollar.

The Plan's investment results continued to exceed the 6.0% discount rate. The portfolio has produced stable, positive returns through varying market environments, supported by disciplined asset allocation and risk management. This consistent generation of absolute returns highlights the resilience of the Plan's investment strategy and its focus on long-term value creation. Although the Plan fell short of its benchmark in recent periods, this is mainly driven by the strong performance of several underlying benchmarks linked to public equity markets.

Annualized Net Return on Invested Assets vs Plan Benchmark



INVESTMENTS

Many of the Plan's investments are made in currencies other than the Canadian dollar. Even though currency exposure can provide a further source of diversification within key portfolios, it can also present a significant source of risk, uncertainty, and volatility. We use a passive hedging strategy focused on the US dollar to reduce currency exposure. During the year, our hedging activities resulted in a 0.4% increase in performance. While currency exchange rates can fluctuate significantly in the short and medium term, long-term impacts are expected to be neutral.

The \$1.6 billion promissory note due from the Government of Newfoundland and Labrador (GNL) 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 investment returns. However, when the return on the Plan's invested assets exceeds 6.0%, the note has a dampening effect on performance. The Plan's net return, including the promissory note, was 8.0% in 2025.

As noted in the following table, all asset classes, except for mortgages, had a positive absolute return in 2025.

Net Asset Value and Return by Asset Class

	2025	1 Year		5 Years	
	Net Asset Value (\$ millions)	Net Return	Benchmark Return	Net Return	Benchmark Return
Total Plan	5,564.5	8.6%	12.9%	7.8%	8.5%
Equities					
Canadian Equity	603.5	22.6%	31.7%	13.9%	16.1%
Global Equity	1,672.3	10.4%	17.1%	8.5%	13.4%
Private Equity	379.6	3.8%	20.6%	16.1%	16.8%
Real Assets					
Real Estate	540.8	3.5%	6.3%	3.8%	7.9%
Infrastructure	1,043.4	7.7%	7.3%	12.3%	8.9%
Fixed Income					
Universe Bonds	511.6	3.6%	2.6%	0.1%	-0.4%
Corporate Bonds	327.2	4.2%	4.5%	2.3%	1.5%
Mortgages	5.3	-3.6%	6.4%	1.4%	4.2%
Private Credit	372.9	6.1%	8.0%	9.3%	8.0%
Cash	94.0	2.7%	2.7%	2.5%	2.5%
Derivatives	13.9	-	-	-	-

Public Markets

In 2025, the Plan's public market portfolios produced strong absolute returns and contributed positively to overall Plan performance.

- ➔ The Canadian equity portfolio delivered a robust positive return, but fell short of its benchmark primarily due to underweighting in materials, energy, and financials, which were the strongest-performing sectors for the year. Notably, within the materials sector, gold reached a new record high. On a five-year basis, Canadian equity has also performed well but, again, fell short of its benchmark as the 2025 performance impacted the longer-term results.
- ➔ The global equity portfolio also produced healthy gains as market leadership broadened. However, the momentum surrounding AI and the outsized performance of a small group of the largest technology companies still represented over half of the S&P 500's gains. Performance fell short of the one- and five-year benchmarks largely because of our investment managers' underweighting of those stocks.
- ➔ Outperformance of the universe bond portfolio is attributed to opportunities to increase holdings of emerging-market and high-yield debt during periods of volatility.
- ➔ The underperformance of the corporate bond portfolio in 2025 was due to an overweight to federal bonds in an environment of very tight corporate spreads, but the allocation continued to add value over the longer term.

Private Markets

The investment environment for private markets in 2025 was characterized by a number of sectoral headwinds, as well as some specific challenges impacting certain portfolio companies more directly. Notwithstanding this backdrop, all private market asset classes, except for mortgages, produced positive absolute returns for the year, with infrastructure showing the strongest performance. The weakening of the US dollar by 4.9% versus the Canadian dollar had a significant impact, as most private market investments are denominated in US dollars.

- ➔ Absolute return for private equity was disappointing and significantly trailed its one-year public equity-based benchmark. As the asset class is unhedged, private equity returns were fully impacted by the weakening of the US dollar. As well, there were some negative valuation adjustments across the private equity portfolio due to lower market comparables at year-end. Finally, benchmark returns remained very high due to the exceptional performance of top technology stocks. Over the five-year period, private equity has provided a significant absolute return but slightly trailed the benchmark.

- ➔ Real estate performance improved, albeit at a muted pace, as valuations adjusted to market conditions, resulting in an increase in transaction volumes. Core property performance lagged, only partially offsetting the foreign exchange drag. Returns for the one- and five-year periods continued to be negatively impacted by the steep valuation declines experienced in the US and European markets during the cycle of interest rate hikes that commenced in 2022. More recent investments also reflect lower initial returns as capital is deployed and portfolio companies begin to execute their business plans.
- ➔ Despite the challenging environment, infrastructure distributions remained strong throughout the year. The asset class performed well, posting strong absolute returns despite negative foreign currency movement and exceeded its benchmark over both one- and five-year periods.
- ➔ Absolute returns for private credit declined from the prior year, mainly due to some negative valuation adjustments towards the end of some fund terms. Combined with the negative impact of a weakened US dollar, private credit fell short of its benchmark on a one-year basis. Over the five-year period, private credit has continued to provide attractive value-add relative to its benchmark.

Looking Ahead

Financial markets remain sensitive to economic conditions and geopolitical uncertainties. While hovering near central bank targets globally, inflation persists, exerting upward pressure on prices. Central banks remain cautious, with few expecting a return to the ultra-low rates of the past decade. Equity markets are broadening, and the outlook for AI appears to be moving beyond the initial hype to a more rigorous assessment of return on investment.

These uncertainties can create volatility in the markets; however, we remain focused on the Plan's long-term performance. Our commitment to our SAA and adherence to our robust investment processes will ensure the Plan is best positioned to take advantage of opportunities as they arise and to successfully weather future volatility. With this framework and our dedicated team of professionals and partners, we are well-positioned to ensure the Plan remains fully funded and provides for our members now and in the future.



RESPONSIBLE INVESTING REPORT



Responsible Investing (RI) aims to incorporate relevant and material environmental, social, and governance (ESG) factors into investment decisions and capital stewardship.

As outlined in our Responsible Investing Policy, RI plays an important role in meeting our fiduciary duty and ensuring the sustainability of the Plan. We consider ESG factors in our investment analysis and decision-making processes, both as risks and opportunities, with the aim of improving risk-adjusted returns. Furthermore, we seek to use our rights and influence to protect and enhance the overall long-term value of the Plan for our beneficiaries.

Responsible Investing Framework

We have established a framework to guide our approach to RI, which focuses on four principles:

- ➔ **Integrate** - Integrating ESG within our investment manager selection and investment governance processes
- ➔ **Engage** - Engaging through our investment managers and proxy voting as well as through industry associations
- ➔ **Inform** - Continuous learning regarding RI trends and integration of best practices
- ➔ **Evolve** - Reviewing and updating our approach to RI, including our beliefs and priorities

Responsible Investing Journey

As the investment environment changes, our approach to RI continues to evolve. Our RI Policy and integrated ESG considerations are used in the selection and monitoring of our investment managers. We also use our established Stewardship Guidelines to provide a framework for conducting and monitoring stewardship activities and to articulate our beliefs regarding key ESG issues.

We continue to work on our ESG priorities and are pleased to present the progress we have made on our journey.



Responsible Investing Priorities

In considering the potential ESG risks that may impact the Plan, our Board identified four priorities to focus our investment monitoring and engagement activities:



Climate Change

How companies are managing climate risks, capturing climate change-related opportunities, measuring their greenhouse gas emissions and setting reduction goals



Labour Practices

How companies are advancing fair labour practices and safe workplaces



Diversity, Equity and Inclusion

How companies are increasing the diversity of their boards and workforces as well as integrating equitable and inclusive practices into their business



Inequality

How companies are contributing to global social and economic equality of members of society

Climate Change

In 2025, we focused on our climate change priority and established climate metrics for our portfolio. All of our active investment managers integrate climate considerations into their investment process, and 73% have established climate policies. We have also determined that approximately three-quarters of them either track or report some greenhouse gas emissions data. We will continue to gather and assess emissions data to measure our portfolio's carbon footprint.

Governance

Our Board is responsible for all investment activities of the Plan, including the approval and oversight of our RI Policy. Our management team implements, reviews, and updates the Policy and gives an annual update to the Board, describing how ESG considerations have been integrated into the administration, execution, and operation of our investment activities.

In addition to managing and reporting on investment activity, we are dedicated to continuous learning regarding ESG trends and integrating best practices into our RI framework. We incorporate an overview of ESG considerations into our orientation and onboarding process for new employees, Board members, and external Investment Committee members and offer periodic training opportunities. Some recent topics the team has explored include physical climate risks and biodiversity.

Investment Manager Selection and Monitoring

We administer a customized ESG questionnaire as part of our due diligence process when selecting investment managers. It is designed to gather information regarding each manager's approach to RI and provide valuable insights into the performance and practices of new investment managers. It is also used as part of our ongoing monitoring of existing investment managers to ensure our understanding of their RI practices remains current.

Our questionnaire showed that all but one of our investment managers are signatories to the United Nations Principles for Responsible Investment (PRI) and participate in the PRI assessment process. As PRI signatories, these managers commit to incorporating ESG factors into their decision-making and ownership practices and reporting on their RI activities.

The ESG questionnaire process, which includes consideration of investment managers' PRI assessments, enables us to engage in meaningful dialogue about each manager's approach to RI with a view to identifying opportunities for improvement and sharing best practices.

During 2025, in light of several anti-ESG developments in the United States and Canada, we discussed with our investment managers the impact, if any, of those developments on their beliefs, investment approach, or reporting. Our managers remain aligned with our belief that ESG issues represent financial risks and opportunities, and consideration of those factors must remain part of the investment process. Likewise, they agree that diverse organizations drive better financial outcomes.

Stewardship

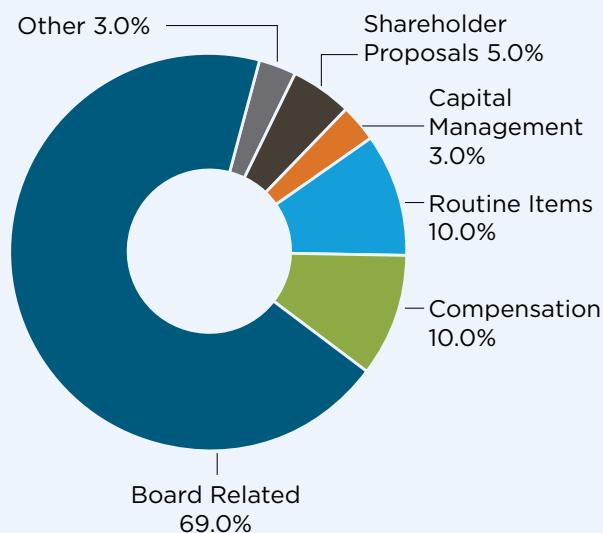
We aim to use our influence to promote sustainability and advance our ESG priority areas by improving the corporate behaviour of our investee companies and engaging with policymakers.

Proxy Voting

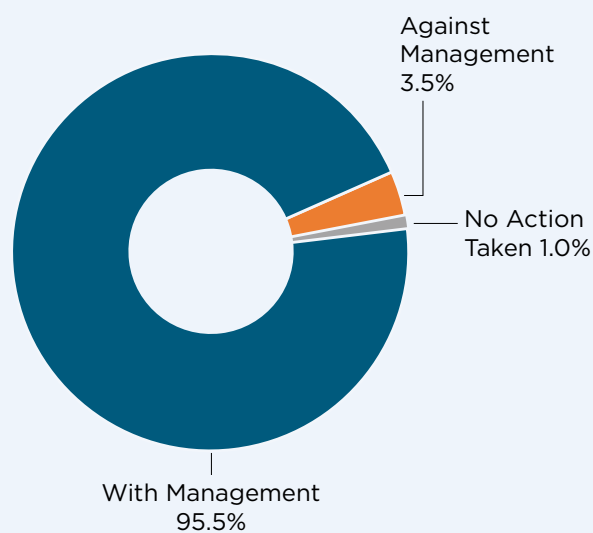
We have delegated responsibility for proxy voting to our external public equity investment managers, who endeavour to vote at all shareholder meetings of the companies in our portfolio.

Our investment managers support proposals that address issues material to the company as well as those which are in the long-term financial interest of shareholders. Specific to proposals related to climate, they tend to support those that improve transparency in a decision-useful way, address material climate risks relevant to the company’s business model, and enhance board oversight and accountability. Votes may be cast against or withheld due to a lack of information regarding a proposal or to signal concern to company management.

2025 Proposals by Category



2025 Proxy Voting



Engagement and Advocacy

Throughout 2025, our investment managers engaged with companies on our behalf to enhance their understanding of the ESG risks and opportunities that companies are facing, as well as their approaches to and oversight of these issues. They encourage enhancements to disclosure where they feel shareholders would benefit from further information. In relation to climate change, discussions focused on emissions strategies and energy transition, including the role of hydrogen, carbon capture, and climate targets.

We collaborate with our peers through our membership in the Pension Investment Association of Canada (PIAC), the Canadian Coalition for Good Governance (CCGG) and the Institutional Limited Partners Association (ILPA).

In 2025, we participated in the CCGG annual engagement program, and a member of our investment team serves on its Public Policy Committee. In the past year, one of CCGG's initiatives was to respond to the Canadian Securities Administrators' pause on climate and diversity disclosure regulations. They urged securities regulators to move forward with governance and risk management disclosures for climate and to revisit their decision to no longer gather and publish annual diversity disclosure data for women on boards and in executive officer positions.

Finally, our investment team members attended PIAC's conferences and other networking events, taking advantage of the opportunity to connect with peers and discuss current issues, such as responsible investing topics.

Conclusion

We believe that RI plays an important role in meeting our fiduciary obligations, and our approach to RI will evolve over time. Building on our understanding of our investment managers' RI practices, we will continue to progress our RI priorities. With respect to climate change, in 2026, we will continue working toward establishing a baseline carbon footprint for our portfolio. We intend to utilize portfolio emissions data to assess our exposure to climate-related risks and opportunities, and to inform our stewardship activities. We will also advocate for the adoption of standardized ESG metrics as well as disclosure of relevant ESG data.

We look forward to providing updates on our RI activities and outcomes as part of our annual reporting cycle.



MEMBER EXPERIENCE



2025 MEMBER PROFILE



Active Members Contributing to the Plan

6,307

Average Age of Active Members

43.6



Pensioners

10,003

Average Age of Pensioners

73.4

Pensioners over 100 Years Old

3

Pensioners in Pay > 30 Years

1,252

2025 RETIREES



New Retirees

197

Average Retirement Age

58

Average Years Contributing to the Plan

26.9

Years Expected to Collect a Pension

32.5

Average Annual Lifetime Pension

\$39,602



We are committed to providing consistent, high-quality service to our members.

From the moment a teacher joins the Plan, we are here to support them on every step of their journey, from early career to their well-earned retirement. We are their lifelong partner dedicated to developing proactive, digitally focused services that elevate member experience and engagement.

Pensioner Payment Services

As part of our commitment to the member experience, we transitioned our pensioner payment services from GNL to CIBC Mellon last year. The transition was automatic and seamless for members, with all retirees receiving their first pension payment from CIBC Mellon on May 15, 2025.

Member Services and Engagement

We provide our members with digital access to their information at any time, ensuring they have the resources they need to make informed decisions about their pensions and retirement. Our digital pension platform, myPENSION, offers a convenient and secure environment that enables them to:

- ➔ Access personal information, such as annual statements of their TPP benefits or their contribution history
- ➔ Use the retirement modelling tool to understand their benefits and simulate retirement scenarios
- ➔ Securely and efficiently share documents and update personal information, including beneficiaries
- ➔ View pension cheque stubs on each payment date, request additional tax deductions from pension payments or update banking details

MEMBER EXPERIENCE

We are pleased to see our members embracing myPENSION, with 64% of active members and 30% of pensioners using the platform. It was especially encouraging to note a 10% increase in pensioner usage in 2025 compared to the previous year. This positive trend demonstrates a growing trust and value in digital solutions. As members become more familiar with the available features and functionality, we expect usage to continue rising.

At the same time that digital resources provide valuable benefits, we understand that everyone's journey is unique, and we are ready to support them by telephone, email, or in person.

We consistently answer inquiries accurately and promptly, as shown by our ongoing success in exceeding service targets. We are pleased that this support is valued, as reflected in our member experience surveys, which reported an annual average satisfaction rating of 4.7 out of 5.

To further connect with our members, the pension administration team attends, presents, and meets with teachers at the Newfoundland and Labrador Teachers' Association (NLTA) pre-retirement seminars each year. This is an opportunity to engage one-on-one with attendees nearing retirement. We also encourage all members to visit the News and Insights section of our website regularly and to subscribe to our mailing list, which delivers timely, actionable information to help them understand, manage, and maximize their pensions.

The staff at the TPPC are very knowledgeable! Every staff member I dealt with was courteous and made me feel like my concern was important. All of my requests were dealt with in an efficient and expedited manner. I could not have been treated better. Thank you, I wish all organizations were run this well.

– TPP Member

Every time I called someone at TPPC, I found them extremely helpful and very understanding. They made the transition from teaching to pension much more relaxing. Great people.

– TPP Member



64%

of active members registered to use myPENSION as of December 31, 2025



6,847

online pension estimates were completed by members



2,531

uses of the retirement modelling tool



30%

of pensioners registered to use myPENSION as of December 31, 2025

THRIVING CULTURE



At TPPC, we understand that our people are essential to achieving our strategic priorities.

We've created a People and Culture Strategy that supports our strategic plan and reinforces our holistic approach to employee satisfaction. We foster a strong, nurturing, and high-performance culture where everyone feels safe, healthy and valued, and able to reach their full potential.

Our Organization

Our culture thrives because of our strong organizational structure, talented team, and commitment to excellence in everything we do. In 2025, we added expertise to our team to further expand our capabilities in communications and engagement, accounting, and investments. These additions strengthen our ability to deliver on our strategic priorities and enhance the value we offer to our members and stakeholders. The new employees were onboarded through our structured orientation process, ensuring they have the knowledge and resources needed to thrive.

Building on these structural enhancements, we also invest in all employees to augment their critical skills and provide professional development opportunities. This past year, we arranged formal leadership training to reinforce inclusive leadership practices. We also conducted all-staff training to foster a culture of appreciation, inclusion, and belonging. By integrating specific practices into daily routines, we are cultivating a culture that embraces innovation, strengthens professional relationships, and drives professional growth. Furthermore, employees participated in targeted webinars, conferences, and discipline-specific training, which provided opportunities for continuous learning and the application of best practices across our organization.

Embracing Innovation

In addition to nurturing our team's professional growth, we embrace innovation. Our AI Governance Policy was approved in December 2025, with the expectation that it would be fully operational by March 1, 2026. We believe no AI system will ever replace the expertise and judgement of our employees or the human response our members value, but we recognize the value some tools can add to our operations. We provide AI training to all TPPC employees to ensure that tools are used responsibly and ethically and produce reliable, high-quality information. The training also gives users confidence in using the tools effectively and mitigates potential risks to the organization.



Celebrating our People

While technology and innovation are important, we recognize that celebrating our people’s achievements is equally vital to maintaining a positive and motivated workplace. We have always taken employee recognition seriously, and leveraging our strong foundation, we formalized our recognition program in 2025. The formalized program ensures we consistently recognize and appreciate individual and team achievements, as well as individual milestones. We were delighted to hold our first milestone recognition event in November, celebrating the long-term contributions of employees who have been with the organization for five years.



Supporting Community

We believe that strong communities are built by the people who invest in them. Each year, our team and Board members actively support local organizations dedicated to strengthening our communities and promoting sustainable practices. Through volunteer time and personal financial donations, we were proud to assist several local organizations last year. Our efforts involved cooking meals for children and families, donating school supplies and toys, collecting footwear and outerwear, and making financial donations.

By continuing to invest in our people and communities, we are intentionally and deliberately taking action to create a supportive work environment that positively impacts the organization’s culture.



STRONG GOVERNANCE



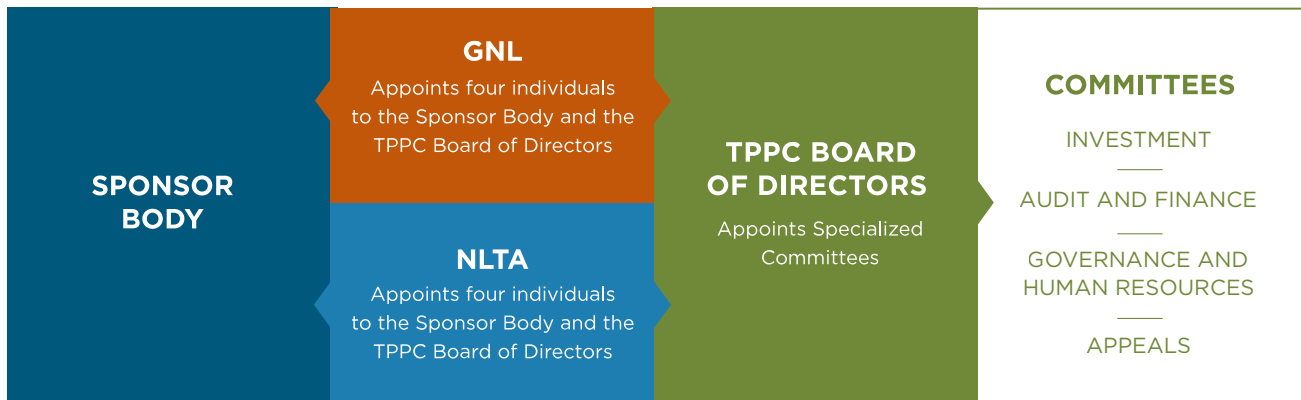
Strong governance is the cornerstone of achieving our mission to provide retirement security and excellent service to our members – now and in the future.

Our robust structure provides the framework and support that enables us to lead, govern, and execute with excellence. Furthermore, our commitment to transparency permeates everything we do, including managing our day-to-day operations, setting our strategic direction, and fulfilling our fiduciary responsibilities for the Plan and its investments, all to continue safeguarding the pension promise.

How We Are Governed

In 2016, the GNL and the NLTA signed a [Joint Sponsorship Agreement](#). Ultimately, the goal was to create a world-class organization to administer the Plan and its fund – hence, the birth of TPPC.

The Plan’s governance structure is designed to support effective oversight and decision making.



To learn more about our governance structure, please visit our [website](#).

Meeting Attendance

Board members are expected to attend all Board meetings and the meetings of committees on which they serve. In 2025, the Board met four times; the Investment Committee (IC) met five times; and the Audit and Finance Committee (AFC) and the Governance and Human Resources Committee (GHRC) each met three times. The Appeals Committee did not meet.

In addition to our experienced Board members, the Investment Committee included two external members, Kevin Fahey, BComm, LLB, CFA, and Johannus (John) Poos, BA, LLB, who provided additional subject-matter expertise.

Plan Funding

The Plan is required to file actuarial valuations with the Canada Revenue Agency every three years. The latest triennial valuation for funding purposes was completed as at August 31, 2024, by Eckler Ltd., and showed the funded ratio of the Plan was 122.0%. This is a point-in-time determination of the Plan’s financial health. The next required valuation is as at August 31, 2027.

Board Member	Board Meetings	Committee Meetings	Attendance
Paula McDonald BComm, FCPA, FCA, CMA Board Chair Member of IC, AFC, GHRC	4	11	100%
Eric Thoms BA, MBA, CPA, CMA Board Vice-Chair Chair of AFC	4	3	100%
Don Ash BSc, BEd, MBA Member of AFC, GHRC	4	8	100%
Richard Dixon BA, MIR, ICD.D Chair of GHRC	4	3	100%
Ray Halley BComm, MBA, CFA Member of IC, GHRC (Appointed effective May 27, 2025)	3	5	100%
Peter Hayes BSc, FCIA, FSA Member of IC, AFC (Appointed effective May 1, 2025)	3	6	100%
Scott Perkin BComm, LLB, ICD.D Member of AFC, GHRC	4	6	100%
Janet Rabovsky BA, MBA Chair of IC	4	5	100%
Robert Blais BSc, FSA, FCIA (Term concluded effective March 31, 2025)	0	0	0%
Gretchen Van Riesen BSc (Term concluded effective May 27, 2025)	1	1	100%



Enterprise Risk Management

Enterprise Risk Management (ERM) is an important element of maintaining strong governance across our operations. We maintain a consistent ERM framework designed to identify, assess, manage, and monitor risks that could affect the achievement of our strategic objectives. The effectiveness of this framework is supported by a strong risk-conscious culture. Our Board plays a critical role in setting the framework's direction and tone and provides oversight of appropriate risk management practices that are integrated into our strategic decisions and execution.

We understand that the risk environment is dynamic and continues to evolve due to factors such as technological change, regulatory development, market conditions, and global events. Accordingly, our ERM framework is reviewed on an ongoing basis to ensure it remains relevant, responsive, and aligned with leading practices and our strategic priorities.

Security Posture

Information security and cybersecurity are critical to protecting the sensitive data and systems used in our operations. Cybersecurity is integrated into our ERM framework to ensure we are prepared to identify, respond to, and recover from security threats. Our security posture is built on several key elements:

- ➔ Information management framework and policies governing data protection, access control, and systems use
- ➔ Preventive and detective controls, including network security and 24/7/365 security monitoring capabilities
- ➔ Vulnerability assessments and penetration testing by industry experts
- ➔ Desktop exercises to test our incident response plan
- ➔ Security awareness training programs are provided to employees, the Board, and external committee members to promote responsible behaviour, risk awareness, and compliance with security policies and to help identify and prevent potential cyber threats

We continue to invest in cybersecurity protective resources and expertise, implement best practices and standards, and advance our overall security posture.

FINANCIAL REPORTING



The Financial Reporting section highlights 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 auditor.

- ➔ Management's Responsibility for Financial Reporting - identifies that management is responsible for the preparation of the financial statements that 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.
- ➔ Actuarial 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 the 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 or 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 the Chartered Professional Accountants of 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.

Year-End Financial Position

As at December 31 (millions of dollars)	2025	2024
Net assets available for benefits	\$ 7,230	\$ 6,903
Accrued benefit obligation	5,574	5,493
Surplus	\$ 1,656	\$ 1,410
Funded ratio	129.7%	125.7%

The Plan ended 2025 with a surplus of \$1.7 billion, compared to a surplus of \$1.4 billion at December 31, 2024. The surplus represents the difference between the net assets available for benefits and the accrued benefit obligation at year end. This resulted in a funded ratio of 129.7% at December 31, 2025, compared to 125.7% at December 31, 2024.

The increase in the funded ratio was primarily a result of the net investment return of 8.6% being higher than the discount rate of 6.0%. This resulted in the investment income and interest on the promissory note from GNL of \$557 million exceeding the interest on accrued benefits of \$322 million. In addition, contributions received by the Plan of \$136 million exceeded the current service cost (the cost of benefits accrued during the year) of \$103 million.



Further details on the investment income and returns are discussed in the **Investments section** of this report.



2025 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 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 five Board members. In carrying out its duties and responsibilities, the Committee meets regularly with management and the external auditor to review the scope and timing of the audit, to review findings and to satisfy itself that their responsibilities have been properly discharged. The Committee reviews the financial statements and recommends them for approval by the Board.

The Plan's external auditor, KPMG LLP, is directly accountable to 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 the 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 consider necessary, to express the opinion in their Independent Auditor's Report.

Paula McDonald
Chief Executive Officer

Levi May
Chief Financial Officer

June 11, 2026

Actuarial 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, 2024. The results of this valuation were extrapolated to estimate the accrued benefit obligation as at December 31, 2025. 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, 2025 under the CPA 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 full or interim valuations required for funding purposes as per the terms of the Plan's Joint Sponsorship Agreement.

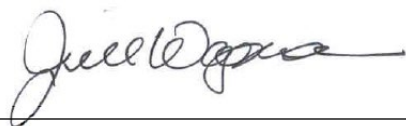
The valuation of the Plan's actuarial liabilities was based on:

- membership data provided by the TPPC as at August 31, 2024;
- 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

Fellow, Canadian Institute of Actuaries



Mary Kate Archibald

Fellow, Canadian Institute of Actuaries

April 2, 2026



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416 777 8500
Fax 416 777 8818

INDEPENDENT AUDITOR'S REPORT

To the Administrator of Teachers' Pension Plan

Opinion

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

- the statement of financial position as at December 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued 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 Plan as at December 31, 2025, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

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

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

Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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 the 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 11, 2026

TEACHERS' PENSION PLAN

Statement of Financial Position

As at December 31 (\$ thousands)	2025	2024
Assets		
Cash and cash equivalents	\$ 43,489	\$ 52,276
Accrued investment income (note 4)	72,874	65,146
Member contributions receivable (note 9)	1,351	724
Employer contributions receivable (note 9)	1,035	536
Receivable from pending trades	298	610
Harmonized Sales Tax receivable	573	377
Investments (note 3)	5,564,452	5,197,025
Promissory note receivable (note 12)	1,551,562	1,591,353
Total assets	\$ 7,235,634	\$ 6,908,047
Liabilities		
Accounts payable and accrued liabilities	\$ 2,581	\$ 2,758
Payable for pending trades	2,616	1,711
Payable to Teachers' Pension Plan Corporation	85	243
Total liabilities	\$ 5,282	\$ 4,712
Net assets available for benefits		
Accrued benefit obligation (note 8)	5,573,716	5,493,555
Commitments (note 13)		
Surplus	\$ 1,656,636	\$ 1,409,780

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

On behalf of the Plan Administrator



Chair



Director

TEACHERS' PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31 (\$ thousands)	2025	2024
Income and contributions		
Investment income (note 4)	\$ 462,727	\$ 714,256
Interest on promissory note (note 12)	94,677	96,975
	557,404	811,231
Contributions (note 9)	135,805	136,506
Total income and contributions	\$ 693,209	\$ 947,737
Decrease in net assets		
Benefits (note 10)	\$ (345,156)	\$ (336,855)
Investment related expenses (note 7)	(13,289)	(15,534)
Management fees (note 12)	(6,017)	(5,601)
Harmonized Sales Tax	(1,730)	(1,784)
Total decrease in net assets	\$ (366,192)	\$ (359,774)
Increase in net assets available for benefits	\$ 327,017	\$ 587,963
Net assets available for benefits, beginning of year	6,903,335	6,315,372
Net assets available for benefits, end of year	\$ 7,230,352	\$ 6,903,335

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 (\$ thousands)	2025	2024
Accrued benefit obligation, beginning of year	\$ 5,493,555	\$ 5,347,117
Interest on accrued benefits	322,348	313,826
Benefits accrued	102,969	103,489
Benefits paid	(345,156)	(336,855)
Experience losses	-	65,978
Net increase in accrued benefit obligation	\$ 80,161	\$ 146,438
Accrued benefit obligation, end of year (note 8)	\$ 5,573,716	\$ 5,493,555

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

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

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 O375709), 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") is the Trustee and Administrator of the Registered Plan. The Province of Newfoundland and Labrador (the "Province") provided pension payroll and refund services for the Plan under a service level agreement for an interim period which ended in June 2025.

1. Description of Plan

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

a) General

The Plan is a contributory defined benefit pension plan covering teachers as defined under the Act ("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 exempt from income tax, but is subject to indirect taxes, including the Harmonized Sales Tax ("HST"). The Plan receives a 33% rebate of HST paid.

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 $\frac{1}{45}^{\text{th}}$ 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 best five years' average salary up to the 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' average salary. For service accrued before September 1, 2015, the calculation

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

1. Description of Plan (continued)

- c) **Pension amounts (continued)**
will be based on the greater of the average best five years of 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 Member, 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 Member may elect to receive a refund of the Member's own contributions with interest or, if the Member 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 Member's own contributions with interest based on certain service requirements. A Member 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 Member 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. Summary of Material Accounting Policies

- 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.

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

2. Summary of Material Accounting Policies (continued)

a) Basis of presentation (continued)

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) 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.

In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets.

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.

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 are valued at the unit values supplied by the pooled fund administrator which represent the Plan's proportionate share of underlying net assets at fair values.

Private equity, infrastructure, private credit, real estate and mortgage investments are held through ownership in limited partnerships 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. The gains or

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

2. Summary of Material Accounting Policies (continued)

b) Fair value measurement (continued)

losses from derivative financial instruments are included in the realized and unrealized gains or losses on investments.

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.

c) 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 Level 3 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.

d) Financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is 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.

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 and cash equivalents, 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.

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

2. Summary of Material Accounting Policies (continued)

d) Financial assets and liabilities (continued)

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 realized gain or loss included in Investment Income as presented in note 4.

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

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.

e) 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.

f) 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 (loss) on sale of investments is the difference between proceeds received and the average cost of investments sold.

g) 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.

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

2. Summary of Material Accounting Policies (continued)

h) 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.

i) 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.

j) 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 continued to provide pension payroll and refund services for the Plan whereby certain related salaries, overhead and administrative expenses were charged to the Plan on a cost recovery basis.

3. Investments

a) Investment portfolio

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

(\$ thousands)	2025		2024	
	Fair value	Cost	Fair Value	Cost
Short-term investments	\$ 93,995	\$ 93,995	\$ 71,063	\$ 71,063
Equities				
Canadian	603,481	465,623	623,046	497,470
Global	1,672,333	1,329,522	1,663,386	1,236,605
Private	379,562	192,764	347,062	155,940
Real assets				
Real estate	540,835	523,065	447,764	422,788
Infrastructure	1,043,453	758,233	922,322	653,286
Fixed income				
Bonds	838,756	917,113	740,562	815,702
Mortgages	5,283	6,000	5,625	6,000
Private debt	372,901	312,590	400,495	331,053
Derivatives	13,853	-	(24,300)	-
Total	\$ 5,564,452	\$ 4,598,905	\$ 5,197,025	\$ 4,189,907

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

3. Investments (continued)

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.

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

(\$ thousands)	2025			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 93,995	\$ -	\$ 93,995
Equities	1,789,443	486,371	379,562	2,655,376
Real assets	-	181,307	1,402,981	1,584,288
Fixed income	3,556	835,200	378,184	1,216,940
Derivatives	-	13,853	-	13,853
Total	\$ 1,792,999	\$ 1,610,726	\$ 2,160,727	\$ 5,564,452

(\$ thousands)	2024			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 71,063	\$ -	\$ 71,063
Equities	1,754,810	531,622	347,062	2,633,494
Real assets	-	165,681	1,204,405	1,370,086
Fixed income	3,573	736,989	406,120	1,146,682
Derivatives	-	(24,300)	-	(24,300)
Total	\$ 1,758,383	\$ 1,481,055	\$ 1,957,587	\$ 5,197,025

There have been no transfers between levels in 2025 or 2024.

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

3. Investments (continued)

b) Fair value measurement (continued)

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

(\$ thousands)		Equities	Real Assets	Fixed Income	Total
Fair value, December 31, 2024	\$	347,062	\$ 1,204,405	\$ 406,120	\$ 1,957,587
Acquisitions		47,599	222,267	46,779	316,645
Dispositions		(27,402)	(68,800)	(80,673)	(176,875)
Realized gains		16,627	31,078	15,230	62,935
Change in unrealized gains (losses) on assets sold		(15,828)	(21,381)	(11,031)	(48,240)
Change in unrealized gains (losses) on assets held		11,504	35,412	1,759	48,675
Fair value, December 31, 2025	\$	379,562	\$ 1,402,981	\$ 378,184	\$ 2,160,727
Fair value, December 31, 2023	\$	282,168	\$ 857,418	\$ 442,716	\$ 1,582,302
Acquisitions		41,520	351,931	20,849	414,300
Dispositions		(27,393)	(119,024)	(85,220)	(231,637)
Realized gains		16,164	11,667	14,689	42,520
Change in unrealized gains (losses) on assets sold		(15,211)	(9,010)	(7,110)	(31,331)
Change in unrealized gains (losses) on assets held		49,814	111,423	20,196	181,433
Fair value, December 31, 2024	\$	347,062	\$ 1,204,405	\$ 406,120	\$ 1,957,587

The Plan's private equity, infrastructure, private credit, 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.

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

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

3. Investments (continued)

c) Derivatives (continued)

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 Plan's currency forwards and their related assets and liabilities:

(\$ thousands)	Notional amount	Fair value asset	Fair value liability	Fair value net
December 31, 2025	\$ 734,759	\$ -	\$ (13,853)	\$ 13,853
December 31, 2024	\$ 581,438	\$ -	\$ 24,300	\$ (24,300)

4. Investment Income

a) Investment income is as follows:

(\$ thousands)	2025	2024
Dividend income	\$ 84,659	\$ 85,196
Interest income	45,070	41,062
Other income	160	86
Investment income	129,889	126,344
Realized gains	374,557	391,082
Change in unrealized appreciation (depreciation)	(41,719)	196,830
Investment income	\$ 462,727	\$ 714,256

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

4. Investment Income (continued)

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

(\$ thousands)	Investment Income	Realized gains (losses)	Change in unrealized appreciation (depreciation)	2025	2024
Short-term investments	\$ 23,567	\$ 5,712	\$ -	\$ 29,279	\$ 28,081
Equities	65,240	324,007	(76,012)	313,235	513,560
Real assets	15,786	45,306	8,975	70,067	150,570
Fixed income	25,136	16,639	(12,689)	29,086	74,582
Derivatives	-	(17,107)	38,007	20,900	(52,623)
Other	160	-	-	160	86
Total	\$ 129,889	\$ 374,557	\$ (41,719)	\$ 462,727	\$ 714,256

5. 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 a strategic asset allocation 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.

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:

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

5. Investment Risk Management (continued)

a) Interest rate risk (continued)

%	2025	2024
Within 1 year	16.1	12.0
Short (1-5 years)	26.3	30.6
Medium (5-10 years)	24.1	25.2
Long (10+ years)	33.5	32.2
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 \$51.7 million or 6.60% (2024 - \$51.6 million or 7.13%).

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 prices declined or increased by 10%, and all other variables are held constant, the potential loss or gain to the Plan would be approximately \$227.6 million or 4.09% (2024 - \$228.6 million or 4.40%).

c) Credit risk

Credit risk is the risk that the issuer of a debt security or counter party 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.

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

%	2025	2024
Federal government	18.8	19.5
Provincial governments	15.2	17.3
Corporate	61.8	60.5
Other	4.2	2.7
Total	100.0	100.0

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

5. Investment Risk Management (continued)

c) Credit risk (continued)

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

%	2025	2024
AAA	18.8	20.0
AA	22.1	23.9
A	17.3	17.3
BBB	20.9	22.3
Below BBB	10.5	8.4
Not rated	10.4	8.1
Total	100.0	100.0

d) Foreign currency risk

Foreign currency exposure arises through holdings of non-Canadian dollar denominated investments. 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. United States dollar exposures arising from investments in fixed income, real estate or infrastructure are hedged, while investments in global public and private equity are not hedged. In addition, certain investment managers of the Plan are given flexibility through their mandate to periodically hedge currency for opportunistic or defensive purposes.

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

%	2025	2024
Canadian Dollar	55.4	61.8
United States Dollar	33.2	27.2
Euro	5.1	4.7
British Pound	1.4	1.4
Japanese Yen	1.2	1.4
Other currencies	3.7	3.5
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 \$251.5 million, or 4.46% (2024 - \$201.2 million, or 3.82%).

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

5. Investment Risk Management (continued)

e) Liquidity risk

Liquidity risk refers to the risk that the Plan does not have sufficient cash to meet its current liabilities, including benefit payments, and to acquire investments in a timely and cost-effective manner. 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 credit, certain infrastructure and real estate funds are considered highly illiquid due to their private nature and longer term to maturity.

6. Capital Management

The capital of the Plan is defined as the net assets available for benefits. The Plan was established to invest Member and employer pension plan contributions in capital markets with a long-term goal to achieve investment returns. The main objective of the Plan is to meet its long-term funding requirements and pension payment obligations.

The Plan is jointly sponsored by the Government of Newfoundland and Labrador and the Members of the Plan, as represented by the Newfoundland and Labrador Teachers' Association. The Board of Directors of the Corporation has overall responsibility to oversee all investment activities of the Plan.

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. All 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) Strategic asset allocation

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.

In December 2024, the Board of Directors approved a strategic asset allocation based on the Asset Liability Study finalized in December 2024. Factors evaluated before adopting the strategic asset allocation included the Plan's going concern funded ratio, demographics, cash flow requirements, actuarial assumptions and liquidity requirements. Based on the current asset implementation plan, and subject to market conditions and investment opportunities, the strategic asset allocation has been fully committed at December 31, 2025, but further commitments will be necessary to maintain the strategic asset allocation.

The following summarizes the current strategic asset allocation approved by the Board of Directors in December 2024 and continues to be in effect at December 31, 2025:

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

6. Capital Management (continued)

b) Strategic asset allocation (continued)

%	Strategic Asset Allocation
Cash and short-term investments	2.0
Equities	
Public Equity	38.0
Private Equity	7.0
Real assets	
Real Estate	12.5
Infrastructure	17.5
Fixed income	
Bonds	15.5
Private Credit	7.5
Total	100.0

7. 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:

(\$ thousands)	2025		2024	
Investment management fees	\$	12,860	\$	15,038
Custodian fees		361		424
Other		68		72
Total	\$	13,289	\$	15,534

8. 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, 2025 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, 2024, based on plan membership as at this date, and results were extrapolated to December 31, 2025. This valuation was a triennial valuation required for funding purposes as per the Plan's Joint Sponsorship Agreement.

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

8. Accrued Benefit Obligation (continued)

The actuarial assumptions used in determining the value of the accrued benefit obligation at December 31, 2025, of \$5.574 billion (2024 - \$5.494 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.

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

For the year ended December 31, 2025, and 2024	
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

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

9. Contributions

(\$ thousands)	2025	2024
Members		
Current service	\$ 65,631	\$ 64,846
Past service	2,541	3,666
Transfers from other pension plans	1,668	2,472
	69,840	70,984
Employers		
Current service	65,631	64,846
Past service	334	676
	65,965	65,522
Total	\$ 135,805	\$ 136,506

10. Benefits

(\$ thousands)	2025	2024
Retirement pensions	\$ 333,716	\$ 328,182
Termination benefits	10,196	6,328
Transfers to other pension plans	894	908
Death benefits	350	1,437
Total	\$ 345,156	\$ 336,855

11. 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:

(\$ thousands)	Purpose	Ownership	2025	2024
TPP Neptune Corporation	Private equity, infrastructure, Real estate and Private credit	100%	\$ 788,935	\$ 805,069
TPP Investment Corporation	Private credit	100%	\$ 93,556	\$ 78,451
TPP Bonavista Corporation	Infrastructure and Private equity	100%	\$ 486,257	\$ 288,213

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

11. Interest in Subsidiaries (continued)

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 13).

12. 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, 2025, and the year ended December 31, 2024, 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:

(\$ thousands)	2025	2024
Salaries and benefits	\$ 2,824	\$ 2,508
Consulting and other professional services	1,098	1,394
Insurance	360	361
Premises and equipment	380	233
Rent	283	175
Board and committee fees and expenses	184	199
Other expenses	888	731
Total	\$ 6,017	\$ 5,601

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

(\$ thousands)	2025		2024	
	Cost	Market Value	Cost	Market Value
Province of Newfoundland and Labrador Debentures				
Series maturing October 17, 2046	\$ 414	\$ 363	\$ 392	\$ 353
Series maturing October 17, 2050	1,406	1,108	1,350	1,104
Total	\$ 1,820	\$ 1,471	\$ 1,742	\$ 1,457

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

TEACHERS' PENSION PLAN

Notes to Financial Statements
For the year ended December 31, 2025

12. Related Party Transactions (continued)

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, 2025, was \$1.552 billion (2024 - \$1.591 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:

(\$ thousands)	
2026	\$ 42,178
2027	\$ 44,709
2028	\$ 47,392
2029	\$ 50,235
2030	\$ 53,249

The Province provided pension payroll and refund services for the Plan under a Service Level Agreement for an interim period which ended in June 2025. The cost of the services for the year ended December 31, 2025, is \$0.06 million (2024 - \$0.14 million).

13. Commitments

The Plan has committed to invest in certain private market investments, including private equity, private credit, 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, 2025, the unfunded commitments totaled \$1,036.9 million (2024 - \$1,257.4 million).

NINE-YEAR REVIEW (unaudited)



(Millions of dollars)	2025	2024	2023	2022	2021	2020	2019	2018	2017
Investment assets	5,678	5,313	4,688	4,397	4,722	4,250	3,833	3,419	3,468
Promissory note	1,552	1,591	1,629	1,664	1,698	1,729	1,759	1,787	1,814
Other assets (liabilities) (net)	-	(1)	(2)	-	(1)	(1)	(1)	3	(1)
Net assets available for benefits	7,230	6,903	6,315	6,061	6,419	5,978	5,591	5,209	5,281
Investment income (loss)	463	714	393	(227)	552	502	480	26	346
Interest on promissory note	95	97	99	101	103	105	107	108	110
Contributions	136	137	117	118	121	115	115	114	110
Benefit payments	(345)	(337)	(334)	(332)	(318)	(319)	(305)	(304)	(294)
Investment and management expenses	(22)	(23)	(21)	(17)	(18)	(15)	(15)	(16)	(16)
Net change in net assets available for benefits	327	588	254	(357)	440	388	382	(72)	256
Accrued benefit obligation	5,574	5,493	5,347	5,351	5,284	5,204	5,208	5,121	5,103
Funded ratio (%)	129.7	125.7	118.1	113.3	121.5	114.9	107.4	101.7	103.5
Performance (%)									
Annual investment return, gross of fees	9.0	15.6	9.3	-4.8	13.3	13.6	14.4	0.9	11.3
Annual investment return, net of fees	8.6	15.1	8.8	-5.2	12.9	13.2	13.9	0.4	10.9
Benchmark	12.9	14.9	13.1	-6.2	9.2	10.3	13.7	0.0	9.7
Membership									
Active members	6,307	6,076	6,064	5,991	6,062	6,116	5,935	5,898	5,913
Inactive members	2,234	2,251	2,603	3,081	3,016	3,042	3,319	3,392	4,041
Retirees and survivors	10,003	9,959	9,891	9,756	9,615	9,499	9,405	9,290	9,140
Total members	18,544	18,286	18,558	18,828	18,693	18,657	18,659	18,580	19,094



**TEACHERS'
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